



# DOWNTOWN RESTAURANT FORGIVABLE LOAN PROGRAM POLICY MARCH, 2005

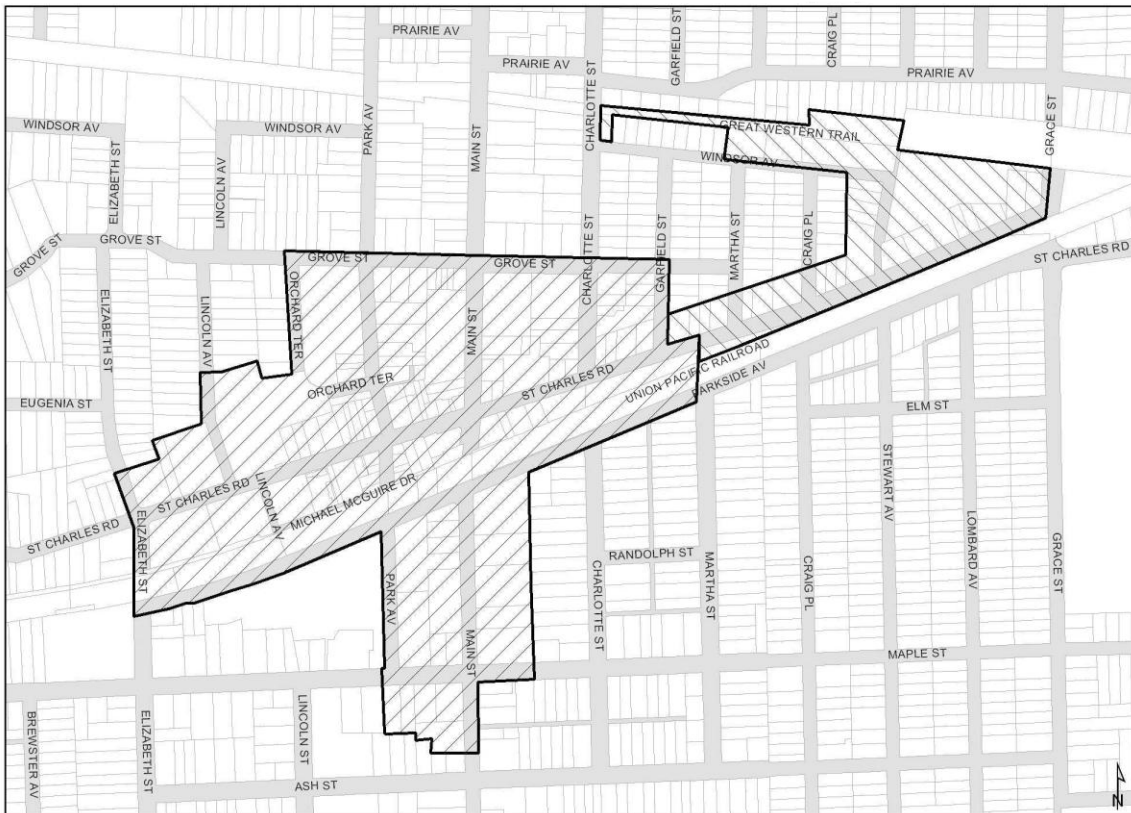
The purpose of the Downtown Restaurant Forgivable Loan Program (hereinafter the “Program”) is to increase the economic viability of Downtown Lombard by encouraging more restaurants. The Program will offer a forgivable loan for up to one-third (1/3) of the costs associated with the renovation of storefront or office space for use as a sit down restaurant. (hereinafter the “Forgivable Loan”). This Program is intended to complement and support the Village’s plans to maintain a quality downtown. Restaurants are considered desirable uses for the downtown in that they can create more activity in the downtown after business hours and bring more pedestrian traffic by other businesses in the downtown. The intention of the Program is to create a more viable and attractive area through private/public partnership.

