

Neighborhood Commercial Low Interest Loan Program

Community & Neighborhood Services (CNS), City of Holland

270 S. River Avenue, Holland, MI 49423

616.355.1369

I. Program Statement

The intent of the Neighborhood Commercial Low Interest Loan (NC-LIL) program is to strengthen the economic viability of Neighborhood Commercial Businesses by providing financial incentives for improving exterior building conditions.

Neighborhood commercial businesses are typically independent retailers supported by the neighborhoods that immediately surround them. Most are small businesses without a lot of working capital for building improvements. Well maintained buildings and personal customer service sends a message to customers that they care about their building appearance AND the products/service they are selling. The end goal is net gain. Businesses in inner-city neighborhoods hire local residents and raise their incomes. They in return spend more money locally and increase the demand, which allows neighborhood businesses to be more profitable and do more hiring. The outcome will be higher demand and fewer vacancies.

II. History

In 1998, Washington Square became the first of 11 identified neighborhood commercial districts in Holland to request and experience a renaissance...a rebirth. A district neglected with a high percentage of vacancies became a magnet for crime and graffiti. Upon request and lobbying by the District, the City partnered with the merchants of Washington Square. A grant was used to hire an architectural firm to address the concerns of the merchants and city, to design streetscape enhancements for the District. Supporting tools included the creation of a merchant association, design assistance program, rental rehabilitation program, a façade improvement rebate program, which all contributed in the success of the Washington Square renaissance.

Central Place, a district on 16th from Pine to Central, completed a renaissance on the heels of Washington Square and, currently, the district near Heinz calling themselves South Shore Village is experiencing a renaissance.

A basic intention of the Neighborhood Commercial Improvement Program is to stimulate economic development activities in the areas of organization, promotion, design, and economic restructuring. The City will encourage neighborhood commercial districts to become organized as districts, and to identify opportunities for investment, to utilize design incentives and low interest loan tools to help facilitate enhancements in the 11 identified Districts. Those improvements should contribute to a rich, diverse mix of commercial, industrial, residential and cultural uses. It is important to the aesthetic enhancement of each District that exterior building design treatments be compatible with each other and, where possible, lead toward a cohesive image of the district. Constituents are encouraged to consider cost effective means for enhancements while often preserving a building's original architectural features. Program staff will work with property and business owners in reviewing designs to assure compliance with appropriate standards.

The ultimate success of neighborhood commercial districts is dependent on the level of private sector commitment. In the end, it is up to the merchants and property owners to improve the operational mechanics of their businesses and to enhance the condition of their buildings. This financial incentive program is intended to stimulate improvements to neighborhood commercial buildings, assisting in finding opportunities to preserve our community's strong neighborhood heritage and to retain distinctive neighborhood centers.

III. Purpose of Loan Program

1. To directly stimulate building improvements to neighborhood commercial buildings, concentrating on properties on a district-by-district basis.
2. To stimulate design & building improvements in a coordinated fashion stressing overall District compatibility.
3. To directly stimulate building improvements by supporting projects which stand out as examples of positive change.
4. By the above, the program will strengthen the image and structure of neighborhood commercial districts and strengthen the neighborhoods that surround them.

IV. Description of Program

1. Lenders (including but not limited to Paragon Bank, The Bank of Holland, and Macatawa Bank) have agreed to provide low interest loans for improvements to neighborhood commercial buildings in identified and active districts. Lender participation is voluntary and may be increased or decreased upon written request and review by neighborhood-commercial improvement program (NCIP) staff.
2. The interest rate offered by the lenders shall be based upon the yield of one-year U.S. Treasury Notes, as published in the Federal Reserve Statistical Release on the last business day of the preceding month, and adjusted monthly. An additional 1.5 points will be added to the published yield to determine the actual interest rate.
3. As a result, the Lenders participating in the NC-LIL Program will provide an interest rate significantly below that of the market rate.

V. Loan Use

1. Loans provided through this program are to be used for exterior and interior rehabilitation to existing buildings within neighborhood commercial districts that are organized and actively working together.
2. All improvements are to be approved by the City staff prior to commencing work and approvals will consider the character and appropriateness of individual designs and compatibility within the neighborhood district.
3. Building owners and tenants within identified active districts are eligible to apply for participation in this program. Tenant applicants are required to submit written evidence of building owner approval of the application.
4. Examples of eligible and ineligible activities:
 - a. Eligible improvements compatible with the district's design can include:
 - exterior: façade alterations, awnings, windows, entrances, window replacement/repair, masonry work, electrical fixtures, architectural assistance, materials and labor.
 - interior: structural alterations, painting, plumbing, electrical work, energy conservation, stationary fixtures.
 - b. Ineligible improvements include, but are not limited to:
 - exterior: inappropriate cleaning or materials that do not complement the area design.
 - interior: furniture, appliances, inventory, display fixtures (unless attached to walls).

