

**City of New Port Richey, Florida**

**Community Redevelopment Agency**

**Commercial Real Estate Redevelopment Grant Program**

The Commercial Real Estate Redevelopment Grant is a CRA incentive program that serves to support private redevelopment projects with a \$500,000 minimum in capital investment.

**Objectives:**

- Ensure redevelopment continues, including rehabilitation and renovation of the City's existing larger, older commercial buildings and to improve building infrastructure.
- Assist businesses relocating to a more suitable location and allow for re-merchandising of vacated space.
- Support commercial property owners and listing realtors in obtaining the highest and best use of vacant and semi- occupied properties.
- Eliminate blighted properties and to offset costs of such upgrades as; ADA, building code, sprinkler systems, egress, and parking.
- Attract private sector investment
- Grow employment and business opportunities to sustain the economic health of New Port Richey and enhance the quality of life for its residents.

**Reimbursement Categories:**

The Commercial Grant Program is designed to support difficult redevelopment projects. Since not all redevelopment obstacles are the same, this program allows the CRA the flexibility to choose from a variety of options to facilitate projects that would not happen without CRA assistance at some level. Grant funds will require a redevelop agreement and target four specific elements of the project.

- I. Purchase and/or significant upgrade of commercial properties.
- II. Improvements to the leasehold space in a comprehensive manner so the building can be prepared for multiple tenants and/or an anchor tenant.
- III. Redesign of the building facade and exterior grounds of the property.
- IV. Jobs creation and business growth loan program

**Evaluation Criteria:**

**The project will be evaluated based upon the following criteria.**

- Economic benefit to the surrounding properties and targeted redevelopment district.
- Increase in commercial ad valorem taxable value
- Amount of improved square footage
- Renovation or construction that will spur additional development and private investment
- Renovation or construction that will have a substantial visual impact
- Job Creation

- Reduces or eliminates slum and blight
- Businesses that have a successful track record and credit scoring
- Property owner and/or business is in good standing with the city.

### **Grant Criteria:**

In addition to the evaluation criteria, to qualify, there must be a substantial impact that will be a transformation to the targeted redevelopment district. Grantees must submit a site plan and business narrative describing in detail the level of investment, parties involved and how the investment will work toward eliminating slum and blight and contribute to the welfare of the community.

Any applicant tenant must identify the number of jobs created and retained, provide a narrative outlining how the funds will be used and explain clearly the community benefit that will occur during the lease term.

If approved, an agreement will be negotiated highlighting the benchmarks that will trigger the incentive payments (percent complete, milestones, number of employees, certificate of occupancy, final permitting, etc.). Applicants selected for the grant will be required to accept the grant award via the signing of an agreement within thirty (30) days of award notification, and must commence development within 90 days. All proposals must meet State building code requirements as well as City of New Port Richey code requirements.

Balance of the grant will be forfeited if the owner sells without city approval, does not comply with City of New Port Richey Building Codes, Ordinances and Regulations or fails to pay property taxes during the life of the grant period.

- **Such projects must be of benefit to the quality of life for city residents and serve to eliminate slum and blight.**
- **Grant funds shall be capped at 20% of the overall cost of the redevelopment project.**
- **Funding is limited by the amount budgeted in the CRA each year.**
- **Each grant award is subject to approval by the CRA board.**

### **How does this grant program differ from the current incentive program?**

The current CRA business incentive program targets smaller, individualized properties. These smaller projects typically yield two-dollars and fifty cents for each CRA dollar invested (2.5:1).

The Commercial Real Estate Redevelopment Grant program seeks a greater return on CRA investments—four dollars for each CRA dollar invested (4:1). Additionally, this incentive will require that the project involve an investment of \$500,000 or greater and target properties, when renovated, contribute significantly to the CRA redevelopment district and serve to increase the ad valorem taxable value baseline.

### **Why is this grant program necessary?**

The challenge for New Port Richey is that of West Pasco County, the commercial building stock has aged considerably. Much of the new investment capital has shifted to east. Local commercial property owners have been reluctant to make major improvements. With existing property owners preferring to lease out office space, because there is less tenant damage. This dynamic has resulted in a decline in available quality retail space.

The goal of this incentive is not only to create jobs, but to create a competitive environment that encourages the purchase and renovation of tired commercial properties that are substantial in size, or have been on the market for significant periods of time. The objective being, that when renovated, the targeted property will compel nearby properties owners to make improvements as a result of the recovered economic conditions surrounding the improved area.

