

Frequently Asked Questions about Minot's Façade Improvement Forgivable Loan Program

WHAT ARE THE PURPOSE AND GOALS OF A FAÇADE IMPROVEMENT PROGRAM?

To renovate old or decaying building stock, assist designated historic districts through the complete renovation, restoration or adaptive reuse of a class of buildings found principally on Main Street and other downtown facades in the Central Business District (see Map).

The program will also help in re-establishing downtown as the cultural, retail and event center of the City of Minot, address market failures and assist in placemaking.

It is designed that each project will substantially renovate a single façade and make it substantially ready for first-floor retail occupancy. It will eventually encourage the renovation of upper stories, especially for residential uses.

WHO WILL THIS PROGRAM IMPACT?

All downtown properties especially those retail businesses located in the core of downtown. Although the program makes its debut on Main Street in order to concentrate resources and make a strong visual impact, in subsequent years it will open up to the rest of downtown and provide a highly visible incentive for investment.

ISN'T DOWNTOWN DOING PRETTY WELL RIGHT NOW, ALL ON ITS OWN?

Yes and no. Perhaps you might wonder if downtown really needs the assistance. Yes, there are definitely a few exciting new restaurants. And there are few buildings that are boarded up or in imminent danger of collapse. BUT... There are a large number of vacancies. Professional offices occupy storefronts on Main Street that would be more productive by clustering retail uses. Existing upper-floor apartments are largely out-of-date and are not attracting tenants with disposable income. There is actually a low density of use and it is not the attraction it should be

A simple look at how many places are vacant, closed after 5:00 PM, and on Saturdays and Sundays tells the real story.

Coupled with new programs for entrepreneurial development for new and expanding downtown businesses, strategic infrastructure, upper floor housing, and restaurant attraction, the goal is to quickly occupy renovations with new businesses and residential uses on the upper floors.

IS DOWNTOWN IMPORTANT? OR RELEVANT?

The downtown provides a unique retail and residential experience that draws visitors and residents must be preserved. Reinvestment will spur new economic development. Addressing it today will help it stay ahead of pressures created by moving the hospital from its current downtown location along with the many employees who work there.

Not to take away from strip centers, big boxes, and malls. They have their place. But downtowns are where the public space, such as sidewalks and streets, is intertwined with the private. Where citizens can march and parade and meet in public space. That is special.

WHY CREATE AN EXPERIENTIAL SHOPPING ENVIRONMENT?

In order to reestablish a strong, resilient, and viable downtown, this program seeks to increase activity, and increase the density of use by improving the attractiveness and the marketability of downtown properties to ***create an experiential shopping environment***. These façade efforts need to be coupled over time with efforts to renovate and occupy the upper floors for housing and other uses.

HOW WAS THIS PROGRAM CONCEIVED?

This program was developed from multiple stakeholder recommendations the latest being the IEDC study group in 2018 and adopted by the Minot Council in 2019.

HAVE FAÇADE IMPROVEMENT PROGRAMS BEEN USED IN OTHER CITIES?

Yes, all over the country. We intend to follow best practices from other localities while considering ideas expressed by Minot's downtown merchants, property owners, and other stakeholders.

WHAT IS THE ROLE OF HISTORIC PRESERVATION?

Historic rehabilitation (not restoration) is a guiding principle for all façade renovations with limited accommodation for adaptive reuse and handicapped accessibility.

Respect for the original design. Most older buildings utilized a design professional in their creation. Natural lighting and fireproof materials were built in. Storefronts were designed as display spaces to promote the business. Styles changed but the organic growth of downtowns produced a harmonious variety of buildings. Minot's façade program wishes to respect these traditions while bringing its execution into this century.

Design elements to consider include windows and doors (fenestration) cornices, quoining, pilasters, pillars, sign bands, vestibules, display windows, and overhangs, not to mention utilization of appropriate building materials.

The City will accept a ***True to Period*** design and construction plan that represents a reasonable, functional return to an original design. It is suggested that the applicant locate photos from a time close to the time the structure was built. Copies of original blueprints for the exterior will be accepted although it is recognized that they may be difficult to obtain or unavailable.

