

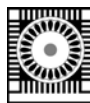
# RETAIL ATTRACTION PROGRAM

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## **Application Package for Tenant Improvement Loans**

- ◆ Program Description & Underwriting Criteria
- ◆ Application Instructions
- ◆ Loan Application
  - Part I: General Information
  - Part II: Proprietary Information
  - Part III: Business Operating Standards
  - Scope of Work & Budget
  - Contractor Requirements
- ◆ Application and Certificate for Payment

*For more information call Gloria Ortega, Project Manager (510) 583-4262*



# TENANT IMPROVEMENT LOANS

## Program Description

The **Downtown Retail Attraction Initiative** was approved by the City Council to allow property owners and business owners the opportunity to take advantage of the growing retail potential of the downtown. The Initiative allows the Redevelopment Agency a more active role in filling vacant spaces in a defined target area. The funds are intended to secure retail businesses for which there is consumer demand, and yet are not currently represented in the downtown.

The following are the program objectives:

- ◆ Fill ground floor building spaces that have been vacant for over six months.
- ◆ Facilitate rehabilitation of obsolete or deteriorating building interiors .
- ◆ Leverage private investment in the downtown community.
- ◆ Strengthen sales tax and property tax revenues .

## Service Area

- ◆ Ground floors building spaces that have been vacant for more than six months. See Program Area Map.
- ◆ Other locations which are determined to be in “high-visibility” to the downtown core will be considered on a case-by-case basis.

## Use of Funds

- ◆ Interior design & tenant improvements to help “brand” and improve business.
- ◆ Tenants improvements include but are not limited to restrooms; kitchens, office and storage facilities; display area; check stands, permit and design fees, etc.
- ◆ Demolition and shell reconstruction, and structural upgrades
- ◆ Interior décor and historic restoration of interior materials
- ◆ Compliance with Title 24 -Americans with Disability Act ,energy efficiency requirements, and compliance with municipal egress standards
- ◆ Exterior rehabilitation of building

## Loan/Rebate Amount

- ◆ Loan amounts will be determined based on the costs of tenant improvements, the ability of the business to repay the loan based on cash flow projections, and a dollar for dollar match provided by the building and/or business owner. The program will however, strive to meet a minimum of 2:1 leveraging ratio of private financing to Program assistance for each building served.



### Loan Terms

**Interest rate:** 3% simple interest

**Term:** 10 years

#### For loan amounts below \$50,000:

Payments deferred for 10 years unless the loan defaults (as defined in the Loan Agreement), in which case the deferred loan shall be due and payable.

Loan becomes a Grant: at the conclusion of the ten-year loan term if the Borrower continues to meet the terms of the Loan Agreement this portion of the loan shall be forgiven, however, in the Event of Default, the loan amount shall be repaid at the terms of the of the loan amount above \$50,000.

#### For loan amounts above \$50,000:

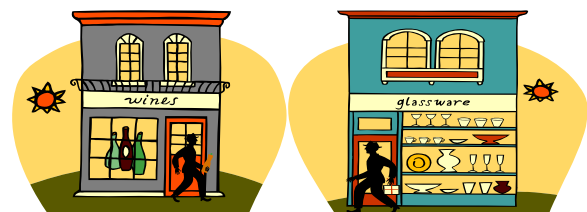
Loans above \$50,000 shall bear interest at the rate of three percent (3%) simple interest per annum. For the loan amount above \$50,000 no payments of principal or interest shall be applied for the first two years of the loan term, provided that no Event of Default has occurred. Payment of principal and interest shall begin at year 3 of the loan and continue until year 10.

### Collateral

- ◆ All borrowers will sign personal loan guarantees
- ◆ City loan can be subordinate to private financing
- ◆ Loan below \$50,000 will be secured by UCC Filing on real property, equipment, or other business and/or personal assets.
- ◆ Loan amounts above \$50,000 will be secured with deeds of trust on real estate.

