

CITY OF HIGH POINT

AGENDA ITEM

**Title: Building Revitalization and Demolition Grant****From:** Wendy Fuscoe, Core City Administrator**Meeting Date:** September 8, 2015**Public Hearing:** No**Advertising Date /** N/A**Advertised By:****Attachments:** Building Revitalization and Demolition Grant Guidelines
Map

PURPOSE:

This grant is intended to encourage the reuse of underutilized or vacant buildings that will then lead them to occupancy.

BACKGROUND:

Last winter, Councilman Ewing and Wagner requested that staff look at the creation of incentives for the Downtown District (see attached map). The Building Revitalization grant was discussed at the Feb. 4 2015 Prosperity and Livability Committee, with a favorable recommendation to City Council once a few changes were made to the guidelines. On June 18, 2015, City Council approved the establishment of a Municipal Service District for this Downtown District which will give the City the authority to implement financial incentives in this district. The Prosperity and Livability Committee discussed the revised guidelines again at their July 15, 2015 meeting and recommended consideration by City Council with a favorable recommendation. The proposed incentives are proposed to encourage commercial activity and building rehabilitation in the downtown corridor area.

BUDGET IMPACT:

Building Revitalization Grant: Grants would be approved on a case by case basis by City Council.

RECOMMENDATION / ACTION REQUESTED:

Council is requested to adopt these guidelines and implement the Building Revitalization and Demolition Grant Program for the Downtown Corridor.



Building Revitalization and Demolition Grant Guidelines

Building Revitalization and Demolition Grant Guidelines

The City of High Point's Objective: Through targeted incentives, the City aims to redevelop distressed commercial areas. The changing nature of commercial development has led to disinvestment in the core city. This grant program is intended to provide investments and targeted development incentives to encourage upfit of underutilized or vacant buildings, improving occupancy in the core city.

The Building Revitalization Incentive Grant program is intended to encourage the reuse of existing buildings that have been identified by city staff as vacant or under-utilized within a designated Urban Revitalization Area. This grant program is designed to help owners of vacant or underutilized property make improvements that will result in the occupancy and reuse of their buildings and improve the surrounding neighborhood.

Purpose of the Vacant Building Revitalization Grant Program

- Attract reinvestment in distressed commercial and industrial corridors;
- Encourage projects that will help reduce blight in the Urban Revitalization Area.
- Encourage new and existing businesses to locate in substandard and functionally obsolete vacant or underutilized buildings;
- Beautify, upgrade, and market, vacant or underutilized properties in the Urban Revitalization Area;
- Stimulate and encourage good design in the rehabilitation of vacant or underutilized properties; and
- Preserve the unique character of historic properties;
- Encourage the formation of public/private partnerships for revitalization efforts.

Geographic Boundaries of the Grant Program

The City of High Point has designated a Downtown Municipal Service District ("Downtown MSD") within the city limits and area referred to as the core city. (See attached map.).

Business Development Committee (BDC):

- The BDC shall consist of five (5) members
- The BDC members shall be appointed by the City Council and will serve a 3-year staggered term.
- The Grant Administrator shall be the Core City Administrator and serve as an ex officio member of the BDC but without the right of a vote.
- City staff shall provide technical and professional assistance to the BDC upon request and with reasonable notice of the need for such support.
- The BDC shall review all grant applications covered under these grant guidelines and provide a recommendation to City Council.

Features of the Building Revitalization Grant

Grants of up to \$20,000 or 15% of eligible projects costs (whichever is less) are available for interior and exterior improvements to buildings that are located in the Downtown MSD. The program is also open to future Brownfield Sites, as designated by the Core City Administrator, within the Downtown MSD. Grants are awarded on a competitive basis with priority given to suspect Brownfield sites.

- Grants are awarded on a reimbursement basis.
- Approvals for a grant must be secured before work begins on the proposed project.
- Projects must be for improvements to buildings and must respect the architectural integrity of the structure and its historic significance. Designated historic structures must comply with the city's historic preservation requirements. Examples of eligible improvements include, but are not limited to, the following list:
 - Window replacement
 - Repairs to the façade
 - Repairs to or replacement of the roof
 - HVAC, plumbing, and electrical systems
 - Interior up-fits
 - Improvements necessary to protect the structural integrity of the building
 - Door repairs or replacement
 - Awnings
 - Environmental site assessment and remediation

Features of the Demolition Buildings Grant

Funds may also be used for the demolition of substandard buildings, if approved by the Business Development Committee and the High Point City Council. If plans are not submitted for a new structure on the site at the time of the application, the applicant then must submit a site restoration plan for the lot to ensure that the site is adequately cleaned up and will not contribute to blight in the community. The amount available for demolition will be at the discretion of the committee based on whether or not demolition is in the city's best interest and the best interest of the surrounding area. Grants for demolition are available at a maximum of thirty-five percent (35%) of demolition and site restoration costs up to a maximum of \$10,000.

