



## **City of Rochester** **Small Mixed-Use and Commercial Renovation (SMUCR) Program Description**

### **Introduction**

The Small Mixed-Use and Commercial Building Renovation Program provides low-interest loans for rehabilitation and renovation projects that will stimulate the market and improve the quality of the building stock in the city's busy commercial corridors. The program provides loans for the renovation of small mixed-use and/or commercial buildings. The loans are made directly to the building owner who can use proceeds for renovations/repairs to the building's interior and facade to bring it up to code and make it habitable and leasable.

The loans must result in a significant impact upon the economic well-being of the city of Rochester and its residents. This funding will enable the renovation of mixed-use and/or commercial structures, bring distressed stretches along commercial corridors back to life, increase surrounding property values, create local construction jobs, and enhance local quality of life.

The effects of this program will impact the city's neighborhoods, its small businesses, and the residents who live in them.

### **The Program**

This program is a gap financing program for the renovation of existing small mixed-use and/or commercial buildings located in the city's busy commercial corridors. It is a loan program aimed at assisting building owners with improvements to commercial buildings, or improvements to both the commercial and residential portions of small mixed-use buildings. A small mixed-use building is defined as having up to eight (8) residential units above a commercial space or other non-residential ground floor use. Projects with five (5) to eight (8) residential units will have an affordability requirement that 20% of the units be affordable to households earning 60% or less of the Area Median Income. Projects with up to four (4) residential units would be exempt from the affordability requirement. If the building is fully commercial, the community benefit requirement is job creation and/or elimination of blight.

### **Purpose**

The purpose of this program is to provide loans to owners of small commercial or mixed-use buildings located in busy commercial corridors. Completed projects will result in renovated and ready-to-lease commercial space and residential units in order to attract new businesses and residents and return properties to their full economic potential. The program will encourage the renovation of small commercial and mixed-use buildings that would otherwise remain a blighting influence on a busy commercial corridor, by returning such buildings to active use and realizing their economic potential. This will in turn create a positive impact and improve the quality of the building stock on the corridor.

## **Location and Building Use**

Eligible small commercial and mixed-use buildings must be located within the city of Rochester boundaries, specifically on a busy commercial corridor. The building must be either commercial or mixed use with residential units.

## **Loan Details**

### Loan Amount

- Loans of up to \$250,000 will be considered. Larger loans may be considered for large projects and will be determined on a case-by-case basis.
- City assistance will not exceed 25% of the total development cost (TDC).
- The City will require at least 10% building owner equity in the project sources of funds.

Loan Terms – The term and amortization will not exceed ten years, however, terms of up to 15 years may be considered on an exception basis. Construction financing will be disbursed in draws during construction and will convert to permanent financing after construction is completed. Signed leases may be required for the commercial/non-residential space prior to the disbursement of all loan payments. Other terms may apply depending on the details of each project.

### Interest Rates and Fees

- There is no application fee.
- The interest rate will be between 1% and 3% for the term of the loan.
- There will be a 1% closing fee payable at the loan closing.
- There will be a 0.5% document preparation fee for all loans, payable at the loan closing.
- The borrower is responsible for expenses incurred by the City at the loan closing, including recording and filing fees.

### Loan Security

- Loans will be secured by a lien on the property, an assignment of rents and leases, and a personal guarantee from the building owner(s).
- Loans will be no higher than 90% Loan-to-Value (LTV).
- Additional collateral may be required based on the details of each project.

For more information on this and other mixed use development programs, please visit:

<https://www.cityofrochester.gov/projectdevelopment/>

or Phone: 585-428-6124