VI. Loan Policy

1. A low interest loan may be rejected for any application in which the building is in such a state of deterioration that the proposed improvements do not increase the value of the property.
2. Financial institutions involved in this program are subject to all rules and regulations that govern their lending practices.
3. Standard bank underwriting for credit, cash flow, collateral, etc. applies to all requests under the NC-LIL.

VII. Program Implementation

1. Marketing: Neighborhood Commercial Improvement Program (NCIP) staff will conduct comprehensive efforts to inform building owners, tenants and the community as to the availability and benefits of the program.
2. Application process:
 - a. Program applications are available through and shall be submitted to the Community and Neighborhood Services (CNS) Department office in City Hall, 270 S. River Avenue, Holland, MI 49423.
 - b. The program application form will identify all items necessary for program consideration. Financial institutions are responsible for credit application and subsequent loan approval.
 - c. NCIP staff/administration will be responsible for program application approval/rejection based on eligibility criteria.
 - d. If rejected, NCIP staff will explain the reasons for rejection by letter to the applicant. Applicants may appeal a rejection in writing to the Director of CNS.
 - e. The reviewing financial institution will approve or reject the application according to its established lending practices.
 - f. If the application is rejected by a reviewing financial institution, the applicant has the option of applying to any of the other participating financial institutions.
 - g. Approved program applicants are required to receive loan approval from financial institutions in a prompt manner.
 - h. Loan monies will be distributed to the applicant on an as needed basis. Such need will be determined by the participating financial institution.
3. Post Application Procedure:
 - a. NCIP staff shall be responsible for reviewing approved projects for consistency with approved plans.
 - b. Any changes to project plans must be reviewed by NCIP staff prior to completing any work proposed for change. Staff shall have the authority to approve or reject such changes.
 - c. All approved design changes shall be attached to the original application in the form of an addendum, dated and signed by NCIP staff.
 - d. Unapproved deviations from the approved project may disqualify the applicant from this loan program. Such deviations may cause one or all of the following:
 1. The total loan being subject to market interest rates.
 2. The remaining disbursements to be ceased.

VIII. Program Amendments

Details of the NC-LIL Program may be amended subject to the approval of the participating lenders and NCIP staff. NCIP staff and participating lenders will annually review the NC-LIL program policy.

NC-LIL Policy Initiated: 1/05

Current Policy Date: 02/02/05

Definitions:

NCIP = Neighborhood Commercial Improvement Program

NC-LI L = Neighborhood Commercial Low Interest Loan

CNS = Community & Neighborhood Services.

Current staff and participating lender information:

NCIP Contact

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NC-LIL Program Application

Community & Neighborhood Services (CNS), City of Holland
270 S. River Avenue, Holland, MI 49423
616.355.1369

1. Project Name: _____.
2. Name of applicant: _____.
3. Phone number: Work: _____ Home: _____.
4. Project address: _____.
5. Are you the building owner of the project? Yes _____ No _____.
6. Estimated project cost: _____.
7. Loan request amount: _____.
8. Lending institution: _____.
9. Lending representative: _____.
10. Proposed project start date: _____.
11. Proposed project completion date: _____.
12. What is (are) the existing use (uses) of the building? _____.
13. Will this project proposal correspond with a change in the building's use? _____ If so, to what extent? _____.
14. Will the project involve the: Interior _____ Exterior _____ Both _____.

The undersigned applicant affirms that: The information submitted herein is true and accurate to the best of my (our) knowledge. I (we) have read and understand the conditions of the NC-LIL Program and agree to abide by its conditions and guidelines.

Signature of Applicant (s):

Date: _____, 2005.

Date: _____, 2005.

Provide the following Attachments to this application:

15. Contractor quotes or written cost breakdown by major categories such as signs, awnings, painting, repair, materials and labor, permit fees, etc.

16. Project design or sketch.

17. If the answer to #5 is no, please attach a letter from the owner expressing approval of the project proposal.