

CITY COUNCIL
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City of Hogansville



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400 E Main St
Hogansville GA 30230-1196
706-637-8629 | cityofhogansville.org

COUNCIL ACTION FORM

MEETING DATE: April 16, 2018 SUBMITTED BY: Lynne Miller

AGENDA TITLE: Georgia Cities Foundation Loan – 101 College Street

CLASSIFICATION (City Attorney must approve all ordinances, resolutions and contracts as to form)

- Ordinance (No. _____) Contract Information Only Public Hearing
- Resolution (No. _____) Ceremonial Discussion/Action Other

BACKGROUND (Includes description, background, and justification)

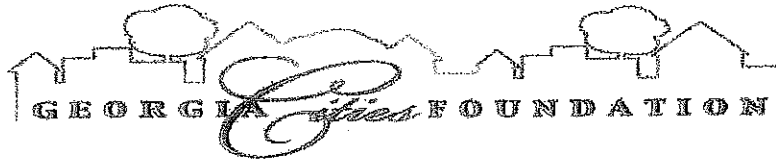
M&S Holdings, Inc. is applying for a low interest loan from Georgia Cities Foundation to help demolish the crumbling 2-story building at 101 College St and construct a 3-story, 8-unit apartment building in its place. Total projected cost = \$875,000. M&S Holdings (the building owner) has an investor for 80% of the cost, and is looking to GA Cities for the balance. Our DDA must sponsor the application, and the Mayor must acknowledge that this project appears to meet City goals, but neither the DDA nor the City will be party to the loan, nor be liable in any way if it defaults.

No impact on the City budget. M&S Holdings will contract directly with Georgia Cities Foundation for the loan, after the City's DDA submits the loan application and the Mayor signs off, with City Council approval.

BUDGETING & FINANCIAL IMPACT (Includes project costs and funding sources)

STAFF RECOMMENDATION (Include possible options for consideration)

This is a great option for this dilapidated downtown building. Not only will the severely dilapidated building be removed, but a new, productive building will be built in its place. City may want to ask that demolition and site cleanup proceed ASAP after GA Cities approval, but then that new construction not start until after the 2018 Hummingbird Festival.



Revolving Loan Fund Application

The Georgia Cities Foundation (GCF) welcomes applications from downtown development authorities (DDAs) cities in Georgia who are requesting financial assistance for downtown capital projects. The mission of the Foundation is to assist cities in their efforts to revitalize and enhance downtown areas by serving as a partner and facilitator in funding capital projects. The goal of the Foundation is to promote economically sustainable projects and build partnerships in order to help ensure the long-term health and economic vitality of the community.

We welcome and encourage DDAs that are actively involved in the revitalization and development of their downtowns to complete the attached application.

Loan Amount and Terms

The application will determine which cities are eligible for funding to the extent funds are available. Loan amounts will not exceed **\$250,000** per project. At its discretion, the Foundation may decide to loan an amount less or more than the amount requested in an application.

Interest Rate: Below Market Rate

Repayment Period: Normally 10 years, not to exceed 15 years.

Security: Project collateral

Recommended Financing Structure: 50-40-10 (50% Bank/Lender, 40% GCF/DCA, 10% Owner Equity)

Eligibility Considerations

To the extent possible successful applications should exhibit the following:

- Broad public and private support for downtown revitalization projects in the City.
- An organized and comprehensive approach to downtown revitalization and/or community economic development, e.g.:
 - An active Merchants Association, Chamber, Downtown Development Authority or Development Authority with a comprehensive downtown/community revitalization strategy in place.
 - Georgia Main Street or Better Hometown City designation in good standing.
- A realistic project with a reasonable budget and timeframe for completion.
- Projects that will be supported and sustained by other development initiatives in the downtown area such as streetscape and façade improvement projects and development or redevelopment of buildings in the downtown area or central business district.
- A Satisfactory and Complete Application.

Applicants are required to be in compliance with the Service Delivery Act (OCGA section 36-7-20 et seq.) and be a Qualified Local Government as defined in the Georgia Department of Community Affairs Minimum Standards.

