



STAFF REPORT

Report To: Redevelopment Authority

Meeting Date: December 6, 2018

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

Agenda Title: For Possible Action: To adopt Resolution No. 2018-RAR-__, amending and superseding Resolution 2017-RAR-1 and 2017-R-1 to continue the Carson City Redevelopment Façade Improvement Program for Redevelopment Project Areas 1 and 2 and to revise provisions related to project eligibility requirements. (Lee Plemel, lplemel@carson.org)

Staff Summary: The Façade Improvement Program was established in 2016 to provide assistance to property owners of commercial properties within Redevelopment Areas 1 and 2 with certain façade improvements. The program provides a matching grant to property owners, up to \$25,000 per property, for certain façade improvements. The Redevelopment Authority and Board of Supervisors may make amendments regarding modifications to eligible properties, eligible improvements, or other recommendations regarding modifications to the Façade Improvement Program guidelines.

Agenda Action: Resolution

Time Requested: 20 minutes

Proposed Motion

I move to adopt Resolution No. 2018-RAR-__ amending the guidelines for the Façade Improvement Program.

Board's Strategic Goal

Economic Development

Previous Action

March 3, 2016: The Redevelopment Authority and Board of Supervisors adopted a Resolution establishing the Façade Improvement Program and associated requirements.

August 18, 2016: The Redevelopment Authority and Board of Supervisors approved modifications to the Façade Improvement Program bidding requirements.

January 5, 2017: The Redevelopment Authority and Board of Supervisors approved modifications to the Façade Improvement Program related to eligible improvements (removing roofing and signs).

November 5, 2018: The Redevelopment Authority Citizens Committee recommended the proposed modifications to the eligibility requirements of the Façade Improvement Program by a vote of 6-0 (1 vacancy).

Background/Issues & Analysis

During consideration of a recent application for a Façade Improvement Program grant, both the RACC and the Redevelopment Authority raised a few issues in the current program guidelines that the Authority should address through amendments to the guidelines. Those issues were:

1. Eligible properties – All commercial properties within the Redevelopment District.
2. Ineligible properties – Properties already receiving a “tax incentive.”
3. Eligible improvements – “Painting” is an eligible improvement.
4. Discretionary review – The program allows funding to qualifying applicants on a first-come, first-served basis as long as funding is available. The RACC reviews applications to ensure that an application meets all the required program guidelines.

Each of these issues was discussed by the RACC on November 5, 2018, and more detail is provided below regarding the RACC’s discussion and recommendations.

Issue #1 – Eligible Properties

The applicable section of the program guidelines regarding eligible properties currently states:

1. *Eligible Properties: All commercial properties within Redevelopment Areas 1 and 2 are eligible to apply for Façade Improvement Program funds.*

RACC recommended eligibility amendment:

1. *Eligible Properties: Eligible properties include all properties fronting on the streets improved with the Downtown Streetscape Enhancement Project, including Carson Street from 5th Street to William Street, Curry Street from Musser Street to Robinson Street, and streets between Carson Street and Curry Street from and including Musser Street to Robinson Street. Eligible properties also include properties fronting on future major street improvement projects, including but not limited to the South Carson Street Complete Street project and William Street project upon approval of the construction contract for those projects or any other similar project in the future.*

There was extensive discussion at the RACC and Redevelopment Authority during the initial adoption of the program guidelines regarding what properties would be eligible for the program. Alternatives considered ranged from limiting the program to specific areas within the downtown to opening the program to any property within a Redevelopment District (either Area 1 or 2). As adopted, the decision was made to open the program to any commercial property within the Redevelopment District. It currently excludes any residential property. In both Redevelopment Areas, there are areas that are zoned residential, and in the Downtown Redevelopment Area (Area 1), there are areas zoned Residential Office and General Office that each allows both commercial uses and residential uses. The purpose of this policy originally was to open up the program broadly to commercial property owners throughout the Redevelopment District.

The RACC believes the program should now be focused on the areas that are most visible along the commercial corridors and, specifically, those areas in which streetscape enhancements have been or will be constructed, such as the Downtown Streetscape Enhancement Project. Furthermore, the recommendation was to make properties fronting those street project improvements eligible only after the approval of the applicable streetscape project. For example, properties along South Carson Street would not be eligible until the contract is approved for the reconstruction project along that portion of Carson Street.

