DOWNTOWN COMMERCIAL REHABILITATION
AND FAÇADE IMPROVEMENT LOAN PROGRAM

PROGRAM GUIDELINES

Community Development Project Manager
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Modernized and attractive buildings support and encourage local businesses and business development within a commercial, mixed-use district. The presence of underutilized, vacant or generally dilapidated buildings within an area reduces the appeal and marketability of it as a viable commercial district.

Attractive storefronts, updated buildings and well-maintained historic structures, supporting a variety of commercial uses, have a significant positive effect on the marketability and livability of the surrounding area. Healthy commercial districts benefit residents of the surrounding neighborhoods, including low- and moderate-income persons, by providing goods and services that are readily accessible.

The City of Renton (“City”) has earmarked Community Development Block Grant (“CDBG”) funding to assist with its economic development efforts. Through the Downtown Commercial Rehabilitation and Façade Improvement Loan Program (“Program”), the City hopes to encourage investment in Downtown, achieve significant visual improvements in its built environment, and improve Downtown’s overall health and safety. Funding will be targeted to assist projects that will promote rehabilitation of commercial buildings to improve façades and upgrade existing buildings to bring them into compliance with current codes, with the goal of stimulating additional private investment and creating additional economic opportunities.

Program loans may be awarded as follows:

- Individual project loan amount is a minimum of $10,000, with the maximum amount subject to eligibility and availability of funds.
- The City anticipates providing a total of $390,000 for project loans during 2018. Applications will be accepted as long as funding remains available, depending upon the number of loans issued.
- The applicant must provide matching funds equal to at least the requested loan amount (“50/50 split”).
- Matching funds should be in the form of cash that will be utilized for exterior and/or interior building improvements, site improvements, and/or off-site improvements that further advance the rehabilitation of eligible commercial properties.
- Cash match may include documentable expenses directly related to the loan-assisted project incurred within one year of the grant application. In-kind and donated services and supplies may be included as part of a cash match provided that all services and supplies are sufficiently documented and tracked with appropriate valuations included.
- Loans are subject to 0% interest and may be forgivable subject to performance.

Program goals and objectives are:

- To enhance the economic vitality of the City, especially in Downtown, by encouraging thriving businesses in existing viable buildings.
- To promote and encourage continued maintenance and prevent deterioration of existing buildings that are important to retain in the City’s core, whether to convey a sense of the City’s heritage or to retain established building scales as a complement to new, higher density development.
To promote economic development by providing an incentive for property and business owners to renovate their buildings for occupancy by new or expanding businesses. Successful outcomes will produce updated commercial structures meeting current code requirements and storefronts that will attract retail, eating and drinking, and other pedestrian-oriented establishments.

To meet the CDBG program’s national objective of benefitting low- and moderate-income persons on an area basis through commercial rehabilitation activities. The combined Downtown and South Renton subareas (as designated by the City Center Community Plan) are located within three census tract block groups (Nos. 53 033 025300-3, -4 and -5) where at least 51% of the residents are considered to meet low- and moderate-income levels as defined by U.S. Housing and Urban Development Department (“HUD”) guidelines. Collectively, the combined subareas are primarily residential, but include a significant number of commercial buildings with businesses that serve the residential population.

To expand and strengthen the variety of goods and services available to all of the area’s residents, as well as other City residents. The combined subareas form an urban community where commercial needs can be assessed by residents through a variety of transportation modes, including walking, biking, driving short distances or using public transit.

To assist in meeting the goals and objectives listed above, correct life safety deficiencies in existing buildings to improve overall public safety, and remove architectural barriers to access by persons with physical disabilities and/or impaired mobility to improve building accessibility.

**Available funding**

The City anticipates providing $390,000 for the Program in 2018. Some of the funding will be reserved for architectural design review consultant services to assist the City in reviewing project plans and advising on design changes as necessary.

**Who to contact about the program**

Jessie Kotarski, Economic Development Specialist, is the City’s contact for the Program. Jessie may be reached at 425-430-7271 or jkotarski@rentonwa.gov.

All applicants are asked to contact Jessie prior to preparing an application to confirm eligibility for funding. Applicants may also wish to discuss general questions, concerns, and budget specifics. She will review your draft application on request and offer feedback.

**Where to pick up and drop off a loan application**

**Access the application form electronically:** The application form is available from the City of Renton website at: http://rentondowntown.com/about-downtown/facade-improvement-program/. Once completed, the form and required attachments may be scanned and submitted as a single PDF document via email to: jkotarski@rentonwa.gov.

**In person:** You can pick up applications and drop off your completed application (one original signed application plus attachments, and one complete copy set) at the Community & Economic Development Department, located on the 6th Floor of Renton City Hall, 1055 South Grady Way.
BY MAIL: One original signed application plus attachments, and one complete copy set may be returned by mail to the following address:

City of Renton
Attn: Jessie Kotarski
Community & Economic Development Department
Renton City Hall – 6th Floor
1055 South Grady Way
Renton, WA 98057-3232

ELIGIBILITY

ELIGIBLE APPLICANTS INCLUDE:

- For profit or nonprofit operating businesses (new or existing) seeking to locate or expand. Businesses that are or may become tenants within existing buildings may apply provided that their landlords/property owners have provided written authority (see application form for more information).
- Owners of existing buildings (vacant or occupied) with a re-use plan.
- All property taxes and business license fees must be current in order to participate in the program.

