

Gap Financing Revolving Loan Fund

Petersburg EDA

March 4, 2021

Dis-Investment Accumulates



Cost of Rehab is Greater than Final Value

- Other Blighted Properties keep Values Down
- Unproven Market
- Fewer Lenders
- Fewer Buyers
- Environmental Abatement
- Upgrade in Utilities
- Demolition + Construction

Gap Based on Sale Value

Rehab Costs

- Cost of Building = \$100,000
- Abatement = \$350,000
- Demolition = \$750,000
- Construction = \$9,500,000
- FF&E = \$1,750,000
- Overages = \$2,490,000

- TOTAL = \$14,940,000

Building Value

- Land = \$150,000
- Rehabbed Building = \$6,900,000
- FF&E = 35% = \$612,000
- TOTAL VALUE = \$7,662,000
- GAP = \$7,278,000

Financing Gaps

Sale Value

- Costs: \$14,940,000
- 20% Equity: \$3,000,000
- Primary Lender: (85% of Value)
= (85% of \$7,662,000) =
\$6,512,800
- Historic Tax Credits: (28% of
\$11,500,000) = \$3,434,400
- Funds = \$12,946,000
- Gap - \$2,000,000

Cash Flow

- Costs: \$14,940,000
- 20% Equity: \$3,000,000
- 3 year avg net cashflows =
\$350,000
- 80% of \$29,000/month = \$23,000
- Loan Based on Cashflow =
\$3,900,000
- HTC: = \$3,434,400
- Funds = \$10,334,000
- Gap = \$4,600,000

Gap Financing Revolving Loan Fund

- Bridges the financing gap for catalytic projects
- Targets High Impact Projects
- Replenishes through repayment
- Offers favorable terms
- Stabilizes the Tax Base
- Removes Blight
- Creates Jobs
- Invests in Petersburg