



**Forest Lake**  
AS GOOD AS IT SOUNDS

COMMERICAL IMPROVEMENT INCENTIVE  
PROGRAM (CIIP)

Adopted by the City of Forest Lake EDA: 11-14-2022

City of Forest Lake Economic Development Authority

## I. INTRODUCTION

The Commercial Improvement Incentive Program (CIIP) was originally created by the City of Forest Lake Economic Development Authority (EDA) and approved by the City of Forest Lake City Council in 2015 as the Downtown and Highway 61 Commercial Incentive Program. The program was reviewed and updated by the EDA and Forest Lake City Council in 2021. This forgivable loan program is funded by the City of Forest Lake EDA.

Pursuant to Minn. Stat. 469.192, an EDA may make loans to a business for any purpose the EDA is otherwise authorized to carry out under Minnesota law. Minn. Stat. 469.152, provides that the welfare of the state requires the active promotion, encouragement and development of economically sound industry and commerce through governmental action for the purpose of preventing the emergence of blighted and marginal lands and areas of chronic unemployment.

The EDA does desire to use this program to provide local businesses with forgivable loans to make capital improvements that will support economically sound industry and commerce within the City.

## II. OBJECTIVES/LOAN AMOUNTS

The objective of the CIIP is to encourage investment in MU-1, MU-2, B1, and NC zoned areas of the City of Forest Lake by providing qualified applicants forgivable loans of up to \$5,000 for capital improvements such as façade and exterior improvements or building demolition.

### **Funding Source:**

The funding for the CIIP will come from the EDA fund balance. The total amount dedicated to the program will be determined annually by the Forest Lake EDA. Loans will be awarded based on the following scale.

### **Loan Award Scale**

Forgivable loans will be awarded based on the following formula:

Total Approved Eligible Improvement Expenses x .10 (ten percent) = Forgivable Loan Amount.  
*For example, if \$38,950 worth of approved eligible improvement expenses are submitted the loan amount would be \$3,895 ( $\$38,950 \times .10 = \$3,895$ )*

To qualify for a loan, a minimum of \$5,000 worth of eligible improvement expenses need to be submitted. The maximum award for this program is \$5,000. Expenses submitted in excess of \$50,000 will not be counted towards the loan amount as maximum loan amount for this program is capped at \$5,000

The CIIP has a limited amount of funds available. Funding will be distributed on a first come first served basis until the annual funding level for the program has been met.

### **III. GENERAL CRITERIA**

#### **A. ELIGIBLE PROPERTIES**

Eligible properties that may apply for the CIIP include properties that are:

- Commercial buildings/properties zoned MU-1, MU-2, B1, and NC
- Properties must also not be tax exempt
- Properties must be current on real estate taxes and all City fees or charges to be eligible
- Applicant needs to be the property owner or have written permission from the property owner to apply for the program

#### **B. INELIGIBLE PROPERTIES**

Certain types of properties are ineligible for the program including:

- Properties owned by corporate chains, multi-state chains – however, local franchisee owners are eligible to apply
- Properties who are not current on real estate taxes, bills or charges due to the City.

#### **C. CONFLICT OF INTEREST**

An officer of the City or the EDA shall not have a personal financial interest or personally benefit from the business to be assisted. Minn. Stat. 471.87 and 471.88 provide guidance on conflicts of interest.

#### **D. GOVERNMENT DATA PRACTICES**

The EDA and the City shall abide by Minnesota Data Practices Act (Act) regarding the data received from applicants for the forgivable loan. Pursuant to the Act, some business data may become public data upon application to the CIIP.

### **IV. PROGRAM GUIDELINES**

#### **A. LOAN AMOUNTS**

The total annual amount allocated to the Commercial Improvement Incentive Program (CIIP) will be set by the EDA as part of their annual budget process. Individual loan amounts for this program are:

Up to five thousand (\$5,000) for eligible improvements awarded using the following formula:

Total Approved Eligible Improvement Expenses x .10 (ten percent) = Forgivable Loan Amount  
*For example, if \$38,950 worth of approved eligible improvement expenses are submitted the loan amount would be \$3,895 (\$38,950 x .10 = \$3,895)*

To qualify for a loan, a minimum of \$5,000 worth of eligible improvement expenses need to be submitted. The maximum award for this program is \$5,000. Expenses submitted in excess of \$50,000 will not be counted towards the loan amount as maximum loan amount for this program is capped at \$5,000

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#### B. ELIGIBLE CAPITAL IMPROVEMENT PROJECTS

Eligible capital improvements include but are not limited to:

- Improvements made to the exterior of the building (exterior improvements made to either the front or the rear of the building qualify if the rear of the building contains a publicly accessible entrance to the building)
- Demolition projects which exceed 1000 square feet
- Façade Improvements including painting, exterior lighting, signage, windows, doors, gutters
- Permanent Patios
- Utility Screening (i.e. dumpster enclosure)
- Exterior Accessibility Improvements
- Improvements made to the site such as landscape and stormwater features will be evaluated on a case by case basis

#### C. INELIGIBLE IMPROVEMENTS

Certain types of improvements are ineligible for loan funding include but are not limited to:

- Interior improvements

- HVAC Improvements
- Corrections required due to building or zoning code violations
- Improvements subject to reimbursement by an insurance provider
- New Construction
- Routine maintenance (parking lot resurfacing, roof replacement) – exterior painting is eligible as it is not viewed as routine maintenance

D. PROCESS

Step 1: Applicant shall apply to CIIP program.

Step 2: Staff shall determine eligibility of applicant and availability of forgivable loan funds.

Step 3: Acceptance into CIIP program.

Step 4: Applicant shall complete the capital improvement project as described in approved application and provide staff with proof of eligible project expenses.

Step 5: Applicant shall execute Forgivable Loan Agreement with EDA.

Step 6: Staff shall disburse approved loan funds and determine loan eligible for forgiveness.

E. ELIGIBILITY FOR LOAN FORGIVENESS

Loans are eligible for full forgiveness upon proof of completion of the capital improvement project as described in the application and verified by proof of payment of the eligible project expenses.

F. TERMINATION

The EDA retains the right to terminate any agreement under the CIIP if a recipient is found to be in violation of any conditions set forth in the loan guidelines or agreement.

G. RIGHT TO DENY

The EDA retains the right to deny any application for funding.

H. INDEMNIFICATION

All recipients shall be required to indemnify the City, the EDA, and any officers acting on their behalf.

**V. APPLICATION PROCESS**

A. APPLICATION

Applications will be accepted on an ongoing basis and will be reviewed in the order they are received and will be considered based on the funds available for the program.

Applications need to be submitted using official application form and must include the following information

- Property Information
- Property Owner Information
- Type of Project (exterior renovation, demolition)
- Project Description
- Project Costs
- Date Project Completed
- Loan Funds Requested

B. APPROVAL

Upon submission of an application, City of Forest Lake staff will review the application to ensure complete information is provided. If additional information is needed, staff will request the needed information. After staff has performed an initial review and made a recommendation for approval the application will be forwarded on to the EDA for approval.

C. NONDISCRIMINATION

The EDA shall provide equal access to and opportunity in its program without regard to race, color, creed, religion, national origin, gender, age, marital status, familial status, disability, veteran status, or sexual orientation.

D. APPEALS PROCESS

Appeals concerning the eligibility or denial of an application for the CIIP program shall be made in writing and addressed to the City of Forest Lake.

City of Forest Lake  
Attn: Daniel Udem  
1408 Lake Street South  
Forest Lake, MN 55025

Once a written appeal has been received it be added to the next City Council agenda for consideration.