



## CITY OF WASHINGTON, ILLINOIS Committee of the Whole Agenda Communication

**Meeting Date:** March 11, 2024

**Prepared By:** Jon Oliphant, AICP, Planning & Development Director

**Agenda Item:** Washington Commercial Building and Property Improvement Grant Program Guidelines

**Explanation:** The FY 23-24 budget includes \$250,000 in the ED/Tourism Fund that is earmarked for private development expenses. None of the budgeted funds has been utilized yet. This was discussed at the December Committee of the Whole agenda for its use and communicating its availability. An item was scheduled at the February 12 COW meeting for the first application, which was to assist with the repair of the parking lot at Countryside Banquet & Catering at 659 School Street. The consensus was to table that consideration until more specific grant program guidelines could be discussed at the February 19 City Council meeting. While there was general interest in some of the suggested guidelines, the direction was to have further discussion at the March COW meeting, most notably about potentially instituting a system to score or rank proposed projects.

At the current time, the intention of the budgeted funds is to have supplemental means to assist with non-residential projects throughout the city and outside of the Square TIF district. Discussion at the February COW meeting implied a preference to use the funds for exterior property improvements rather than for interior building modifications. Many Illinois municipalities have programs to financially assist with non-residential building and property improvements. With that as a base, staff would recommend the following guidelines for the Washington Commercial Building and Property Improvement Grant Program:

- The proposed improvements must be on properties that are zoned for and operate as a permitted commercial use and not be located within the Square TIF District. Home occupations and non-commercial properties are ineligible. Uses and/or buildings should conform with City's comprehensive plan.
- Eligible buildings must be at least 10 years old.
- Mixed-use properties are eligible, though funds can only be used for eligible improvement expenditures on the commercial portion of such properties. At least 50% of the total floor space must be devoted to a commercial use(s).
- Vacant commercial properties are eligible, though the applicant must submit an executed lease or purchase agreement.
- A business must have 50 or fewer full-time equivalent employees at the time of application and be independently owned, operated, and controlled.
- The applicant must be either a property owner or business operator (with the consent of the property owner) of commercial space in the Washington city limits. Property owners (if different from the business operator) are eligible to apply if the proposed use of funds is solely for eligible improvements identified below for the property that is identified on the application.
- The property owner and business operator must be current on the payment of Tazewell County real estate taxes. The property owner and business operator must be current on the payment of City of Washington water bills and license fees.
- At least one cost estimate for the proposed improvements must be submitted.
- Funding emphasis will be given to businesses that generate sales tax and for improvements that may increase the equalized assessed value. Emphasis will also be given to projects that lead to improved curb appeal.
- The minimum eligible cost is \$5,000.

- The City's participation is capped at 50% of the eligible costs and ~~\$25,000~~ **\$50,000** in any fiscal year.
- The City Council will review applications on a first-come, first-served basis starting on May 1 of each year (other than during the current fiscal year).
- Applications are considered on a case-by-case basis and the City Council can use its discretion on how much, if any, to award depending on the availability of funds.
- The Illinois Prevailing Wage Act applies to any improvements that are subject to the grant award.
- Following a City Council recommendation, a grant agreement will be drafted for approval by the Council.
- Projects cannot begin until Council agreement approval and after the issuance of a building permit, if applicable. Pre-award expenses are not reimbursable.
- The project must be completed and receive an approved final inspection, if applicable, within ~~six months~~ **one year** of approval of the agreement unless otherwise authorized by the City Council in its sole discretion. A maximum extension of six months may be granted if justified by extenuating circumstances. If the project is not completed by the end of the extension period, the City's obligation to reimburse the applicant for the project would be terminated.
- This is a reimbursable program. A single reimbursement would be made within 60 days of the completion of the project and the submittal of the paid invoices.

#### **Eligible Improvements/Expenditures:**

- Exterior façade improvements to existing buildings including installing or restoring architectural elements and tuckpointing.
- Exterior façade improvements for new buildings that are beyond the minimum standards specified in the City's building design guidelines (a minimum 35% of the front façade must contain an acceptable type of decorative masonry)
- Door and window replacements
- Awning replacements
- Permanent monument or wall signage installation, **particularly to replace pole signage.**
- Parking lot improvements
- Non-flat roofing repairs that are not covered by insurance.
- Structural renovations
- Sidewalk repairs or replacements on private property that ensure ADA compliance.
- Installing exterior lighting to highlight architectural features or to enhance employee and customer safety, provided that it is not routine maintenance. **Lighting should be decorative, if possible.**
- Stairs, porches, and railings improvements
- Permanent landscaping and streetscaping installation in front of or on the side of the building
- Exterior painting
- Demolition cost for buildings to be replaced by new construction. A building permit for the new construction must be issued within 60 days following the completion of the demolition.
- Labor costs if performed by licensed and insured contractors. Proof of insurance is required.
- Soft costs including design work, architectural, engineering, planning, and other professional fees.

