

## **Downtown Residential Incentive Fund DRIF (Explanation and Example)**

The purpose of the program is to provide a catalyst for new and accelerated residential development in the downtown area by providing a loan guarantee that would become a grant if used to cover the construction interest (only) for new downtown dwelling units, after completion (after Certificate of Occupancy) until the time of sale or lease, up to one-year.

Projects would qualify for grants up to \$5,000 per unit or 4% of the construction loan, times the number of units in the development. The initial program suggested should be funded at \$40,000. Downtown Smithfield Development Corporation recognizes the DRIF program as being a creative way to encourage downtown residential development at a time when it is difficult to attract investors. It is modeled and modified after Downtown Greensboro Incorporated DRIF program.

(Example of DRIF)

DRIF – for the Gabriel Johnston Hotel Project

Interest in First Year on \$1,214,304.00	\$71,976.34
Interest % based on income % on Residential Units 0.57%	\$41,026.51
Number of Residential Units	8
Possible DSDC Commitment Per Unit during first year	\$5,128.31

Developer pays monthly mortgage to bank, and submits copy of payment for reimbursement of interest %

Monthly interest is not paid on note by DSDC until unit has Certificate of Occupancy.

Length of commitment by DSDC is 1 year from time of CO is issued.

Max payment to Developer is \$5,000 "per unit" during first year

DSDC is no longer required to pay on monthly interest if unit is sold or leased during first year.

DSDC will have exclusivity to marketing residential units during first year after CO is issued.

Max commitment to Developer for total project is \$40,000 over the first year if none of the units are lease or sold.

Submit the questions and application inquiries to:

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