



**City of Shakopee, Minnesota
Economic Development Authority for the City of Shakopee**

FACADE IMPROVEMENT PROGRAM

For the purposes of this document, the term “City” includes the Shakopee City Council, staff, the Economic Development Authority, advisory boards and commissions, financial consultants, and legal counsel.

PURPOSE

The City of Shakopee’s Commercial Façade Improvement Program (FIP) provides financial support through a deferred loan to commercial property owners and business owners in the historic Downtown area and along Shakopee’s commercial corridors. The purpose of the FIP is to support the revitalization of historic Downtown Shakopee and the City’s commercial areas by stimulating private investment in high-quality improvements that enhance the appearance of buildings and properties and eliminate blight and buildings that don’t meet current design standards.

The Economic Development Authority for the City of Shakopee, using its housing and redevelopment authority powers, created the Façade Improvement Program (FIP) in order to eliminate or prevent blight.

The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand of City services in relation to the projects potential benefits. Meeting policy criteria does not guarantee the award of business assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City can deviate from this policy for projects that supersede the objectives identified herein.

PROGRAM ELIGIBILITY

The Commercial Façade Improvement Program provides a one-time forgivable loan for eligible façade improvements. Eligible applicants are owners of commercial properties or purchasers of properties that have a contract on an eligible property that they will be renovating upon closing on the property.

The intent of the FIP is to revitalize older commercial buildings within the City that are built prior to 1980. Building renovations in the Downtown should adhere to the extent practicable to the City of Shakopee Downtown Design Guidelines, 1999, to have the maximum impact.

ELIGIBLE EXPENSES

For the purposes of this program, eligible expenditures shall include expenses related solely to those exterior improvements that are eligible for the program, as outline in the program guidelines and as determined by the City. Expenditures excluded are those related to interior improvements; ordinary repair and maintenance; improvements as a required as a result of a code violation; or other expenses deemed ineligible by the City.

- Eligible improvements include those items visible from the street, including: exterior building improvements (cosmetic and/or structural); signage; lighting and landscaping. Examples include, but are not limited to: exterior painting or surface treatment; decorative awnings; window and/or door replacements or entrance modifications; storefront replacements or enhancements; streetscape; outdoor patios and decks; exterior wall lighting; restoration of architectural features. Landscaping expenses, when part of a larger project, may be included but should not exceed more than 10% of the total project costs. Fees for architects, engineers or other design professionals may also be considered as part of the project costs.
- Improvements or repairs that are required as a result of a violation or citation are not eligible for funding through the FIP. However, improvements that are the result of voluntary compliance and the applicant's desire to bring a property into conformance with the City's current design standards will be considered.
- Improvements will be considered as part of a total project. For instance, if the applicant proposes to replace the windows, the City may recommend that sills also be repaired or replaced.
- Site furnishings, amenities, non-permanent structures or improvements or movable equipment are not eligible for funding through the FIP.
- All improvements must obtain any required approvals and/or permits.
- Any renovations that are solely the result of ***ordinary repair and maintenance*** are not eligible for funding through the FIP. *Ordinary repair and maintenance* is defined as "any work, the purpose and effect of which is to correct or prevent any deterioration or decay, or damage to, a structure, site or any part thereof and to restore the structure or site, as nearly practicable, to its condition prior to such deterioration, decay, or damage using materials that are of a design, color and outer appearance as close as practicable to the original." *Roofs will be considered under extenuating circumstances.*

Exclusions to this clause may be made when a new owner purchases a structure and is renovating the structure and the deterioration has not been caused by the new owner or any affiliate or agent.

FUNDING

- (1) The program provides a one-time forgivable loan for eligible expenses. These improvements must be visible from the exterior and meet the eligible expense requirements.
- (2) The City may fund up to a maximum amount of 50 % eligible project's cost. Loans typically will not exceed \$30,000. Larger amounts may be considered for critical or keystone projects that have a larger impact on the community.,
- (3) The term of the loan shall not exceed 20 years. Payments on the loan will be deferred and will be forgiven if the applicant satisfies the terms of the loan agreement.
- (4) Loan forgiveness takes place over a five-year period with 20 percent of the award forgiven annually. The City may extend or reduce the repayment period based on the dollar amount of the award. The table below should be used as a guideline:

Amount of Award	Repayment Period
Up to \$30,000	5 years
\$30,001-\$47,500	7 years
\$47,501-\$65,000	10 years
\$65,001-\$85,500	15 years
\$85,501-\$100,000	20 years

- (5) If the benefiting building is sold within the period of the loan, the loan must be repaid. The City may consider alternatives to immediate repayment, including but not limited to transfer of the loan to a new owner or a mutually agreeable loan repayment schedule.
- (6) The applicant has one year from the award date of the loan to complete the project and request payment of loan funds. All loan funds will be paid to an applicant upon receipt of evidence of paid invoices for the project along with a release of any and all mechanics or contractors liens.
- (7) The applicant must maintain the property during the repayment period. Failure to do so may cause the loan to become payable in full.
- (8) The maximum loan at any one time is \$30,000. Any revisions to the loan may require an extension to the repayment period. A façade improvement loan may be applied for every five years that rolls with the total amount of \$30,000. E.g.: A project borrows \$15,000 in year one, and in year three, they request another \$15,000. The total amount of \$30,000 would have a new five-year repayment period.

APPLICATION PROCESS

- (1) Applications must be submitted by the property owner(s) or the building tenant in conjunction with the owner(s). The application shall become the property of the City and/or EDA and is subject to Minnesota Statutes, Chapter 13 (the Government Data Practices Statute).
- (2) Loan recipients are required to seek at least two bids for all projects. It is assumed that the contractor who submits lowest bid will be hired to complete the improvements unless mitigating circumstances exist.
- (3) Funds for this program are limited and will be awarded to qualifying applicants on a first-come, first-served basis.
- (4) City staff shall review the application materials and make a preliminary recommendation regarding the completeness of the application and whether the application meets the criteria outlined in this policy.
- (5) In the event that the EDA Board concurs with the recommendation above, the EDA Board will grant final approval or denial of the loan.

REPORTING REQUIREMENTS

- Loans that are less than \$75,000 are not subject to reporting under Regulating Local and State Business Subsidies, Minnesota Statute 116J.994.
- Loan amounts above \$75,000 are considered financial assistance under Regulating Local and State Business Subsidies, Minnesota Statute 116J.994, and should be reported on the Minnesota Financial Assistance Form for Non-JOBZ Projects.