

**INTEREST RATE BUY-DOWN PROGRAM FOR
HISTORIC PROPERTY REHABILITATION
IN THE GAINESVILLE ENTERPRISE ZONE**

PURPOSE

The City of Gainesville Interest Rate Buy-Down Program for Historic Property Rehabilitation located within the Gainesville Enterprise Zone is intended to positively effect the aesthetic and economic environment within the established Gainesville Enterprise Zone. The program is designed to maintain and preserve the existing relationship between property owners located in the Gainesville Enterprise Zone and those financial institutions with which they currently maintain a business relationship.

The City of Gainesville will provide a cash grant to business or property owners operating a commercial establishment or rehabilitating a residential structure within the Gainesville Enterprise Zone for the purpose of reducing the effective or prevailing interest rate of a bank loan to renovate slum and blight historic property under the following conditions.

PROGRAM ELIGIBILITY

- The property must be historically significant as determined by professional evaluation and located in the City of Gainesville Enterprise Zone.
- The structures to be rehabilitated must be in a condition of slum and blight. The applicant must demonstrate physical deterioration of the property by producing any of the following: (1) A code violation report issued by a state or local building or code inspection agency; (2) An independent assessment of physical deterioration prepared by an architect, engineer or other qualified individual; or (3) A written description with photographic evidence of physical deterioration.
- The business or property owner must make a minimum capital investment of \$300,000 in the rehabilitation project, ~~all or part of which will be financed by a bank loan.~~ consisting of a bank loan or other personal financial resources.
- Preference will be given to properties that after rehabilitation, will be used for a commercial or mixed-use purpose. Residential property rehabilitation will only be approved if the structure is located in a zoning district that will allow conversion to a commercial or mixed-use purpose.
- In the event that personal financial resources other than a bank loan are to be utilized for the project, the prevailing commercial lending rate, as established by the applicant's lending institution, will be used to calculate the amount of interest subsidy.
- All construction work must be done in compliance with applicable City of Gainesville building codes and the City of Gainesville Land Development Code. All contractors must be licensed with the City of Gainesville and/or the State of Florida.
- Program funds are available on a first come, first serve basis and are limited based upon fiscal year budgetary constraints.

APPLICATION PROCEDURE

1. Businesses and/or property owners that meet the above criteria may apply for the grant through the City of Gainesville Economic Development Department.

2. The business and/or property owner must present to the City's Economic Development Director a written request for funds along with a business plan for the project, architectural drawings, a written contractor's bid for the work and an official loan agreement, or prevailing commercial lending rate commitment letter from a financial institution.
3. Approval for the grant funds shall be determined by the Gainesville Enterprise Zone Development Agency (GEZDA) on a case-by-case basis at a regularly scheduled meeting. If approved by GEZDA, the City will provide from the City's Economic Development Grant funds, the amount required to buy-down the interest rate of the bank loan by 2.0 percentage points or \$150,000, whichever is less.
4. The method of disbursement of grant funds will be determined at the time the grant is awarded, depending upon the circumstances of the project and stipulated in the grant agreement approved by the City Manager and City Attorney. In the event that a bank loan is not to be secured by the applicant, then City proceeds will not be contributed until the project is completed as represented by issuance of a certificate of occupancy by the City of Gainesville Building Department.

Program Contact: Economic Development Director (352) 334-5010 x5619

INTEREST RATE BUY-DOWN PROGRAM FOR
HISTORIC COMMERCIAL PROPERTY REHABILITATION
IN THE GAINESVILLE ENTERPRISE ZONE

The City of Gainesville will provide a cash grant to business or property owners operating a commercial establishment within the Gainesville Enterprise Zone for the purpose of reducing the effective interest rate of a bank loan to renovate slum and blight historic property under the following conditions and circumstances:

- The property must be historically significant and located in the City of Gainesville Enterprise Zone.
- The structures to be rehabilitated must be in a condition of slum and blight. The applicant must demonstrate physical deterioration of the property by producing any of the following: 1) A code violation report issued by a state or local building or code inspection agency; 2) An independent assessment of physical deterioration prepared by an architect, engineer or other qualified individual; or 3) A written description with photographic evidence of physical deterioration.
- The business or property owner must make a minimum capital investment of \$300,000 in the rehabilitation project, all or a part of which will be financed by a bank loan.
- After rehabilitation, the property Preference will be given to properties that after rehabilitation will be used for a commercial or mixed-use purpose. Residential properties will only be approved if the structure is located in a zoning district that will allow conversion to a commercial or mixed-use purpose.

APPLICATION PROCEDURE

1. Businesses and/or property owners that meet the above criteria may apply for the grant through the City of Gainesville Economic Development Department.
2. The business owner must present to the City's Economic Development Director a written request for funds along with the business plan for the project, architectural drawings, a written contractor's bid for the work and an official loan agreement from a financial institution.
3. Approval for the grant funds shall be determined by the Gainesville Enterprise Zone Development Agency (GEZDA) on a case-by-case basis at a regularly scheduled meeting. If approved by GEZDA, the City will provide from the City's Economic Development Grant funds the amount required to buy-down the interest rate of the bank loan by 2.0 percentage points or \$150,000, whichever is less.
4. The method of disbursement of grant funds will be determined at the time the grant is awarded, depending on the circumstances of the project, and stipulated in the grant agreement approved by the City Manager and the City Attorney.

Program Contact:

Conchi M. Ossa, Economic Development Director (352/334-5012)

Program approved by the Gainesville City Commission on September 13, 1999

Interest Rate Buy-Down Program
For Enterprise Zone Historic Commercial Properties

Below is an example showing how the amount of grant funds would be determined to buy-down a \$500,000 loan by 2 percentage points.

Amount of Loan	\$500,000	\$500,000
Terms	8% per year for 10 years	6% per year for 10 years
Monthly Payment	\$6066.38	\$5551.03

To keep the monthly payment at \$5,551.03, even with an 8% interest rate, the principal must only be \$457,524.11

Amount of Loan	\$457,524.11	\$500,000
Terms	8% per year for 10 years	6% per year for 10 years
Monthly Payment	\$5551.03	\$5551.03

Therefore, the City of Gainesville grant amount needed to reduce the principal to \$457,524.11 is \$42,475.89.

In the example above, the grant applicant would receive a grant in the amount of \$42,475.89 to reduce their loan amount and achieve the monthly payment they would have with the lower interest rate.