



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: March 3, 2016

Staff Contact: Lee Plemel, Community Development Director (lplemel@carson.org)

Agenda Title: For Possible Action: To adopt Resolution No. 2016-R-__ to establish the Carson City Redevelopment Façade Improvement Program for Redevelopment Project Areas 1 and 2.

Staff Summary: The Redevelopment Authority approved a prioritization of objectives, projects and programs on October 15, 2015. The third priority was to implement a Façade Improvement Program. The purpose of this item is to establish the Façade Improvement Program, including the maximum allowable funding, the percentage of required matching funds, and other Façade Improvement Program requirements. A Façade Improvement Program assists property owners with improving the exterior appearance of their buildings, thereby improving the general appearance and attractiveness and increasing the overall desirability of the area. The Redevelopment Authority and the Board of Supervisors must each adopt a Resolution to establish the Program.

Agenda Action: Resolution

Time Requested: 5 minutes

Proposed Motion

I move to adopt Resolution No. 2016-R-__ to establish the Carson City Redevelopment Façade Improvement Program for Redevelopment Project Areas 1 and 2.

Board's Strategic Goal

Economic Development

Previous Action

The Redevelopment Authority Citizens Committee (RACC) recommended approval of the Façade Improvement Program on February 1, 2016, by a vote of 5-0 (2 absent).

Background/Issues & Analysis

(The following discussion is duplicate to the discussion in the associated Redevelopment Authority item for the Façade Improvement Program previously on this same agenda.)

The purpose of this item is to establish the Redevelopment Façade Improvement Program, including the parameters for the Program such as the maximum allowable funding, the percentage of required matching funds, and other Program requirements.

Staff has researched several FIPs in Nevada and across the country from communities of various sizes. Attached is a spreadsheet showing the general provisions of the FIPs in these communities. The Redevelopment Authority Citizens (RACC) considered the information presented and discussed at length the various requirements for implementing a Façade Improvement Program. The RACC recommends the following provisions and requirements for the Façade Improvement Program, and as further identified in the attached Resolution to be approved by both the Redevelopment Authority and Board of Supervisors:

- Maximum funding per parcel: \$25,000.
- Required property owner match: Minimum 50% of total project cost.
- Funding Type (grant/loan): Grant; but must be paid back in full if the property is sold within 12 months of date of completion of improvements.
- Eligible properties: All commercially-zoned properties within Redevelopment Areas 1 and 2.
- Ineligible properties: Properties already receiving tax incentives or other financial incentives from the City; residentially-zoned properties; buildings that were constructed within the last five years; properties with outstanding or unresolved code enforcement issues.
- Approval procedure: RACC approval (special meeting, if necessary).
- Permitted improvements: All exterior façade and signage updating and maintenance, including but not limited to painting, lighting, awnings, doors, fascia, and other decorative elements. Design and plan preparation fees may be included towards the total project costs for the purposes of determining the required match.
- All improvements shall comply with the Carson City Development Standards Division 1.1, Architectural Design; improvements to buildings within the Downtown Mixed-Use (DTMU) zoning district shall comply with the DTMU Development Standards, Division 6.6, 6.6.2, Lighting, 6.6.3, Signage, 6.6.10, Building Design and Character, and 6.6.11, Guidelines for the Renovation and Restoration of Existing Structures.
- The applicant shall submit plans meeting commercial building permit standards showing all proposed improvements with an application for funding.
- Payment shall be on a reimbursement-basis only at a rate of no more than 50% up to the maximum amount of the approved grant award.
- Applicants shall obtain a minimum of three bids for the project if the total rehabilitation cost is \$25,000 or more (per City policy).
- Improvements must be completed within 180 days of application approval or the start of the funding year, whichever is later.
- All improvements must be approved by the property owner (acknowledged by signing the application requesting the incentive funds).
- Open initial application period to bring applications to RACC on May 2, 2016, for the FY 2015-16 funding and FY 2016-17 funding. In subsequent years, accept applications through April 15 each year for review by the RACC at its first regular May meeting for available funding the following Fiscal Year beginning July 1. If available funding is not fully used, accept applications on a first-come, first-served basis until available funding is gone.

The Redevelopment Authority and Board of Supervisors should consider all of these parameters together when discussing and formulating final requirements. Following is some discussion and rationale for the recommended FIP parameters.

Maximum funding per parcel: The maximum funding per project varies in the noted FIP examples, generally ranging from \$10,000 to \$60,000. A recommended maximum of \$25,000 is based on discussions with a downtown property owner interested in façade improvements and the estimated cost of those improvements. It is not expected that all properties would use the maximum allowed grant. In many cases, painting and other simple improvements would be all that is needed. An allocation of \$25,000 per property would allow a property owner to get assistance with more significant improvements to improve the appearance of buildings.

Required property owner match: The recommended 50% match is a common match required in FIPs. The purpose of a match is to ensure that the property owner invests in the property. Finding the appropriate match amount is a balance between requiring a larger investment by property owners versus encouraging investment in the façades to improve the appearance of the area.

