

# Uncovering the cash

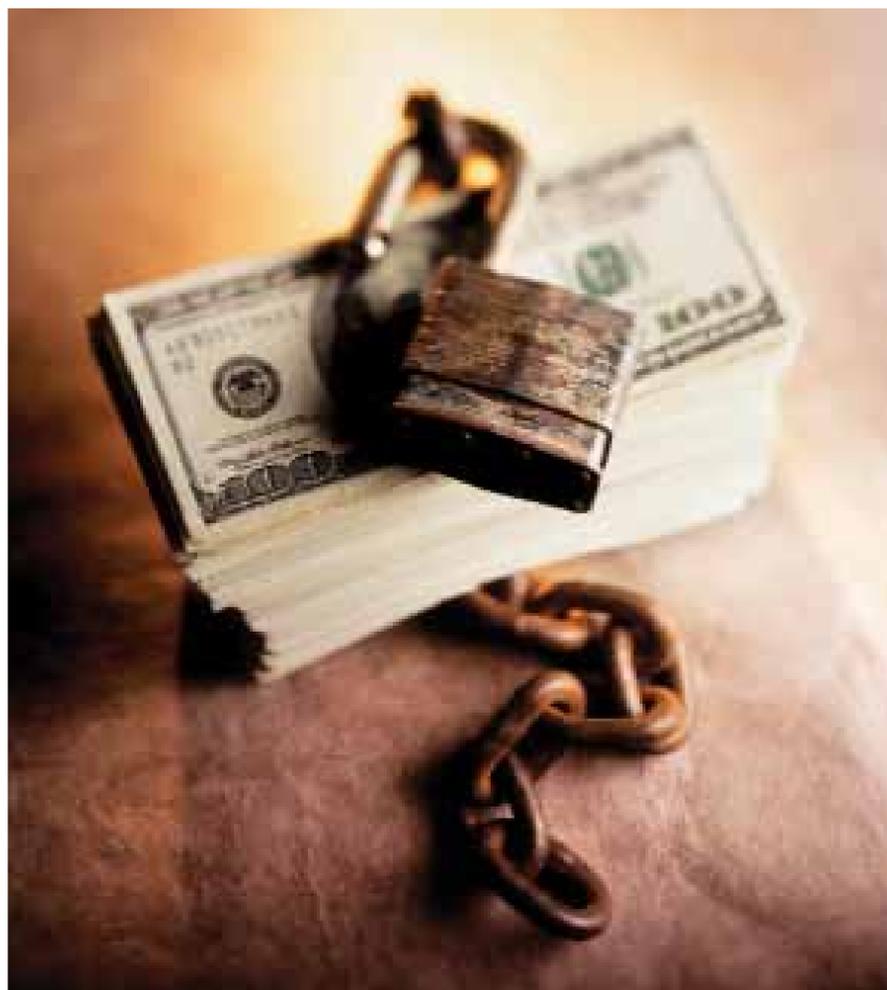
**Credit may be tight in traditional commercial lending sectors, but redevelopment grants and low-interest loans can help bridge the financing gap**

**I**n a tight commercial lending market, some of the best financing options might be found through local government and community development organizations with access to state and federal grants and loans for brownfield redevelopment and alternative energy projects.

“We have a lot more tools in our tool box,” says Karen Harkness, director of community development for the city of Appleton.

For example, the city can apply for brownfield remediation funds to help with site analysis, investigation and demolition of old structures. As a government entity, the city also can apply to the state’s Voluntary Party Liability Exemption program to ensure that neither the city nor the new developer is held liable if any other contamination is discovered on the cleanup site. It’s not grant money, but it offers a sense of security and can save money later on, Harkness says.

The U.S. Department of Housing and Urban Development offers brownfield-related grants and guaranteed loans through its Brownfields Economic Development Initiative to kick-start economic development and create jobs for low- to moderate-income workers. It’s a way to encourage development of abandoned or underused



commercial and industrial facilities where possible environmental contamination might otherwise make developers shy away from a project, according to HUD.

Harkness says right now there’s

a lot of grant money available through the Department of Energy for geothermal heating and cooling projects. Last fall, the DOE awarded Chicago-based Tanesay Development more than \$978,000 for integrating

“The numbers speak for themselves in terms of the impact the revolving loan fund programs have had – the number of companies we’ve been able to help over the years, and the number of jobs they’ve helped create or retained for the community.” – Sam Perlman, Door County Economic Development Corp.

river water into the heating and cooling system for RiverHeath, a planned commercial and residential development on the Fox River in downtown Appleton. RiverHeath developers also are applying for a low-interest loan through HUD to develop housing that meets the needs of the community.

“A lot of people think that HUD only deals with low-income housing,” Harkness says, but the agency also wants to ensure there are varying grades of apartments for people of various incomes and needs.

Earlier this year, the city of Appleton also helped Baraboo-based Foremost Dairy secure \$30 million in Recovery Zone Facility Bonds for expansion in three plants in Richland Center, Rothschild and Appleton. Harkness says that municipalities act as a conduit to secure these bonds, which are a part of the stimulus package. The state collected \$184 million in these bonds and there is about \$90 million still available through the Department of Commerce. The state must allocate those funds by the end of the year or they’ll disappear, she says.

The Door County Economic Development Corp. administers a revolving loan fund that offers financing to new or expanding businesses, says Sam Perlman,

economic development manager for the corporation. DCEDC has facilitated 58 loans worth nearly \$8.5 million during the funds’ 19-year history. The private investment has been more than \$37 million, and the program has created 461 new jobs and retained 76 full-time positions, according to the DCEDC.

“What’s nice about our funds is we’re able to be more flexible than a commercial lender,” Perlman says. The corporation can offer lower interest rates or creative repayment terms, such as interest-only or seasonal payments, he says. The fund can finance up to 50 percent of a project and only up to \$250,000, so these loans can be used to supplement other financing, Perlman says.

“We’re almost always working in conjunction with local lenders in putting these deals together,” he says.

The fund also stipulates that for every \$20,000 loaned, one full-time job must be retained or created within three years, he says. That’s good for the community, but does limit the type and size of businesses that the corporation can help, he says. In a county such as Door, lots of new businesses are small start-ups. “We would love to see the ability of our loan programs to be even more

flexible,” he says.

Last year the program approved \$654,000 in loans to Brickner-Meikle Dairy, Pro Products, Peninsula Vision Care, Therma-Tron-X and Sister Bay Trading. The five projects will create 18 new jobs and retain 10 during the next three years, says Perlman.

“Without a doubt, I think really the numbers speak for themselves in terms of the impact the revolving loan fund programs have had – the number of companies we’ve been able to help over the years, and the number of jobs they’ve either helped create or retained for the community really speaks volumes how important these programs are throughout the community,” Perlman says.

Businesses that are looking to expand or build should contact their local community development officials to explain their goals, Harkness says.

“It helps us if we know the timeline, what kind of project it is, whether it’s new equipment, an addition, a new business, how many employees, their timeline, whether they need a railroad spur, parking – we just need to ask a series of questions about the project so we can be familiar with the project, so we can best help them.”