

City of Chaska Storefront Rehabilitation Loan Policy

For the purpose of this policy, the “City” shall also mean the Chaska Economic Development Authority (CEDA), which serves in conducting various economic development, housing and redevelopment programs, and activities within the City of Chaska.

I. General Policy

The purpose of this policy is to establish the City’s position relating to the use of Storefront Rehabilitation Loan funds for the restoration of historic downtown business storefronts and to guide the processing and reviewing of applications for assistance.

The purpose of the Storefront Rehabilitation Loan Program is to encourage restoration of downtown historic building storefronts and to strengthen the overall visible retail services within the downtown area. Assistance is intended to encourage investment in historic buildings that may not normally occur.

II. City’s Objectives for Use of the Storefront Rehabilitation Loan

The Chaska Economic Development Authority (CEDA) will consider providing assistance through the Storefront Rehabilitation Loan Program for downtown businesses whose exterior renovation could help achieve the following objectives:

1. Restore the historic atmosphere of the downtown area;
2. Enhance the City’s sense of community by creating a strong and visible retail service center in the downtown area;
3. Increase the pace of downtown development that would not normally occur unless the market produced such development; and to
4. Keep businesses from relocating who would otherwise find it economically difficult to continue providing service in the downtown area without improvements to the exterior appearance of their building.

III. Projects Which May Qualify for Assistance Through the Storefront Rehabilitation Loan Program

The Storefront Rehabilitation Loan Program is available to any business that is located within Chaska's Downtown Business District. The district is defined as the area between Highway 212 and First Street, with its western border being Pine Street, and its eastern border being Walnut Street. Any business falling within the boundaries of this defined District shall be eligible to apply for a Storefront Rehabilitation Loan.

Projects that will be considered eligible for financial assistance through the Storefront Rehabilitation Loan Program shall include projects that improve the general appearance of a downtown building's exterior. Such improvements would include, but are not limited to,

- Restoration of the building's historic façade or architectural elements
- Restoration or replacement of the building's historic windows and/or doors
- General cleaning or replacement of deteriorated bricks and/or walls

IV. Minimum and Desired Qualifications for Assistance Through Storefront Rehabilitation Loan Program

Because of the limited amount of financial assistance available, special attention will be placed on providing loans to businesses whose plans enhance the appearance of the downtown business district through exterior renovations. All businesses that are considered by the CEDA for a Storefront Rehabilitation Loan must meet each of the following minimum qualifications, and will also be evaluated based on their ability to meet the desired qualifications for assistance. A project meeting one or more of the qualifications will not automatically be approved. Furthermore, meeting all of the qualifications creates no contractual obligations on the part of CEDA to approve a developer's project.

Special consideration will be given to projects that follow the recommendations of the *Historic Chaska Downtown Preservation Design Manual*. It is the intent of the Chaska Economic Development Authority that if a proposed Storefront remodeling project meets the recommendations of the *Preservation Design Manual*, that A and B in the Minimum Qualifications below will be considered to have been met, and the project application shall not need to go through a formal HPC or Planning Commission approval process. The project shall only need to go through a Staff review project. These project applications shall receive top priority for funding under the Storefront Remodeling Program.

Minimum Qualifications:

- A. The project should meet one or more of the Storefront Rehabilitation Loan objectives found in section 2, but at a minimum shall:
 - Restore the historic atmosphere of the downtown area.

- Keep businesses from relocating who would otherwise find it financially difficult to continue providing services in the downtown area without improvements to the exterior appearance of their building.
- B. The project must be consistent with the City’s Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of final application submittal. The City’s Planning Department will make the determination as to whether the project’s proposal is consistent with the Comprehensive Plan and Zoning Ordinances.
- C. The developer must provide adequate financial guarantees to ensure the repayment of the loan and completion of the project. The developer must also provide evidence of financing.
- D. The developer should retain ownership of the project long enough to complete the approved plans, to stabilize its occupancy, and to initiate repayment of the Storefront Rehabilitation Loan.
- E. The developer must have rehabilitation plans approved by the City. This approval will be made by the Planning Department before the project is even financially considered for a Storefront Rehabilitation Loan.

Desired Qualifications:

- A. Preference will be given to projects that propose to implement the recommendations of the *Preservation Design Manual*
- B. Preference will be given to those projects that involve the restoration of a building that is designated as “historically significant.” This designation will be determined by the City’s Planning Department.
- C. Preference will be given to projects that are of high quality (e.g. sound architectural design, quality construction and materials), provide significant improvement to the surrounding area, and are financially feasible as determined by the City.
- D. Preference will be given to projects that require significant improvements or restoration. These building would likely be considered a significant “eye soar” in the downtown area without such renovation.

V. Application and Evaluation Process

The application and evaluation process for the Storefront Rehabilitation Loan is a two-part process. This process includes providing qualified projects with a \$500 architectural grant to explore the feasibility of their project, and approving the applicant for the actual low-interest loan. By utilizing this two-part process, the

applicant is able to explore the financial and architectural feasibility of their project before a great deal of time and money are invested into the project.

Procedures for applying for the Storefront Rehabilitation Loan:

Part I: Receiving the Initial \$500 Architectural Feasibility Grant

1. Complete application for Initial Architectural Feasibility Grant. Submit this to the Economic Development Coordinator.
2. Meet with the Planning Department staff to discuss the initial plans for rehabilitation of the building, including design ideas and the timeline for rehabilitation.
3. If the Planning Department approves the initial rehabilitation plans, the applicant shall submit the application for the Initial Architectural Feasibility Grant (with the signature of a Planning Department staff member) to the Economic Development Coordinator.
4. The applicant shall meet with the Economic Development Coordinator to discuss the initial financing plan for improvements, including the amount of private investment.
5. If the project is determined to be both architecturally and financially feasible, the EDA shall award a \$500 architectural grant to the developer to explore the architectural feasibility of the project. **This approval will be able to come directly from the Economic Development Coordinator, and will not need to go before the Board for approval.**

Note: The Economic Development Coordinator shall set terms with the developer for the proper use of this grant, along with the time-line in which the feasibility study shall be completed.

