

Loan program to assist southside businesses

Written by STEVE OSTERMANN
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Village set to partner with Port State Bank to offer \$350,000 fund for redevelopment projects in district

Two months after partnering with a local bank to provide low-interest loans for downtown businesses, the Village of Grafton plans to establish a similar financing program for the south commercial district.

The Community Development Authority was scheduled this week to consider a proposal calling for the village to partner with Port Washington State Bank, which has offered \$350,000 in seed money for south-side businesses and property owners through a loan fund.

If approved by the Village Board, the fund would allow applicants to borrow as much \$50,000 per property at 1% interest with a 10-year payback period.

Loans could be used 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 taxes or improvements completed before loan approval or as working capital.

All projects must be in the south commercial district, an area the village has earmarked for redevelopment.

The proposed loan program is modeled after a plan the village approved in March with First Bank Financial Centre, which is offering \$250,000 in seed money for downtown businesses.

Village Administrator Darrell Hofland said Port Washington State Bank officials expressed an interest in working with the village to provide low-interest redevelopment loans. With a downtown program in place, the south commercial district became a logical focal point, he added.

“We’ve gotten many calls on the downtown, and we’ve already received some about the south commercial district,” Hofland said. “The village is very excited about the reception it has received.”

The new plan — scheduled to be reviewed by the CDA at its 6:15 p.m. meeting Wednesday, May 2, at Village Hall — calls for a CDA subcommittee to review each loan application. The subcommittee is expected to include a bank representative, Village Planning Director Michael Rambousek, Village Finance Director Paul Styduhar and the CDA’s legal counsel.

Port Washington State Bank would service and process the loan. Applicants are not required to have a pre-existing business relationship with the bank.

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The Village Board is expected to approve the local program pending a recommendation from the CDA.

Although loans awarded in the downtown program are limited to \$25,000, the amount would be doubled for property owners in the south commercial district. Hofland said the difference is “because most tenant space in the south commercial district is substantially larger than in the downtown.”

Although the village has some success in retaining and attracting southside businesses, a number of others have closed or moved in the last 10 years. Most notably were tenants of the Manchester Mall shopping center, which was razed in 2008. The mall property is being redeveloped, with a portion of it now occupied by a strip mall anchored by a Pick 'n Save grocery.

The new loan programs for the downtown and south commercial district are separate from a \$600,000 revolving loan fund offered by the village to assist new and existing businesses. That fund provides loans at a higher interest rate (4%) and requires businesses to create new jobs, a provision not included in the new programs.

In a report to the CDA, Rambousek said the newest program is expected to be formally introduced at a south commercial district business meeting Thursday, May 22. The program would then begin accepted loan applications, he said.

The village is also continuing to assist businesses through a facade grant program that provides matching funds for building upgrades. The CDA this week was to consider applications for \$20,000 grants from two adjacent downtown businesses — Renaissance Hair Salon, 1207 Bridge St., and the Michael J. Riebe Law Office, 1211 Bridge St.

The cost of exterior renovations for each building is expected to exceed \$40,000. Each project is scheduled to begin this summer and be completed by fall.

Hofland said recipients of facade grants are eligible to apply for revolving-fund loans to cover the balance of their project costs.