

HASTINGS ECONOMIC DEVELOPMENT AND REDEVELOPMENT AUTHORITY

COMMERCIAL REHABILITATION PROGRAM SUMMARY

A. The program provides financial assistance for the rehabilitation of commercial or mixed use properties located in a redevelopment project area. The types of work that may be included are:

1. Eliminate blight or correct structural, safety and access conditions
2. Remodel interior space for new uses and tenants
3. Bring building systems up to code and conserve energy
4. Improve the design and materials of the exterior, including historic restoration
5. Improve affordable apartments in mixed use buildings as a secondary purpose
6. Moveable fixtures and equipment are not included

B. Conditions of the program

1. The building must qualify in size and location.
2. The need for public assistance to make the project feasible must be demonstrated.
3. The project must contribute to the redevelopment area plan.
4. City planning, building and historic (if required) approvals must be secured.

C. Forms of assistance

1. Make direct loan to the property owner
2. Participate with another lender for above purposes
3. Reduce the interest rate on a loan for above purposes

D. Usual Terms

1. A direct loan from the HEDRA will provide supplementary or gap financing, not the primary financing. Typically the loan amount may be up to 25% of costs but no more than \$200,000. The Board will determine the size of the loan, depending on scope of project and public funds available.
2. The direct loan is an installment loan normally with a term of ten years, but can be no more than 20 years. Interest starts at 0% for first year, then 4% for four years and 9% for five years.
3. When the rehabilitation loan is available from a private lender the HEDRA will consider an interest reduction payment rather than a direct loan. The amount of the assistance is calculated on the amount of interest to be paid on the loan, to a limit of \$30,000 per building. Repayment of the assistance is made at the sale of the property.
4. Loans and interest reduction payments are secured by agreements and mortgages.

E. Additional information

See the Downtown and Vermillion Street Redevelopment area maps, the Program Regulations and the attached applications. Contact the HEDRA staff for an appointment.