Funding type: Most FIPs offer funds as grants, meaning there is no payback to the City. Two of the examples noted have an amortized payback period of 3-5 years, after which no payback is required if the property is sold. While this type of improvement to a property certainly increases the value of the property, it also increases the

value and desirability of surrounding properties and the area in general, which is the goal of the program. Therefore, the funding is recommended as a grant with a one-year payback clause.

Approval procedure: Approval procedures for various FIPs range from administrative staff approval, to administrative group reviews, to governing board approval. The RACC agreed with staff's recommendation that the RACC have the final approval authority for all FIP applications. This will provide for a relatively "streamlined" process while having a transparent, public process. Staff recommends that FIP applications follow the same schedule as special event application, i.e. applications are due April 15 and are reviewed by the RACC at its meeting the first Monday in May. This would allow property owners to secure the funding then make arrangements for the improvements to occur in the Fiscal Year in which the funding is available, after July 1. Note that this year there will be available funding before July 1, 2016, so applicants will be able to start improvements before July 1. If available funding remains after the initial application period, applications may be accepted and reviewed on a first-come, first-served basis. Other requirements are noted in the table above and may be discussed by the RACC.

Permitted improvements: The recommended purpose of the FIP is for any exterior improvements that improve the appearance of the building and/or restore the historic character of existing downtown buildings. The program would not pay for interior improvements, and non-qualifying improvements would not count towards the property owner's required match.

Other requirements: While all new development must comply with current development standards for architecture, it is worth noting that any improvements constructed with City funds will be reviewed for compliance with these standards. In particular, there are development standards for the renovation and restoration of existing buildings within the downtown. A copy of the standards that would apply is attached.

Allocation of the funds will be on a reimbursement basis at a rate of 50% of the expenditures, up to the maximum amount approved. As an alternative to reimbursement, the City can pay an invoice directly provided that the property owner has paid the required matching funds. The property owner may count all expenses incurred in the preparation and permitting of plans for the improvements, including building permit fees, design work, and construction drawings.

Area limitations: The RACC had quite a bit of discussion about which properties should be eligible for the Program and considered several alternatives. The RACC's recommendation is to allow all commercial properties within Redevelopment Areas 1 and 2 to apply for the Program. The commercial properties within the Redevelopment District are generally those along Carson Street and William Street, but could include other properties such as those along Curry Street or other downtown areas. One of the primary intents of the FIP is to complement the City's investment in the downtown improvements and other future corridor projects. It is expected that initial applications will include properties within the downtown area.

Two examples of FIP informational packets and applications are also included with this packet for reference, one from the City of North Las Vegas and one from the City of Greenville, South Carolina. Staff suggests using these as format examples for putting together the information and application packet for the Carson City Façade Improvement Program. Staff believes these examples are relatively simple and provide the required information in a straight-forward manner.

Contact Lee Plemel at lplemel@carson.org or 283-7075 if you have any questions regarding this item.

Attachments:

1. Resolution to establish the Façade Improvement Program
(See the associated Redevelopment Authority item on this same agenda for additional supporting information.)

Applicable Statute, Code, Policy, Rule or Regulation

NRS 279 (Redevelopment of Communities), Redevelopment Area Plans.

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Redevelopment Revolving Fund (603)

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: The funds are available in the Redevelopment budget but not currently allocated to this Program. A separate item on this agenda will allocate the funds to this Program.

Alternatives

1. Modify the recommended provisions of the Façade Improvement Program.
2. Do not adopt a Façade Improvement Program.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

RESOLUTION NO. 2016-RAR-__ and 2016-R-__

A RESOLUTION TO ESTABLISH THE CARSON CITY REDEVELOPMENT FAÇADE IMPROVEMENT PROGRAM FOR REDEVELOPMENT PROJECT AREAS 1 AND 2.

WHEREAS, a stated objective of the Redevelopment Area 1 Plan is to improve the appearance of commercial areas through building rehabilitation, and

WHEREAS, strategies in the Redevelopment Area 2 Plan include engaging the business owners in the revitalization process and assisting in the reuse of vacant buildings; and

WHEREAS, the Carson City Redevelopment Authority and Board of Supervisors desire to create an incentive program to be an integral part of Carson City's private-public partnership initiatives to retain and expand businesses in Carson City; and

WHEREAS, this program is designed to stimulate investment in properties and improve the desirability of properties within Redevelopment Areas 1 and 2 by improving the exterior appearance of buildings.

NOW THEREFORE, the Carson City Redevelopment Authority and Board of Supervisors do hereby resolve to establish the Carson City Redevelopment Façade Improvement Program for Redevelopment Project Areas 1 and 2, which includes the following guidelines.