### Eligible TIF Districts

The Program will only be offered in relation to buildings located within the Lombard Downtown TIF District or the Lombard St. Charles Road TIF District I (West) (“hereinafter the “Eligible TIF Districts”). The boundaries of the Eligible TIF Districts are shown on Figure 1 below.

Figure 1. Eligible TIF Districts

-  Lombard Downtown TIF District
-  Lombard St. Charles Road TIF I (West)



## **Program Eligibility**

Eligibility requirements to receive a Forgivable Loan for the renovation of storefront or office space for use as a restaurant (the “Project”) are as follows:

1. **Improvements.** Eligible improvements include code required improvements; life/safety improvements; repair work to floors, walls, and ceilings; upgrading/retrofitting mechanical systems; demolition; space reconfiguration; installation cost of permanent fixtures (except as noted below); finishing work (i.e. painting, coverings for ceilings, walls and floors), and soft costs (i.e. building permits, space/floor plans). The Program does not cover costs associated with trade fixtures or equipment specific to the business.
2. **Amount.** The cost of the Project must be no less than five hundred dollars (\$500.00) in order to be considered eligible for the Program. Approved applicants under the Program are eligible to receive a forgivable loan for up to one-third (1/3) of the cost for eligible improvements. Loans for up to ten thousand dollars (\$10,000) can be approved by the Economic and Community Development Committee. All Forgivable Loans above ten thousand dollars (\$10,000) must be approved by the Village Board, upon recommendation by the Economic and Community Development Committee. The maximum forgivable loan amount is one hundred thousand dollars (\$100,000).
3. **Ownership.** Eligible applicants include the owners of commercial, office or mixed-use buildings or tenants of a commercial, office, or mixed use building who have obtained the building owner’s consent relative to the Project application provided that the building is located within the Eligible TIF Districts.
4. **Businesses.** An eligible business must earn at least sixty-five percent (65%) of its gross income from food and beverage sales. Eligible businesses also must provide sit-down food service. Businesses offering exclusively carry-out and/or delivery service are not eligible. Existing restaurants may apply for a Forgivable Loan if they upgrade or expand their facilities pursuant to the Program parameters.
5. **Fees.** Professional, architectural, engineering, and Village permit fees may be included in the total improvement costs. The Program will fund up to twenty-five percent (25%) or one thousand five hundred dollars (\$1500), whichever is less, of architectural rendering fees prior to Project approval of the improvements. All requests for architectural rendering fees prior to approval must have proper documentation and invoices. There are no application fees associated with the Program. However, if an applicant owes money to the Village all accounts must be brought current before any portion of the Forgivable Loan is disbursed.
6. **Franchise store.** Special approval by the Economic and Community Development Committee is required for all free-standing franchise stores.

Franchise stores, which follow a company design policy, may apply on a case-by-case basis.

7. **Main Street Organization.** Recipients of a Forgivable Loan through the Program must maintain an active membership in the Lombard Towne Centre Organization.
8. **Conformance.** All improvements must conform to current building and zoning codes of the Village of Lombard. Any exterior improvements completed in the Lombard Downtown TIF District must conform to the *minimum design criteria* outlined in the “Downtown Lombard Improvement Plan” dated March 26, 1987. The business owner must maintain the property in compliance with all federal and local laws, ordinances, and regulations.
9. **Administration.** The Director of Community Development will administer the Program. The applicant must submit an application to the Community Development Department. A representative from the Community Development Department will review the application and all supporting documentation. A separate request for a building permit, an electrical permit and/or other permits and licenses shall be submitted to the Bureau of Inspectional Services. The Director of Community Development shall present the application to the Economic and Community Development Committee, along with a staff recommendation for a determination as to whether a Forgivable Loan should be approved. If the amount of the Forgivable Loan is less than ten thousand dollars (\$10,000) or less, the Economic and Community Development Committee has the authority to approve the forgivable loan. If the amount of the forgivable loan is greater than ten thousand dollars (\$10,000), the Economic and Community Development Committee will forward a recommendation to the Village Board, who will then determine whether the Forgivable Loan should be approved.
10. **Appeals.** If the application is rejected by the Economic and Community Development Committee, the applicant may resubmit the application after addressing the application deficiencies, or appeal the decision. If the applicant chooses to appeal the decision, a letter of appeal and supporting documentation must be sent to the Director of Community Development within ten (10) days of the rejection with said letter stating the reason for the appeal. The letter of appeal and supporting documents will then be forwarded to the Village Board. The Village Board will address the appeal at a Village Board meeting and make a final determination relative to the application. The denial of the appeal by the Village Board shall not preclude an applicant from submitting a new application for a Forgivable Loan.
11. **Procedural Requirements.** Participants in the Downtown Restaurant Forgivable Loan Program must accomplish the following steps:

