

**Sonoma Community Development Agency
Economic Development Business Assistance Programs**



Program Guidelines (January 2010)

Redevelopment Business Loan Program

- The goal of the program is to encourage revitalization in the Redevelopment Project Area and support business retention and attraction by providing loan funds for the rehabilitation, renovation, and improvement of existing commercial buildings, with flexible terms based on the benefits of the particular project.
- Building must be located in the Redevelopment Project Area. Business owners and/or commercial property owners are eligible to apply. Applicants who lease their space are responsible for obtaining property owner agreement for project work. Loans are typically secured by the property, but other loan security may be considered for business tenant applicants on a case-by-case basis. Home-based businesses are not eligible.
- Applications and potential loan structure and terms are evaluated based on the extent to which the project:
 - a) Generates private investment in the Redevelopment Project Area
 - b) Reduces or eliminates blight in the Redevelopment Project Area
 - c) Preserves a qualified historic structure
 - d) Improves the visual appearance of the Redevelopment Project Area
 - e) Assists an existing Sonoma Valley business to expand
 - f) Assists a new business starting, or in relocating from outside the Valley
 - g) Generates increased annual tax revenues (e.g. property tax, sales tax, transient occupancy tax)
 - h) Generates new jobs
 - i) Draws its workforce from Sonoma Valley
 - j) Increases the number of higher paying positions in Sonoma (i.e., on-site positions earning \$50,000 or more per year)
 - k) Generates increased ongoing business-to-business spending within Sonoma
 - l) Results in a significant reduction in energy usage, resulting in operating savings to the business occupying the property.
- Agency may provide up to \$25,000 in the form of a loan for rehabilitation, renovation, and improvement of an existing commercial building. Applicants may submit funding proposals for loans in excess of \$25,000, which will be considered by the CDA Loan Committee and the CDA Board on a case by case basis. Eligible improvements include but are not limited to:
 - Improvements to correct code deficiencies, and/or improvements required by current building code for the proposed use, including but not limited to demolition, structural improvements, plumbing, electrical work, disabled accessibility improvements, fire sprinklers, and lead and asbestos abatement.
 - Historic building restoration;
 - Façade improvements;
 - Energy efficiency improvements as identified by a qualified energy survey;
 - Photovoltaic (solar) energy systems.

- Roof replacement may be eligible if done in conjunction with a larger project (building rehabilitation, historic restoration, façade improvement, energy efficiency, or solar energy project). Loan funds for roof replacement cannot exceed 50% of the total loan amount.
- Various loan structures and terms may be considered on a case-by-case basis, based on the community and economic benefits of the project. Examples include a low-interest or no-interest loan; matching funds in the form of a forgivable loan; loan payments partially or fully waived subject to meeting established criteria (e.g. tax revenues generated applied against loan payments); or reimbursements for required permits and/or public improvements.
- For solar energy projects, priority will be given to applications with an owner contribution of at least 50% of project costs (net of all applicable rebates and tax credits). To qualify for a solar energy system loan, applicant must obtain a qualified energy survey and demonstrate that significant efforts have been to maximize energy efficiency prior to installation of the solar energy system. Applicants are encouraged to utilize the Sonoma County Energy Independence Program as a primary funding source for their project. Loans for solar energy systems are typically secured by the property and are not currently available under this program for third-party ownership models.
- Ineligible costs include new construction, costs related to the addition of floor space to an existing building; business equipment; nonpermanent furniture, fixtures, and equipment; improvements that have already been made to existing buildings; and routine maintenance items.
- Loan applications, along with staff analysis of the application, are reviewed by a Loan Committee of the CDA Board, which may make a recommendation to the full Board for approval. If approved, a loan agreement with specific terms and conditions is prepared.
- Loan funds in excess of the limits outlined above may be recommended by the CDA Loan Committee based on the merits of a particular application. Examples include a building to be occupied that has been vacant for more than three years; a project which demonstrates the ability to generate (within a three year period) new tax revenue equal to or greater than the loan amount; or a project that would result in the creation or retention of a business on the Plaza in an historic structure of local or national significance.
- Applicant may be required to obtain at least two bids from licensed contractors for the planned work. Applicant is responsible for payment of prevailing wages for all of the work completed as part of the improvement project. Financial assistance of more than \$100,000 triggers living wage requirements in conformance with Chapter 2.70 of the City of Sonoma Municipal code. Applicants are required to indemnify, defend, and hold the CDA and City harmless from all wage claims.
- Any income tax liability to the applicant resulting from loan forgiveness or any other aspect of the receipt of funds from this program is the responsibility and liability of the applicant and not the CDA or City.
- All programs are subject to funding availability. Additional requirements apply.

Nothing in this document is, or intended to be, a representation, warranty, or guaranty that the CDA will provide any funding in any form or that the CDA is prevented or precluded from requiring other or different terms or conditions for any specific program, or as limiting the CDA's authority to provide assistance on other or different terms.

The Sonoma Community Development Agency (CDA) offers Business Assistance Programs to help achieve the goals of its Redevelopment Plan. These goals include ensuring economic stability, increasing local employment opportunities, preserving the unique historic character of the community, and increasing local sales, business and property tax revenues.