Eligible Applicant & Uses

The eligible mechanisms for making funds available from the Foundation are:

- a) A loan from the Foundation to the municipality's Downtown Development Authority (DDA) or similar entity who uses the funds to carry out the approved activity(s); or
- b) A loan from the Foundation to the municipality's DDA or similar entity which, in turn, contracts with a sub-recipient to carry out the approved activity(s). All contracts must adhere to the provisions of the Georgia Downtown Development Authorities Law (O.C.G.A. Title 36, Chapter 42), to the provisions relating to intergovernmental contracts, as well as to all other applicable state laws. Eligible sub-recipients may include a variety of private or public entities, including the municipality itself, and must be pre-approved by the Foundation.
- c) Once approved, funds may be used for such activities as real estate acquisition, building rehabilitation, new construction (infill), green space, and parks.

Ineligible Uses

- Funds may not be used for operating expenses and administration.
- Funds may not be used to establish local revolving loan funds.
- Due to availability of local, state and federal funds, the Foundation will generally not fund public infrastructure projects, streetscapes, façade projects, and most governmental buildings including city halls, public safety facilities, and public works facilities.

Review of the Loan Application

All applications will be reviewed to determine the merit of the application and of the proposed uses of funds. In determining whether an applicant shall receive a loan, the following criteria will be considered:

- (1) Each application will be reviewed based upon an analysis of the proposed project's potential enhancement of downtown development opportunities, creditworthiness, overall project feasibility, project impact, and soundness of the proposed strategy. The analysis will include but is not limited to such factors as: impact on the community's tax base; degree of local commitment; consistency with local development plans, goals and objectives; project readiness; project feasibility; reasonableness of cost estimates; elimination of blighting influences; total private capital investment; number of jobs created and/or retained; historic preservation impact and potential state and regional impact.
- (2) In its review of applications, the Foundation may, at its discretion, consult with other individuals or agencies as appropriate for the purpose of receiving information and/or advice. All relevant supporting documentation available (plans, studies, engineering reports, appraisals, etc.) should also be attached. See the attached Supporting Documentation List of the application for further information.
- (3) The criteria listed in this application is designed to assist the Foundation in making its decision and provide prospective applicants with guidance as to the factors that their application needs to address in order to be competitive. The decisions made by the Foundation shall be final and conclusive.

Statement of Conditions

In addition to the specific certifications made by the applicant in accepting the commitment letter and in executing the loan agreement, the recipient further certifies or acknowledges that:

1. No applicable state laws, rules, regulations, or applicable local ordinances shall be violated in carrying out the project and expending the loan proceeds.
2. No real or apparent conflict of interest shall be engaged in by any official, employees or agent of the recipient and sub-recipient (s) and any member of their immediate family, their partners and any organization which employs, or is about to employ any of the above. This prohibition prohibits both the solicitation and acceptance of gratuities, favors or anything of monetary value from contractors, potential contractors, or parties or sub-agreements. It is the responsibility of the recipient to disclose to the Foundation any relationship that might create a real or apparent conflict of interest as soon as the recipient becomes aware of it.
3. The recipient's accounting records of the loan funds shall be maintained in a manner consistent with generally accepted government accounting standards.
4. It is the recipient's responsibility to determine the laws applicable to the specific project and to meet ALL of its requirements (i.e. Georgia's Environmental Policy Act).
5. Loan funds shall be disbursed by the Foundation in accordance with the provisions of the loan agreement. Those provisions may vary depending on each project's particular circumstances. The Foundation will seek to match disbursements with actual need for funds in order to minimize the existence of idle loan funds at the local level.
6. The Foundation may make reviews and audits of the project including on-site reviews as may be necessary or appropriate to implement the program and insure the requirements contained in the loan agreement are met. In the case of noncompliance, the Foundation at its sole discretion shall take such actions, as it deems appropriate to prevent continuance of the deficiency, mitigate any adverse effects or consequences and prevent a recurrence.

