Historic Property Rehabilitation Program (HPRP)

Overview

The Historic Property Rehabilitation Program (HPRP) was created by the City of Council Bluffs to assist in the comprehensive rehabilitation of historic commercial properties in the City's central business district. Using a variety of funding sources, the program is designed to improve the structural and visual quality of historic buildings, maintain the vitality of downtown buildings, create new housing opportunities and provide new retail and commercial activity. The goals of the program include:

- Improve the structural and visual quality of historic commercial properties.
- Maintain the commercial character and sense of place in downtown Council Bluffs.
- Maintain and increase downtown's role as a retail and service center in the community.
- Provide for the creation or expansion of retailing and other commercial opportunities.
- Provide for additional housing opportunities.
- Preservation of historically or architectural significant buildings.
- Increase market value and demand for commercial properties in the central business district.

Eligible Properties

The City shall have the authority to determine the eligibility or ineligibility of all proposed work. The City will require that all applicable City, State and Federal codes and requirements be met. HPRP assistance shall only be provided to renovate buildings that are listed on the National Register of Historic Places (landmark or within district). This includes non contributing buildings located within designated historic districts. Properties can be all commercial or mixed use (commercial and residential). Each project must involve an eligible property, propose eligible facade and building improvements, follow the Secretary of Interior's Standards for Historic Preservation and the Council Bluffs Historic Preservation Ordinance and demonstrated to be financially feasible.

Forms of Assistance

Assistance under HPRP is provided in three forms:

Facade Design Assistance provided as a reimbursement to building owners; and

Facade Forgivable Loan for eligible facade and exterior building improvements; and

Building Improvement Loans for eligible facade, exterior and interior building improvements.

Facade Design Assistance

Program Description

Facade design assistance may be provided to owners of eligible properties who retain the services of a registered architect familiar with the renovation of historic properties to develop a design plan for proposed facade improvements. Applicants must indicate their desire to utilize facade design assistance by submitting the attached application within the six month period prior to submitting a facade forgivable loan or building improvement loan application. Through facade design assistance, the City reimburses the applicant for costs directly attributed to the design of eligible facade improvements. The City does not require repayment of facade design assistance costs.

Eligible Properties and Projects

Historic landmarks or properties located within designated historic districts. This includes non contributing buildings located within historic districts.

Funding Amounts

Design costs cannot exceed 10% of eligible improvements and shall be at least $1,000 but not exceed $2,500. This would require a minimum investment of at least $10,000 in rehabilitation activities to meet a minimum threshold to qualify for assistance. Design assistance can only be received once per property.

Eligible Costs

Architectural design and subcontracted engineering fees.

Application Process

The Facade Improvement Program process begins with submission of the attached assistance application. The application shall include an executed proposal from a qualified architect or architectural firm. Upon submittal, the Community Development Department shall review the application and notify the applicant in writing of its acceptance or rejection. After the application is submitted and accepted by the Community Development Department, applicants have six months to:

1. Work with a professional architect to complete a design plan for eligible facade improvement; and

2. Prepare final and itemized cost estimates of the proposed improvements;

3. Obtain private financing commitments; and

4. Submit a facade forgivable loan or building improvement loan application.

Submitting an application does not commit the City to enter into an agreement, to pay any costs incurred in its preparation, to participate in subsequent negotiations, or to contract for the project. Further, the acceptance of a facade design assistance application does not constitute an agreement by the City that any contract will actually be entered into by the City.

Disbursement of Funds

Applicants are not reimbursed for design costs until facade improvements are 50% completed. For example, if a facade project has total facade improvement costs of $20,000, the City can reimburse for design costs up to $2,000 (10% of eligible improvements). Reimbursement will be made once $10,000 in facade improvements have been completed and documented.

Facade Forgivable Loan

Program Description

A facade forgivable loan may be provided to owners of eligible properties to undertake comprehensive exterior repairs and improvements to historic commercial properties. Forgivable loans will be forgiven over a five year period at a rate of 20% per year. All improvements must be in compliance with the Secretary of Interior's Standards for Historic Preservation and the City's Historic Preservation Ordinance. Property owners interested in utilizing these funds must submit a complete application with required attachments. Upon approval by the City, forgivable loan assistance is provided to the property owner on a reimbursement basis as the renovation project progresses. All forgivable loan funds must by matched by private funds from the property owner or a financial institution. The forgivable loan shall be secured by a mortgage on the improved real estate. The cost of property acquisition shall not be considered as match.

Eligible Properties and Projects

Historic landmarks or properties located within designated historic districts. This includes non contributing buildings located within historic districts. Projects must involve comprehensive renovation of building exteriors with emphasis placed on facade improvements. Projects that are proposed which do not result in a comprehensive improvement of a building's exterior will not be eligible for assistance. For example, painting or roof replacement would not be eligible unless coordinated with other needed exterior improvements or if the building's exterior already meets current historic standards as determined by the City. Improvements must comply with the Secretary of Interior Standards for Historic Preservation and the City's Historic Preservation Ordinance.

