



Low Interest Loan Program

CRA Overview

The Fort Lauderdale Community Redevelopment Agency (CRA) was established in 1995 under Chapter 163 of the Florida Statutes. Through the Northwest-Progresso-Flagler Heights CRA (NWPFH-CRA) Redevelopment Plan, the CRA is authorized to produce plans and encourage activities designed to eliminate and prevent the spread of blighted conditions and develop a work program to aid in the areas rehabilitation, conservation and redevelopment.

Program Overview

The CRA, in its attempt to reduce or eliminate the blighted conditions within the CRA boundaries and pursue the redevelopment process, seeks to coordinate the creation of an advantageous loan program with local financial institutions.

The CRA may subsidize up to 50% of the interest only, on the principal amount of loans obtained for major rehabilitation or reconstruction projects in the CRA district. The program allows property owners and merchants whose ground floor space is retail or office to borrow for purposes related to exterior and interior tenant improvement. Loans are based on prime rate and are amortized over a 5 year period. The maximum loan amount is \$350,000.

A. Geographic Area

Although properties within the entire CRA area are eligible to participate, applicants meeting the criteria under section G of this program will have preference to ensure that maximum impact to the district is derived.

B. Type of Loans and Terms

1. The commercial building must be located in a zoning district, which allows a commercial business to operate. The **exterior** improvement program for commercial properties may include: re-roofing, painting, doors, windows, exterior modifications, landscaping, awnings, rotten wood replacement, siding and exterior lighting. Loans will not be given for property acquisition.
2. Business Loans may be made to either a business owner or property owner who wishes to renovate the **interior** of a structure as well. Funds may not be used to purchase

display materials or cases, inventory, or any other items not directly related to renovations. The lending institution will disburse the funds after the approved applicant

submits invoices or purchase orders. The lending institution will set its specific terms of disbursement. The tenant must be one whose type of business is permitted at the location by the City's land development regulations.

3. Loans are amortized over a 5-year period; however participating financial institutions reserve the option to extend the loan period beyond 5 years. Any extension in the principle loan repayment period will not affect the amount of interest paid by the CRA.

C. Governmental Conformance

All construction must be in compliance with the South Florida Building Code. All applicable City of Fort Lauderdale Ordinances must be followed and all building permits must be approved by the City's Building Division. All contractors must be licensed, insured, and registered with the City of Fort Lauderdale. The borrower must sign an affidavit at the time of the loan closing stating that the funds will be used for the purposes intended.

D. Bank Lending Requirements

Lending institutions will be approached to participate in the program. There is no minimum or maximum amount of lending institutions necessary to begin the program however each participant must sign an agreement with the city. Each bank must establish its own criteria of lending requirements.

E. Fees and Loan Costs

There are no application fees required by the CRA, however other costs may be incurred by the applicant including recording and other fees. Financial institutions will not charge points in this loan program.

F. Interest Payments

In order to accommodate both large and small renovation plans, a wide range of loan activity is available. Please note that there is no repayment agreement between the CRA and the borrower. The CRA enters into separate agreements with the institution previously mentioned, with regard to specific payment terms of the interest on each loan. The CRA does not guarantee the loans. The interest rate (which is a fixed rate) for this program is set at prime rate to be calculated the day the loan is closed. Upon closing, the CRA will become obligated to pay the lending institution each month 50% of the monthly interest for a maximum of five years. If a loan is amortized for a period in excess of five years, the percentage paid by the CRA will be reduced to an amount that would result in the same total payments by the CRA that would have resulted if the loan had been amortized for five years. The CRA's obligation to make any payments under the loan shall end upon prepayment or default by the borrower.

G. Loan Approval Process

The loan applicant must submit documentation to the CRA detailing the renovation to be performed, along with proof that the property is located within the CRA boundaries. A Low Interest Loan Committee then reviews the loan request. (This committee has not been

established at this point but could be comprised of senior staff members from the following departments; CRA, legal, building, treasury or finance and planning. Recommendations will be presented to the CRA Board. If approved, the applicant can then apply for a loan at any one of the participating financial institutions. The applicant will have a maximum of 90 days after CRA approval to close the loan. If problems arise, the applicant can request a 90-day extension. Applicants must meet the individual bank's requirements to receive a loan.

Preference should be given to loan applicants based on the following criteria:

- ✓ Businesses, that due to their success, will attract other businesses to the CRA district.
- ✓ Businesses that have a successful track record
- ✓ Renovation that will spur additional development and private investment
- ✓ Renovation that will attract desirable new businesses and that create an effective merchandise mix
- ✓ Renovation that will have a substantial visual impact
- ✓ Renovation that will result in filling vacant retail space
- ✓ Renovation that will increase square footage of retail space
- ✓ Renovation that will increase property value
- ✓ Renovation that will increase employment
- ✓ Projects that will work hand in hand with other major developments

