



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: April 13, 2023

STATEMENT OF ISSUE: Consider adopting a resolution accepting a grant from the Blandin Foundation for the establishment of the Downtown Mandated Building Improvement Loan Program.

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

On February 23 of this year, GREDA authorized a grant request of \$350,000 to the Blandin Foundation to establish a loan program with forgivable terms to fund building improvements that are mandated by the State Building Code.

As you'll recall, 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.

The Blandin Foundation Board recently approved the full request to be used by GREDA to establish a loan fund, the Downtown Mandated Improvements Loan Fund. GREDA will create a policy for the administration of the Fund; however, it was proposed to the Blandin Foundation to 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.

Pursuant to State Statute, GREDA must adopt a resolution to accept the \$350,000 grant recently provided to GREDA by the Blandin Foundation.

RECOMMENDATION:

REQUIRED ACTION: Approve a motion to adopt a resolution accepting a grant from the Blandin Foundation for the establishment of the Downtown Mandated Building Improvement Loan program.