### Additional Loan Provisions

- ◆ Program participant will comply with Hayward Redevelopment Agency and State Prevailing Wage requirements for construction contracts.
- ◆ The Program will strive to meet a minimum of 2:1 leveraging ratio of private financing to Program assistance for each building served.
- ◆ All improvements will be diligently maintained, including all buildings, walls, canopies, enclosures, decorations, signs, awnings or other components, using maintenance efforts as needed to maintain the improvements in a presentable condition, and to prevent the deterioration of any improvement to the extent that it detracts visually from the improvement's appearance, becomes unusable for its intended purpose, creates a nuisance or hazard, or otherwise varies from the originally approved design so as to degrade the quality of the improvements.



## TENANT IMPROVEMENT LOANS

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### Business/Owners Criteria

- ◆ **Minimum Lease Term:** 3 years - with 5 year option (evidenced by a signed lease or letter of intent)
- ◆ **Projected Sales:** ability to generate sales of \$200 per square feet or more
- ◆ **Management and/or Business Ownership Experience:** 2 years or more in a business with a similar focus. Franchise business can exchange experience to qualify.
- ◆ **Credit Score:** be credit worthy with a sound credit history.
- ◆ **Business Plan and/or a Business Narrative**
- ◆ **Working Capital Reserve:** no less than three month cash equal to the monthly lease rent.

### Bonus Points for Loan Approval

- ◆ Five year lease term
- ◆ Has more than one store
- ◆ National and/or regional retail presence

### Target Retail Tenant(s) Stores

- ◆ Furniture and Home Furnishings
- ◆ Appliance, TVs, Electronics
- ◆ Camera & Photographic Equipment
- ◆ Clothing and Clothing Accessories (family, women, men, children)
- ◆ Jewelry, Luggage, Leather Goods
- ◆ Sporting
- ◆ Musical Instruments
- ◆ Hobby, Toys and Games
- ◆ Sewing & Needlework
- ◆ Books
- ◆ Florist
- ◆ Office Supplies, Stationery, Gift
- ◆ Restaurants & Specialty Foods
- ◆ General & Specialty Merchandise
- ◆ Exceptions to the retailers typed not included on this list will be considered when not well-represented in the downtown



## TENANT IMPROVEMENT LOANS

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### Retail Stores Excluded from Program Funding

- ◆ Antiques Stores
- ◆ Used Clothing, Consignment or Other Used Merchandise
- ◆ Nail Shops or Beauty Salons
- ◆ Adult Oriented Stores
- ◆ Dollar or Discount Stores

### Loan Assumptions

- ◆ Loans can be assumed if new business owners meets credit and retail focus approved by City.

### Loan Application & Origination Fees

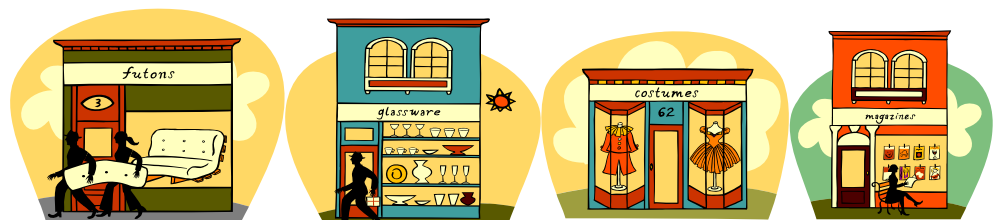
- ◆ **Loan Application Fee:** \$75.
- ◆ **Origination Fees:** none
- ◆ **Closing Costs or Filing Fees:** \$2,500 (estimated) depending on loan size, paid for by Borrower

### Application Process

- ◆ Completion of Loan Application
- ◆ Submission of documents necessary to meet Tenant/Merchant Criteria described above

### Approval Process

- ◆ Subject to approval by Redevelopment Agency Loan Committee
- ◆ Funds are disbursed upon loan approval and compliance with loan conditions.



## PROGRAM AREA MAP

