

CITY OF HIBBING DOWNTOWN REDEVELOPMENT DISTRICT COMMERCIAL REHABILITATION PROGRAM

Policy and Procedure Handbook

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I. Purpose

The City of Hibbing (City) and the Hibbing Economic Development Authority (HEDA) as the authorized City program delivery agency, will provide assistance to eligible business owners for the rehabilitation of commercial properties located in the City designated Focus District or commercial corridors. The policies and procedures for distribution and eligibility are incorporated in this document and will align with the HEDA Loan Program Guidelines.

II. Statement of Affirmative Action

It is the policy of the City that no individual shall be discriminated against because of race, color, religion, creed, national origin, disability, marital status, age or status with respect to public assistance.

The City shall ensure that every person be given full and equal opportunities for participation in the deferred loan program undertaken by this project.

HEDA shall take necessary actions to guarantee that minority contractors and subcontractors are provided equal opportunity to perform rehabilitation work.

It shall be the responsibility of HEDA to encourage all contractors participating in the rehabilitation deferred loan program to pay prevailing wage and carry out Affirmative Action Policies necessary to assure equal employment opportunity in all aspects of employment, regardless of race, creed, color, religion, sex, national origin, marital status, age or status with respect to public assistance.

In no case shall HEDA or Agent be in conflict with the State or Federal Statutes as they relate to equal opportunities for employment.

III. Delegation of Authority

HEDA has been given the authority to set the guidelines for participation in the program and may amend this Handbook as it deems necessary within the regulations established. HEDA shall be responsible for ensuring that only eligible applicants, as set forth by the HEDA Loan Program Guidelines, receive project funds. HEDA will assure that all rehabilitation repairs will meet program eligibility.

IV. Review Committee

The loan review committee will consist of members representing HEDA. The final determination on all loan applications rests with the full HEDA Board.

V. Definitions

- A. **Suitable for Rehabilitation Property:** The property must be structurally sound and economically feasible to rehabilitate as determined by Agent Rehabilitation Specialist.
- C. **Standard Property:** A unit which has no defects or only slight defects which are normally corrected during the course of routine and regular maintenance.
- D. **Substandard Property:** A unit which needs more repair than would normally be provided in the course of regular maintenance. A substandard commercial unit needs two or more major improvements such as roof replacement, furnace replacement, electrical wiring, plumbing, etc.
- E. **Substandard but Suitable for Rehabilitation Property:** A unit which needs two or more major improvements but is economically feasible to rehabilitate.
- F. **Dilapidated Property:** A substandard unit with numerous serious defects. Dilapidated units will not be rehabilitated. The unit does not meet the “suitable for rehabilitation” definition.

VI. Property Eligibility

- A. The property must be a commercial business located within the Hibbing Focus District or commercial corridors designated by the City. Residential “mixed use” properties are eligible as part of an overall renovation of a property in the district.
- B. If the applicant property is located in a Historic Preservation District, State Historical Society Office (SHPO) clearances may apply. Applicant will be responsible for furnishing necessary documents.
- C. The property must comply with applicable zoning ordinances or land use guidelines.
- D. The property must be Suitable for Rehabilitation, as defined at Section V.
- E. Each property will have a Full Application completed.
- F. The property taxes and utilities must not be delinquent.

VII. Applicant Eligibility

- A. The recipient of funds under this program must have at least one third interest in one of the following types of ownership in the property to be improved:
 1. A fee title; or
 2. A fee title subject to a mortgage or other lien securing a debt; or
 3. A mutually binding contract (contract for deed) for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. The Contract for Deed must be recorded at the office of the County Recorder. The contract for deed vendor (seller) must agree to enter into the Deferred Commercial Rehabilitation Repayment Agreement and Mortgage as additional signatories not in possession.
- B. Any person who is (1) an employee, agent consultant, officer or elected or appointed official of the City of Hibbing or its' Agent who exercises or has exercised a function or responsibility with respect to assisted rehabilitation activities or (2) is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity or have an interest in any contract, subcontract or agreement with respect thereto or the proceed thereunder, either for themselves, their immediate family, or those with whom they have business ties, during their tenure and for one (1) year thereafter shall be required to comply with Minn. Stat. § 471.88, subd.14. In this circumstance, as per Minn. Stat. § 471.88, subd.14, the following procedures must be followed:
 1. The interested officer discloses that he or she has applied for a deferred loan through this program.
 2. That interest is recorded in the official minutes.
 3. The interested officer abstains from participating in the discussion and voting on the matter.
 4. The local development organization approves the application by unanimous vote.

