

Business Disaster Recovery Programs

Commercial Rental Revenue Gap

Program Guidelines

Purpose/Program Description

The program element is designed to assist with cash flow for commercial building owners to offset the loss of revenue from rental space that was physically damaged by the disaster. Up to 12 months lost rental revenue is available to businesses who own commercial rental property, up to \$25,000 per unit.

Definitions

- *“Administrative entity”* means the direct applicants for this activity who are the cities of Cedar Falls, Cedar Rapids, Des Moines, Iowa City and Waterloo, and “lead” counties applying on behalf of the six Disaster Recovery Areas designated by IDED.
- *“Business”* means a corporation, a professional corporation, a limited liability company, a partnership, a sole proprietorship, or a nonprofit corporation.
- *“Disaster –damaged space”* means a business rental space that was physically damaged by the 2008 natural disaster(s). This definition includes upper stories of a building that was physically damaged in the basement or ground floor, or both, as well as a building constructed at the same site to replace a building that was destroyed due to damage resulting from the 2008 natural disaster(s).
- *“Physically damaged”* for the purpose of this program means physical damage caused by flooding including overland flow, or physical damage caused by tornado. Damage caused by sanitary or storm sewer backup is not included unless the department determines that such damage was a direct result of the 2008 natural disaster(s).
- *“Lost Rental Revenue”* means the amount of base rent stated in property lease at the time of the 2008 natural disaster(s) or for commercial building owners participating in a buy-out, the amount of base rent stated in property lease in effect when the tenant vacates the property.

Eligibility

- Business currently owns a commercial building that was physically damaged by the 2008 natural disaster(s) and business was the owner of record prior to the disaster(s).
- Common ownership must have been in place both pre-disaster and active post-disaster.
- Business has provided lease agreements from tenants prior to the 2008 natural disaster(s) or for a commercial building owner participating in a buy-out, business has provided lease agreements in effect prior to March 1, 2011.
- Business has provided lease agreement from current tenant or documentation of final inspection by local government showing rehab/repair of the building is complete and ready to be occupied by a new tenant.
- Lost rental revenue from a sublease, including chair rental, is not eligible.

Eligible program activities; maximum amount of assistance

- An eligible business may apply for total reimbursement of up to \$25,000 per-unit of actual lost rental revenues based on executed leases at the time of the 2008 natural disaster(s) and/or executed leases in effect prior to March 1, 2011 for applicants whose commercial tenants vacated as a result of the buy-out. Assistance is not available for units vacant at the time of the disaster. However assistance is available for

reoccupied units which were vacated as a result of the landlord's participation in a commercial property buy-out.

- One payment will be issued for up to the first 12 months the unit was vacant and remained vacant, beginning at the time of the disaster or one payment will be issued for up to 12-months from the time the unit becomes vacant until the date of closing for property buy-out.

Duplication of Benefits

- Business has completed and submitted the required Consent and Release Form, Subrogation Agreement, and Duplication of Benefits Affidavit.

Distribution of funds to administrative entities

- Funds will be awarded to administrative entities on a first-come, first served, based on amount needed for business applications approved and forwarded to IDDED.
- An administrative entity shall award funds to an eligible business in the form of a grant.
- Applications for funding shall be received by the administrative entities by December 31, 2010. Applications for funding commercial property in the buy-out shall be received by the administrative entity by December 31, 2012.
- Funds for this program will be available through June 30, 2013.
- Application period may be terminated if funds are not sufficient.

Program administration; reporting requirements

- Each local administrative entity shall enter into a contract with an eligible business to provide assistance under this program. The contract will include terms and conditions that meet the requirements of these guidelines and include provisions requiring repayment if funds are not used in compliance with the program guidelines.
- Each administrative entity will provide oversight and administration to ensure that the recipients of the program funds are meeting the contract requirements. Each administrative entity will collect data and submit reports to the department about the program in the form and content required by IDDED.