

PREDEVELOPMENT ASSISTANCE PROGRAM

The Predevelopment Assistance Program supports community developers and certified businesses owned by women and minorities by providing loans during the predevelopment process, providing vital flexible capital to enable project feasibility. The loan amounts will be determined on a case-by-case basis according to developer need and project scope but shall not exceed \$25,000.

Eligible applicants must have demonstrated experience with the type of project for which they seek funding and must document control of the project site through a deed, lease, or option to buy or lease.

Predevelopment Assistance loans are interest-free and mature at the earlier of the closing date of construction financing for the project, or 12 months from the date of payment by the City. Predevelopment loans may be used for the following expenses:

- Market studies and financial feasibility analysis
- Site assessment
- Design work
- Similar third-party predevelopment expenses approved by staff

Staff will dedicate \$100,000 to the predevelopment assistance program, annually. Unused funds will carry over to the following year.

CONSIDERATIONS

The loan will be sized from submitted written proposals from qualified vendors. Loan funds may only be used to pay for actual incurred costs of predevelopment work. If the actual incurred cost is less than the estimated cost, such overage must be repaid to the City within 30 days of borrower's payment to the vendor. Borrower must maintain documentation of each expense paid from the loan and will submit copies of such documentation to the OED quarterly.

Loans must be secured by a first lien deed of trust filed with the county's real property records in an amount equal to or greater than the predevelopment loan amount, and/or by a personal guarantee in an amount equal to or greater than the predevelopment loan amount. A borrower may only have one outstanding loan at a time. Complete applications will be processed in the order they are received.

Developers who receive predevelopment assistance from OED, repay the loan, and are successful in advancing their planned development project will be eligible to apply for other economic development incentives to support the development of the project. Receipt of predevelopment funding does not guarantee additional Economic Development incentives.