### **What areas of the city are included?**

Any commercial property within the CRA boundaries may apply for Commercial Real Estate Redevelopment Grant.

### **What are the parameters of the grant awards?**

**Each grant request will be reviewed by City staff and if it is determined to meet the goal of eliminating slum and blight, job creation, design and code upgrades and improving the surrounding area of the district, it will be submitted to the CRA Board for approval.**

There are four grant categories that serve to target various aspects of each project. Grant proceeds are capped at 20% of the overall project including job creation/retention grant amounts. Allocation of the proceeds over each of the four categories is determined based upon the grantees narrative, project elements and redevelopment proposal for the targeted property. City staff will then determine the allocation of proceeds over the four available categories.

The CRA reserves the right to cap or limit the amount of the award.

#### **A. Commercial Repairs Improvement**

Only the property owner can apply. To qualify, the property must be substantial in size, and a detriment to the community if left vacant or unproductive. Improvements must become part of the real property. Included are items such as new air conditioning, fixtures, utilities, new roof, structural changes or elements that improve code compliance. The primary focus is preparing the structure for long-term, code-compliant, commercial use.

#### **B. Commercial/Business Facade**

To qualify, the property must be substantial in size with a design element that will not only benefit the structure itself but fits well within the district.

In general, grant assistance is restricted to visible improvements of the exterior area of the commercial property. The following exterior improvements are eligible examples, but not limited to:

- Removal of a false material that may cover the original building appearance, such as plywood, metal or deteriorated stucco.
- Pressure cleaning
- New stucco or stucco repair
- Painting
- New windows or replacements
- New doors or replacements
- New or replacement woodwork
- Masonry work (new or repointing of mortar joints)
- Signs (including the removal of old signs and the design, production and installation of new signs)
- Awnings (including the removal of old awnings and installation of new awnings)
- Tear out required to build a new entrance into the building
- Landscaping and planters
- Repair of parking lot
- Lighting of the exterior
- Brick or textured pavement
- ADA improvements

### **C. Commercial/Business Leasehold Improvement**

The intent of the guidelines is to prepare the space for one an anchor tenant, or multiple tenants. The following improvements, but not limited to, are eligible:

- Utility and structural upgrades
- Fixed improvements to interior spaces.
- Interior painting and finishing
- Flooring (tile, carpet or wood)
- Ceiling improvements (including drop - ceiling systems)
- Additional lighting
- Storefront lighting
- Installation in preparation of kitchen equipment, micro-brewery, or such items needing structural modification.
- ADA and code compliance

### **D. Job Creation and Retention Grant**

To facilitate the relocation and startup cost, anchor tenants will be afforded a zero interest 'line of credit' to be amortized/forgiven over the term of the lease, provided certain agreed upon benchmarks, such as job creation and employment retention are achieved each year.

This incentive is designed to allow the tenant to borrow up to \$50,000. The zero interest loan will be forgiven over the life of the lease agreement provided the tenant meets certain employment performance metrics as described in the tenant's plan. The award is equal to \$2,000 per year for each full-time equivalency created. Or in the case of a relocation \$2,000 for each FTE job retained.

Benchmark metrics include:

- Job Creation & Retention
- Capital Investment of the overall project must exceed \$500,000
- Square footage and use of that space
- Elimination of slum and blight
- Benefits to City Residents
- Credit rating of the tenant.

<u>Total Redevelopment Investment</u>	<u>Tenancy Term</u>	<u>Dollar Limit</u>
\$500,000	3 Years	\$30,000
\$750,000	4 Years	\$40,000
\$1,000,000 +	5 Years	\$50,000

#### Reporting Requirement

Line of credit recipient businesses are responsible to submit a payroll register showing FTE calculations with supporting RTC-6 as employment verification. The employment verification report due date will be identified in the grant award agreement.

If the job creation requirements are not reached, the agreement will be terminated and the balance of the loan that has not been forgiven will be called as due. If the participant should cease business at the site, the participant shall repay its obligations to City as provided in the executed agreement.

#### **Examples of New Port Richey commercial sites that could qualify for the grant.**

- ✓ 19,130 sf. on Grand Blvd. that abuts other downtown properties. Vacant second floor is in need of significant structural upgrades. First floor is routinely rented out with repetitive code concerns.
- ✓ 16,000 sf. warehouse in the vicinity of downtown. The building could easily accommodate an architectural/engineering firm or small manufacture. Building has been up for sale for several years. The nearby walkable community with recreational facilities makes this space ideal for an enterprise interested in quality of work life for employees.
- ✓ 16,850 sf. two-story building on Main St. with second floor tenants and available retail space needs significant code upgrades.
- ✓ 37,000 sf. Marine District Medical Office complex needs significant design upgrades. Currently at \$6/sf the owner finds it difficult to locate tenant.