7. The recipient may be required to submit quarterly or other progress reports to the Foundation in a format prescribed by the Foundation. Failure to submit timely and acceptable reports may result in a request for immediate repayment of all RLF funds from the recipient by the Foundation.
8. Loan payments shall be due to the Foundation or its agent in accordance with the terms and provisions of the loan agreement. All payments shall be made to the Georgia Cities Foundation or its specified agent at Post Office Box 105377, Atlanta, Georgia 30348 or at such other place as specified by the Foundation.
9. The Foundation reserves the right to establish other guidelines or requirements in order to further the purposes of the RLF program.
10. The Foundation reserves the right to request additional information as needed.

Application and Origination Fee Structure

Effective July 1, 2013

	GCF RLF	GCF - SSBCI	Green Communities Fund
Application Fees	\$250	\$250	\$125
Origination Fees	0.75%	1.00%	0.75%
Origination Fee Cap	N/A	\$10,000	N/A

How to Apply

Completed applications should be submitted to:

Mailing Address:

Georgia Cities Foundation
Post Office Box 105377
Atlanta, Georgia 30348

Physical Address:

Georgia Cities Foundation
201 Pryor Street, SW
Atlanta, Georgia 30303

E-Mail:

Chris Higdon
chigdon@gmanet.com

Electronic submission of the GCF application via email is strongly encouraged. If submitting via hard copy, please submit 4 copies of the application and supporting documents. Note that only one copy of the Borrower's financial statements are requested.

If you have any questions, please contact Perry Hiott at 678-686-6207, Chris Higdon at 678-651-1018, or toll-free at (888) 488-4462.

This application may not be reformatted on your computer. It must stay in its original format and not be altered in any manner. All questions must be answered in the order they appear. Additional sheets may be attached if necessary. Please contact the Foundation if you would like the application via e-mail as a Microsoft Word attachment.

SECTION A - GENERAL INFORMATION

1. Applicant and Sub-recipient Information (Submit 4 copies of application additional documents.)

Applicant Name: City of Hogansville Downtown Development Authority Phone: 706-637-8629
 (Downtown Development Authority or Similar Entity)
 Address: 400 East Main Street City: Hogansville Zip: 30230
 City Population: 3,300 County Population: 69,763 (total)
 Contact Person: Lynne S. Miller, AICP Title: Community Development Director
 Contact Phone: 706-637-8629 Fax: 706-637-4813 E-mail: lynne.miller@cityofhogansville.org

<u>Sub-recipient/Developer Information</u>		
Name: <u>M&S Holding Inc.</u>		
Address: <u>1526 E. Forrest Ave, Suite 205</u>		City: <u>Atlanta</u>
Phone: <u>678-705-2181</u>	Fax: <u>678-705-2458</u>	E-mail: <u>monica@mandsholdinginc.com</u>

2. Project Summary

Total Project Cost: \$ 875,000 GCF Loan Funds Requested: \$ 250,000

Note that GCF does not provide interim/construction financing.

Location of Project: 101 College Street Hogansville, GA 30230
 Street Address City Zip

3. Local Ordinance and Program Information. (Please indicate whether the city has the following.)

	<u>Yes</u>	<u>No</u>	
a. Zoning Ordinance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Date Adopted <u>7-7-2003</u>
b. Sign Ordinance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Date Adopted <u>1988</u>
c. Historic District Ordinance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Date Adopted <u>1988</u>
d. Design Guidelines	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
e. Historic Preservation Commission	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
f. Façade Program	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
g. Staff person solely responsible for management of the downtown program	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
h. Inventory of Downtown properties	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

SECTION B- PROJECT SPECIFIC INFORMATION

Please provide a description of the project for which you are seeking funds, making sure to be as specific as possible and to address each of the following items. Indicate the location of the property on the downtown map. (To the extent possible, please provide photos of the front, back, sides and interior of the building.)

1. **Required** - Please attach a letter from the Downtown Development Authority that articulates why the loan being requested is a strategic investment in the downtown area. (Effective 11/04/2015)

2. Provide a brief description of the project and proposed use of funds:
Demolish the current two-story, 1920's commercial structure, and build a three-story, 8-unit apartment building in its place.

