



To: CCDC Board of Directors
From: CCDC Policy Committee
Date: August 17, 2016
RE: Proposed changes to Development Loan & Storefront Grant Program

I. Development Loan Program:

The Development Loan Program is a financial incentive designed to encourage commercial real estate development within the CBID. This low interest loan program offers up to \$150,000 to commercial property owners for building renovations and new building construction, based on established project evaluation criteria. The loan is amortized over a 20-year period at a three percent (3%) interest rate with a balloon payment due at the end of the tenth (10th) year.

During the past 15 years or so, the program has been used mainly as a source of financing for mid-size to smaller development projects.

The following aspects of the Program are under review:

- Staff suggests changing first section of Basic Qualifications to \$5,000 (instead of \$7,000), \$10,000 (instead of \$9,000), \$15,000 (instead of \$11,000), and \$20,000 (instead of \$15,000).
- Staff suggests adding an accumulation of \$20,000 for projects located in the Edge.
- Staff suggests adding an accumulation of \$20,000 for projects fronting the Main to Main Multi-Modal Connector Route.
- Staff suggests increasing accumulation for projects located in the Core (or designated local or national historic districts) to \$40,000.
- Staff suggests removing accumulation for Demonstration Block.
- Staff suggests modifying SoFo accumulation to encompass parts of South City located within the CBID.
- Staff suggests adding \$20,000 of accumulation for projects located in the Pinch.
- Staff suggests increasing accumulation for secured tenants (for ground level space) to \$15,000 and removing the “stability” accumulation.
- Staff suggests adding \$10,000 of accumulation for projects including eligible improvements of up to \$499,999.

II. Storefront Improvement Grant Program:

The Storefront Improvement Grant Program was first approved by the CCDC in August, 2012. This matching Grant is designed to create more attractive Downtown storefronts in order to improve the public realm and pedestrian experience Downtown.

The CCDC has subsequently voted three (3) times to extend the program. Most recently, the Board voted last year to authorize the program through August 31, 2016.

To date, the following Storefront Improvement Grants have been approved:

<u>Project & Address</u>	<u>Date Approved</u>	<u>Grant Amount*</u>
South Front Antiques, 374 S. Front St.	11/09/2012	\$3,250
The Book Juggler, 548 S. Main St.	10/16/2013	\$3,814
Botto Jewelry Market, 43 S. Main St.	10/16/2013	\$5,310
High Cotton Brewing Co., 598 Monroe Ave.	04/16/2014	\$50,000
Stock & Belle, 387 S. Main St.	09/17/2014	\$18,475
Rizzo's Diner, 492 S. Main St.	10/13/2014	\$12,450
Quench Wine & Spirits, 99 S. Second St.	02/18/2015	\$23,945
Second Street Shoppers, 99 S. Second St.	02/18/2015	\$15,779
Exercise Unlimited, 387 S. Front St.	05/20/2015	\$9,400
Facing History & Ourselves, 115 Huling Ave.	10/14/2015	\$8,478
Gould's, 77 S. Main St.	11/18/2015	\$21,810
Loflin Yard, 7 W. Carolina Ave.	12/16/2015	\$18,425
Ghost River Brewing, 827 S. Main St.	05/18/2016	\$66,455

**Maximum Grant amount, subject to approved receipts and all closing requirements*

Staff Recommendation

In staff's opinion, it is time to revise this program and update it to reflect current priorities. Staff suggests keeping the core structure in place while making key changes designed to allow more flexibility in how the program can be used. The current version of the Grant limits availability to ground-floor tenants located in areas of high pedestrian activity.

With a relatively few Storefront Grants approved each year, opportunity exists to use this tool more aggressively to combat blight and improve the appearance of buildings and property Downtown. Staff also suggests renaming the program to better reflect this focus.

The following table summarizes the proposed changes to the Storefront Improvement Grant:

Current Version of Grant:	Proposed Change:
A). Previous versions of this Grant were authorized for one (1) year at a time.	Grant will be authorized for thirty-six (36) months to give applicants more certainty about program availability.
B). No cap on maximum Grant amount, although 1:1 match has traditionally acted as a safeguard against exceptionally large Grant requests.	1:1 match still required, but set a cap on Grants: CBID = \$60,000 Downtown Core = \$80,000 Main Street Mall = \$100,000
C). Grant is available for tenants only.	Tenants and property owners are eligible.
D). Only ground-floor exterior improvements are eligible expenses for Grant.	Ground-floor and upper-floor exterior improvements are eligible expenses for Grant.
E). The original intent was to limit eligible improvements to the principle façade (front) of the building.	Exterior improvements that are located on any side of the building visible from the public right-of-way are potentially eligible.
F). Although not explicit, the Grant was originally focused on retail tenants. When combined with the Retail Forgivable Loan, the Storefront Grant was used as a recruitment tool to help attract retail and commercial tenants.	Grant is not restricted to retail uses. The intent is to improve the exterior appearance of commercial property in Downtown. Vacant lots and non-profits may be evaluated on a case-by-case basis.
G). Grant was originally intended to include improvements to buildings only. Site improvements are not expressly eligible.	Eligible uses include exterior improvements to both buildings and sites. Site improvements such as new fencing, lighting, and public art are potentially eligible expenses.
H). Although not intentional, Grant process and application requirements have proven challenging for small projects and businesses with limited capacity.	DMC will partner with 2-3 architects or qualified firms to offer conceptual design assistance as part of the Grant program when needed to facilitate smaller projects.
I). Deadline to start work = 90 days after Grant approval. Deadline to finish project = 180 days after start of work.	Work must begin within three (3) months of Grant approval. Work must be finished within nine (9) months of Grant approval.
J). “Storefront Improvement Grant”	Rename program “Exterior Improvement Grant”