Issue #1 – Eligible Properties Alternatives:

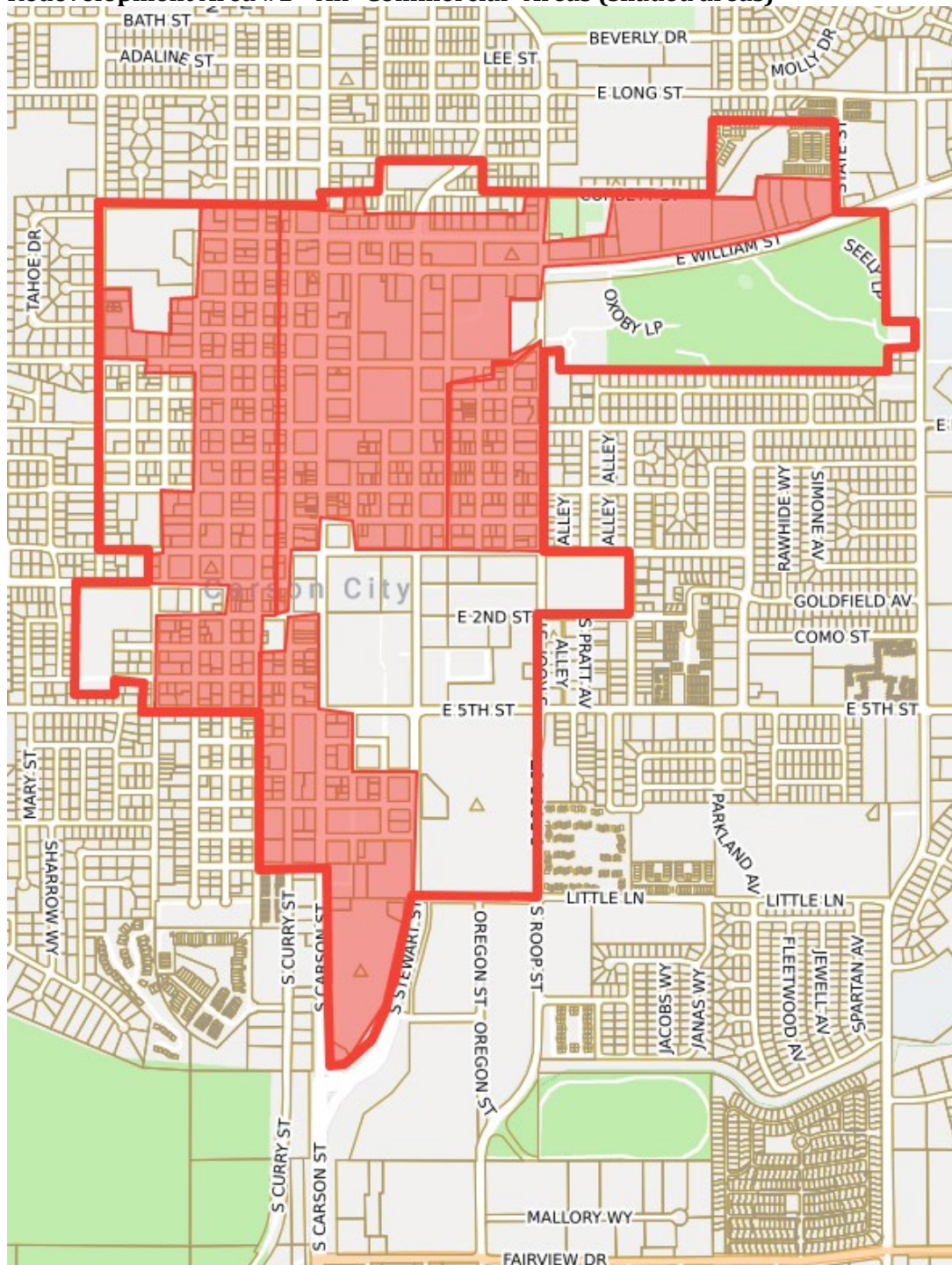
1. Limit the program to properties along Carson Street and William Street within the Redevelopment area, as well as Curry Street from Musser Street to Robinson Street, but

eliminate the requirement that a streetscape project must be constructed or approved before a property at those locations is eligible.