3. Briefly describe how the project relates to your comprehensive downtown revitalization Strategy.

Supply and demand for diversified living options for living spaces in Hogansville. Downtown Hogansville currently has only a handful of downtown apartment units. Meanwhile, young professionals are migrating to Hogansville. Downtown living will bring more consumers for small business owners. The DDA's Downtown Master Plan and Market Study, completed Mar 2018 by Georgia Conservancy teamed with Canvas Planning of Atlanta and Village Green Planners of Hapeville -- calls for more downtown living through conversion of older buildings and new construction, to improve downtown vibrancy and attract new residents who want to live in a unique environment.

4. Describe the specific downtown problems/needs that this project will address.

Diversification of living options. Economic growth for surrounding businesses,. Revitalization for the City's 30+ vacant downtown buildings. Bridging the gap for middle class families living in Hogansville and surrounding areas.

5. Describe the proposed activities to be undertaken that will meet these needs.

The existing structure is in need of demolition. Once demolished, a new structure will be built there that is sustainable and efficient for the new residents living in the rebuilt space.

6. One of the goals of the program is to enhance the historic significance of Georgia's downtowns. Does the project meet the Secretary of Interior's Standards for rehabilitation of historic properties and other local historic guidelines? If not, please explain.

Yes No

Without a roof and with crumbling outside walls, this building lacks historic integrity due to lack of structural integrity. In its current condition, this building will have to be demolished and rebuilt.

6. Impact Measures. Describe project's potential short- and long-term impact using the following measures.

Measure	Short Term	Long Term
Projected # jobs created	20	3
Projected # jobs retained	0	3
Projected increase in tax revenues (\$)		
Private development (\$)	\$875,000	
# of blighted structures eliminated	1	
Projected spinoff development		
Projected # new housing units	0	8
Projected civic/cultural enhancements		
Other		

7. Location Map. Please attach a map of the downtown area and indicate the location of the project/property on the map. To the extent possible, please provide photos of the front, back, sides, and interior of the building.

8. Project Participants. (List the public and private organizations and individuals to be involved in the project and include a short description of their role (i.e. project manager, private lender, funding contributor or fund raiser, developer, etc.)

- o Name: Mitchell Headley
Role: General Contractor
- o Name: Monica Jackson
Role: Developer
- o Name: Urban Purpose
Role: Architects
- o Name: Aretha Henderson
Role: Project Manager

9. Project Activity Schedule. (Provide a realistic timetable for completion of project and specify the time (if known or appropriate stage) at which Georgia Cities Foundation funds will be needed.)

	Activity	Estimated Completion Date
A.	Hazardous Waste Removal	4-30-2018
B.	Demolition	5-31-2018
C.	New Construction	1-31-2020
D.		
E.		

SECTION C- SOURCE AND USE OF FUNDS

1. Project Budget. (List the source and use of funds for the project.)

Item	Project Cost	Sources of Funds (Bank, GCF, Borrower)
Acquisition		
		Please see Financial Proforma
Project Hard Costs		
Project Soft Costs		
Total Project Cost:		

2. Total Project Funding: \$ 875,000 Total GCF Funds Requested: \$ 250,000

3. Explain how funds will be repaid to the Foundation. _____

Section D – Certification

I certify that the information contained in this application is true and correct to the best of my knowledge. I further understand that the Georgia Cities Foundation has the right to request additional information as needed.

Signature of DDA Chairman

Date

Print Name

Telephone

Signature of Sub-recipient (Borrower)

Date

Print Name and Title

Telephone

I affirm that the City is aware of this application and that the proposed project appears to be consistent with the City's downtown development plans and/or strategies.

