

**RIVERFRONT RENEWAL LOAN PROGRAM
(River Loans)**

Guidelines



**The Urban Renewal Agency
of the City of Eugene, Oregon**

&

**City of Eugene
Planning & Development Department**

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PROGRAM DESCRIPTION

The Riverfront Renewal Loan Program (River Loans) is a revolving loan program designed to encourage capital investment within the Riverfront Urban Renewal District. The primary goal of River Loans is to provide funding assistance to projects that meet the goals and objectives of the following planning documents: Riverfront Urban Renewal District Plan, EWEB Riverfront Master Plan, and the Eugene Downtown Plan. River Loans are designed to be flexible and responsive to unique redevelopment opportunities, specific redevelopment challenges, and specific individual project financing needs of the Riverfront area.

River Loans are designed to encourage the following types of development: private, non-profit, mixed-use, and public/private partnerships.

River Loans are funded through Urban Renewal District program revenue (i.e., non-tax increment dollars) with an initial capital investment of approximately one million dollars.

The Riverfront Urban Renewal Plan authorizes River Loans in Section 600.E.:

The Renewal Agency also is authorized to provide loans or other forms of financial assistance to property owners wishing to develop or redevelop land or buildings within the renewal area, or to persons desiring to acquire or lease buildings or land from the Agency. The Agency may make this assistance available as it deems necessary to achieve the objectives of this Plan.

Projects receiving Agency assistance may include:

- Assisting in redevelopment of commercial warehouses in the Courthouse area,
- Assisting the construction or expansion of job-creating developments, and
- Assisting in the development of housing and mixed use projects.

ELIGIBILITY

Applicants of River Loans must be located within the Riverfront District (Map A). Applicants may be for profit or not-for-profit entities, new or existing businesses/property owners who are located, or will be located, in the Riverfront District. Eligible projects must demonstrate a need for River Loans financing. Examples of need may include: insufficient loan to value, insufficient cash flow, and extraordinary project specific costs.

Eligible projects include building rehabilitation, renovation, façade improvements, historic preservation, tenant improvements, accessibility, pedestrian cover, and general property improvements. Soft costs related to the development project are considered eligible and may be financed. Non-construction related costs, such as equipment and fixtures, may be eligible as part of a total development project.

INELIGIBLE PROJECTS

River Loans may not be used for the following: projects located outside of the Riverfront District, refinancing of existing debt, projects for which private funds are otherwise available, projects

encompassing routine maintenance and/or repairs, or any project that is in violation of any Federal, State, or local laws or regulations.

PROGRAM TERMS

The following terms of River Loans are intended to provide additional flexibility over other public lending programs to accommodate and adapt to the changing needs of the Riverfront District. Therefore, the agency Director or his/her designee has the authority and discretion to alter, amend, waive or otherwise make an exception to any of the following terms.

Matching Funds

River Loans provide project financing typically between 25% and 50% of total eligible project costs, subject to demonstrated financial need. Remaining project financing can be provided by equity, bank financing, and other forms of private lending. Other forms of matching funds will be reviewed on a case-by-case basis. Projects in need of greater funding assistance from River Loans will be reviewed and are subject to the approval of the agency Director or his/her designee.

Amount

Loan amounts shall be between \$10,000 and \$500,000. Applications outside the stated loan range will be accepted for review and will be subject to the approval of the agency Director or his/her designee. For example, pedestrian cover is an eligible and desired project that may be under the stated loan limit.

Rate

Interest rates may vary based on project needs. Interest rates are based on the prevailing prime rate of interest at the time of closing. The interest rate shall be set between 2.5% above or below the prevailing prime rate of interest, established by the western edition of the Wall Street Journal, at the time of closing and shall be fixed for the term of the loan. The minimum rate of interest charged on River Loans shall be 3%.

Term

Loan repayment terms are based on individual projects. Terms are typically set between seven and ten years and will not ordinarily exceed the average life of the asset. In some cases exceptions may be made, for example, longer amortization schedules with principal balloon payments.

Collateral

Security will be required, as necessary, to adequately collateralize River Loans. Security will usually consist of liens against real property and/or business personal property, personal guarantees of all principals who hold more than a 20% ownership interest, and may include personal assets of the property/business owner(s).

Fees

Applicants are charged a \$50 non-refundable application fee, a 1% loan fee, and all related closing costs.

PROJECT PREFERENCE CRITERIA

Projects selected for funding must meet the goals and objectives of the planning documents mentioned above under Program Description. Additionally, the following project preference criteria will be used to evaluate projects:

Density – positively contributes to the increased density of riverfront development.

Design – use of high quality materials, and design elements such as prominent entries, display windows, tall first floors, and other architectural elements that enhance the pedestrian realm.

Employment – brings new jobs to the Riverfront District.

Energy Conservation – incorporation of energy conservation measures.

Increased Assessed Value – significantly increase the taxable value of property.

Location – project is located on a Great Street (as identified in the Eugene Downtown Plan).

Matching Funds – ratio of private and public funds invested in the project.

Redevelopment – utilization of vacant or severely underdeveloped buildings.

Residential – creation of new housing units.

Risk – demonstration of market feasibility and loan repayment ability.

Timeliness – ability to move forward with the project in a timely manner.

Vibrancy – enhancement of foot traffic and nighttime activity.