## Authorizations

### I. **Florida Statutes Chapter 163-** INTERGOVERNMENTAL PROGRAMS: Part III-Community Redevelopment.

**Florida Statutes Section 163.370** –Powers; counties and municipalities; community redevelopment agencies . . . **163.370 (c) 5** *Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the community redevelopment plan.*

### II. **City of New Port Richey Redevelopment Plan May 29, 2001 p. 3-1**—Section 3.0 Redevelopment Objectives.

The grant program specifically serves to support the following five 2001 CRA plan section objectives.

- 3.1 Community Enhancements
- 3.3 Strengthen the Local Tax Base
- 3.4 Strengthen Land Use Patterns within the Community
- 3.5 Enhance the Business Districts
- 3.6 Reverse Obsolescence

### III. **City of New Port Richey 2012 Community Redevelopment Agency Redevelopment Plan, Adopted May 15, 2012 p.46.**

#### 4.7.1 Commercial Redevelopment Strategies

Several redevelopment policies aimed at commercial properties within the City would encourage improvements to existing sites, promote the establishment of new businesses in the community, enhance the existing tax base and further the redevelopment efforts and strategies of the City.

- Rehabilitation Assistance Program  
The City should consider incentive programs to entice the private redevelopment and revitalization of centrally-located commercial properties that have been identified as underutilized or poorly maintained.
- Store Frontage Rehabilitation  
The City should consider the use of TIF funds for the revitalization of store frontages and rehabilitation of run-down business facades
- Incentive-Based Recruitment of Target Businesses  
The City should consider the targeted marketing of properties, especially in the downtown, to specific types of businesses in order to encourage activity generation . . .

## **Similar Redevelopment Incentive Plans**

### Hallandale Beach Florida—Hallandale Beach CRA

- \$200,000 loan property owner 80% of project 0-3% interest rate
- \$50,000 loan tenant 0-3% interest rate
- \$50,000 loan forgiveness job creations 5 year term. \$10,000 per job created

### Davie Florida—Town of Davie CRA

- \$100,000 grant for \$300,000 expenditure (1:3) ratio
- Loan Interest forgiven 5 points, minimum loan \$100,000

### Melbourne Florida – Downtown Melbourne Public-Private Development Program

- Enable public-private partnership for facilitation of desired real estate development
- Intended incentive projects will be large scale developments that will be transforming and serve as a catalyst to attract additional private investment.
- Incentive ratios (7:1) & (10:1) \$5 million floor.

### Melbourne Florida – Olde Eau Gallie Riverfront CRA

- Attract New Private Investment
- 50-80% Property Tax Rebate 3-10 years
- Minimum \$300,000 in additional investment
- Redevelopment of substandard property

### Mentor Ohio – Mentor Incentive Grant Guidelines

- Performance-based incentive program
- Investments in Real Property, Property Lease, Personal Property
- Multi-Year Grant based upon Investment Value
- Job Creation Incentives
- Allows for relocation expenses, machinery & Equipment, Working Capital and Inventory

### Downtown Jacksonville Retail Enhancement Grant Program (CRA)

- Forgivable promissory note
- Maximum Grant award shall be \$20 for every square foot leased or occupied by the proposed tenant or business.
- Grantee must remain in the location for five (5) years and must create or retain for five (5) years during the term of the agreement two (2) or more full time equivalent jobs.
- Applicants will be required to execute a grant agreement
- To revitalize and preserve downtown property values and prevent deterioration in the downtown business district.

### Muscatine, Iowa - Small Business Forgivable Loan Program

- Businesses can obtain a loan for up to \$25,000 for the business at a term of 5 years with 20% of the loan forgiven annually.
- Promote in-fill and redevelopment in targeted areas throughout Muscatine  
Improve Building Infrastructure
- Assist with Capital Equipment Purchases
- Offset Cost of Historic Building Preservation
- Offset Cost to Address ADA Access Issues
- Offset Cost of Fire Code Compliance, Sprinkler Systems, Egress Issues
- Allow Businesses to Allocate Additional Funds to Grow and Expand Business