Funding Amounts

Assistance allowed shall be equal to the lesser of 50% of total eligible costs or the established maximum levels as outlined below. Maximum assistance levels shall be based on the frontage and height of the property in accordance with the following formula: ($550 times the lineal feet of property frontage) times the number of stories. In addition, corner buildings with two primary facades, quality for an additional 50% of funding. Maximum assistance for each building front shall be as follows:

	Maximum Assistance Interior Buildings	Maximum Assistance Corner Buildings
One story	$12,500	$18,750
Two story	$25,000	$37,500
Three or more stories	$37,500	$56,250

Example 1: If an eligible two story property with 25 feet of frontage requires $60,000 in improvements, the building owner could apply for $25,000 in facade forgivable loan assistance as outlined below. The remaining balance of $35,000 would be the responsibility of the owner.

Lineal building frontage		25'
Multiplied by $550 per lineal feet	x	$550
Subtotal	=	$13,750
Multiplied by two (two story)	x	2
Total based on frontage	x	$27,500

Lesser of $27,500 or maximum assistance level of $25,000 for two story building	$25,000 Facade grant assistance $35,000 Owners costs $60,000 Total costs

Example 2: If a two story corner property with 25 feet of frontage requires $80,000 in improvements the building owner could only apply for $37,500 in facade forgivable loan assistance. The remaining balance of $42,500 would be the responsibility of the owner.

Lineal building frontage		25'
Multiplied by $550 per lineal feet	x	$550
Subtotal	=	$13,750
Multiplied by two (two story)	x	2
Total based on frontage		$27,500
Multiplied by 1.5 for corner Building	x	1.5
Total based of street frontage (corner)		$41,250

Lesser of $41,250 or maximum assistance level of $37,500 for two story corner building	$37,500 Facade grant assistance $42,500 Owners costs $80,000 Total costs

Facade improvement costs cannot exceed 50% of eligible costs and shall not exceed established maximums for building types. Alleys do not count as street frontage for determining assistance. Further, previous grant and loan funds provided to the property in the past ten years shall be subtracted from the financial award.

Eligible Costs

Eligible items include all costs directly attributable to the improvements of the principal or street-facing, facade or facades (maximum of two in the case of a corner building). Funds will be awarded only for exterior work which results in the significant improvement or enhancement of the building facade. Additional improvements may be determined to be eligible on a case-by-case basis. These additional types of improvements include:

- Rear facades which contain a building or business' primary entrance;
- Non-primary facades which are also visible from the public right-of-way or other public areas such as public parking lots;
- Roofing, parking areas, and private walks; and
- Interior code violations which have been cited by the City.

Examples of eligible costs include labor, materials, architectural services and engineering services for any of the following types of improvements: masonry cleaning and repair, cornice restoration, removal of secondary siding, window and door repair or replacement, power washing, repair or replacement of canopies and window awnings, repair or replacement of gutters and drain spouts, installation/removal of fire escapes and normal construction period charges including interest and insurance. Exterior painting is eligible only when the building was designed and intended to be painted and if approved by the City's Historic Preservation Commission through the issuance of a certificate of appropriateness. Every effort shall be made to remove all paint on inappropriately painted brick.

Application Process

The facade forgivable loan process begins with submission of a complete application with supporting documentation. Applications for assistance shall be made through the Community Development Department of the City of Council Bluffs. Upon receipt of application materials, the Community Development Department will inspect the property and determine if the project is feasible for further processing. Upon a determination of feasibility, the applicant may be requested to provide additional project plans necessary for Community Development Department review. This may include resubmission of application forms reflecting more accurate information. After the application is submitted and accepted by the Community Development Department, a contract will be developed and executed outlining the terms and conditions of the assistance. Depending of the source of funding, the terms and conditions of assistance will vary between projects.

Disbursement of Funds

Funds will be provided on a reimbursement basis only. Reimbursements will be processed at a 90% rate with 10% retained until facade improvements are completed, inspected and approved by the City. In addition, funds will be disbursed on a proportional basis with other project sources.

Building Improvement Loans

Program Description

A building improvement loan may be provided to owners of eligible properties to undertake exterior and interior repairs to historic commercial properties. All improvements must be in compliance with the Secretary of Interior's Standards for Historic Preservation and City's Historic Preservation Ordinance. Property owners interested in utilizing these funds must submit a complete application with required financial materials and attachments. The primary incentive of the loan component of the program is to provide financing at reduced rates and to permit higher loan to value ratio financing on rehabilitation projects.

Eligible Properties and Projects

Historic landmarks or properties located within designated historic districts. This includes non contributing buildings located within historic districts. Projects must involve comprehensive renovation of building exterior and interior. Projects that are proposed which do not result in a comprehensive improvement of a building will not be eligible for assistance. For example, painting or roof replacement would not be eligible unless coordinated with other needed exterior improvements or if the building's exterior already meets current historic standards as determined by the City. Improvements must comply with the Secretary of Interior Standards for Historic Preservation and the City's Historic Preservation Ordinance. Eligible projects must utilize historic tax credits through the National Park Service in order to qualify for assistance.

