



## Community Economic Development Initiative Neighborhood Business Development Program

The purpose of the program is to assist community based organizations create new or revitalize existing commercial structures that will attract or retain businesses in Lucas County to facilitate new employment opportunities.

### Executive Summary

<b><u>Name of Community Based Organization:</u></b> Address: Telephone: Fax:	
<b>Contact Person:</b> Email:	
<b>Service Area:</b>	
<b>Funding Request:</b>	
<b>Project Description:</b> Should include size and type of project, number of jobs to be created, etc.	
<b>Describe how the project will benefit the community and / or meet Smart Growth /Urban Standards:</b>	
<b>Project Location and Census Tract:</b>	
<b>Anticipated Completion Date</b>	
<b>Project Budget Sources and Uses of Funds:</b>	
<b>Potential Project Partners (if any)</b>	
<b>Appraised value on completion:</b>	

## **Initial Proposals should include the following:**

1. Identification of the real estate parcels to be developed, a statement of the current ownership/control of the parcels, and a statement as to whether any zoning changes or variances will be required. If the Initial Proposal includes scattered site development, the parcels under the developer's ownership or control should be identified separately from prospective sites that are not under the developer's ownership or control.
2. A description of the business real estate development project, including identification of units and their intended uses. It should include a statement of the total number of housing, commercial, or industrial units to be constructed or rehabilitated and the approximate aggregate square footage allocated to those various uses (Note: housing will only be considered if it is part of a mixed-use project with significant commercial or industrial components within the same building.)
3. A preliminary site plan showing the locations of commercial and public / greenspace uses. The site plan should also set forth basic lot lines or state in general the dimensions of various lots.
4. A statement of the applicant's capacity to develop this project and any technical assistance that the applicant requests from the City / County, LISC or any other third parties.
5. An identification of the sources and uses of funds for the project, including Toledo / Lucas County Port Authority. The extent, if any, to which the applicant has obtained commitments for these funds should be noted and evidenced by letters of commitment from lenders, investors and / or partners. The extent to which the project leverages other funds will be a factor in evaluating Initial Proposals; however, priority will be given to business real estate development projects based on the number of jobs created, reuse of vacant land or building, brownfield and mixed-use projects.
6. A brief statement of the extent to which the project is coordinated with other place-based community revitalization efforts in the immediate neighborhood. This statement should identify any third-party community development projects upon which this project is dependent (e.g. construction of a school or transit facility at a particular location).
7. The extent to which the neighborhood community has been, and will be in the future, involved in the conceptualization, design, and implementation of the project. Documentation of the community involvement process should be included.
8. Project development timeline.
9. Copy of the neighborhood strategic plan that includes the proposed project.
10. Items requested on the attached checklist.

## **2011– Development Grant Guidelines -**

- ◆ The primary focus of this funding round should be on *development* with the secondary focus on providing *pre-development project* funding.
- ◆ *Pre-development* commitments would be in the form of *grants*. Additional *Construction Development* funding will be a loan and secured with a mortgage on the property. Loans will be for a period of fifteen years. Eligible non-profit entities will be charged a 3% interest rate on the loan. Projects that include for-profit developers will be charged at a higher interest rate. Payments will be due quarterly and begin six months after the Certificate of Occupancy is awarded.
- ◆ No project would be eligible for more than \$150,000 from this pool.
- ◆ With the cap of \$150,000, two criteria must be met:
  - *Pre-development* costs cannot exceed \$35,000 and does not require matching dollars.
  - *Development* costs can total \$150,000 if no pre-development cost funding is requested, however, in order to qualify for hard construction funds, the project must be able to prove that all pre-development activities have been successfully completed. The Development funds may only be used for hard construction costs (bricks and mortar.)
- ◆ Leveraging on *development* money shall be \$3.00 of other money to every dollar of Toledo Lucas County Port Authority Community Economic Development funds being requested.
- ◆ Projects must meet fund draw down benchmarks within six months. Funds not drawn down are subject to review and recapture. Recaptured funds will be returned to the pool and will be available to other projects meeting the pool's criteria.
- ◆ Funds will be awarded on a competitive basis utilizing the priorities set by the Toledo /Lucas County Port Authority and selected by the Community Economic Development Initiative Committee.
- ◆ If projects are equal in their ability to move forward and capacity to undertake the project, organizations that have not previously received TLCPA funding in the past will be given priority.

