

Loan program planned to spark downtown growth

Written by STEVE OSTERMANN
Wednesday, 04 January 2012 18:45

Village poised to partner with bank offering \$250,000 for redevelopment projects

The Village of Grafton plans to partner with a local bank to create a low-interest loan program designed to spark downtown redevelopment.

The Community Development Authority was expected this week to approve a plan calling for a partnership with First Bank Financial Centre, which would offer \$250,000 in seed money for loans.

The money would be made available to businesses and property owners in loans ranging from \$10,000 to \$25,000 with a 1% interest rate, Village Administrator Darrell Hofland said.

Loan applications would be reviewed and awarded by the CDA for a variety of projects, including redevelopment of blighted property and vacant facilities; land, building and equipment purchases; building renovations; and costs associated with environmental, safety and building-code compliance.

The loans could not be used to refinance debt, pay for taxes or improvements completed before loan approval or for working capital. All projects must be in the downtown redevelopment district.

Hofland said he contacted First Bank Financial Centre officials after learning about their success in loan partnerships with other Milwaukee area municipalities, including Hartland and Oconomowoc.

"This type of program has worked very well in other communities," he said.

First Bank Finance Centre has traditionally offered to partner with governments in communities where it has branch offices. Although Grafton is not currently among them, the bank plans to build an office in the village this year at the intersection of Dakota Drive and Highway 60.

Hofland said village officials are expecting an enthusiastic response to the new program. Among the first projects likely to secure loans are a building remodeling and build-out of tenant space, he added.

"I anticipate that within six months all the seed money will be loaned out," Hofland said.

In a report to the CDA, Village Director of Planning and Development Mike Rambousek said the program's goal is to begin accepting applications by Jan. 15. Applications received

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by that date would be reviewed at the CDA's Feb. 1 meeting, he added.

Approval of the loans would be the responsibility of the CDA. In turn, the loans would be serviced and processed by First Bank Financial Centre.

The CDA was scheduled to consider the downtown redevelopment loan program at its 6:15 p.m. meeting Wednesday, Jan. 4.

Hofland said the new program would be separate from a revolving loan fund currently offered by the village to assist new and existing businesses. The fund provides loans at a higher interest rate (4%) and requires businesses to agree to create new jobs, a provision not included in the downtown redevelopment loan program.

Businesses must create or retain the equivalent of one full-time job for each \$20,000 of money requested and make 51% of the jobs available to low and moderate-income individuals.

Hofland said the revolving loan fund has \$600,000, of which \$125,000 is currently available. Except for two instances in which businesses defaulted on loans, the program "has been very successful," he said.

Among the companies benefiting from the revolving fund is Gilman USA, a manufacturing firm that borrowed \$340,000 to expand operations at its Grafton plant.

The money is being used to purchase the business assets of SKF Precision Technologies, the plant's previous owner, retain 35 local jobs and create 17 additional jobs.