- A. An applicant must have a preliminary meeting with representatives from the Community Development Department to determine eligibility for this Program and for advice and technical assistance.
- B. The owner and/or applicant shall submit the following documents to the Director of Community Development or a designated representative:
  - (i) Pre-application form;
  - (ii) Preliminary plans and preliminary cost estimates;
  - (iii) Business plan;
  - (iv) Details of signage and/or awning design;
  - (v) Proof of ownership, lease, and/or owners approval;
- C. After review by the Economic and Community Development Committee, and approval of the Forgivable Loan by either the Economic and Community Development Committee or the Village Board, depending upon the amount of the Forgivable Loan, a Certificate of Eligibility” will be forwarded to the owner/applicant.
- D. Upon receipt of the “Certificate of Eligibility”, the owner and/or applicant shall proceed as follows:
  - (i) Submit final plans and cost estimates to the Department of Community Development and apply for proper building permits; and
  - (ii) Submit three (3) contractor bids for the work outlined in the Downtown Improvement and Renovation Grant Program application. Also, indicate the preferred contractor; and
  - (iii) Submit a fully executed Forgivable Loan Agreement.
- E. Upon receipt of the items set forth in D above, a “Notice to Proceed” shall be forwarded to the owner/applicant by a representative of the Department of Community Development.
- F. Upon issuance of the Notice to Proceed, improvements and renovations may start after the required building permits have been issued. All necessary inspections should be coordinated through the Village’s Bureau Inspectional Services (BIS).

- G. The Forgivable Loan recipient must submit an affidavit containing his or her sworn statement that he or she has paid at least two-thirds (2/3) of the approved cost of the Project. Original paid receipts from contracts amounting to at least two-thirds (2/3) of the approved Project cost must be attached to the affidavit. Upon verification of the affidavit and receipts, the Village will release fifty percent (50%) of the Forgivable Loan funds.
  - H. Upon completion of the Project and after all final inspection from the Bureau of Inspectional Services have passed, the building will be inspected by a representative of the Community Development representative for conformance with the application.
  - I. Upon determination of conformance, and receipt of \_\_\_\_\_ the Village will process and disburse the remaining amount of the loan.
  - J. The Village will record a lien on the property on which the Project has occurred as a guarantee for the Forgivable Loan.
8. One-tenth (1/10) of the Forgivable Loan amount shall be forgiven for each full year after the recording of the lien that a restaurant is operated at the Project location. Release of the lien will be recorded by the Village ten (10) years after the recording of the lien, or earlier if repayment of the Forgivable Loan (or applicable portion thereof) is made to the Village. from the date the agreement was executed provided that no business other than a restaurant has operated at the premises. Anytime a business other than a restaurant operates at the Project location, the lien balance shall become permanent (no more amortized “forgiveness”) and the Village will record a document to this effect. In the event that any business other than a restaurant operates at the location of the Project, the balance of the loan shall be immediately due and payable from the property owner and the recipient of the Forgivable Loan.

Please call (630) 620-5746 for further information or to set up an appointment.

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