Commercial Property and Business Improvement Loan Program

The City of Fountain Valley is a pro-business environment. One of the City’s three year goals is to enhance economic development. Therefore, as part of its business retention program, City Council approved the Commercial Property and Business Improvement Loan Program to promote economic development. The program allows the City to provide low interest rate loans to the fee owners of commercial property to stimulate the local business environment and also enhance the overall appearance of the City. Commercial Property and Business Improvement Loan will be available to qualified, eligible commercial property owners to update and improve existing commercial properties in the Fountain Valley community.

What are the program goals?

- Stimulate economic development by providing incentives to increase business investment, improve business sustainability and create visually pleasing areas to attract new businesses and consumers.
- Increase local employment.
- Complement other revitalization efforts in the City.
- Support local business in order to further the economic health of the City.

The Program will utilize a cost-sharing approach requiring, if a City Loan is approved, that the commercial property owner to provide not less than 50% of the funds and the City will provide a matching City Loan that will not exceed 50% of the cost of the rehabilitation improvements, but in no event will the City Loan exceed $500,000. In all events, the disbursement of the proceeds of an approved City Loan will only occur after the Owner has incurred and expended all of its funds committed to the Rehabilitation and Scope of Work and based on the Disbursement Procedures, as the terms are more fully described herein.

The City and the Owner will develop a scope of work and rehabilitation plan agreeable to all parties to achieve the mutually desired result of correction of code violations, improvements and upgrades that will enhance the subject property and business operations thereon both physically and aesthetically.
Project Evaluation Criteria

Applications will be evaluated on the following criteria:

- Eligibility of the Applicant
- Eligibility of the proposed Scope of Work for the Rehabilitation
- The extent to which Owner’s private funds are to be leveraged
- The extent to which jobs are to be created
  - Type of jobs and wages
- The extent to which sales taxes are to be created
- The extent to which property taxes are to be created
- Evidence of ability to repay the City Loan
- Size of City Loan requested
- Schedule of the Rehabilitation
- Completeness of Owner’s application
- The level of deterioration, code violations, and overall condition of the commercial property
- Impact of the proposed rehabilitation and the resulting economic enhancement of the area
- Whether the rehabilitation will aesthetically transform the commercial property
- The long term sustainability and durability of the rehabilitation improvements
- Other factors as deemed appropriate by the City Manager and his authorized designee(s)
- Availability of appropriated amounts by the City for program (that year)

Requirements for Funding

To be considered for funding, the Applicant must meet all of the following minimum requirements:

- The Applicant must have owned the subject property for a minimum of five (5) years.
- Applicant must submit the following documents in connection with their application for a City Loan:
  - A detailed plan of the scope of work for the rehabilitation, including exterior improvements and a plan for correction of code violations both interior and exterior to the commercial property.
  - A developed marketing plan and business plan.
  - Three years of financial history including tax returns, balance sheets, profit/loss statements, cash flow statements and accountant notes.
  - Information regarding successful credit history.
  - Proof of verification for the minimum of one dollar ($1.00) of private funds for every one dollar ($1.00) of loan requested.

- Loan Proceeds Distribution. All loan proceeds will be maintained in an escrow account. Owner’s funds shall be expended prior to the proceeds of the City Loan. Draws from the account will be made at predetermined milestones of the construction. Approval of the draws will be authorized by the City Manager or his authorized designee(s). Owner’s general contractor must provide conditional waiver and lien releases upon partial payments as draws are received and an unconditional waiver and lien release upon final payment.

To apply or for more information, please contact:

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