Signature of City's Chief Elected Official

Date

Print name and Title

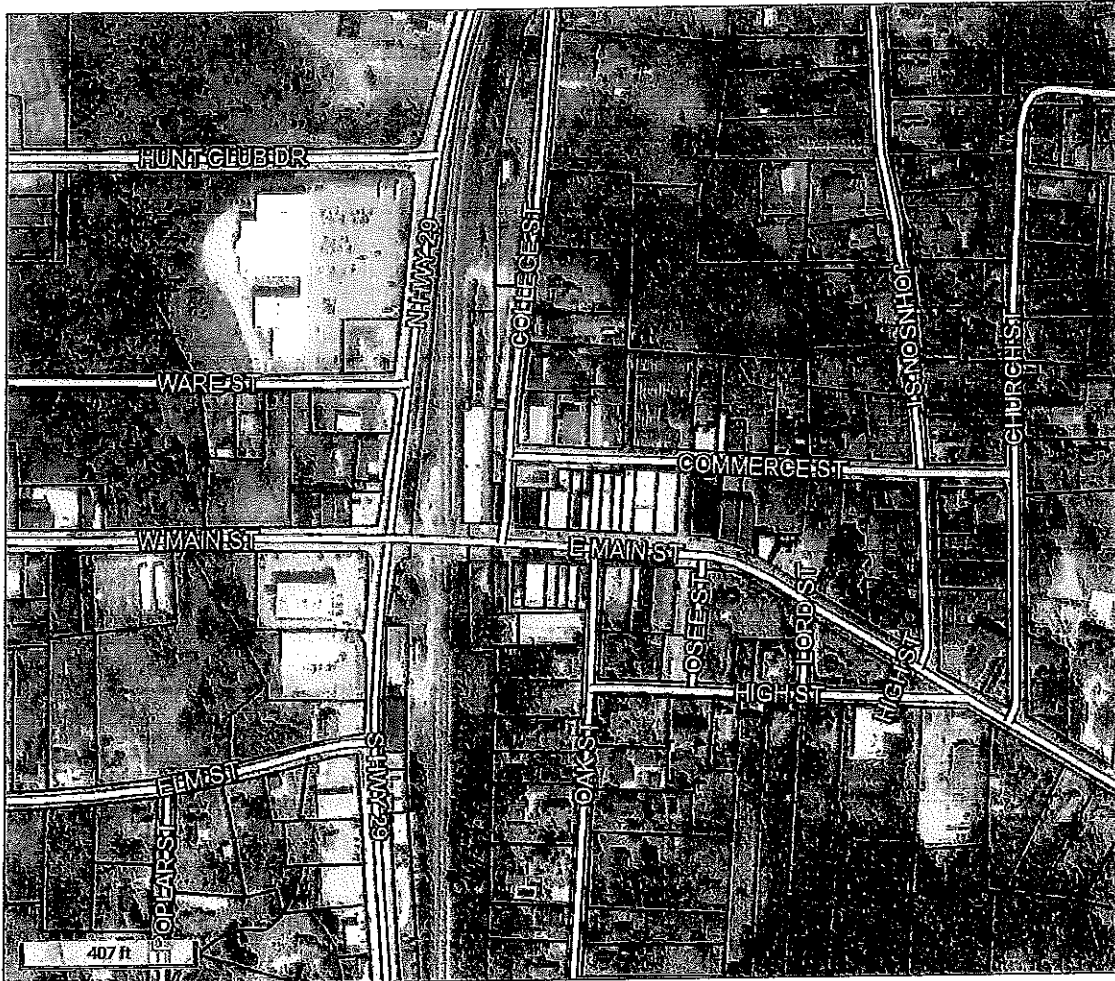
Telephone

For GCF Use Only: Date Received _____	Initials _____
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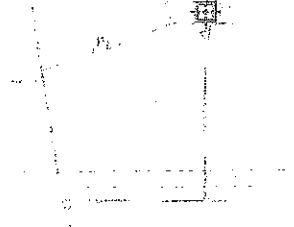
GCF Supporting Documentation List

Items listed below are usually critical for most projects. Other documentation may be requested or required during the underwriting review or prior to disbursement of Georgia Cities Foundation (GCF) funds.



