

July 28, 2009

Introduction

MEMORANDUM

July 24, 2009

TO: County Council

FROM: Minna K. Davidson, Legislative Analyst

SUBJECT: **Introduction:** Resolution to support application for a State of Maryland Neighborhood BusinessWorks program loan: Hook and Ladder Restaurant

The State of Maryland's Department of Housing and Community Development (DHCD) administers the Neighborhood Business Works (NBW) program which provides gap financing to new or expanding small businesses and nonprofit organizations in locally designated neighborhood revitalization areas in the State. Current information on the Neighborhood BusinessWorks program from DHCD's website is on © 4. The State requires a resolution of support from the County to approve NBW financial assistance.

The County Executive recommends that the Council approve a resolution supporting the Hook and Ladder Restaurant's application for an NBW loan of \$500,000. The requested loan will help the Hook and Ladder Restaurant renovate, restore, and convert the former Silver Spring Volunteer Fire station into a firefighter-themed restaurant and pub. The applicant is planning to open the restaurant first, and then explore the possibility of brewing alcoholic beverages on site in the future.

The restaurant will be located at 8131 Georgia Avenue in Silver Spring, a landmark building constructed in 1914. The site is located in the CBD-1 zone which includes eating and drinking establishments as permitted uses. The restaurant will complement other public and private investment in the area.

The project is expected to create 125 new jobs in the Silver Spring Central Business District, and support the continued revitalization of Silver Spring. The total project cost is estimated at \$2.4 million.

An approval resolution is attached on © 2-3. Council action is tentatively scheduled for September 15.



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

July 24, 2009

TO: Philip M. Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Resolution to Support the Hook & Ladder Restaurant Application for a State
Neighborhood BusinessWorks Program Loan

Attached for Council action is a resolution to support the application of Hook & Ladder Restaurant for a loan of \$500,000 from the Maryland Neighborhood BusinessWorks Program. In addition to requiring the organization's financial statements, the State also requires a resolution of support from the County in order to approve financial assistance.

Hook & Ladder Restaurant is seeking to renovate, restore, and convert the former Silver Spring Volunteer Fire Station into a firefighter-themed restaurant and pub. The applicant is planning to open the restaurant first, and then explore the possibilities of brewing alcoholic beverages on site at some time in the future. The business will be located at 8131 Georgia Avenue, Silver Spring, Maryland, 20910, a landmark building constructed in 1914. The site is located in the CBD-1 zone. Permitted uses in the CBD-1 zone include Eating and Drinking Establishments. We believe this business will complement other public and private investment in the area.

The proceeds of the loan will assist with the renovation project. The project expects to create 125 jobs, including managers, chef and kitchen staff, wait staff, bar staff, and support staff in the Silver Spring Central Business District and will support the continued revitalization of Silver Spring. The total project cost is expected to be \$2.4 million.

Thank you for introducing this resolution at my request, and for your consideration of the resolution.

IL:sns

Attachment

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

Subject: A Resolution by the Montgomery County Council supporting a loan application by Hook & Ladder Restaurant for a State of Maryland Neighborhood BusinessWorks Program Loan

Background

1. The State of Maryland, through the Department of Housing and Community Development (DHCD), has established the Neighborhood BusinessWorks Program.
2. The Neighborhood BusinessWorks Program is a part of the Smart Growth initiative designed to promote commercial and economic revitalization efforts in targeted areas.
3. The Neighborhood BusinessWorks Program provides financing to businesses that wish to expand or locate in locally designated revitalization areas that are approved by the State of Maryland as a Smart Growth Area.
4. Montgomery County is committed to support revitalization in targeted areas and has designated Silver Spring as a Commercial Revitalization Area and a Smart Growth Area in the State of Maryland. Hook & Ladder Restaurant is seeking renovate, restore, and convert the former Silver Spring Volunteer Fire Station into a firefighter-themed restaurant and pub. The business will be located at 8131 Georgia Avenue, Silver Spring, Maryland, 20910, a landmark building constructed in 1914. This business will complement other public and private investment in the area.
5. The site is located in the CBD-1 zone. Permitted uses in the CBD-1 zone include Eating and Drinking Establishments.
6. Under the Neighborhood BusinessWorks Program, Hook & Ladder Restaurant has applied for \$500,000 financing to assist in renovating the building and establishing the business.