1. Eligible Properties: All commercial properties within Redevelopment Areas 1 and 2 are eligible to apply for Façade Improvement Program funds.
2. Ineligible Properties: Ineligible properties include properties already receiving tax incentives or other financial incentives from the City, residentially-zoned properties, buildings that were constructed within the last five years, properties for which property taxes are owed and not paid up to date, and properties with outstanding or unresolved code enforcement issues.
3. Eligible Improvements: All exterior façade and signage updating and maintenance, including but not limited to painting, lighting, awnings, doors, fascia, and other decorative elements are eligible to receive Façade Improvement Program funds.
4. Maximum Façade Improvement Program Funding: The maximum Façade Improvement Program funding that may be awarded is \$25,000 per property, subject to authorization of Program funding by the Board of Supervisors.
5. Required Property Owner Matching Funds: The property owner shall pay a minimum of 50% of the total project costs. Total project cost includes construction and all expenses incurred in the preparation and permitting of plans for the improvements, including building permit fees, design work, and construction drawings.

6. Façade Improvement Program Application Review Process:
 - A. The Redevelopment Authority Citizens Committee (RACC) shall review and have final decision authority on all Façade Improvement Program applications.
 - B. Initial applications are due April 15, 2016, to be reviewed by the RACC on May 2, 2016, for the available FY 2015-16 funding and FY 2016-17 funding. In subsequent years, applications will be accepted through April 15 each year for review by the RACC at its first regular meeting in May for available funding the following Fiscal Year beginning July 1. If available funding is not fully used in any given application review cycle, applications will be accepted on a first-come, first-served basis until available, budgeted funding is exhausted.
 - C. Façade Improvement Program applications must include plans meeting commercial building permit standards showing all proposed improvements.
 - D. Decisions of the RACC regarding Façade Improvement Program applications may be appealed to the Redevelopment Authority provided that such appeal is made within 7 days of the RACC's decision. Only Façade Improvement Program applicants affected by the RACC's decision have standing to appeal.
 - E. The property owner shall sign the application consenting to the proposed improvements and all applicable requirements of the Façade Improvement Program.
7. Reimbursement of Redevelopment Funds: Façade Improvement Program funds shall be awarded as a grant, with no reimbursement required, provided that the property is not sold within 12 months of the completion of the façade improvements for which the grant was awarded. If the property is sold within 12 months of the completion of the façade improvements for which the grant was awarded, the property owner shall be responsible to pay back 100% of the Façade Improvement Program funds awarded by Carson City.
8. Compliance with Development Standards:
 - A. All improvements shall be reviewed pursuant to and comply with the Carson City Development Standards Division 1.1, Architectural Design, as applicable to the proposed improvements.
 - B. Improvements to buildings within the Downtown Mixed-Use (DTMU) zoning district shall comply with the DTMU Development Standards, Division 6.6, 6.6.2, Lighting, 6.6.3, Signage, 6.6.10, Building Design and Character, and 6.6.11, Guidelines for the Renovation and Restoration of Existing Structures, as applicable to the proposed improvements.

9. Commitment Agreement: Each participant in the Façade Improvement Program must execute and record a document agreeing to reimburse the City 100% of the awarded Façade Improvement Program funds if the property is sold within 12 months of the completion of the façade improvements for which the grant was awarded. The agreement shall be in the form as required by the City.

10. Reimbursement Process:

- A. Payments from the City shall be made on reimbursement-basis only at a rate of no more than 50% of the actual expenses incurred by the property owner up to the total amount of funds approved.
- B. For façade improvement projects that equal or exceed a total cost of \$10,000, reimbursement may be made in a maximum of two payments. The first payment may be requested for up to 50% of the approved Façade Improvement Program funds only after expenses have been incurred by the applicant equaling or exceeding 50% of the total project costs. The final reimbursement payment shall only be made upon completion and final inspection approval of the proposed improvements.
- C. Reimbursement for projects that are less than \$10,000 in total costs shall be provided in a one-time payment only after improvements have been completed and have received final inspection approvals.
- D. Applicants who receive funding must document all expenditures and provide the Community Development Department with proof of payment (receipts, paid invoices, etc.) for all eligible improvements, including costs associated with the property owner's required match, within 30 days of project completion.

11. Project Bidding Requirements: If the project construction costs equal or exceed \$25,000, an applicant shall obtain a minimum of three bids for the project construction. In such case, the applicant shall submit the bid documents to the Community Development Department and receive approval from the Community Development Department for the selected contractor based on written justification from the applicant.

12. Completion of Façade Improvements: Improvements for which Façade Improvement Program funds are awarded must be completed within 180 days of application approval or the beginning of the Fiscal Year from which the funds are awarded, whichever occurs later.

ADOPTED Resolution No. 2016-RAR-_____ this 3rd day of March, 2016.

AYES:

Redevelopment Authority Members

NAYES: Members _____
ABSENT: Members _____

KAREN ABOWD, Chair

ATTEST:

SUE MERRIWETHER, Clerk-Recorder

ADOPTED Resolution No. 2016-R-___ this 3rd day of March, 2016.

AYES: Supervisors _____

NAYES: Supervisors _____
ABSENT: Supervisors _____

ROBERT L. CROWELL, Mayor

ATTEST:

SUE MERRIWETHER, Clerk-Recorder