- A. **Downtown Feasibility/Marketing Analysis and Plan, if Available** – The analysis and plan should include a brief history and description of proposed project or initiative and how it can be supported in the downtown area. Relevant information should include any market or feasibility studies and various analyses that examine trade areas, tenant mix, over/under supply mixes in retail markets, etc. Any commitments from anchor tenants, businesses or developers should also be included. The Plan for attracting and retaining such businesses should be thoroughly discussed and documented.
- B. **Purchase Option, Sales Agreement, or Warranty Deed** for any real estate needed to undertake the project.
- C. **Appraisal** (prepared by an appraiser with credentials acceptable to GCF) for any real estate to be financed. Please do not order an appraisal unless requested to do so by GCF or another project lender.
- D. **Evidence of Marketable Title** (with outstanding liens, mortgages and encumbrances noted) and a plat for any real estate to be financed.
- E. **Plans, Specifications, Renderings and Architectural Drawings** that have been approved by appropriate local and state regulatory and historic preservation agencies.
- F. **Construction Cost Estimates and Price Quotes** on all proposed construction/renovation and other project activities.
- G. **Financial Commitment Letter(s)** from participating financial institution(s) and public agencies. The letter(s) should indicate the amount, rate, term, and any contingencies associated with the financing. If the project involves tax credits, documentation should be provided that applicable credits will be obtained. Other public sector financing or grants should include award documents, council resolutions, etc.
- H. **Commitment Letter(s)** from participating business(es) or tenants. The letter(s) should indicate the number of full-time jobs to be created/retained and the amounts of any private investment that will occur as a result of the project.
- I. **List of Available Collateral** with prior liens noted.
- J. **Financial Statements** (Developer and Local Government): Businesses that are the ultimate borrower should provide balance sheets and income statements for the past three years, as well as copies of personal and business federal tax returns may also be requested by GCF. Local Governments and Development Authorities should provide copies of their most recent available audited financial statements only if they are the ultimate recipient of the GCF loan.
- K. **Developer Interim Financial Statements** (For ultimate recipients/borrowers that are private businesses.)
- L. **Developer Financial Projections** in the form of a pro-forma balance sheet and projected income statements and cash flow for one year or until break even point is achieved.
- M. **Proposed Use Certification** from local government that certifies the project will comply with all applicable land-use, environmental and other applicable local laws as well as any special requirements involving community improvement districts, special tax districts, or redevelopment areas. (Please provide copies of applicable local legislation.)
- N. **Property Management Plan** (for real estate projects) that outlines a plan for the renting and merchandising of space in the renovated facility, the operation and maintenance of the facility and what party will be responsible for the financial and day to day management of the property.



Overview




Legend

-  Parcels
-  Roads

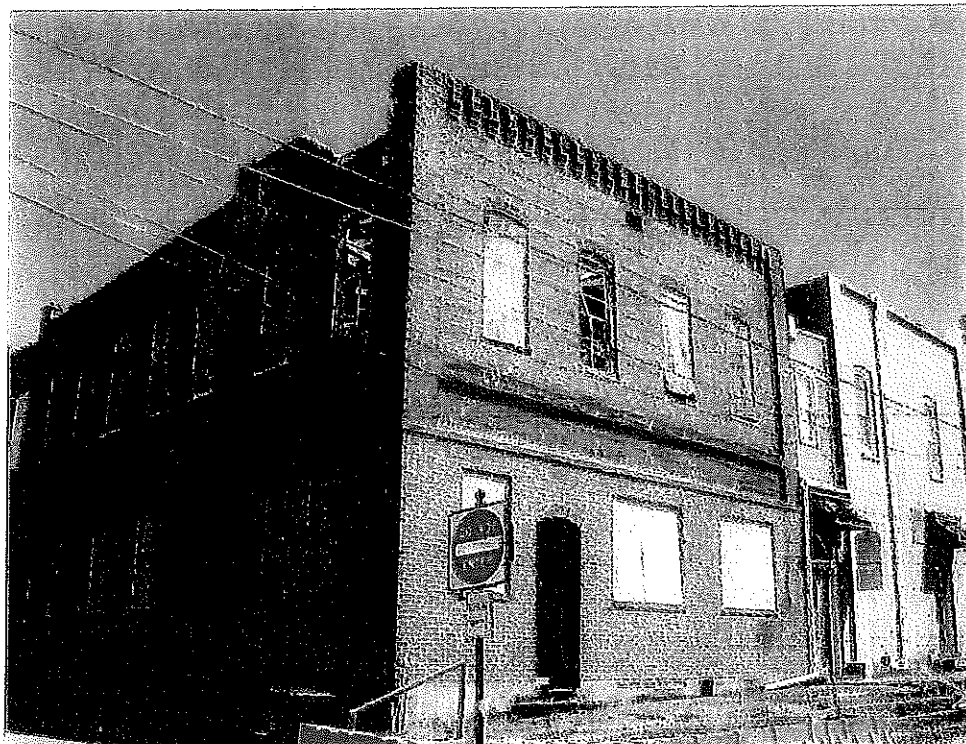
Parcel ID	0244W004001	Owner	M&S REALTY GROUP LLC	Last 2 Sales			
Class Code	Commercial		1526 EAST FORREST AVE	Date	Price	Reason	Qual
Taxing District	18-HOGANSVILLE		SUITE 205	5/13/2016	\$13000	FM	Q
	18-HOGANSVILLE		ATLANTA GA 30344	8/11/2009	\$7500	LW	U
Acres	0.06	Physical Address	101 COLLEGE ST				
		Assessed Value	Value \$8700				
		Land Value					
		Improvement Value					
		Accessory Value					