Resolution No. _____

7. The County Executive and the County Council support the provision of financial assistance to Hook & Ladder Restaurant for the stated purpose. This support is given as specified in COMAR 05.13.01.06A.(7)

Action

The County Council for Montgomery County, Maryland approves the following Resolution:

The Montgomery County Council supports the application for \$500,000 in financial assistance from the Maryland BusinessWorks Program to assist in the establishment of Hook & Ladder Restaurant in the Silver Spring revitalization area.

This is a correct copy of Council action:

Linda M. Lauer, Clerk of the Council

Isiah Leggett, County Executive

Date

Approved as to form and legality:



County Attorney Staff Signature

7-16-09
Date

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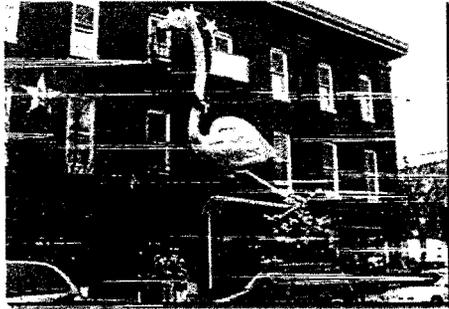
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NEIGHBORHOOD BUSINESSWORKS (NBW) is the state's premiere small business loan program providing competitively-priced, flexible financing for the costs associated with business startup and expansion.

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Hampden's signature restaurant on the "Avenue" received a Neighborhood Business Works Loan for Expansion.

The Neighborhood BusinessWorks loan program provides gap financing, i.e. subordinate financing, to new or expanding small businesses and nonprofit organizations in locally designated neighborhood revitalization areas throughout the State. Occasionally, there are competitive rounds for NBW Grants.

For more information on how a community can become a Designated Neighborhood, click [here](#).

WHO CAN APPLY

Maryland-based small businesses (as defined by the U.S. Small Business Administration), local development corporations and nonprofit organizations whose activities contribute to a broader revitalization effort, and whose projects are intended to promote investment in commercial districts or town centers. Local governments are not eligible applicants.

ELIGIBLE PROJECTS & USES OF FUNDS

- Mixed-use projects combining residential and commercial uses in the same building
- New construction or rehabilitation
- Machinery and equipment
- Certain other costs associated with opening or expanding a small business

- Real estate acquisition
- Manufacturing
- Service providers
- Retail

Note: A Minority Business Enterprise Plan is required for those projects where Neighborhood BusinessWorks funds will exceed \$250,000 for construction or rehabilitation.

PROJECT CRITERIA

- Project must be located in a Designated Neighborhood
- Project viability and potential impact on the neighborhood
- First floor business or retail space use that generates street level activity in mixed use projects
- Improvements to a vacant or under-utilized building or site
- Readiness to proceed
- Cash flow and collateral



Cumberland Town Center received a Neighborhood Business Works Loan for Acquisition and renovation of two adjacent vacant buildings for mixed use.

Priority is given to projects that strengthen neighborhood commercial districts and are part of a greater revitalization strategy. The following types of projects and activities **will not** be considered for financing:

- Residential or transient living facilities (other than mixed-use projects described in *eligible projects section*)
- Facilities such as community halls, fire stations, hospitals, colleges or universities
- Adult bookstores, adult video shops, other adult entertainment facilities, gambling facilities, gun shops, liquor stores, massage parlors, pawn shops, tanning salons, or tattoo parlors

LOAN TERMS

- Interest rate is based on an underwriting analysis
- Target loan term is five to 15 years, depending on use and loan amount
- Minimum five percent applicant cash contribution is required (based on total new project cost)
- Personal guarantees and collateral are required
- No prepayment penalties

APPLICATION

Applicants must complete a Neighborhood BusinessWorks loan application package. Upon loan approval an applicant will receive a commitment letter from the Maryland Department of Housing and Community Development. Loan approval requires that applicants meet underwriting guidelines. Applicants must have executed the necessary legal documents prior to disbursement of the loan proceeds.

- [Loan Program Application Package \(For-Profit and Nonprofit Organizations\) \(MS WORD\)](#) [\(PDF\)](#)

FOR MORE INFORMATION

Dawn Medley
Director, Business Lending Programs
Maryland Department of Housing and Community Development
100 Community Place
Crownsville, MD 21032
Phone: (410) - 514 - 7237
Medley@mdhousing.org

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