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Lakefield Small Cities Development Program Commercial Rehabilitation Fact Sheet

The City of Lakefield has received grant funds to provide commercial rehabilitation loans to 8 commercial property owners within the commercial SCDP target area in Lakefield.

The funds are to be used by target area business owners to make repairs to their buildings.

Funding is in the form of a combination of 0% deferred loan in proportion of total cost:

70% - 0% deferred loan 7-year term – forgiven 1/7th per year

10% - 2% loan that has at least \$1,000 of principal paid back each year of the loan term

20% - owner match (matching funds)

A deferred loan is a loan with no monthly payments, which will be forgiven 1/7th per year and will revert into a grant if the property does not change ownership within 7 (seven) full years.

The average Commercial Repair Loan amount is \$36,000.

Eligibility Requirements

- The property owner is the applicant with no income restrictions.
- The building must be eligible under a slum and blight designation.
- Interior repairs are limited to ADA specifically designated code violations, but do count toward mandatory matching requirements.
- Work is governed by Davis Bacon and Related Acts.

Eligible/Ineligible Improvements

Commercial SCDP loan funds can be used for the following specific improvements:

- Exterior Renovations
 - Structural Repairs
 - Mechanical Repairs/Replacements
 - Electrical System Repairs
 - Windows/Doors
 - Accessibility Modifications
 - Signage and Awnings
 - Energy Improvements
- ✓ Fire Code and National Electrical Code violations affecting health and safety.
 - ✓ Uniform Plumbing Code and Mechanical Code violations affecting health and safety.
 - ✓ Modifications to make the building accessible to handicapped persons (ADA) if possible.
 - ✓ Historic Renovation: if the Minnesota Historical Society has determined structure historically significant, the Minnesota Historical Society must review plans for exterior improvements to the structure. MHS mandated repairs are a priority.

Commercial SCDP loan funds cannot be used for:

- Interior repairs that are not related to an eligible repair.
- Interior electrical fixtures and receptacles not related to energy efficiency.
- Plumbing fixtures not related to accessibility modifications.
- Air conditioning.
- Structure modifications/additions.
- Interior shelving.
- Floor covering.

SCDP Ineligible improvements can be owner financed and do count towards the match requirements. Any improvements made before the date of United Community Action Partnership, Inc.'s (UCAP) inspection are NOT eligible for reimbursement of funds.

The Commercial Rehabilitation Process

All commercial owners will be served on a first-come, first-served basis. Property owners that filled out an interest survey as part of the grant application process will have a 60 day period to apply before other property owners that did not fill out the survey. The Housing Staff at UCAP will assist persons applying for the program. The program will follow the guidelines as laid below:

Application – The applicant will need to complete an application for the program that requires proof of property ownership, verification of property insurance, verification of current property taxes and verification of match fund.

Property Inspection – The property will be inspected by UCAP, who will assist identifying building problems. UCAP will work with the applicant to determine what repairs should be done.

Work Write-Up – The housing inspector will develop specifications on what work is to be done and how the work should be done. The inspector works with the owner to procure contractors of their choice.

Bid Awards – The owner accepts or rejects bids.

Repayment Agreement – The owner enters into an agreement with the City on the conditions of the loan. There is a three day Right of Rescission.

Proceed to Work & Pre-Construction Meeting – The inspector sends a letter notifying the contractor that the work may begin at the owner's property. Prior to work beginning, a pre-construction meeting must be held to discuss federal requirements.

Payments – Partial payments can be made on a project when the work being requested to be paid for has been completed. Only 1 partial payment per project is allowed. In order to receive payment, the Contractor must submit a lien waiver, a billing statement, a signed completion certificate and Davis Bacon paperwork (all furnished). In order to make payment, the housing inspector must inspect the property.

Project Completion – Upon completion, the repayment agreement is filed at the County Recorder's office.

Any further questions or clarifications please contact:
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