

Storefront Activation

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|--|-----------|
| Current funding level: | \$250,000 |
| Direct Loans: | \$248,850 |
| Recording of Mortgages & Loan servicing fees: | \$1,150 |

Project Goal

The goal of the program is to activate vacant store fronts and remove blight by creating a revolving loan fund, and providing loan funds with favorable terms to Main Street building owners who commit to making needed code corrections/improvements that create ready-to-lease spaces.

Project Activities

A revolving loan fund will be created to provide loans to downtown property owners. Loans will be secured through a mortgage on the property. Prioritized improvements include upgrading alarm/sprinkler systems, creating accessible entries and bathrooms, and upgrading or adding hood ventilation systems and related kitchen fit outs for restaurant spaces.

Eligibility

Property are eligible as follows:

The property is commercial with a vacant storefront that requires physical improvements to activate

The property owner is in good standing with local, state and federal government

The property owner agrees to participate with any energy efficiency improvement programs available and accessible at the time of the project.

The property is in downtown Fitchburg

The property owner agrees the improved storefront will be leased to a tenant that will be open to the public

Loan Terms

Loans will be provided to Main Street property owners at zero percent interest if they provide matching funds, and will be lent out at low interest terms between 1% below prime or at the current prime interest rate without an owner match. The minimum match requirement is 20% of the requested loan amount. Loan repayment terms will be up to 10 years based on loan size, but may be amortized over 20 years for larger loans. Loans amortized over 20 years will have a balloon payment due at the end of the 10 year term if necessary. When appropriate the repayment period can be deferred for up to 12-months to allow the property owner to locate a tenant.

Loans may be eligible for partial forgiveness with timely payments based on the terms of the loan.

Loan without a balloon payment will be eligible for partial loan forgiveness after 70% of the principal is paid subject to the following:

If a property owner can show proof of full occupancy during the course of the repayment period, 50% of the remaining principal balance will be forgiven. Further, if the property owner can show the business tenant(s) is/was an income eligible business at the time of leasing (see Current Income Limits), or is a

resident of one of Fitchburg's 3 qualified census tracts – downtown, North of Main, and Lower Cleghorn – the remaining balance will be forgiven entirely.

Loans with a balloon payment will be eligible for partial loan forgiveness at the end of the 10 year term subject to the following:

If a property owner can show proof of full occupancy during the course of the repayment period, 25% of the remaining principal balance will be forgiven. Further, if the property owner can show the business tenant(s) is/are an income eligible business (see Current Income Limits), or is a resident of one of Fitchburg's 3 qualified census tracts – downtown, North of Main, and Lower Cleghorn – an additional 25% of the remaining balance will be forgiven entirely. The remaining 50% of the balance may be eligible for refinancing into a new repayment term.

Qualified Census Tracts for ARPA

7105, 7107, 7108

Waiting List and Prioritization

Qualifying projects will be funded on a first-come, first-served basis. As funding is limited, those projects that cannot be funded will be placed on a wait list in the order that the completed application package was submitted. This list will be maintained for up to five years, pending additional funding.

Default/Foreclosure

Loans determined to be in default of Mortgage and loan promissory note terms will be provided with a written notice indicating the default, the reason(s), and the requirements to cure the default in accordance with loan terms. If owner(s) fail to respond, a second notice will be sent to the owner by certified mail.

- If after 60 days, the owner has not responded to the notices, the City may take action to collect rents if the property has rental income and/or charge fees and interest on the balance due in accordance with the default loan terms. The City may choose to exercise its right to foreclose on the property in accordance with State and Federal foreclosure regulations, laws, and requirements. Owners will be notified of the City's intent to take any default related actions 30 days prior to the City taking the action.
- If the owner responds to the default notices and is unable to cure the default, the owner will be asked to complete a loan deferment application. Upon completion of the application, an affordability analysis will be conducted and the loan will be deferred or the payment amount will be changed accordingly.

Property Sales

If the property is sold prior to the full repayment of the loan, the mortgagor/owner will repay the remaining balance at the time of the sale.

Appendix

Current Income Limits

2022 Fitchburg-Leominster Income Limits **for HUD Programs**

Effective June 15, 2022

| People in Household | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------------|----------|----------|----------|----------|----------|----------|----------|-----------|
| 80% Area Median Income | \$56,150 | \$64,150 | \$72,150 | \$80,150 | \$86,600 | \$93,000 | \$99,400 | \$105,800 |

| People in Household | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------------------|----------|----------|----------|----------|----------|----------|----------|-----------|
| 80% AMI | \$56,150 | \$64,150 | \$72,150 | \$80,150 | \$86,600 | \$93,000 | \$99,400 | \$105,800 |
| 60% AMI | \$42,120 | \$48,120 | \$54,120 | \$60,120 | \$64,980 | \$69,780 | \$4,580 | \$79,380 |
| 50% AMI | \$35,100 | \$40,100 | \$45,100 | \$50,100 | \$54,150 | \$58,150 | \$62,150 | \$66,150 |
| 30% AMI | \$21,020 | \$24,050 | \$27,050 | \$30,050 | \$32,050 | \$34,900 | \$37,300 | \$39,700 |

Current Rental Limits

65% Rent Limit is approximately 30% of the adjusted income of a family whose annual income equals 65% of the median income for the indicated area.

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|--------------------|------|------|------|------|------|------|
| Number of Bedrooms | 1 | 2 | 3 | 4 | 5 | 6 |
| Maximum Rent | 1203 | 1444 | 1660 | 1833 | 2003 | 2174 |