



Harry Wingerter: "We're a little concerned. We're reaching the end of the year and have a lot of money nobody seems to be interested in."

Subsidized Business loans are available

By Casey Hans
staff writer

Time is running out with \$52,000 left in the kitty.

Farmington was one of six Oakland County communities approved for the Commercial Assistance Program last March. It was allotted that amount through the 1986 CAP for subsidizing business loans. A small portion was held over from the 1985 program.

The money would subsidize more than \$230,000 in low-interest loans for merchants and property owners in Farmington.

But no one has applied for the money yet, and officials say they have only until Dec. 31 to use it.

"We're a little concerned," Farmington Downtown Development Authority Board President Harry Wingerter said Tuesday. "We're reaching the end of the year and have a lot of money nobody seems to be interested in."

The DDA board is charged with evaluating applications for CAP. With plans under way for the formation of a tax increment financing authority for \$1.44 million in public renovations in the downtown area, the group is concentrating on private investment to enhance the rejuvenation effort.

THE CAP loan subsidy program presently yields an effective interest rate of 6 percent for the 7-year loans. All loans go through Manufacturers-National Bank — the institution selected by Oakland County — which offers an effective rate of 6/4 points below the bank's prime rate for the program.

DDA board member and local bank president Robert Heinrich speculated no one has borrowed under the CAP program for several reasons:

- with a fixed 7-year program, CAP does not allow businesses to get the long-term amortization a standard bank note offers.

- with a drop in the prime rate, the CAP offers only a several-point spread over a standard bank loan package.

- the program is tied to a single bank; other area bankers do not promote the program because they are not involved with it.

• If business people apply for small subsidized loan packages, it's not worth the effort of filling the paperwork.

"I don't believe the financial community is solidly behind the program," Heinrich added.

Most of the DDA board agreed these are CAP problems, but discussion showed there still may be a chance for local business owners or tenants to use the money. "A lot of baby steps have been taken, but no commitment has been made," board member E. Gregory Hohler said about some local businesses.

"We're at a crossroads now," board member Richard Donner added. "We either have to get on with it, or get off of it."

Administrative assistant for the city, Robert Schultz, said Oakland County is considering allowing CAP loans under \$15,000 to be placed through any local bank, but he said this had not yet been approved. The program presently allows either a building owner or tenant to make

use of the money, although the building owner must sign a lien on the building for a tenant to be eligible for CAP funds.

No action was taken by the DDA board Tuesday, but members said the group should continue promoting the CAP program and using it as a tool. Wingerter also suggested involving the Oakland County architect with local business people to promote the idea of renovating the buildings. He also advocated the formation of a formal ad hoc committee to solicit use of the CAP money.

"If we keep doing what we're doing things will fall into place," Farmington City Manager and DDA Secretary Robert Deadman added. "We're dealing for the most part with people with some sophistication. They know what their bottom line is."

"It comes down to commitment," Hohler said. "We've all been talking that. Everybody's been sitting back and waiting to see what happened with the TIFA. I think the private investment will begin happening."

Bids will be sought

The Farmington Downtown Development Authority board of directors will spend the next 60 days preparing to bid out the planned \$1.44 million in downtown renovations.

The board will seek a firm proposal and plan from Christopher Wenzel, the planner who worked with the city throughout the design phases of the rejuvenation project. They hope to consider his proposal at the next regular DDA meeting Dec. 2.

Because of pending litigation, bid sales for the project are not possible, City Manager and DDA Secretary Robert Deadman told the board Tuesday.

The DDA will seek loans from the city "as needed" to get the project started. The majority of the funding will come from a tax increment financing authority, or TIFA, which will be used to fund the five physical project phases and pay back the borrowed city money.

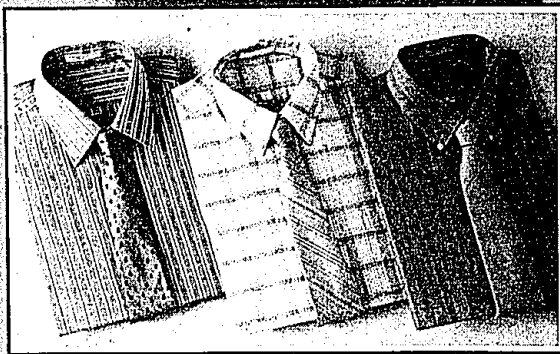
"We would like to go out to bid this winter," Deadman added.

IN ADDITION, Deadman said he hopes Detroit Edison can fix city lighting problems when the DDA project begins and sidewalks are torn up. He will suggest they also reduce lighting wattage on large street lights to enhance the downtown project, which includes new pedestrian lighting.

Taxing authorities affected by the proposed TIFA have 60 days from the date the Farmington City Council adopts the TIFA to attempt to block it by filing a lawsuit. Since there was no negative comment at a recent public hearing, officials do not expect an attempted block. Farmington Public School officials recently voted not to sue the city over the TIFA.

The city council introduced a TIFA ordinance Nov. 3.

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