

**MISSOULA REDEVELOPMENT AGENCY
URBAN RENEWAL DISTRICT II
COMMERCIAL REHABILITATION LOAN PROGRAM**

IMPORTANT: The material included below outlines the Commercial Rehabilitation Loan Program and the responsibilities of the APPLICANT, LENDER and the MRA. Please review this information carefully before submitting the application forms or finalizing your rehabilitation plans. Applications must be received at least seven working days prior to the board meeting at which the application will be considered. This is to allow adequate time for a thorough staff review of the application for presentation to the MRA Board.

Failure to receive approval of a completed application before construction begins may affect the Applicant's eligibility for this program.

INTRODUCTION

The Missoula City Council has authorized the Missoula Redevelopment Agency (MRA) to implement and administer the Commercial Rehabilitation Loan Program (CRLP) in Urban Renewal District II (URD II). Through the CRLP, the MRA may subsidize interest rates on commercial loans for the rehabilitation of commercial properties. These subsidies are applied directly to the interest rate obtained by the Applicant from participating lending institutions. The Applicant has sole responsibility to obtain and repay the rehabilitation loan while the Lender undertakes loan review, approval, administration, and collection utilizing their existing policies and procedures.

Applications for CRLP assistance in URD II are subject to program eligibility criteria and project guidelines listed below. In addition, project applications will be accepted and processed in the order in which they are received and approved based on the availability of funds for the program.

PROGRAM OBJECTIVES

The primary objective of the CRLP is to provide a program to encourage voluntary repair and rehabilitation of commercial property within the Missoula Urban Renewal District II (hereinafter referred to as the "District") in accordance with the provisions of the Montana Urban Renewal Law (7-15-4209, M.C.A.). Additional objectives are to:

- Encourage private investment in commercial property in URD II through the use of public incentives; and
- Expand the property tax base in URD II through private investment in income producing properties; and

- Stimulate economic and business development within URD II; and,
- Retain and expand employment opportunities associated with economic development and increased construction activity.

The interest subsidy is given at the discretion of the MRA based upon review of the Applicant's compliance with program objectives, eligibility requirements, and eligible construction activities.

The Commercial Rehabilitation Loan Program offers assistance to property owners in Urban Renewal District II in the rehabilitation of their property and tenant businesses with a lease period equal to or in excess of the term of the subsidized loan. The program provides interest subsidies of up to fifty percent on commercial loans used for eligible improvements to exterior portions of buildings in URD II.

The following eligibility requirements have been established to accomplish CRLP objectives in the repair, maintenance or renovation of the exterior of buildings. These requirements involve the specifics of individual loan requests and the materials that the Applicant must submit to have a successful application. Application forms are obtained from the MRA, and must be completed in their entirety before the project will be considered.

1. Maximum principal eligible for Facade Improvement loans is \$50,000. Projects which have a loan principal in excess of \$10,000 must be reviewed and approved by the MRA Board.
2. Maximum loan term eligible for the interest subsidy is 10 years.
3. The interest subsidy may total up to 50 percent of the available interest rate from the Lender, but in no case will this subsidy exceed seven percentage (7%) points.
4. All commercial property within URD II is eligible for this program with the exception of publicly owned buildings and properties owned by lending institutions. For the purposes of this program, residential properties with four or more units will be considered commercial properties. All applications will be reviewed in the order in which they are received by the MRA.
5. Eligibility is extended to property owners of record or tenants with a lease period equal to or in excess of the term of the loan. Tenants must submit written approval of the property owner and evidence of their leasehold interest.
6. Special Improvement District and property tax assessments of the property to be rehabilitated must be paid to date. Evidence of payment in the form of a tax receipt is required and must be submitted with the application.

7. Applicants must submit rehabilitation plans for review and approval by the MRA. A listing of the construction materials and project elements must be included, and a sketch or rendering of the proposed design may also be required.
8. Applicants must qualify for a commercial rehabilitation loan as required by their Lender. The participating Lender must submit a letter to MRA that specifies loan principal, interest rate, term, and the Lender's current local prime interest rate in order to complete the application process.
9. Applicants must fully satisfy any other outstanding loans provided through the CRLP before they are eligible to submit another application.
10. All expenditures must be itemized by materials and labor. Construction estimates must be obtained from licensed and bonded contractors and submitted with the application. Receipts or comparable documentation will be required for all work undertaken to allow monitoring of actual costs of eligible project improvements.
11. The Applicant's equity contribution to the project, the total expenditures for eligible improvements and the commitment to undertake improvements or assume other development costs which are ineligible for CRLP assistance will determine if the project qualifies for additional tax increment funding for public improvements, such as the replacement of sidewalks and the planting of street trees.
12. The property must currently be in commercial use or there must exist a legally binding commitment, such as an executed lease agreement, for an enterprise to occupy the structure after rehabilitation is complete. Evidence of these commitments must be submitted with the application.