IS THE CITY GOING TO REQUIRE SOMETHING IN RETURN?

1. Ten-year commitment with a claw-back agreement.
2. Return buildings close to the original design.
3. Make certain the entire façade is repaired for the long term.
4. Allow for adaptive re-use and handicap accessibility
5. Display windows to be restored and lit.
6. Use well-lit, pedestrian-friendly signs appropriate to the architecture.
7. Keep common hours as determined by the businesses (not the city)

WHAT IS THE FORGIVABLE LOAN AND WHAT IS THE MATCHING COMPONENT?

THIS IS AN INCENTIVE. IT IS MEANT TO ENCOURAGE (INCENTIVIZE) PROPERTY OWNERS TO MAKE IMPROVEMENTS THAT WOULDN'T OTHERWISE BE DONE. The fact that few downtown buildings have been improved in the last forty or more years should indicate that the market hasn't provided private economic incentives.

The maximum loan amount available for any approved application is \$100,000. Loan funds are generally available for up to 75% of eligible improvement costs, a 3:1 match, and a state-restricted maximum. In other words, for every dollar an applicant puts into a project, the City will match by three dollars, up to the maximum of \$100,000.

Since complete renovation is required, it is possible that an applicant may need to contribute their match at a higher participation rate than 25%.

WHAT IS THE MAXIMUM AMOUNT I CAN APPLY FOR AND WHAT IS THE MATCH?

There is a 25% match by the owner/applicant. The maximum forgivable loan available is \$100,000 for a single facade. Up to two adjoining 30-foot facades may be considered with a \$160,000 maximum. If you have any questions, please call 701-420-4524. An Economic Development Department representative will be happy to assist you.

HOW OFTEN MAY I APPLY?

Since the façade is supposed to be a complete renovation, there is only one time for a façade. However, a building may have more than one façade. There is no set limit to the number of times a single property owner may apply. To ensure maximum fairness and accessibility to the program, property owners who receive a loan must wait 18 months after the completion of their first project before applying for subsequent grants.

IS THERE AN APPLICATION FEE?

Yes, there is a non-refundable \$500 application fee that must be submitted with every application.

COULDN'T THE CITY PROVIDE A LESSER INCENTIVE?

Less successful programs have provided limited matches. They usually pick a few improvements but don't restore the façade. If a property owner has to seriously ask whether it's worth it, then it's not a substantial incentive. The city is trying to make a serious incentive to get many properties to buy-in.

WHEN IS THE LOAN FORGIVEN?

Forgiveness is upon completion of the term with satisfactory compliance. The full amount of the loan is forgiven as a balloon only at the end of ten years. Events of default have reasonable cure provisions however, in order to encourage long-term participation in the plan, the full amount shall be repaid without interest until the full completion of the term.

WHY IS COMPLETE RENOVATION OF THE FAÇADE REQUIRED?

So that a facade is one and done. Less successful programs help replace a sign or get a first-floor redone while the upper floors look awful. This program is not a band-aid and is meant to help the building survive and succeed into the next century. The city doesn't make an applicant choose what architectural features are important because they all are.

WILL THIS ADDRESS FIRE SUPPRESSION?

NO. It may be appropriate to say that an opportunity was missed to require fire suppression lines when the infrastructure was updated from 2016 to 2019.

AVAILABILITY OF FUNDS

Consideration for loan funding is made among those applications received each month.

All applications are subject to the availability of funds. Although a waiting list may be created, the funding source(s) may require reapplication.

IS THERE A WAITING LIST?

When funds are exhausted the Community Development Department may keep a formal waiting list (applications dated and timed) of full and complete applications for up to 24 months. Those applications may be subject to revised rules and will be given no more than 30 days to respond in the affirmative when, and if, additional funds become available. The applicant may update any construction estimates.

ARE THERE PRECONDITIONS FOR PROGRAM PARTICIPATION?