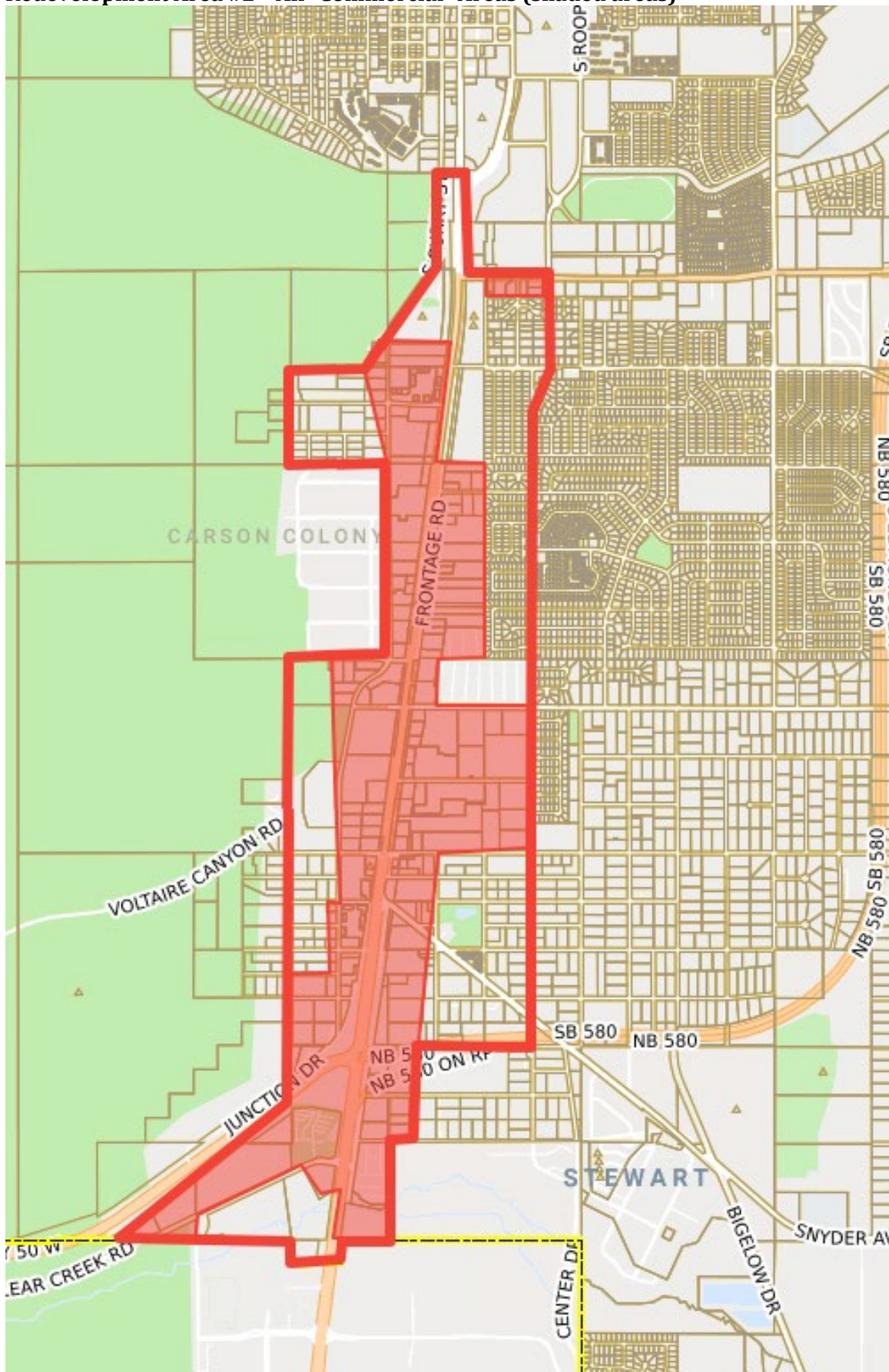
2. Continue the program for all commercial properties within the Redevelopment District.
3. Limit the program to properties within any commercial zoning district excluding the Residential Office and General Office zoning districts.