VIII. Data Privacy

Information on program applicants is private data which will be administered in accordance with the Minnesota Government Data Practices Act. Information or documentation shall be determined to be necessary if it is required for purposes of determining or auditing a properties eligibility to receive a deferred loan, for verifying relating information or for monitoring compliance with equal opportunity requirements. The use or disclosure of information obtained from a property owner or from another source pursuant to this release and consent is limited to purposes directly connected with the administration of this project under which the property owner is receiving assistance. Financial data received by Agent in its applicant's verification process is considered Private Data and is subject to Privacy of Information Provisions, pursuant to State Statutes.

IX. Financial Assistance

- A. It is the intent that deferred loans from this program are not greater than 1/3 of the overall project financing. The HEDA Board may approve applications for funding over that amount as an exception to policy; however, the reason must be recorded in the meeting minutes. Additional financing may be secured from HEDA or other funding sources.
- B. Deferred Loans must be repaid as required if the building is sold in less than 5 years. The HEDA Board may approve written requests for an exception to this provision with approval recorded in meeting minutes. Deferred loans are forgiven on a prorated basis each year with the loan completely forgiven on the first day of the sixth year from the date of closing.
- C. The Deferred Loan will have a recorded mortgage and a lien placed against the property for the term of the loan. Truth in lending policies will be adhered to.
- D. Deferred Loans will be secured with a Repayment Agreement with the following terms and conditions:
 - 1. Simple interest of 1% will begin accruing when the loan is fully executed. This interest will be forgiven along with the principal as the note is forgiven.
 - 2. A Deferred Loan will be 100% forgiven on the first day of the sixth year after loan execution, provided: the requirements for job creation and building improvements have been met, the location's property taxes are current, and the location's utility bill is current at the time forgiveness is requested.
 - 3. If the property is sold or title transferred before the end of fifth year, the loan balance (initial loan less interest only payments in the first year and pro rata loan forgiveness in subsequent years) must be repaid to the Hibbing Economic Development Authority at the time of closing, or, assumed by the new owner at the time of closing, provided the new owner files the appropriate loan paperwork to demonstrate financial feasibility and said assumption is approved by the HEDA Board.
 - 4. Program participants are required to demonstrate appropriate financing for the remaining project costs after HEDA Deferred Loan funds have been determined prior to commencing commercial rehab work.

X. Conditions of Default

- A. If, for any reason, the borrower does not continue to meet the requirements for job creation, building improvements, keeping property taxes and utility bill current, the HEDA Board may call the note due in full at time that default is recognized back to the date when the stated requirements failed to be met.
- B. If the note defaults within the five-year deferral period, the note called will be with the pro-rated amount of the principal plus interest associated with that amount for each year that requirements were met forgiven.

XI. Eligible Work Items

- A. Funds from this program may be used to:

1. Address Building Code Violations, address exterior building improvements and to remove health, safety or other deficiencies. For example, roofing, siding, plumbing, water supply, waste systems or wiring may be eligible for repair; or
2. Improve the property by increasing the structure's energy efficiency through, for example, upgrading insulation, windows and doors; or
3. Modify or rehabilitate the commercial unit to make it accessible for handicapped or disabled individuals. Accessibility Improvements include such improvements as: structural, exterior, bathroom or other improvements to commercial buildings which are necessary to enable a handicapped person to function independently in a commercial setting.
4. Construct new commercial structures in the Downtown District (not additions).
5. Improvements to the property which can be demonstrated by the owner to be in keeping with the intent of this program

B. All work, or construction completed with HEDA Deferred Loan funds will comply with applicable building codes and standards.