1. Roof must be intact with an estimated additional life of 10 years or more.
2. The first floor must be usable for retail or restaurant uses at the completion of the façade.
3. No other floor should present a danger or impediment to occupancy
4. Although the upper floors are not required to be renovated, each participating upper floors and basements will be inspected upper for suitability for offices, residential and retail uses. The owner will allow an interior inspection and receive an economic estimate of renovation costs and the value of the property at a market-rate rental (to establish reasonable costs and value).

ARE THERE DESIGN STANDARDS AND MATERIALS?

There is a general *Façade Design Standards* publication. *The applications will be evaluated with these guidelines in mind.*

IS THERE A TARGET AREA FOR RECEIVING BENEFITS?

Yes. The Central Business District.

HOW OFTEN MAY I APPLY?

Since the façade is supposed to be a complete renovation, there is only one time for each façade. However, a building may have more than one façade. There is no set limit to the number of times a single property owner may apply; however, no more than two adjoining thirty-foot facades may receive funding with the funding cap decreased by 20% to \$160,000/two.

WHAT IS THE TIME FRAME FOR A DECISION ONCE AN APPLICATION IS SUBMITTED?

Once a completed application is submitted, it will be presented to the Committee for their recommendation and the City Council for approval. Decisions are expected made within 45 days of receipt depending upon meeting schedules.

CAN INTERIOR IMPROVEMENTS BE COVERED UNDER THE FORGIVABLE LOAN PROGRAM?

No, except for first-floor window display areas including lighting and a timer, no interior improvements are covered. Loan funds will only cover improvements done to the exterior/facade of the building. Prior to any program participation, applicants may be required to repair their roof or correct any other serious deficiency.

WHY IS THE ROOF IMPORTANT TO THE FAÇADE?

A building cannot survive without being protected from the elements. To protect the building and the façade, damaged roofs must be repaired before any façade grant can be approved or disbursed. Any window/door opening is expected to be properly replaced (in general no plywood, etc.) and the building properly enclosed from the elements.

WHY DOES THE CITY REQUIRE THE OWNER TO EVALUATE THE USE/REUSE OF THEIR UPPER FLOORS FOR RESIDENTIAL?

Downtown housing supports downtown businesses and improves the quality of life. This effort is an inspection only, to review vacant and underutilized space. Furthermore, well-finished and maintained apartments may provide a stable rental income source for landlords. Getting realistic feedback is helpful to landlords and in setting public policy.

The city will evaluate existing apartments and other uses. Owners should plan on informing tenants of the building inspection.

WHO DECIDES APPROVALS OF APPLICATION? IS THERE A RIGHT TO APPEAL?

Decisions for funding will be rendered after a recommendation by city staff, normally from economic and community development, is submitted and approved by a majority of the ***Renaissance Zone Review Board***. The Board recommends final approvals and change orders to the City Council line with the adopted program guidelines.

The City Council also provides a formal mechanism for appeal by applicants who disagree with staff and the decision panel regarding the design or material issues, or reimbursements.

AM I ELIGIBLE FOR THE PROGRAM IF I OWE ANY CITY TAXES?

You are not eligible if you are overdue paying the city taxes. All applicants must be current on city taxes on all properties they own in the City of Minot in order to be considered for a Loan.

ARE THERE ANY CONDITIONS?

Foremost, although the program is called a “loan” program, the funds are issued in the form of a forgivable loan which is like a grant but with long-term enforceable conditions. The applicant will be required to maintain their improvements over the life of the agreement, allow for an annual inspection, and maintain hours of operation if set by a downtown business group (not city government). It’s a ten-year obligation to comply with the program which can be transferred by future owners. The full obligation, which is an incentive to remain with the program, is relieved at that time.

WILL THERE BE LEGAL AGREEMENTS WITH APPLICANTS?

Successful applicants will be required to execute a legal agreement(s) (contracts). It details payments, conditions, contingent clawbacks, events of default, cure provisions, judicial preference, severability, and so on. To allow for sales, agreements will extend to successors and assigns. Agreements are structured in the form of forgivable loans extending for a period of ten (10) years.

WHO DO I CONTACT IF I WANT TO APPLY FOR THE FAÇADE IMPROVEMENT FORGIVABLE LOAN PROGRAM?

**Jonathan Rosenthal, Economic Development Administrator
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