



**Department of  
Development**

**Ted Strickland, Governor**

**Lee Fisher, Lt. Governor**  
Director, Ohio Department of Development

Urban Redevelopment Loan Program  
***Program Guidelines and Application Procedures***

Ohio Department of Development  
Strategic Business Investment Division  
Office of Financial Incentives  
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The **Urban Redevelopment Loan Program** was created to remove barriers to urban core redevelopment thereby promoting economic development and business expansion through financial assistance for eligible projects in the State of Ohio.

The Ohio Department of Development's Urban Redevelopment Loan Program provides low interest loans to municipalities or designated nonprofit economic development organizations to acquire real estate for assembly into developable parcels and remediate any brownfield contamination site to entice private business investment in distressed urban locations.

### **Eligible Applicants**

A municipality or designated nonprofit economic development organization that is a Distressed Metropolitan Areas Principal City (please refer to the insert map for additional details).

### **Eligible Project Costs**

- Purchase of land and/or building
- Remediation of brownfield contamination
- Infrastructure and site preparation
- Demolish buildings and remove building debris
- Retention ponds and/or flood and drainage improvements
- Construction of streets, roads, bridges and installation of traffic control devices
- Construction of parking lots and facilities
- Installation of water and sewer lines and wastewater treatment plants
- Installation of gas, electric and telecommunication hook-ups
- Improve waterway and railway access
- Limited soft costs directly related to fixed-asset expenditures
- Refinancing is ineligible

### **Available Funding**

The Urban Redevelopment Loan Program may finance 40 percent of the total project costs directly related to the eligible costs. The maximum loan amount is \$5,000,000. An individual municipality is eligible for a maximum outstanding loan balance of up to \$10,000,000 for its active Urban Redevelopment Loan Program projects.

An applicant may undertake no more than three projects at a given time.

### **Term**

The term of any loan awarded through the Urban Redevelopment Loan Program is a maximum of up to 15 years.

Payment of loan principal and interest may be deferred up to five years to allow the applicant to market the property. If the principal and interest are deferred for any period of time, the balance of the loan shall be amortized within the remaining term of the loan. The sale or leasing of the project site or facility may trigger repayment, as determined by Ohio Department of Development.

### **Interest Rate**

Interest rates for the Urban Redevelopment Loan Program may be set as low as zero percent for the first five years. Beginning year six, interest rates for the Urban Redevelopment Loan Program are fixed at/or below half of the current prime rate.

### **Jobs Creation/Retention**

There is no job creation and/or retention required for this program; although projections will be expected.

### **Applicant Contribution**

The applicant must fund, either directly or through other financing (or some combination thereof), the remainder of the project's eligible costs. The following shall not satisfy the applicant's contribution:

- Expenditures made by or on behalf of the applicant prior to the Urban Redevelopment Loan Program application
- In-kind contributions of labor or similar items

### **Collateral**

The Ohio Department of Development will require a shared first priority mortgage and/or lien position on assets financed with the loan proceeds to be established via a multi-party agreement between the participating lender(s), the Ohio Department of Development and the borrower.

### **Security Requirements**

The following may be required:

- Full or partial letter of credit
- Cash
- Pledged security interest in an unfettered revenue stream of the municipality; and/or
- Other types of credit enhancement, if necessary.

### **Program Fees**

- A \$1,500 non-refundable application fee is required upon filing a completed Financial Assistance Application.
- A processing fee of two percent on the first \$1 million of the loan and one percent on the amount in excess of \$1 million due upon receipt of a signed loan commitment letter.
- An annual fee equal to a quarter of one percent (.25 percent) of the outstanding principal amount of the loan will be assessed.

### **Prepayment**

The Ohio Department of Development imposes no prepayment penalty.

### **Participating Lender Rates and Terms**

Interest rates, terms, and fees are negotiated between the applicant and the lender.

### **Prevailing Wage**

Agreement to pay State of Ohio prevailing wage rates, as determined by the Ohio Department of Commerce, Wage, and Hour Bureau, for project related construction, renovation and installation activities will be required.

### **Application Process**

- Contact the Ohio Department of Development staff to discuss the project.
- Submit a completed Financial Assistance Application, which includes applicable items on the application checklist below.



- An eligibility review and credit analysis will be conducted by the Ohio Department of Development staff.
- A preliminary project term sheet will be provided by the Ohio Department of Development staff.
- Loans will be presented to the Development Financing Advisory Council for review and recommendation. (the Development Financing Advisory Council generally meets on the last Monday of each month.)
- Loans will be presented to the State Controlling Board for final approval.
- A loan commitment letter will be issued by the Ohio Department of Development upon approval by the State Controlling Board.
- Upon receipt of a signed loan commitment letter and processing fee, loan-closing documents will be prepared.
- The Ohio Department of Development's financing is "take out" financing and will only be disbursed once the project has been completed. The borrower will be responsible for securing financing for project related cost through loan closing and project completion.

#### **Application Checklist**

- History and description of applicant
- Description of market, industry and competition
- Resumes of key management
- Project description including sources and uses of funds (include specific use of loan proceeds)
- Community financial information
- Conditional bank commitment and/or term sheet (if applicable)
- Phase I environmental audit (if applicable)
- Cost verification-purchase agreement and/or third party cost estimates
- Appraisal by qualified appraiser

#### **For More Information Contact:**

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