C. Rehabilitation Deferred Loans will be used to finance improvements that can normally be completed within six to twelve months from the date of the issuance of the Proceed to Work Order. Applicants must request additional time from HEDA if the project cannot commence within thirty (30) days and complete within twelve (12) months.

D. Certain costs required by law or regulation shall be eligible costs with respect to the program. These costs include permits and other similar costs

E. Up to 10% of awarded grant funding may be utilized for professional services such as an architect or engineer.

XII. Ineligible Activities

A. Rehabilitation Deferred Loans (except for necessary replacement undertaken in connection with eligible improvements) may not be used to finance:

1. Landscaping (except to conduct water away from the dwelling); or
2. Work begun or completed before the date of the Proceed to Work Order.

B. Additions to structures are not eligible, however, the building owner may utilize match financing to undertake such improvements.

C. Rehabilitation Deferred Loans shall not be used for refinancing an existing mortgage or debt or the purchase of equipment.

D. No Deferred Loans shall be paid to program participants for any improvements made under this program who have sold their commercial property prior to execution of the Completion Certificate.

E. Misrepresentations - Any material misrepresentation on the part of the applicant, revealed through the application process or otherwise may result in a determination of ineligibility. The applicant shall be notified in writing of such determination by Agent and shall be given the opportunity to request an informal review of the matter

XIII. Rehabilitation Procedures

- A. Applications will be processed on a first come first serve basis.
- B. As part of the application, the building owner will provide documentation with regard to their building improvement needs which may include an inspection report of the property identifying code related issues, energy, and other deficiencies or other such documents to substantiate the need for rehabilitation.
- C. Project Selection: the HEDA Budget and Finance committee will be assigned to evaluate all applications for eligible activities.
- D. The sub-committee will assess the applications, deemed to meet the minimum eligibility requirements, based upon the following factors, which are not necessarily listed in order of importance:
 1. Applications for improvements made to owner-occupied buildings will be given priority.
 2. The extent the proposed project addresses program objectives with projects involving visible exterior improvements that address conditions which contribute to slum and blight conditions scoring higher.
 3. The extent that the proposed project addresses handicapped accessibility conditions.
- E. If the commercial building owner is found eligible based on the application and the project is selected for rehabilitation assistance, the owner is notified of the decision.
- F. Notification to Ineligible Building Owners – HEDA will give an applicant prompt written notice of a decision denying assistance to the applicant. The notice shall also state that the applicant may request an informal review of the decision and shall describe how to obtain the informal review.
- G. If the building is part of a designated historic district, the applicant is required to provide documents demonstrating compliance with the State Historic Preservation Office requirements.
- H. Every effort must be made by the applicant to secure a minimum of two bids per job, the bids will have copies of the appropriate wage decisions attached. If only one bid is secured, additional documentation must be provided to demonstrate that the bid was reasonable and additional bids were solicited but not received. As required by projects receiving State IRRRB funding, current wage decisions will also become part of the contract documents.
- I. It is required that all participating contractors be insured and to be licensed and/or

bonded as required by state and/or local ordinances. Contractors are also required to conform to the Davis Bacon Act which states that workers are to receive no less than the prevailing wage for similar work in the locality, the Contract Work Hours and Safety Standards Act which states that workers are to receive overtime compensation at a rate of 1½ times their regular wage after they have worked 40 hours in one week and to the Copeland “Anti-kickback” Act which states workers are to be paid once per week. Contractors are also required to maintain payroll records and submit weekly payrolls and statements of compliance to the contracting agency.