ELIGIBLE CONSTRUCTION ACTIVITIES

IMPORTANT: All construction undertaken pursuant to the CRLP must be in accordance with a design that has been reviewed and approved by the Missoula Redevelopment Agency to insure compliance with program objectives and design criteria. The Applicant must also obtain all applicable permits and comply with all municipal ordinances and building codes.

The Commercial Rehabilitation Loan Program is designed to address the need for rehabilitation of commercial property facades. All applications must address facade improvements to be eligible for the interest subsidy. Eligible activities include the following:

1. Improvements to the structure's exterior elements, including but not limited to, walls, roofs, windows, doors, appurtenances and architectural features, signs, awnings and painting.
2. Exterior improvements for disabled citizens including but not limited to ramps, doors, kickplates, automatic door openers, walks, guardrails, non-slip materials and level platforms at doors.

3. Other improvements may be undertaken only if they are incidental to eligible activities. For example, renovation of interior elements may be eligible only if directly associated with exterior improvements. Eligibility in such cases will be determined by MRA.
4. Exterior electrical connections.
5. Improvements to the facade may include murals in locations determined to be appropriate by the Design Review Board and MRA through coordination with the Public Art Committee.
6. Architectural assistance and design fees are eligible but may not exceed 5 percent of the loan principal or \$500, whichever is less. In addition, permit fees are eligible up to 1 percent of the total loan principal. All fee and permit charges must be itemized.
7. **The following activities are ineligible for funding through the CRLP:**
 - New construction or additions;
 - Refinancing existing debt;
 - Site Improvements including landscaping, sidewalks, curbs, gutters, and planters;
 - Utility connections other than exterior electrical connections;
 - Interior rehabilitation;
 - Property acquisition;
 - Structural elements;
 - Abrasive cleaning of exterior brick surfaces;
 - Work initiated prior to necessary program approvals.

The CRLP is not intended to preclude a participating Lender from making additional loans or loan amounts to an Applicant for financing the ineligible activities enumerated above, but such loans shall not be entitled to the interest subsidy.

IMPORTANT: The responsibilities outlined below reflect the general process to be followed to insure application approval and compliance with program objectives. Maintaining close coordination between the participants will expedite the review and approval of the application.

APPLICANT RESPONSIBILITIES

The successful Applicant for MRA assistance must undertake the following responsibilities pursuant to the CRLP.

1. Applicant completes CRLP application materials and complies with all program requirements. This material is provided to the MRA for review and approval. The MRA will assist the Applicant in completing the necessary forms and developing a project design that is in compliance with program objectives.
2. Applicant contacts a participating Lender to obtain a rehabilitation loan. This commitment is submitted in letter format with the CRLP application.
3. Applicant selects the architect and contractors who will participate on the project and obtains all permits and approvals associated with the rehabilitation.
4. Applicant is responsible to review the rehabilitation work and submit a NOTICE OF SATISFACTORY COMPLETION to MRA upon project completion.
5. Applicant undertakes all loan repayments and is responsible to comply with all requirements established by the Lender.

LENDER RESPONSIBILITIES

1. Lender reviews the credit worthiness of Applicant, specifies the interest rate that is available, and determines if Applicant meets loan requirements. Lender makes the final determination of loan eligibility and establishes with the Applicant the method of loan disbursement in accordance with the CRLP program procedures.
2. Lender conducts all loan administration including closing, disbursements, close out, and all other actions required to service the loans at no cost to the MRA.
3. Lender agrees to disburse the loan proceeds only upon certification by the Applicant and MRA that the expenses have been incurred and the rehabilitation complies with the approved application.

MRA RESPONSIBILITIES

1. MRA provides the Applicant with all materials necessary to apply for an interest subsidy pursuant to the Commercial Rehabilitation Loan Program. Assistance will be provided in completing these materials.
2. MRA reviews the application and determines which rehabilitation activities are eligible. At this time, the design will be reviewed for compatibility and appropriateness based upon the project's architectural design and site plan in the context of adjacent structures, the immediate neighborhood and District II.

3. MRA calculates the discounted present value of the interest subsidy pursuant to CRLP procedures to determine the MRA's contribution.
4. MRA notifies Applicant and Lender of project approval and monitors the project to insure compliance with design review, eligible activities, and program objectives.
5. MRA closes out the application upon satisfactory completion of the project and submits MRA CERTIFICATION OF FINAL INSPECTION AND REQUEST FOR RELEASE OF FUNDS to the Lender. This enables the Lender to disburse final loan funds to the Applicant.

DELEGATION OF AUTHORITY

The MRA staff is, hereby, delegated authority to administer the CRLP as set forth in this application packet and Ordinance 2951 and enter into all contracts on behalf of the MRA necessary to accomplish the purposes of the program. If, however, an Applicant's project is deemed ineligible for the interest subsidy by MRA staff, the Applicant may appeal that decision to the MRA Board whose determination with respect to eligibility shall be final.

Adopted by the Missoula Redevelopment Agency pursuant to Ordinance 2951 of the Missoula City Council enacted the 2nd day of October 1995.