



## REQUEST FOR GRAND RAPIDS EDA ACTION

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**AGENDA DATE:** February 23, 2023

**STATEMENT OF ISSUE:** Consider authorizing a grant request to the Blandin Foundation

**PREPARED BY:** Rob Mattei, Executive Director

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### BACKGROUND:

During the Downtown Plan stakeholder engagements, discussions with entrepreneurs that own or are interested in purchasing or leasing older buildings in the Downtown have exposed a common challenge that hinders the establishment of new business. Similar discussions during GREDA's preparation of a work plan for this year lead to the setting of a goal to "Consider ways to support the relocation/renovation of local small businesses and assist with ADA compliance improvement funding options".

The City of Grand Rapids, in 1980, adopted the Minnesota State Building Code which governs the construction, repair and use of buildings and establishes reasonable safeguards for health, safety, and welfare of residents. Not that it would be advisable, but State law prohibits communities with a population of greater than 2,500 from repealing their adoption of the Code.

A change of Occupancy Classification, as defined within the Code for a proposed new use within an existing building, most often triggers the need for upgrades to the building that are not anticipated nor budgeted for by the buyer/entrepreneur. These Code mandated building upgrades typically come in the form of establishing compliant handicapped accessibility routes to a building and within, fire protection and fire resistance, improved means of safe egress and bathroom/plumbing additions and remodeling. This is particularly prevalent in the Downtown where buildings are much older, built prior to any of these standards.

The unanticipated expense of these types of building upgrades have had the effect of halting some business' plans for a Downtown location. Absent these upgrades to existing buildings, they are limited to serving as a viable location only for proposed uses that fall into the current/existing Code Occupancy Classification, which doesn't mandate upgrades. Not only does the resulting lack of investment limit the diversification of the business and mercantile mix in the Downtown, but it also has the effect of perpetuating non-compliance with handicapped accessibility and other life safety standards. In particular, the avoidance of upgrades to meet handicapped accessibility standards has the effect of limiting or prohibiting a person with disabilities from accessing and enjoying what the Downtown has to offer.

The proposed grant request of \$350,000 to the Blandin Foundation would be used by GREDA to establish a loan fund, the Downtown Mandated Improvements Loan Fund. GREDA would create a policy for the administration of the Fund; however, it will have the following general elements:

- The Fund would provide medium-term (10-year) loans of up to \$50,000 for direct costs of Code mandated improvements to existing retail focused buildings in the Downtown, the geographic limits of which are established in the 2023 Downtown Plan.
- Loans will be secured through a recorded loan/lien agreement or mortgage executed by the property owner and GREDA.
- The principal amount of the loans will carry an interest rate of 2% over the 10-year term.
- Repayment of principal and interest on the loans will be deferred during the 10-year term. Furthermore, 10% of principal balance of the loan will be forgiven each year the owner maintains his or her ownership of the building during the term.
- In the event that the owner sells, transfers or otherwise conveys the property during the term, the remaining balance and accumulated interest will be paid back to GREDA. GREDA will then deposit those funds into the program for their continued use.

GREDA, with assistance from the City Finance Department, would service the loans issued and administer the program. GREDA would market the availability of the program through its website, and direct communication with all property owners in the Grand Rapids Downtown.

**RECOMMENDATION:**

**REQUIRED ACTION:** Make a motion to authorize a grant request to the Blandin Foundation.