### **General Criteria –**

- ◆ **Eligibility**
  1. Recipients must be 501 (c) 3 organizations in good standing and must demonstrate the capacity to manage funds and develop real estate. Applications from partnerships between entities will be considered if the non-profit applicant is at least a 51% owner in the project and play the leading role in the development process.
  2. Applicants must demonstrate that they are a neighborhood-based, community development organization (democratically controlled, majority of board from neighborhood, mission emphasizes real estate development as a key tool for neighborhood revitalization, capacity and focus on project development, ability to package development deals and to secure financing, etc.).
  3. The Applicants must operate within Lucas County. Priority will be given to projects in areas of economic distress, for example: community reinvestment areas (CRA), enterprise zone, and/or areas eligible for HUD Slum & Blight designation or other documented evidence of economic distress.
  4. Organizations with proven capacity may be permitted to have one project in pre-development and one in construction simultaneously.

◆ **Use of Proceeds**

1. Funds will be committed to support projects undertaken by eligible organizations, subject to underwriting and approval.
2. Funds may be used to support reasonable *pre-development* costs including staff and appropriate costs of the sponsoring organization as well as “out of pocket” expenses for such items as options, appraisals, environmental evaluations, architectural and engineering work and other acceptable *pre-development* expenses, subject to underwriting and approval. Funds may be provided for hard construction *development* (bricks and mortar) costs subject to underwriting, pro forma review, satisfaction of leveraging requirements and proof that all pre-development activities have been successfully completed.
3. Priorities for uses and structure of successive annual allocations from the levy will be reviewed annually.
4. A single project can receive no more than \$150,000 from Port levy funds. This is a competitive process and awards will be made based on the funds currently available at the time of the application. No forward commitment of possible future funds will be made.
5. Non-eligible expenses include: developer fees, options, consultants for grant writing, utilities, rent, taxes, or maintenance during the pre-development phase.
6. Entities may not use the funds to create additional space for themselves unless the office space is less than 25% of the total square footage of the project and the entity is paying the project market-rate rent for their space with the remaining 75% leased to businesses.
7. Administration costs may not exceed 10% of the Pre-Development Grant.

- ◆ **Place-based**—Within Lucas County, the Port Authority funds will be focused in areas/neighborhoods with a predominance of low and moderate income households, a predominance of slum and blight conditions, and/or suffering from disinvestment (as evidenced by vacant structures, abandoned homes, and other deterioration). Projects that support a comprehensive economic development effort will be given priority. Port funds should not support the relocation of a business from one political subdivision in Lucas County to another.

- ◆ **Real Estate Development**—Focused on business real estate development rather than property management, the emphasis will be on:
1. Brownfields
  2. Commercial Corridors
  3. Vacant Commercial/Industrial Buildings and Sites

- ◆ **Risk**—*Pre-development* funds will be invested to provide non-recourse, no cost *pre-development grants*. Funds committed to *development* costs must fill gaps identified through underwriting, review of the pro forma, and satisfy the investment committee of the justification. The *development* funds may only be used for hard construction costs.

The Toledo Lucas County Port Authority will document its loan to projects through a mortgage and lien. The loan will be subject to repayment if it is sold or changes occur in the ownership structure. TLCPA will suborn its interest in the project to other lending institutions – but not the project developers.

All investment commitments will result from an underwriting review and a deliberative process. Underwriting review of future investment proposals will consider prior performance.

- ◆ **Collaborative**—Community development investments will be targeted to support collaborative efforts that involve:
  1. Public and Private Sectors
  2. Community-based organizations (CBOs) working in meaningful roles that should include ownership, financing, and development responsibilities. Collaboration among multiple non-profit partners will be encouraged when appropriate. The community based organization must be at least a 51% owner in the project and play the leading role in the development process.
  3. Projects that include a for-profit developer will be required to pay interest on the loan at a rate based on one (1) point under the Prime Rate at the time the loan is approved.
  