For reference, refer to the following maps showing the commercially zoned areas in Redevelopment Areas 1 and 2, as well as the third map showing the commercial areas within Area 1 but excluding the areas zoned Residential Office and General Office.

Redevelopment Area #1 - All "Commercial" Areas (shaded areas)

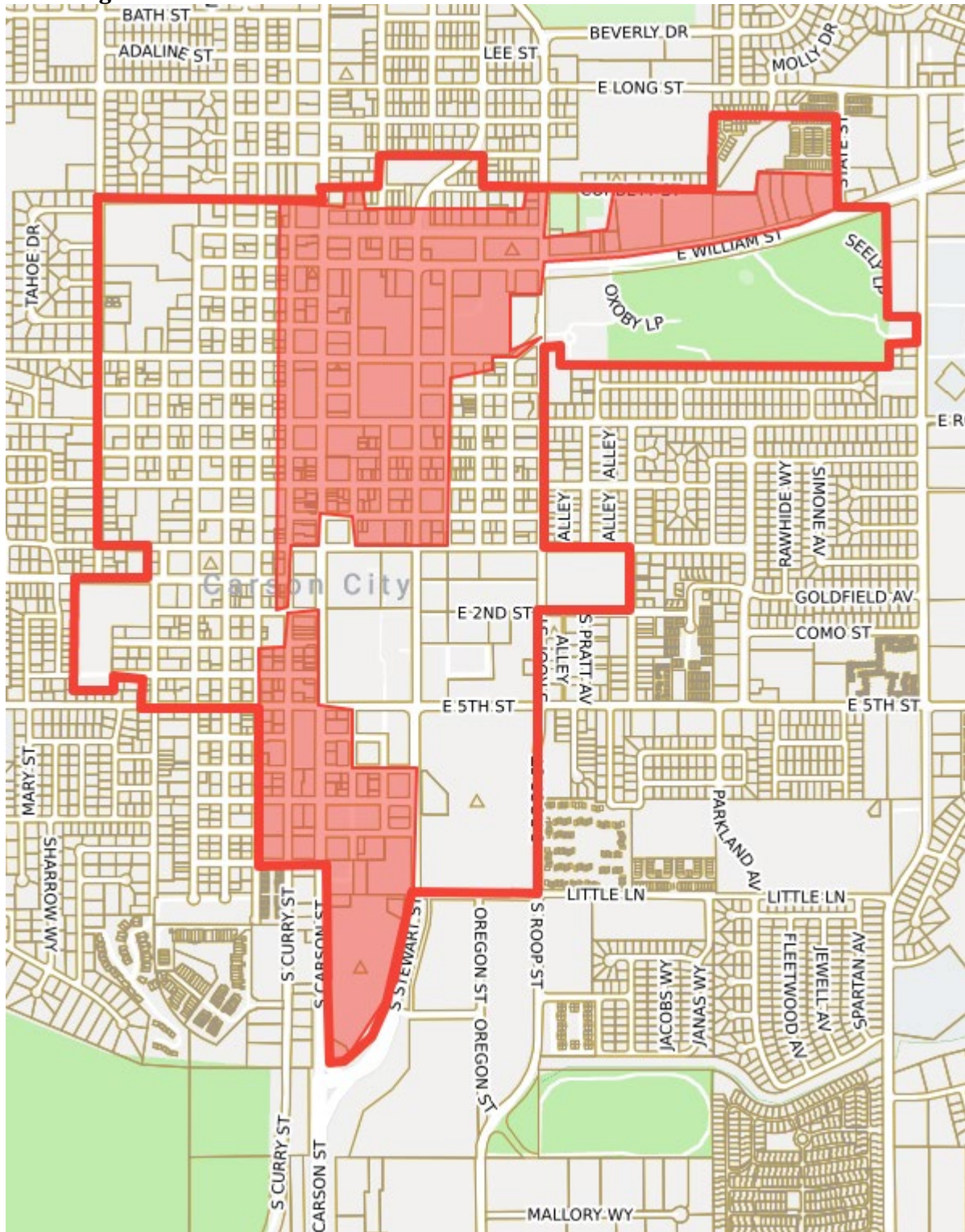


Redevelopment Area #2 - All "Commercial" Areas (shaded areas)



(Former K-Mart property on N. Carson Street is in Area #2 but not noted on the map.)