- J. Once the loan documents are signed, the mortgage is recorded, and a lien is placed against the property for the term of the loan. The HEDA Board may negotiate a different interest only term, if warranted by the project and will be recorded in the record of approval.
- K. Building permits, mechanical permits, and all other regulations including State Building Code, State Fire Code, and City Code shall be secured and are the responsibility of the Applicant or their agent.
- L. All construction work performed under contract shall be in compliance with an approved warranty covering workmanship and materials, as noted in the Contractor Package between contractor and Property Owner.
- M. If the contractor becomes involved in a situation where the work cannot be completed within the time frame specified in the Agreement Between Contractor and Property Owner or the relationship between the contractor and the building owner deteriorate to the point where the job cannot be completed by the original contractor a change order to complete the remainder of the work using a new contractor may be considered by the building owner.
- N. The building owner notifies Agent promptly if defects or problems arise. When all work is completed, the property and work is inspected, and a Completion Certificate is executed between the building owner and contractor. A lien waiver for the amount to be paid is required prior to contractor payments.
- O. After a passing final inspection, City Agent will submit the signed Completion Certificate and Final Invoice to HEDA’s Agent for disbursement.

XIV. Appeals and General Complaints

General complaints that do not warrant a hearing shall be in writing and be addressed to HEDA. A written response to the complaint will be issued within 30 days.

XV. Amendment

These policies and procedures may be amended or changed at any time by the City of Hibbing, except where a signed agreement precludes a change.

HIBBING ECONOMIC DEVELOPMENT AUTHORITY (HEDA)
Hibbing Redevelopment Deferred Loan Program Application

The City of Hibbing and the Hibbing Economic Development Authority will provide assistance to eligible applicants for the rehabilitation of commercial properties located within the targeted area of the City of Hibbing. In order to be eligible for this program, the property must be: 1. Located within the targeted area **established** by the Hibbing Economic Development Authority; 2. In compliance with applicable zoning ordinances or land use guidelines; and 3. The property taxes and/or utilities must not be delinquent. Please review our **CITY OF HIBBING REDEVELOPMENT PROGRAM & POLICY HANDBOOK** for more information. Please note: Applications will be processed on a first come, first serve basis.

APPLICANT INFORMATION

NAME OF APPLICANT	APPLICANT MAILING ADDRESS		
EMPLOYER ID NUMBER (EIN) OR SOCIAL SECURITY NUMBER	APPLICANT IS <input type="checkbox"/> OWNER <input type="checkbox"/> TENANT <input type="checkbox"/> OTHER		
OFFICE/BUSINESS PHONE NUMBER	HOME PHONE NUMBER	CELL PHONE NUMBER	
CONTACT PERSON NAME & ADDRESS		CONTACT PERSON PHONE NUMBER	

PROPERTY INFORMATION

BUSINESS/PROPERTY NAME			
BUSINESS/PROPERTY STREET ADDRESS:			
BUSINESS/PROPERTY MAILING ADDRESS (if different):			
LEGAL DESCRIPTION OF PROPERTY:			
BUSINESS PHONE	CELL PHONE:	EMAIL:	
BUSINESS COUNTY	DATE BUSINESS FORMED:	EST. AGE OF BUILDING:	ESTIMATED MARKET VALUE:
NAICS CODE	DUNNS NUMBER	NUMBER OF STORIES:	CURRENT PROPERTY TAX AMOUNT:
GENERAL DESCRIPTION OF BUILDING			
DESCRIBE CURRENT AND PROPOSED BUILDING USE (Be specific, what are the products or services of this business, where does it do business, who is the ideal customer?)			

(For more space, please attach additional page entitled "Business Use")

IS BUILDING IN A HISTORIC DISTRICT? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN	IS BUILDING ON NATIONAL HISTORIC REGISTER? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN	IS BUILDING IN A FLOODPLAIN? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN
CURRENT ZONING CLASSIFICATION OF PROPERTY:	HAVE YOU RECEIVED A VARIANCE OR CONDITIONAL USE PERMIT? <input type="checkbox"/> YES <input type="checkbox"/> NO If Yes, When & For What?	
PLEASE ATTACHED THE FOLLOWING REQUIRED DOCUMENTATION TO YOUR APPLICATION <ul style="list-style-type: none"> • PROOF OF OWNERSHIP (For Example: Copy of your Deed or Certificate of Title) • PROOF THAT BUSINESS PROPERTY TAXES and UTILITIES ARE PAID AND CURRENT (Current Property Tax Statement and Utility Statement) • PROOF OF INSURANCE (Copy of Policy or Declarations Page) • CONFIRMATION LETTER FROM YOUR BANKING INSTITUTION WHICH STATES YOU HAVE THE ABILITY TO OBTAIN THE 10% PRIVATE MATCH REQUIREMENT. • SOURCES and USES FOR THE TOTAL PROJECT COSTS 		

