



HEDRA Memorandum

To: HEDRA Commissioners
From: Morgan Hill, Economic Development Coordinator
Date: June 1, 2017
Item: Resolution: Residential Rehabilitation Loan – Charles & Brownell Hilger – 406 7th St. E

Request

Charles and Brownell Hilger have submitted a request for a \$19,625 owner occupied residential rehabilitation loan to assist with exterior repairs (tuckpointing, bricks, and cement pad), repairs to front yard light posts (rewiring, repainting, re-veneered, restored to original appearance), as well as the refinishing of exterior trim for property located at 406 7th St. E.

Financing

The total estimated cost for the renovation is \$39,250. Half of the estimated costs would be financed through owner's cash equity. The HEDRA loan would constitute the remaining 50% of planned expenses.

Heritage Preservation Commission Review

The Heritage Preservation Commission granted approval to complete exterior tuckpointing and brick cleaning, repair/replace failing bricks and chimney, replace failing cement pad in rear of house, and restore front yard light posts at the May 16, 2017 meeting. The building was constructed in 1870 and is an individually designated historic site.

Loan Terms

HEDRA may provide a ten year loan at zero percent the first year, and 0.25% above the Prime Rate (currently 3.25%) for years 2-10. The loan would be recalibrated to reflect changes in the Prime Rate every two years. Loan proceeds would be disbursed upon proof of qualified rehabilitation expense. The loan would be secured with a mortgage document. The maximum loan is \$19,625, which constitutes 50% of the rehabilitation costs.

Analysis

- **Eligibility** – The home is a designated historic site consistent with eligibility requirements.

- **Improvements** – Proposed exterior tuckpointing, brick and cement repair, as well as the refinishing of exterior trim are eligible improvement items.
- **Business Subsidy** – The loan does not exceed the \$150,000 limit for constituting a business subsidy under state law.
- **Purpose** – The loan assists in facilitating the following program purposes:
Preserve and make appropriate improvements to buildings which contribute to the neighborhood appearance or historic character.
- **Funding Availability** – Approximately \$40,000 is available for residential rehabilitation loan funding. Upon funding the \$19,625 request, \$20,375 would remain for additional loans in 2017.
- **Demonstration of Need** – The home contains many areas of failing bricks, due to age. The removal and replacement of a cement pad at the rear of the house will allow for proper water drainage and prevent continuation of erosion and damage to house brick and driveway. The front light posts are rusted and not in working condition. Failure to complete improvements will result in compounded issues in the future.

Recommendation

Approval of the loan as presented is recommended.

ACTION – Adopt Resolution 2017-04 – Approving a \$19,625 Owner-Occupied Residential Rehabilitation Loan for work at 406 7th St. E for Charles and Brownell Hilger.

Please see the attached resolution and pictures for further information.

**HASTINGS ECONOMIC DEVELOPMENT
AND REDEVELOPMENT AUTHORITY**

RESOLUTION NO. 2017-04

**APPROVAL OF AN OWNER OCCUPIED RESIDENTIAL REHABILITATION
LOAN FOR CHARLES AND BROWNELL HILGER AT 406 7TH ST E**

Commissioner _____ introduced the following resolution and moved its adoption:

WHEREAS, the Hastings Economic Development and Redevelopment Authority (HEDRA) has established an Owner Occupied Residential Rehabilitation Loan Program and Guidelines pursuant to Minnesota State Statutes 469.01 on March 12, 2009; and

WHEREAS, Charles and Brownell Hilger, property owners, have applied for a \$19,625 loan to partially finance the rehabilitation of an existing building located at 406 7th St E, including exterior brick and chimney repair, cement pad, stone veneer repair, and exterior trim repair/replacement. The property is legally described as follows:

Lot 3, Block 49, Town of Hastings BLKS 1 Thru 99, Dakota County, Minnesota.

WHEREAS, the total investment in the rehabilitation is estimated to be \$39,250 for work qualified under the Program Guidelines; and

WHEREAS, HEDRA finds that the loan is not a business subsidy under Minnesota State Statutes 116J.993; and

WHEREAS, HEDRA finds that the work and costs meet the Owner Occupied Residential Rehabilitation Program Guidelines.

NOW THEREFORE BE IT RESOLVED that HEDRA approves a loan in the amount of \$19,625 for rehabilitation subject to the following conditions:

1. Proof of financing and/or equity for the balance of the Total Investment amount not financed through the Rehabilitation Loan.
2. Improvements are made subject to approval by HPC.

BE IT FURTHER RESOLVED that upon submittal of proof of financing, HEDRA directs staff to prepare and have executed the loan and security documents and disburse the funds with usual conditions of the program.

Commissioner _____ seconded the resolution and upon being put to a vote it was adopted:

Ayes:
Nays:
Absent:

The resolution was duly adopted this 1st day of June, 2017.

Dennis Peine, President

ATTEST:

Morgan Hill, Secretary