Redevelopment Area #1 - All "Commercial" Areas (shaded areas) excluding areas zoned Residential Office or General Office



Issue #2 – Ineligible Properties

The applicable section of the program guidelines regarding ineligible properties states:

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 or have had façade improvements completed within the last five years, properties for which property taxes are owed and not paid up to date, properties with outstanding or unresolved code enforcement issues, and properties on which construction of the proposed improvements has already been started at the time of application submittal to the Community Development Department.

RACC recommended ineligible properties amendment, add:

For the purpose of this section, a historic property tax deferral or “open space” property tax deferral is not a disqualifying tax or financial incentive.

The specific question arose of whether or not a historic property tax deferral constitutes a “tax incentive or other financial incentive” for the purposes of the Façade Improvement Program. That specific type of tax deferral was not discussed during the initial program adoption process. Whether it is determined to be an incentive or not, the program guidelines should be modified to clarify this issue.

A historic property tax deferral—or “open space use assessment” as defined in the Carson City Municipal Code and NRS—is a property tax deferral program available to certain qualifying properties. According to the Carson City Assessor’s office, the program defers 26% of the assessed property taxes for the qualifying portions of the property. At the time that the deferral is discontinued, a property owner would be required to pay the prior six years of the deferred property taxes. As long as a historic property is maintained in accordance with the Historic District standards as approved by the Historic Resources Commission and the Board of Supervisors, the deferral of the portion of property taxes can continue indefinitely.

The tax incentives referenced in the guidelines clearly apply to the sales tax incentive agreements that have been approved by the Board of Supervisors between certain property owners or auto dealers and the City. The question is whether or not this “tax incentive” prohibition should apply to properties receiving a property tax abatement or deferral.

Issue #2 – Ineligible Properties Alternative:

1. Include properties receiving a historic property tax deferral or any other type of property tax deferral in the list of properties that are ineligible.

Issue #3 – Eligible Improvements

The applicable section of the program guidelines regarding eligible improvements states:

*3. Eligible Improvements: All exterior building façade 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. Landscaping, signs, roof decking, paving, and any improvements not affixed to the building are not eligible expenses. For the purposes of this policy, exterior building façade includes all portions of a building, excluding the roof [~~decking~~] **materials**, visible from the public right-of-way or on-site public parking lot.*

Some members of the RACC and Redevelopment Authority questioned whether or not painting should be allowed as an eligible improvement for reimbursement under the program. More specifically, the concern of some members may have been considering painting as a stand-alone project as a “façade improvement,” as opposed to painting as part of other façade improvements.

Painting for maintenance can be a big improvement to the visual aspect of commercial areas, and should be encouraged. With the recommended limitations on the eligible properties, the RACC recommends leaving “painting” as an eligible improvement.

Issue #3 – Eligible Improvements Alternatives:

1. Allow painting as an eligible improvement only in conjunction with other façade improvements such as new exterior materials.
2. Make painting ineligible for reimbursement.

Note that the amendments also include a clarification regarding "roofing material" being an ineligible improvement in Section 3 of the guidelines, based on prior discussions regarding that topic.

Issue #4 – Discretionary Review

With direction from the RACC, the Deputy District Attorney has drafted the following section regarding discretionary review to add to the Program guidelines:

13. *Discretionary Review: Notwithstanding any other provision herein, the RACC retains full discretion whether to deny an application without regard to eligibility, based on a review of the overall merits of a proposed improvement, the beneficial impact of the improvement and the scope and purpose of the Façade Improvement Program.*

The Redevelopment Authority must adopt the proposed Resolution to implement the proposed Façade Improvement Program guideline amendments. The Resolution was previously a joint Resolution of the Redevelopment Authority and the Board of Supervisors, but the Chief Deputy District Attorney confirmed that a joint resolution is not necessary to adopt these guidelines. Therefore, this item is only being brought to the Redevelopment Authority to adopt the Program guidelines.

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

Attachments:

1. Amended Resolution

Applicable Statute, Code, Policy, Rule or Regulation

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

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number:

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: The Façade Improvement Program was funded in the FY 2019 budget for \$50,000. Funding is anticipated to be continued in FY 2020. This action to amend the guidelines does not create a fiscal impact.