LOAN ADVISORY COMMITTEE

The Loan Advisory Committee (LAC) reviews all loan proposals prior to final approval. The six-member community advisory committee serves as a sounding board to ensure that all loans meet a public purpose and are likely to be repaid. The LAC is comprised of two bankers, one accountant, one business person, one neighborhood representative, and one voter pool representative. If members from the LAC have a personal or institutional financial interest in the proposed project, they will abstain from participating in the meeting.

APPLICATION PROCESS

The processing time for a loan depends on the project. Generally, the processing time for a complete application is three to five weeks. The following is a summary of the steps in the review process:

1. Potential applicant(s) meet(s) with City staff to determine eligibility, discuss credit criteria, and application process (includes application and other required documents necessary for credit analysis).
2. Applicant submits formal application (including required information regarding project and business) and \$50 application fee.
3. City staff performs a detailed review and analysis of the application.
4. A Credit Memorandum, along with a recommendation, is presented to the Loan Advisory Committee (LAC).
5. The LAC recommendation is then forwarded to the Agency Director (or designated representative) for final approval or denial.
6. Notification is sent to applicant in the form of an offer letter or declination letter.

MISCELLANEOUS

Cost estimates or firm bids from a licensed and bonded contractor must be submitted for a project.

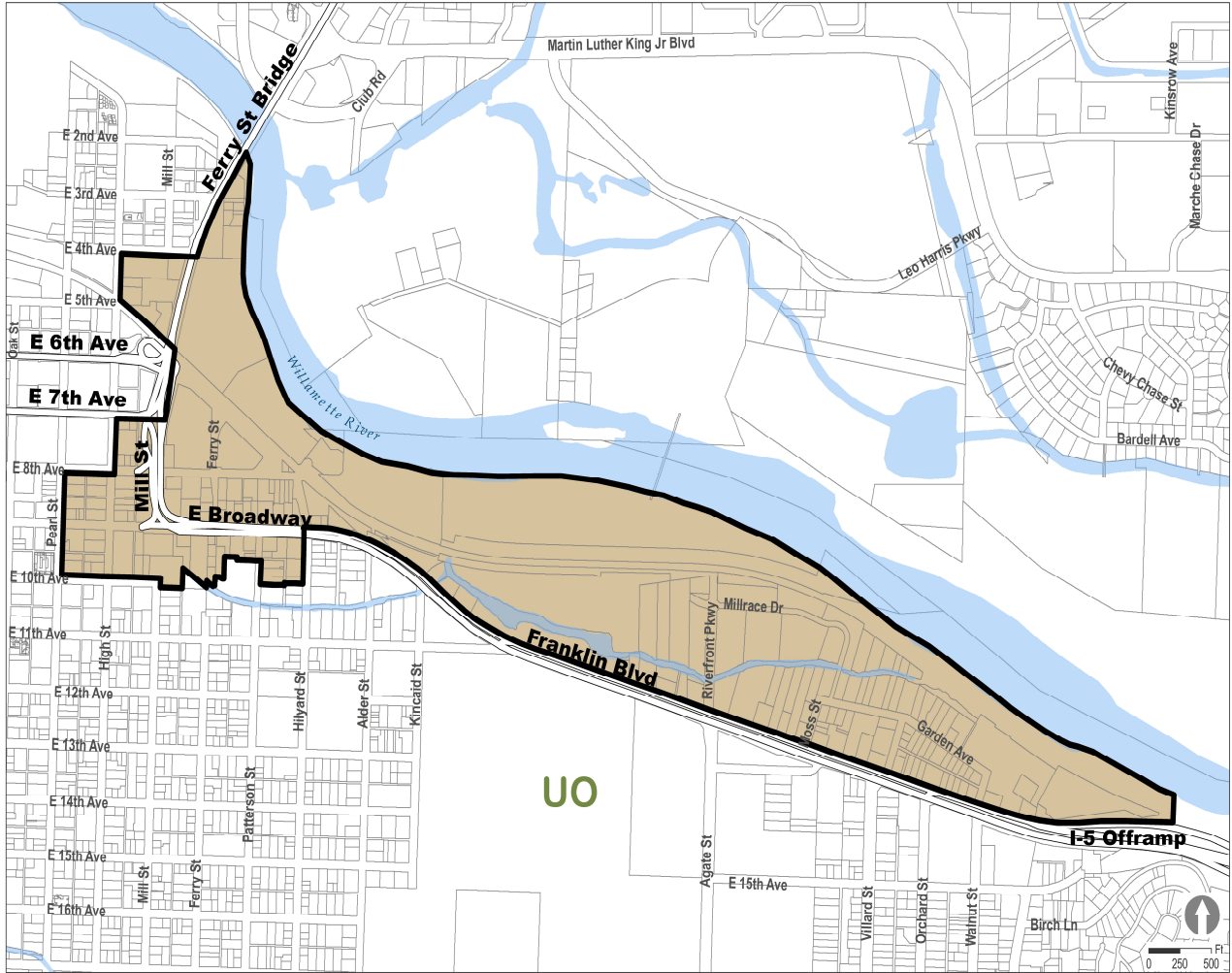
City staff shall monitor the progress of the project, including on-site visits, for determination and authorization of progressive loan disbursements and work completion according to bid documents and loan agreements.

It is the responsibility of the loan recipient to maintain and submit documentation of the project and progression of the project for compliance according to loan agreements.

QUESTIONS

Please contact Aaron Doreen, Community Development Division at 682-5448.

Map A



Riverfront Urban Renewal District

Caution: This map is based on imprecise source data, subject to change, and for general

City of Eugene
 Planning and Development
 September 4, 2013