Please return completed applications with all documentation in sealed envelope to:
 Hibbing Economic Development Authority, 401 21st Street East, Hibbing MN 55792

OWNERSHIP INFORMATION

OWNERSHIP INTEREST IN PROPERTY TO BE IMPROVED:

OWN	OWN WITH MORTGAGE	CONTRACT FOR DEED	LEASE	OTHER:
MORTGAGE HOLDER NAME		DATE OF MORTGAGE:		OUTSTANDING BALANCE:
PLEASE LIST ALL NAMES ON PROPERTY TITLE		OWNERSHIP INTEREST		
1.				
2.				
3.				
4.				

PROJECT REQUEST INFORMATION

PROPOSED IMPROVEMENTS INCLUDE:

Exterior Signage Awnings Mechanical Architectural Services Interior

DESCRIBE PROPOSED IMPROVEMENTS (be specific, for more space please attach additional page entitled "Purpose of Loan") Other, Please Explain

ESTIMATED TOTAL COSTS OF PROPOSED REHABILITATION WORK _____

REQUESTED DEFERRED LOAN AMOUNT: _____

MATCHING AMOUNT: _____

OWNERSHIP INTEREST IN PROPERTY TO BE IMPROVED (How will matching amount be funded?)

Personal Savings Mortgage Private Loan OTHER: _____

Financial Application - Tennessee Warning Notice

Some data related to your application may be classified as private under Minnesota Statute 13.599. In order to collect and use this data, we must tell you why we need the data, how we intend to use it, and any consequences you may experience if you do or do not supply the information.

HOW WE INTEND TO USE THE DATA: The information you submit in connection with your application will be used to evaluate your application and, if you are selected for funding, to announce your award. A Minnesota law prohibits state agencies from announcing financing awards before agreement negotiations are complete. If you are selected for funding, this document will allow HEDA to announce your award on a preliminary basis while those negotiations are still pending. Selected participants will be notified before any announcements are made. Announcements typically include information such as a project description, the award amount, and the anticipated impact of grant/loan funding. We may also include information from our evaluation process, including scores and ranks (if applicable). We will never publicize your business plans, customer lists, income tax returns, design / market / feasibility studies, income and expense reports, or any other data classified as private or nonpublic under Minn. Stat.

13.591. Application data submitted by organizations that are not selected for funding will only be released upon request and as required by Minn. Stat. Chapter 13 or other applicable state/federal law. Application or evaluation data may also be shared with any entity that has a legal right to the data under Minnesota or federal law, including under court order.

CONSEQUENCES TO YOU: You can refuse to supply any or all of the requested information, which you are not legally required to provide. However, if the information is not provided we may not be able to make an informed decision on your application and thus will be required to deny the application.

FOR MORE INFORMATION: City of Hibbing Data Practices Compliance Official-Britt See-Benes, City Administrator (218) 748-7500; Minnesota Data Practices Act
[-www.revisor.leg.state.mn.us/stats/13/](http://www.revisor.leg.state.mn.us/stats/13/) or Minnesota Department of Administration, Information Policy Analysis Division (IPAD) -www.ipad.state.mn.us/index.html

APPLICANTS INITIAL THAT YOU HAVE READ THIS SECTION _____

I/we certify that all statements on this application are true and correct to the best of my/our knowledge. I/we understand that any intentional misstatements will be grounds for disqualification. I authorize program representatives the right to access the property to be improved for the purpose of inspecting or obtaining information for the rehabilitation loan program.

Applicant Signature

Printed Name

Date