Alternatives

1. Modify the recommended Façade Improvement Program eligibility requirements.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

RESOLUTION NO. 2018-RAR-__

A RESOLUTION AMENDING AND SUPERSEDING RESOLUTION 2017-RAR-1 AND 2017-R-1 TO CONTINUE THE CARSON CITY REDEVELOPMENT FAÇADE IMPROVEMENT PROGRAM FOR REDEVELOPMENT PROJECT AREAS 1 AND 2 AND AMEND PROVISIONS RELATED TO PROJECT ELIGIBILITY REQUIREMENTS.

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, Carson City has made an investment in infrastructure improvements and streetscape enhancements within the downtown area and plans similar improvements along South Carson Street and William Street to improve the appearance of these commercial corridors; 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.~~] **Eligible properties include all properties fronting on the streets improved with the Downtown Streetscape Enhancement Project, including Carson Street from 5th Street to William Street, Curry Street from Musser Street to Robinson Street, and streets between Carson Street and Curry Street from and including Musser Street to Robinson Street. Eligible properties also include properties fronting on future major street improvement projects, including but not limited to the South Carson Street Complete Street project and William Street project upon approval of the construction contract for those projects or any other similar project in the future.**
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 or have had façade improvements completed within

the last five years, properties for which property taxes are owed and not paid up to date, properties with outstanding or unresolved code enforcement issues, and properties on which construction of the proposed improvements has already been started at the time of application submittal to the Community Development Department. **For the purpose of this section, a historic property tax deferment or “open space” property tax deferment is not a disqualifying tax or financial incentive.**

3. **Eligible Improvements:** All exterior building façade 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. Landscaping, signs, roof decking, paving, and any improvements not affixed to the building are not eligible expenses. For the purposes of this policy, exterior building façade includes all portions of a building, excluding [~~roof decking~~] **roofing material**, visible from the public right-of-way or on-site public parking lot.
4. **Maximum Façade Improvement Program Funding:** The maximum Façade Improvement Program funding that may be awarded is \$25,000 per individual Assessor’s Parcel Number, 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. If available funding is not fully used in any given fiscal year, applications will be accepted on a first-come, first-served basis until available, budgeted funding is exhausted. If available funding has been fully allocated for any given fiscal year, applications may continue to be accepted and will be date stamped for priority consideration for the next fiscal year.
 - 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:

- A. Applicants are responsible for obtaining three bids or competitive quotes for the proposed work. All contractors must be registered and bonded by the State of Nevada and licensed to perform the applicable work in Carson City.
- B. Approved projects will be based on the lowest of the three bids. The applicant may select any of the three bidders to complete the improvements, but the applicant will be responsible for costs in excess of the lowest bid.
- C. Construction contracts will be between the applicant and contractor. The contractor must obtain all required permits prior to commencing construction.
- D. Applicants shall make every attempt to get the required number of bids for the work to be completed. However, the RACC shall have authority to waive this requirement depending on but not limited to the following conditions: market trends, lack of qualified vendors, timing of application submittals, or other applicable conditions.
- E. Notwithstanding the provisions above, a property owner/applicant who is also a contractor and will be the contractor for the proposed façade improvements shall not be required to obtain three bids but shall be responsible for obtaining and submitting a written contractor's or subcontractor's bid detailing by line item the description and cost for each item of work to be completed. All contractors must be registered, licensed and bonded in the State of Nevada and licensed to perform the applicable work in Carson City.

12. Completion of Façade Improvements: Improvements for which Façade Improvement Program funds are awarded must be started (by obtaining a building permit for applicable improvements) within 180 days of application approval or the beginning of the Fiscal Year from which the funds are available, whichever occurs later. The approved façade improvements must be completed within 180 days of building permit approval. One 180-day extension may be granted by the RACC.

13. **Discretionary Review: Notwithstanding any other provision herein, the RACC retains full discretion whether to deny an application without regard to eligibility, based on a review of the overall merits of a proposed improvement, the beneficial impact of the improvement and the scope and purpose of the Façade Improvement Program.**

ADOPTED Resolution No. 2018-RAR-__ this 6th day of December, 2018.

AYES: Redevelopment Authority Members

NAYES: Members

ABSENT: Members

KAREN ABOWD, Chair

ATTEST:

SUE MERRIWETHER, Clerk-Recorder