Funding Amounts

Loan funds are intended to address gap financing needs of projects which can not be addressed by other assistance programs. Loans of $25,000 to $150,000 may be provided per project. The terms of loan assistance shall be based on the need and capacity of the individual project. Collateral is required on all loans.

Minimum and Maximum Loan Size:	$25,000 to $150,000 or 10% to 25% of project costs
Business Type:	Retail, office, commercial rental real estate with housing and or commercial on upper floors
Loans Collateralized:	Required
Maximum Loan to Value Ratio:	85% (all loans) with City in subordinate position
Debt Coverage Ratio:	1.15 (all loans)
Equity Investment:	10% minimum
Eligible Uses:	Building renovation
Interest Rate:	Variable, fixed at closing
Terms:	Match bank loan amortization up to 20 years with maximum loan term of 10 years
Maximum City Participation:	Maximum City participation including facade forgivable loan and building improvement loan shall be less than 25% of total project costs.

Eligible Costs

Same as facade forgivable loan plus interior improvements made to real property.

Application Process

The building improvement loan process begins with submission of a complete application with supporting documentation. This shall include all financial information on the project and a bank financing commitment contingent of City participation. Applications for loan assistance shall be made through the Community Development Department of the City of Council Bluffs. Upon receipt of application materials, the Community Development Department will inspect the property and determine if the project is feasible for further processing. Upon a determination of feasibility, the applicant may be requested to provide additional project plans necessary for Community Development Department review. This may include resubmission of additional financial information on the project to determine gap financing. After the application is submitted and accepted by the Community Development Department, a contract will be developed and executed outlining the terms and conditions of the assistance. Depending of the source of funding, the terms and conditions of assistance will vary between projects.

Disbursement of Loan Proceeds

City funds are not intended for construction financing. Rather, loan funds shall be used as subordinate permanent financing for the project. Therefore, loan funds will be disbursed upon completion of construction activities and coordinated with permanent private financing.

Borrower Acting as Contractor or Developer

If the borrower is a licensed contractor in the business of building construction or remodeling, a reasonable fee may be included in the estimated cost for construction management and overhead. Further, developer fees may be included as an eligible project cost. However, developer fees shall not exceed a maximum 15% of the project costs and the exact amounts and disbursement shall be subject to negotiation. When there is an identity of interest between contractor and developer, paid contractor and developer fees will be reviewed more closely by the City.

Title Insurance

The City shall require the borrower to provide to the City with acceptable title insurance coverage. This may be secured through a title policy issued through a title insurance policy issued solely to the City.

General Program Requirements

Eligible Applicant: Only a building's owner or agent of the owner holding valid option or sales contract is an eligible applicant. Building tenants wishing to make building improvements may work with the owner to complete an application. The owner and tenant may enter into a separate agreement in which the tenant reimburses the owner for the costs of improvements. The application, however, must be signed and submitted by the building's owner.

Eligible Activities: The City shall have the authority to determine the eligibility or ineligibility of all proposed work. The City will require that all applicable City, State, Federal codes and requirements be met.

Eligible Properties: Historic landmarks or properties located within designated historic districts. This includes non contributing buildings located within historic districts. Places of religious assembly that are listed on the national register are not eligible for assistance.

Historic Preservation Review: All buildings listed on the National Register of Historic Places (NRHP) must undergo scrutiny by the City's Historic Preservation Commission and Iowa State Historical Society to determine if the proposed work would have an effect on the historic resource. At a minimum, all work on historic buildings must meet the Secretary of Interior's Standards for Rehabilitation.

Design Principles: In addition to the City's historic preservation standards, downtown design standards shall be applied to all projects.

Code Compliance: Participants in the HPRP Program must make all exterior building/safety improvements necessary to comply with applicable State and City Building and Safety Codes.

Permit Requirement: Participants will be responsible for securing all required construction permits from the City and a certificate of appropriateness from the Historic Preservation Commission.

Inspection: Participants shall permit inspection of the property by the City for compliance with all City codes and ordinances pertaining to code compliance and such other inspections deemed necessary in connection with the property and the rehabilitation.

Evaluation Criteria: The City's decision to accept an application will be based on fund availability, the merits of the proposed project, the support it provides to the advancement of the City's redevelopment and historic preservation goals and the goals set for this program.

Timely Performance: All projects assisted by these programs must be completed in a timely manner. The contract will allow a maximum of 12 months for completion. When it can be demonstrated that circumstances clearly beyond the property owner's control prohibit completion in 12 months, the City may grant one 6-month extension. Failure to complete the project in a timely manner will result in a cancellation of the contract, de-obligation of any unexpended funds, and at the discretion of the City, recapture of expended funds.

Eligible Contractors: Participants shall award contracts for work only to contractors who are actively involved in the construction profession and should be able to demonstrate their ability to complete the necessary work. Contractors must also show evidence of adequate liability and workman's compensation. Lien releases are to be signed by the contractor and filed with the City prior to a final disbursement.