

# **DOWNTOWN REDEVELOPMENT PROGRAM**

## **Caledonia Economic Development Authority**

### **Purpose:**

The Caledonia Economic Development Authority was established in 1992 and exists to support local businesses, attract new businesses, and promote the economic climate in the City of Caledonia.

In furtherance of these objectives, the EDA has established the Downtown Redevelopment Program (DRP) to encourage property owners to redevelop underutilized or blighted properties in the central business district (B-1 zone) by providing funds for demolition, site cleanup, site prep, and renovation.

The program will continue until January 1, 2019 or until the program funds are depleted, whichever occurs first. The EDA has budgeted \$50,000 for this program.

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**Forgivable Loan:** Up to \$20,000

**Match Requirement:** 1:1

### **Terms:**

- Applicants have 120 days from approval to complete the approved demolition, site cleanup, site prep, and/or renovation. Upon completion, the work will be inspected by the EDA to ensure compliance with the work approved by the EDA. If the work is not completed within 120 days or an extension is not obtained from the EDA, the applicant's project funding will be withdrawn.
- The tax base must increase on the property within 2 years of project approval. If the tax base does not increase, the loan recipient must pay back the full amount of the principal in 5 years—in 60 monthly installments—at a rate of interest no less than the current interest rate for loans through the EDA's Intermediary Revolving Loan Program.
- If the property is sold within 3 years of approval, the principal amount is immediately due in full to the EDA.
- If the property is sold after 3 years of approval, the principal amount is immediately due as follows: sold after year 3, repay 40%; sold after year 4, repay 20%; sold after year 5, no repayment.
- Recipients of a forgivable loan will be required to provide the EDA with a lien on the property until the principal has been repaid or the loan has been forgiven in full.

### **Eligible Work:**

- Demolition/removal of all or some major man-made structures
- Asbestos & environmental abatement
- Grading, fill, rock, dirt, and similar site-prep materials
- Correction of issues with site access or configuration
- Exterior building improvements/enhancements
- Interior renovations directly necessary to make the property compatible for business use

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**To apply, please submit the following:**

- Completed application
- Cost estimates
- Project and site plans for demolition and new construction
- Photo of property before work begins
- Photo of property after work is completed

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**Additional Guidelines:**

- The EDA reserves the right of ultimate review. The EDA may, at its discretion, approve projects that deviate from these guidelines if the proposed project is deemed within the general intent of these guidelines and in the best interest of the community.
- Incomplete applications will not be reviewed.
- A property owner may not receive more than one forgivable loan from the EDA or City for the same project. This means a property owner receiving a forgivable loan through the Caledonia Redevelopment Program would be ineligible for another forgivable loan through the Caledonia Redevelopment Program or any other EDA or City program for the same project.
- Payments will be made directly to vendors once program requirements are met and after submittal of invoices or reimbursed to the applicant after submittal of proof of payment.
- All eligible work paid for through this program must be performed by a licensed contractor.

**NO WORK MAY BEGIN PRIOR TO EDA APPROVAL.**