(Note: Not to be used on legal documents)

Date created: 4/6/2018
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 Developed by
 The Schneider Corporation

Photos – 101 College Street, Hogansville GA – April 5, 2018





Market Analysis

To become a destination, Hogansville will have to set itself apart from other downtowns in the area. The following businesses/activities could be supported in downtown Hogansville if they are part of an overall curated mix of tenants and activities designed to attract the regional consumer:

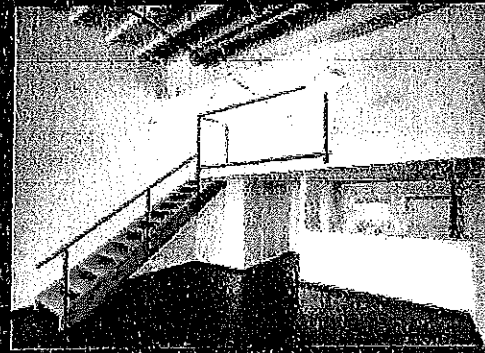
- Several unique restaurants
- Micro-brewery
- Performing arts (Royal Theater)
- Music venues (both indoor and outdoor)
- Artist studios/makers spaces in former retail spaces

#3 Encourage additional downtown housing.

Downtown Hogansville has a small but successful housing market. Efforts should be made to increase the number of residential units in the downtown through the conversion of older buildings and new construction. The presence of additional residents on a 24-hour basis would add to the vibrancy of the area. In addition, downtown housing could also attract new residents looking to live in a unique environment who might not otherwise have moved to Hogansville. Because rents in the area tend to be fairly low, efforts should focus on creating simple, loft-style units.

#4 Retrofit buildings to match the current downtown market.

Most of the retail buildings in downtown Hogansville are too large for modern specialty retailers. This contributes to higher vacancy in the downtown and lower rental rates per square foot. Extended periods of vacancy and low rents make it difficult for property owners to justify investing in their properties. One solution to this problem could be to reconfigure the buildings. It is likely that some of the larger retail buildings would be more productive if they were subdivided to create several very simple loft-style spaces with a bathroom and small kitchen. These spaces could then be rented for a variety of uses such as retail, office, artist studio, maker's space, or loft apartment. The flexibility of the spaces would widen the pool of potential tenants and allow uses to change with fluctuations in the market.



Recommendations

Big Idea #17 : Downtown Housing

Work with property owners to create an inventory of buildings that are viable for new downtown housing and to identify vacant parcels that are ripe for new housing development. Connect local builders to property owners to facilitate the creation of a new downtown housing stock. Eliminate zoning code obstacles that would prohibit the development of housing within the Downtown. **This idea goes with Market Analysis Recommendation #3 as well.**