#### **Ineligible Improvements/Expenditures:**

- New construction except as noted above (the Enterprise Zone provides a significant incentive through the 5-year property tax abatement, sales tax waiver, 50% utility connection fee reduction, and 50% building permit fee reduction)
- Flat roof repairs and non-flat roof repairs that are covered by insurance
- Interior improvements except for structural renovations
- Business supplies and equipment
- Routine building or property maintenance
- Movable or temporary landscaping
- Sidewalk construction or repairs within right-of-way

- Fencing
- Non-fixed building elements
- Code enforcement remediation
- Labor cost if performed by non-licensed or uninsured contractors or employees of the business(es) located at the address identified on the application.
- Building permit fees and legal fees

**Fiscal Impact:** Targeting funds to exterior improvements would ensure greater visibility to the general public and potentially increase the property's assessed valuation. It is important to note that the Enterprise Zone would abate the property tax assessment increase for five years upon the completion and full assessment of any building improvements that require a building permit. Depending on the particular business, certain improvements could lead to greater sales tax generation and/or increased employment opportunities. It is recommended to exclude new construction except for assisting with new facades that would provide greater decorative masonry than required by City Code because of the greater impact that the Enterprise Zone incentives typically have compared to existing building renovations.

It is also recommended to carry over any funds not expended within a particular year. As mentioned, the FY 23-24 budget includes \$250,000 in funds to be utilized for private development assistance. The draft FY 24-25 budget includes \$300,000 in funds. Given the relative little time remaining until April 30, the Council may want to delay the consideration of applications until after May 1, which would allow a little time to finalize the creation of an application and for potential projects to be formulated in accordance with the program guidelines. Staff has had communication with several businesses that have at least explored applying for funding for improvement projects. Should there be a significant level of interest, the Council could consider an increase in the home rule sales tax by 0.25% in the future to generate more significant funds that could be utilized specifically towards assisting with private development expenses.

**Action Requested:** Feedback at the March 11 COW meeting on the framework for the use of the funds to allow for any modifications to the program. The above guidelines reflect the possible increase of the maximum City expenditure to \$50,000 per project and that projects must be completed within one year following approval of an agreement. Staff was directed to create a draft scoring system for the Council to use to determine the level of City financial assistance. Staff would recommend the attached scoring criteria spreadsheet.

The draft scoring system allocates up to 24 points through nine criteria to determine its potential impact. A project must receive at least eight points in order to be eligible for funding assistance. Projects receiving 12 or more points would be eligible for the maximum 50% City assistance up to \$50,000. Projects receiving 8-11 points would be eligible for 25% City assistance. These are only intended to be recommended funding levels and the Council could consider each project on its own merits. This attempts to place more emphasis on three criteria: The curb appeal; businesses that are retail, restaurants, entertainment, or mixed uses (with at least 50% of the building as a combination of the aforementioned uses); and the visibility of the project. Staff would score the proposed projects based on the submitted application and supporting documentation.

# Commercial Building and Property Improvement Grant Program Scoring Criteria

POINT VALUE      STAFF SCORE

## Aesthetic Impact

The proposed project will improve the curb appeal of the property (façade improvements, replacements of windows/doors, awnings, painting, upgraded signage, permanent landscaping/streetscaping, etc.)	0-4
The proposed project will improve the pedestrian experience (improvements to parking lots, sidewalks, decorative exterior lighting, etc.)	0-2
The proposed project will address existing building and/or property safety issues (structural improvements, non-flat roof repairs, stairs/porches/railings, building demolition if to be replaced by new construction)	0-2

## Property Use

Retail, restaurants, entertainment, and mixed use where at least 50% of the building contains retail, restaurants, and/or entertainment (4 points) Office, service uses, and mixed uses where less than 50% of the building contains retail, restaurants, and/or entertainment (2 points)	2-4
Building or property is blighted or vacant, where the proposed project will likely improve occupancy	0-2
The business(es) are locally-owned and not chain-affiliated	0-2

## Financial

The proposed project may increase the equalized assessed value of the property	0-2
The proposed project may increase sales tax generation	0-2

## Location

The property is located adjacent to a prominent traffic corridor or is highly visible	0-4
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<b>TOTAL POINTS</b> _____ /24
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**\*Projects must receive at least 8 points in order to be eligible for grant funding**

Recommended Maximum Grant Award	Point Total
50%	>11
25%	8-11