Gap Financing Revolving Loan Fund

Petersburg EDA
March 4, 2021
Dis-Investment Accumulates
Cost of Rehab is Greater than Final Value

- Other Blighted Properties keep Values Down
- Unproven Market
- Fewer Lenders
- Fewer Buyers
- Environmental Abatement
- Upgrade in Utilities
- Demolition + Construction
Gap Based on Sale Value

Rehab Costs
- Cost of Building = $100,000
- Abatement = $350,000
- Demolition = $750,000
- Construction = $9,500,000
- FF&E = $1,750,000
- Overages = $2,490,000
- TOTAL = $14,940,000

Building Value
- Land = $150,000
- Rehabbed Building = $6,900,000
- FF&E = 35% = $612,000
- TOTAL VALUE = $7,662,000
- GAP = $7,278,000
Financing Gaps

Sale Value
- Costs: $14,940,000
- 20% Equity: $3,000,000
- Primary Lender: (85% of Value) = (85% of $7,662,000) = $6,512,800
- Historic Tax Credits: (28% of $11,500,000) = $3,434,400
- Funds = $12,946,000
- Gap - $2,000,000

Cash Flow
- Costs: $14,940,000
- 20% Equity: $3,000,000
- 3 year avg net cashflows = $350,000
- 80% of $29,000/month = $23,000
- Loan Based on Cashflow = $3,900,000
- HTC: = $3,434,400
- Funds = $10,334,000
- Gap = $4,600,000
Gap Financing Revolving Loan Fund

- Bridges the financing gap for catalytic projects
- Targets High Impact Projects
- Replenishes through repayment
- Offers favorable terms
- Stabilizes the Tax Base
- Removes Blight
- Creates Jobs
- Invests in Petersburg