- ◆ **Conducive to Job Generation and Business Development**—Projects will earn community development investment priority by demonstrating their potential to support employment and business development. Proposed projects that enhance market awareness attract preferential financing, and make a comprehensive impact on their surrounding areas will receive priority.

### **Submission Requirements –**

Please submit the original application and six (6) copies of the request for the first round of Community Development Initiative funds to:

Laurie Cantrell  
Loan Program Manager  
One Maritime Plaza 7<sup>th</sup> Floor  
Toledo OH 43604

The application should be less than five (5) pages and also include the completed Executive Summary, Sources and Uses Statement and Checklist plus the supporting documentation.

Additional questions? Please contact Laurie Cantrell at 419-243-8251, [lcantrell@toledoportauthority.org](mailto:lcantrell@toledoportauthority.org).

#### **Definitions of funding:**

- Committed – The funds have been approved in writing with “no” or “few” conditions. Include with request.
- Requested - The funds have been requested through a formal written process and a copy of the request included in the application,
- Identified - The source of the funds has been identified with some realistic expectation it will be available (i.e. City of Toledo Neighborhood Façade Improvement program.) Please identify the name of the funding provider and program.
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- ***We encourage you to include any existing funding expenditures already in the project and their sources to help in leveraging computations.***

## **SOURCES AND USES OF FUNDS**

*Please Include with Application*

**TOTAL PROJECT COST:**

	<i>Total</i>	<i>Per unit/per sq.ft.</i>
<b>Acquisition \$</b>		
<b>Hard cost</b>		
<b>Construction Contingency (%)</b>		
<b>Developer Fees and contingency (usual and customary)</b>		
<b>Soft Cost</b>		
<b>Total</b>		

**DEVELOPMENT BUDGET**

<b>Sources:</b>	<i>Amount:</i>	<i>Committed</i>	<i>Requested</i>	<i>Identified</i>
<i>Toledo/Lucas County Port Authority</i>				
<i>Public Funds</i>				
<i>Lender</i>				
<i>Lender</i>				
<i>Other</i>				
<i>Other</i>				
<b>Total</b>	\$			
<b>Uses:</b>	\$			
<i>Options</i>	\$			
<i>Architect</i>	\$			
<i>Legal</i>	\$			
<i>Other</i>	\$			
<i>Other</i>				
<i>Other</i>				
<b>Total</b>	\$			

**USES OF TOLEDO /LUCAS COUNTY PORT AUTHORITY FUNDS –  
(Please include with application)**

<b>Uses:</b>	<b>Amount:</b>
<i>Options</i>	
<i>Architect</i>	
<i>Legal</i>	
<i>Survey</i>	
<i>Environmental</i>	
<i>Hard Construction</i>	
<i>Other(Describe)</i>	
<i>Other(Describe)</i>	
<i>Other(Describe)</i>	
<b>Total</b>	

**CHECKLIST  
(Please include with application)**

**Documentation:****Included:**

<i>Annual Operating Budget</i>	
<i>Articles of Incorporation</i>	
<i>ByLaws of Organization</i>	
<i>IRS Determination Letter</i>	
<i>State of Ohio Good Standing Letter (within 12 months of application)</i>	
<i>Corporate Resolution approving request for funds and amount</i>	
<i>Wire transfer Instruction Letter</i>	
<i>Most recent Audit</i>	
<i>Most recent monthly financial statement</i>	
<i>List of Board of Director's names, addresses and telephone numbers</i>	
<i>Resumes of all development team members</i>	
<i>Most recent 990 Form</i>	
<i>National Trust for Historic Preservation inclusion as district or property (if applicable.)</i>	
<i>National Trust for Historic Preservation submission of Parts I &amp; II for Historic Tax Credits (if applicable.)</i>	
<i>Lender Commitment (development)</i>	
<i>Other sources commitment of funds (if applicable)</i>	
<i>Partnership Agreement (if more than one owner)</i>	
<i>Site Plan</i>	
<i>Parcel ownership</i>	
<i>Proformas (included in application)</i>	
<i>Neighborhood Strategic Plan</i>	
<i>Percentage of Minority Contractors Participation</i>	