Guidelines

1. Signage and business equipment are not eligible for grant funding. The only exception is that signage improvements that involve the removal of nonconforming signs may be eligible for funding.
2. Repairs eligible for grant funding must include the side fronting the street to which the building is addressed.
3. Structure must be covered by a current insurance policy sufficient to cover the value of the structure plus improvements.
4. Applicants must submit a reuse plan which details the applicant's plans to market and reuse the property.
5. All activities must lead to the reuse of the vacant or underutilized building within 24 months of the grant award. Projects receiving funding for demolition must complete all demolition and site restoration activities within 120 days unless additional time is written into the grant agreement approved by City Council.
6. Suspect and future Brownfield sites will be given priority.
7. End uses must be proposed for at least fifty percent (50%) of the building square footage.
8. Since one of the purposes of the program is to upgrade the building stock and stabilize declining buildings, successful applications will likely involve buildings that have not been significantly renovated in the past 15 years.
9. There is no right or entitlement to grant funding. All funding decisions are made at the discretion of the granting authority and subject to budget appropriation. Any grants under this program shall be awarded only after a public hearing before the High Point City Council.
10. To be eligible for funding from the grants, the building must qualify for a Certificate of Occupancy at the time of application or at the completion of the project. The grant may not be used for improvements to a building which may not be occupied due to code violations or other enforcement issues.
11. Grant requests must be approved before any work begins. Any work done prior to approval will not qualify under the grants.
12. A single property will only be considered for either the Building Revitalization Grant OR the Building Demolition Grant. No property shall be eligible to receive both grants.
13. Grant applications shall be reviewed by the Business Development Committee with a recommendation that must be approved by the City Council. Improvements to the building must comply with the Features of the Building Revitalization Grants as stated above.

Review Criteria

When reviewing proposals, the Business Development Committee shall take the following into consideration:

- Strength of the applicant's Reuse Plan
- Impact to the tax base and the overall economic impact of the project
- Number of jobs created by the project
- Reduction of crime

- Improvement to the overall appearance of the site, building, and business district
- How well the project accomplishes the goal of this program and the overall goals of the City
- Whether the project meets the requirements outlined above
- Length of time the building has been vacant or underutilized
- Compliance with the Land Development Code and current master plans
- Whether the building is a suspect Brownfield site
- Appropriateness of the proposed use and the compatibility of the design of the redeveloped building to the surrounding area
- Whether the proposed project will help reduce blight in the surrounding area

All applications will be reviewed by the Business Development Committee. When evaluating proposals, the committee, in light of the above factors, shall recommend approval or denial of the proposal to the High Point City Council. If the committee recommends denial, the proposal will only be presented to City Council if a written request from the applicant to proceed is received within 7 business days of the Business Development Committee's decision. If no request to proceed is received, the application will be considered denied. City Council approval is required for all Building Revitalization and Demolition Grant contracts.

Payment Schedule

Building Renovations

- Applicant will receive the grant award upon completion of improvements, receipt of a permanent Certificate of Occupancy, and occupancy of at least 50 percent of the building square footage by a use that is eligible for funding. If the first floor of an eligible showroom building is converted to commercial use, funding will be awarded when the converted space is occupied.
- During the designated demotion and/or revitalization period, the property receiving the grant must remain in compliance with all applicable sections of the High Point Code.

Performance Agreement Required

- Funds disbursed are treated as a forgivable loan. The term of the performance period is 3 years from the date funds are disbursed.
- Payments: During the loan performance period, no payments shall be required unless the recipient is in breach of any of the terms of the agreement.
- 1/3 of the loan amount will be forgiven annually on the anniversary of the date on which the grant funds were disbursed. If all conditions of the performance agreement are met, the loan will be forgiven after three years. If the recipient is found to be in breach of any portion of the agreement, the remaining balance shall become immediately due and payable.
- A project will be considered in breach of the performance agreement if any of the following conditions are met:
 - More than 50 percent of the building square footage is vacant for more than 90 days;
 - Any of the funded improvements are removed within the performance period; or

- If the property or building is sold, transferred or otherwise alienated by the recipient within the performance period whether voluntary or involuntary, or by operation of law.
- The grant recipient shall submit quarterly reports certifying compliance with applicable guidelines.
- The recipient shall also agree to be subject to periodic inspections to ensure compliance with the terms of the performance agreement.

Building Demolition

- In cases where city funds are used for demolition and no building is being constructed, the approved site restoration plan must be completed before funds are disbursed.
- Upon inspection and completion of the approved site restoration plan, 100% of the grant award will be disbursed.

Applicant Eligibility

Applicant must:

- Be the legal owner of the property (a copy of deed to the property is required);
- Furnish a current list of other owners/partners and staff;
- Be financially stable and proof of insurance coverage through a certificate of insurance;
- Not owe any back taxes, utilities fees, or civil penalties;
- Not be the owner of any properties within the City of High Point that are currently subjects of zoning or code enforcement actions;
- Not start work on any building improvements applied for under the grant until approval is given by City Council; and
- Provide renderings and architectural plans of entire proposed projects for the property.

Funding Eligibility Exclusions

The following are not eligible for funding through these grants:

- One and Two Family Residential uses (Multi-Family and Mixed use residential and commercial projects may be considered). Note that existing multi-family complexes and residential structures are not eligible. The building must have been previously used for commercial purposes;
- Religious organizations for sectarian purposes;
- Not for profit organizations, educational, institutional, medical and showroom uses are not eligible (showrooms may be eligible for commercial uses on the first floor);
- Buildings not within the City of High Point Downtown MSD;
- Organizations that discriminate on the basis of race, culture, gender sexual orientation, age, or religion;
- Political activities;
- Adult businesses;
- General storage, which is defined as the haphazard storage of goods within a building, is not permitted as an eligible use. Warehouse operations may be permitted if the business creates at least one full time job based out of the redeveloped building.
- Civic Organizations.

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