Petersburg Community Economic Development Revolving Loan Fund

Overview:

Petersburg has seen renewed downtown investment over the past 10 years, primarily in the residential sector. Even with this growth, developers have expressed a need for a gap financing tool to accompany traditional financing methods to successfully redevelop certain catalyst or high impact projects, especially in the hospitality industries and with respect to historic rehabilitation projects.

In order to assist developers with implementing these projects and continue the momentum within this district, the Economic Development Authority has established a Community Economic Development Revolving Loan Fund in which development teams can apply for gap financing through the Economic Development Authority (EDA).

Prospective applicants will need to be creditworthy, demonstrate evidence of market demand for the concept, and exhibit the financial sources of capital and reserves necessary to successfully complete a project of this magnitude. Projects must also demonstrate a catalytic impact on the area’s economy by increasing the likelihood of new business and development investment by removing significant blight and/or filling an identified market need that will attract additional commerce in the surrounding area.
Purpose:

• To provide gap financing for historic redevelopment projects within an Historic District

• Project should be characterized as being difficult to fully finance with traditional bank underwriting criteria, due to the increased costs of historic rehabilitation, and debt service requirements during the construction and/or business “ramp-up” periods.

• Projects must be unique in concept and/or amenities and contribute to the goals of the City’s revitalization plan, which include eliminating blight, attracting a critical mass, adding quality of life amenities, and driving tourism activity within Petersburg, and especially the Central Business District. Predominately residential projects would not be considered for this loan fund.

Technical Requirements:

• Borrower must demonstrate creditworthiness.

• The developer must provide proof of having the financial sources of capital and reserves necessary to successfully complete a project of this magnitude.

• Project must substantially rehabilitate an existing property in an historic district that is at least 40,000 SF in size and rehabilitation and upfit costs must exceed $10,000,000.

• Projects must use Federal and State Historic Tax Credits and are required to apply tax credit proceeds toward the reduction of primary and/or bridge lender principal owed on the project.

• As the Community Economic Development Revolving Loan Fund is established as a gap financing vehicle, it cannot exceed 33.3% of the total project costs.

• The Community Economic Development Revolving Loan will be subordinated to traditional construction and permanent financing loans.

• Interest rates will be set at a 1% discount to the current lending market and will be adjusted based on the creditworthiness of the borrower.
• Borrower must present a legally binding commitment letter from a financial institution as proof of proper underwriting.

• Developer must demonstrate evidence of market demand to ensure sustainability for the concept.

• The City/IDA will withhold 10-15% retainage until the end of project per agreed upon AIA construction schedule documents or similar acceptable construction document.

• Construction general contractor must be bonded equal to the amount of the contract.

• Unacceptable Uses of Funds:
  • Operating Revenue
  • Developer’s Fees
  • Any uses unrelated to the redevelopment project and/or business venture for which the loan was provided.

To be considered for this program. Please submit the following required information along with the attached application:

✓ Business Plan
✓ Operating Agreement/Articles of Organization and Bylaws outlining officers and who has signing authority
✓ Breakout of Source and Use of Funds
✓ Pro-forma Balance Sheet
✓ Letter of Commitment from Financial Institution
✓ Debt Schedule
✓ Purchase Agreement or Proof of Property Ownership
✓ Three Years of Personal Federal Tax Returns for Any Individual Owning 20% or More of the Business
✓ Personal Financial Statement for Any Individual Owning 20% or More of the Business
✓ Three Years Federal Tax Returns on the Business
✓ Options for Securing Loan

COMMUNITY ECONOMIC DEVELOPMENT REVOLVING LOAN
1. Application/Borrower Company

Name:
Address:
DUNS#
Federal ID#
SS#
Contact Person:
Telephone:

2. Principal Officers/Owners (include 20% or more ownership):

Name: _______________ Title ___________ ___%
Name: _______________ Title ___________ ___%
Name: _______________ Title ___________ ___%
Name: _______________ Title ___________ ___%
Name: _______________ Title ___________ ___%
Name: _______________ Title ___________ ___%

Information on Existing Business (Continued):
3. Have any of the persons listed above been (a) involved in any violation of state or federal securities laws, or (b) a party to any consent order of entry with respect to any alleged or federal securities law violation, in each case within ten years next preceding the date of this application:

No Yes (if yes, explain)

_________________________________________________________

_________________________________________________________

_________________________________________________________

Description of Proposed Project

4. Location:

_________________________________________________________

_________________________________________________________

5. Describe Project:

_________________________________________________________

_________________________________________________________

_________________________________________________________

6. Product/service to be provided:

_________________________________________________________

7. Describe how the project will meet the City’s Community Economic Development goals: (eliminating blight, attracting a critical mass, adding quality of life amenities, and driving tourism activity within Petersburg, and
especially the Central Business District).

8. Describe the reason that the project requires gap financing assistance and what percent of the total project cost will be financed through the Community Economic Development Revolving Loan Fund.

______________________________
______________________________
______________________________
______________________________
______________________________

_______% of total cost.

9. What percentage of the project will result in residential units? (This fund is not for use for predominantly residential projects). ________%
10. Please list the cost of each activity to be undertaken with this project. Include the source of the estimates given for each activity.

1. Land Acquisition:

2. Building Purchase:

3. New Construction:

4. Rehabilitation:

5. Site Preparation:

6. Off-Site Improvements:

7. Leasehold Improvements:

8. Machinery and Capital Equipment:

10. Performance Fees:

11. Working Capital:

12. Inventory:

13. Non-Capital Equipment:

14. Professional Fees:

**Total Cost:**

**Source of Estimate:**

15. Interim Costs:

*i.e. construction interest organizational costs, relocation of business of persons, moving costs, overhead profit, etc.*

**TOTAL PROJECT COST:**