

**Carlisle Borough**  
Commercial Revitalization and Shopsteading Loan Program

## **Guidelines**

Carlisle Borough and its valued partners are committed to the ongoing revitalization of the downtown, its historic preservation, the sustainability of the surrounding neighborhoods and a vibrant, welcoming, business community. The Carlisle Borough Commercial Revitalization and Shopsteading Loan Program was developed specifically with downtown in mind, and offers attractive financing for deserving businesses. Our goal—to improve the business mix, the commercial property inventory and the overall look rendering Downtown Carlisle the place to live, work, shop, play and visit...your business address.

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- **DOWNTOWN PROGRAM AREA** The areas eligible for financing through the program include Downtown Carlisle, the areas surrounding downtown and gateway corridors within Carlisle Borough. Generally speaking, such an area is populated by largely locally-owned businesses or establishments as opposed to, for example, a preponderance of national chain or franchise businesses, and has public sidewalks necessary to promote added foot traffic as well as assure pedestrian safety.
  
- **ELIGIBILITY** To be eligible, applicants must meet the following criteria. An applicant must:
  - 1 lease, own or propose first-floor retail, commercial or professional office uses  
*note: preference is given to retail and restaurant businesses and, or, properties that include or are designed to include retail or restaurant businesses as part of the project being financed; properties may also include other uses*
  - 2 be a for-profit entity; with the exception of the Borough or as otherwise approved or recommended by the Borough, government entities and private, non-profit, corporations are not eligible
  - 3 be located within Downtown Carlisle, in the area surrounding downtown or along a gateway corridor
  - 4 be creditworthy, and have a creditworthy business and, or, project
  - 5 propose an eligible activity or activities; eligible activities include:
    - acquisition of real estate
    - acquisition or rehabilitation of fixtures, furnishings, equipment or major systems
    - new construction
    - working capital
    - property rehabilitation
    - site improvements
  
- note: top shop residential or other commercial rental units within the same property are eligible if more than half the total project cost is attributable to the first-floor commercial space; demolition is specifically excluded from eligibility*

**acquisition of real estate** – defined as: a) purchase of a property where the majority of the total first-floor square-footage is vacant or about to become vacant and a retail or commercial tenant has committed to occupying the space, b) the acquisition of a property where the first-floor space is occupied but would be converted to retail or commercial use, or c) the acquisition of a building by an existing retail or commercial tenant that will result in the expansion of that business within three years

**new construction** – defined as building additions

**property rehabilitation** – defined as interior and exterior repairs, upgrading, reconstruction or restoration; eligible rehabilitation items also include, but are not limited to, new fixtures, signage, flooring, wall and ceiling coverings, lighting, restrooms as well as major systems upgrades (electrical, plumbing, heating, air conditioning, roofing)

**site improvements** – defined as exterior improvements not connected to the building; eligible site improvement items include, but are not limited to, landscaping, sidewalk and curb replacement, repairs, parking lot construction, reconstruction and exterior lighting

**acquisition or rehabilitation of fixtures, furnishings, equipment or major systems** – defined as purchases of or repairs to such items or systems essential to or that add value to the property, the business or its operations; typically, such systems are not portable and would convey with the property or business if sold

**working capital** – defined as short-term obligations and expenses to open and operate the business such as for accounts payable, inventory, payroll, advertising and overhead expenses; working capital is limited to no more than half of the loan provided through the program

■ **JOB CREATION REQUIREMENT** Those provided a loan through the program, whether a first-floor business tenant or the property owner, are required to realize, create, new jobs at that specific location. For loans up to \$35,000, one full-time or two or more part-time-equivalent jobs are required to be created within two years of the loan closing date. For loans up to \$70,000, two full-time or part-time-equivalent jobs must be created within two years of the loan closing date. Regardless of the amount of the loan, these jobs must be offered, be available, to persons from low to moderate-income-level households as determined each year for Cumberland County. Furthermore, the borrower must ensure that at least 51% of any new jobs created during the loan period be held by, or made available to, low-to-moderate-income persons. For example, if the business creates seven new jobs during the loan term, four of those jobs must be held by, or made available to, persons making 80% or below the median income for Cumberland County. The borrower will provide, throughout the life of the loan, information requested periodically by the Cumberland County Redevelopment Authority to document fulfillment of the job creation requirement.

■ **LOAN DETAILS AND TERMS** The guidelines differ depending on whether the borrower owns or leases the property.

acquisition or rehabilitation, etc., where the **property is owned by the borrower**

- the minimum loan amount is \$5,000
- the maximum loan is 50% of the total eligible project costs or \$70,000, whichever is less

- the annual interest rate on the loan is 2%
- the loan shall be amortized over 25 years, with a balloon payment at 10 years
- the total of this loan and any other senior liens cannot exceed the appraised value of the property
- the debt to loan ratio cannot exceed 90% of the appraised value of the property
- the borrower will be required to execute loan documents which will include a note and a mortgage against the property, and such other loan documents required by the Borough including, but not limited to, documents creating a security interest in the fixtures, furnishings and, or, equipment and personal guarantees which may or may not be secured by other property owned by the borrower
- the loan may be subordinate to the loan of the first mortgage lender and other lien-holders determined on a case-by-case basis
- working capital is limited to no more than half of the loan provided through the program

property rehabilitation, site improvements, major equipment/systems, etc., **where the borrower has a lease (does not own the property)**

- the minimum loan amount is \$5,000
- the maximum loan amount is \$35,000 or 50% of the total eligible project costs, whichever is less
- the annual interest rate on the loan is 2%
- the maximum repayment term is seven years
- the total of this loan cannot exceed 90% of the total cost of the rehabilitation, improvements, equipment, fixtures and furnishings
- the loan may be subordinate to other lien-holders in all cases
- the borrower will be required to execute loan documents which will include a note and such other loan documents required by the Borough including, but not limited to, documents creating a security interest in the fixtures, furnishings and, or, equipment and personal guarantees which may or may not be secured by other property owned by the borrower
- working capital is limited to no more than half of the loan provided through the program

■ **LOAN UNDERWRITING** The Cumberland County Redevelopment Authority administers this program on behalf of Carlisle Borough. The Authority will underwrite the loans providing all analysis and reviews. Authority staff will review the applicant's credit (including obtaining a credit report), the current and prospective cash flow from the project and the strength of the collateral for the loan. Each loan must be approved by Carlisle Borough Council. Prior to approving loans for acquisition or the rehabilitation of borrower-owned real property, the Authority will request an appraisal of the property prepared within one year of the loan application by an appraiser with general appraisal certification credentials. This requirement pertains only when the borrower is the property owner.

***note:** use of federal funds through this program may also require a determination that any work related to the project will not result in detrimental environmental or cultural resource impacts; the Authority must secure any required environmental clearances prior to the loan settlement*

■ **FEES INCLUDING CLOSING COSTS** There is no fee to apply. Applicants can expect to pay a minimum of \$500 for attorney's fees and closing costs at the time of settlement.

- **AVAILABILITY OF LOAN FUNDS** The loan funds will be provided to the borrower at closing.

**Cumberland County Redevelopment Authority**

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