Part II: Receiving the Storefront Rehabilitation Loan

1. After completing the initial feasibility study for the project, the applicant shall submit a completed application for the Storefront Rehabilitation Loan to the Economic Development Coordinator. The application should be submitted along with the site and building plans that are being proposed for the building's rehabilitation.
2. The applicant shall meet with Planning Department staff to review the architectural design for the building. Planning staff will be evaluating the plans for consistency with the City's Comprehensive Plan, to determine the architectural relationship with other downtown structures, and the ability to restore the building's exterior to its historic nature. Planning staff will use this

meeting to make suggestions to the applicant and the architect as to the desired appearance of the project.

3. If Planning staff feels the project is “quality” in nature, they will bring the site and building plans to the HPC and Planning Commission for approval. The applicant will then submit the approved application (with signature of approval from a member of the Planning Staff) to the Economic Development Coordinator. If a proposed plan meets the recommendations of the *Preservation Design Manual*, the project application shall not need to go through the formal HPC and Planning Commission approvals.

Note: Not until a project has been approved by the Planning Staff shall the Economic Development Coordinator begin the process of awarding this Storefront Rehabilitation Loan.

4. Applicants shall meet with the Economic Development Coordinator to determine the amount of assistance the City will be able to award the project through their Storefront Rehabilitation Loan program. Financial assistance will be based on the following formula:

Building Sq. Footage	Max. Loan Amount
5,000 sq. foot or less	\$10,000
5,001 to 10,000	\$25,000
Over 10,000	\$50,000

Interest Rate	Type of Loan
3% below prime, but no lower than 4%	Direct Loan w/No Private Investment
3%	Matching private to Public Funds (50/50)
2%	Matching Private to Public Funds (75/25)

5. After the Economic Development Coordinator determines the amount of assistance a project will be able to receive, a loan agreement will be drafted for approval by the CEDA along with the final site and building plans.
6. After CEDA has approved the loan agreement and has approved the final site and building plans for the project, a closing will be scheduled to sign the loan agreement and the necessary disbursing of funds will be made.



**Application for Initial Architectural
Feasibility Grant
Storefront Loan Rehabilitation Program
City of Chaska, Minnesota**



Legal name of applicant: _____

Address: _____

Telephone number: _____

Name of contact person: _____

Requested Information

Addendum shall be attached hereto addressing in detail the following:

1. A current picture and description of the building attached to a map illustrating its location in the downtown area.
2. A general description of the business type or use of this building.
3. A general description of the project, including the proposed changes to the building and how it will help restore the historic integrity of the building, timing of the project, projected benefits for business from renovation, projected benefits to surrounding buildings from renovation, and estimated market value following completion of the renovations.
4. A statement identifying how the Storefront Rehabilitation Loan will be used and why it is necessary to complete this project.
5. A statement identifying the proposed financing sources of the project.
6. A short description of the developer's business, business principles, past projects and future plans for the business.

Signatures

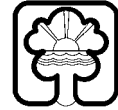
Planning Department Representative: _____ Date: _____

Economic Development Coordinator: _____ Date: _____

Applicant: _____ Date: _____



**Application for Storefront
Rehabilitation Loan
City of Chaska, Minnesota**



Applicant

Business name: _____

Address: _____

Telephone: _____

Business owners/partners: _____

Architect: _____ Phone: _____

Contact person: _____ Contact's phone: _____

Contact's title: _____

Years in operation: _____

Sales/revenues: _____

Brief description of business, business history, principle service/product, etc.:

Has applicant ever file for bankruptcy? **Yes** _____ **No** _____
 If yes, provide details on separate page(s).

Has applicant ever defaulted on any bond or mortgage commitment? **Yes** _____ **No** _____
 If yes, provide details on separate page(s).

Does applicant have commitments for conventional financing for the project? **Yes** _____ **No** _____
 If yes, please describe the financing plan for this project and any
 financial institutions that will be providing financial assistance on separate page(s).

Please list two financing references (Name/Address/Contact/Phone):

Proposed Project

All applicants must submit a copy of the architect’s building and site plans.

Describe project (Please be sure to include if project meets recommendations of the *Preservation Design Manual*):

Location of Project:

Results of initial feasibility study for project:

Building plan attached: **Yes** _____ **No** _____

Describe expected implications of renovation upon business and sales:

Describe expected benefit of renovation upon the historic nature of Chaska’s downtown and upon neighboring businesses:

Projected Costs

In the space below, please itemize the projected costs of this project. Also include the source of these renovation estimates.

Source of Financing

In the space below, please itemize the sources of financing you will use to complete this project, including specific amounts for financing and from which financial institutions this financing will come (if any). When including information about financial institutions, please include the name, address, contact, and phone number of this institution.

Construction and Design

Name of architect, engineer and contractor for project:

Target Dates:

Start of construction: _____

Construction completion: _____

Estimated Finished Market Value of Building: _____

The undersigned, _____, of applicant, hereby represents and warrants to the City that (she)(he) has carefully reviewed this application, and that the statements and information contained herein and submitted herewith are accurate and complete to the best of the undersigned's knowledge and belief.

Dated: _____
_____ Applicant

The City reserves the right to require additional information and supporting data from the applicant after the filing of this application.

Staff Approval of Project for Storefront Rehabilitation Loan

Representative of the Planning Department: _____ Date: _____

Economic Development Coordinator: _____ Date: _____