ELIGIBLE LOCATIONS INCLUDE:
Existing building must be located within the Downtown or South Renton subarea as designated within the City Center Community Plan (see boundaries on attached map).

ELIGIBLE USES AND COSTS INCLUDE:

- Overall renovation and improvement of existing commercial building facades, including windows, doors, walls, roof, foundation, paint, awnings, signage, light fixtures, etc.
- Upgrades or rehabilitation to bring existing building into compliance with current codes (correcting existing code violations).
- Off-site construction of frontage or infrastructure upgrades that are a requirement of a city-approved development plan.
- Soft costs (professional fees, consultant studies, property reports, etc.) related to eligible activities.
- Other such direct project costs specifically described in the application, subject to CDBG regulations and local and/or federal agency approval.

APPLICATION EVALUATION

All applications will be evaluated in the context of the following. Although all of the following criteria do not need to be met, it is important that projects seeking to be funded demonstrate a reasonable level of feasibility and impact on improving the economic viability of the downtown area.

FEASIBILITY

- Applicant’s ability to administer and complete the proposed project within budget and within the time constraints described in application.
- Appropriateness of the proposed budget in relation to the described project.
PROJECT IMPACT & PUBLIC BENEFIT

- Project’s contribution to enhancing the pedestrian environment of Downtown Renton, either through creating additional foot traffic, improving the building’s appearance, and/or improving the public realm that fronts the building.
- Project’s potential to strengthen or expand the downtown commercial district economy and/or introduce compatible new uses.
- Project’s ability to provide new market opportunities for the traditional downtown commercial district.
- Project’s ability to expand and strengthen the variety of goods and services available to the residents of the Downtown and South Renton subareas.
- Project’s ability to bring new uses for existing commercial buildings that are expected or desired to remain as downtown revitalizes and new higher-density development occurs.
- Project’s ability to stimulate additional investment in Downtown Renton.
- Project’s potential to support entrepreneurial efforts and local ownership.
- Project’s potential to correct life safety deficiencies and better support expanding or new businesses.

QUALITY & SIGNIFICANCE

- Degree to which the proposed project enhances the sense of downtown as a traditional retail, dining and entertainment (cultural) district.
- Quality of proposed project in effecting significant positive change. These types of projects may range from a complete building rehabilitation (including buildings that suffer from years of deferred maintenance), to a more modest renovation that provides a superior aesthetic improvement, and/or to an opportunity that attracts a marque use or tenant to the downtown area.

APPLICATION REQUIREMENTS

Interested applicants will be requested to submit an application form, along with the following supporting information:

a. Proposed borrower entity (including entity type, background, number of years in existence or, if new, formation status).

b. Project description - number of square feet to be renovated/acquired/leased, types of uses, description of intended occupant businesses, list of items to be included in the building rehabilitation (including, if applicable, physical architectural barriers to be removed, remediation plan, public/off-site improvements, site improvements), and prospective project schedule.

c. A narrative (limited to no more than one single-sided page) explaining how the proposed project meets the “Project Impact & Public Benefit” and “Quality & Significance” criteria listed above within the “Application Evaluation” section.

d. Color photos of all four sides of subject property.

e. Preliminary proposed budget with listing of other funding sources and status of each (proposed, in review, or committed).

f. Past experience of borrower entity and/or general contractor in implementing similar building rehabilitations.

g. Do not staple the original.
Following initial application screening, project applicants with projects deemed eligible for consideration will be requested to provide additional information which may include any of the following:

a. Project timeline with key milestones.
b. Development team qualifications.
c. Building condition or inspection report.
d. Preliminary schematic design plans.
e. Third party cost estimate with a detailed scope of improvements.
f. Updates to detailed breakdown of sources and uses and status of other financing sources (proposed, in review, or committed).
g. Any bids solicited and/or received.
h. Status of leasing if building includes tenant space. For businesses seeking funding, provide signed agreement or letter of intent (LOI). Note that, at the time a loan agreement is executed, applicant businesses must possess a valid lease that is at least co-terminus with the term of the funding loan. For property owners seeking funding, provide signed agreement(s) for existing tenants or signed agreement(s) or LOI(s) for prospective tenants. If property owner will be tenant, indicate within the detailed project description.
i. Financials and tax returns for borrowing entity.
jk. Evidence of source and availability of matching funds.
k. Evidence of site control or description of acquisition plan.
l. Environmental reports as requested (dependent upon project scope).

Application Review and Timeline
Following receipt of additional information and staff review, loan applications will be submitted to a Program Loan Committee for funding approval. The Program Loan Committee consists of representatives from key City department/divisions, an outside lending institution, and/or a financial consultant.

Obligations of Award Recipients
After funding recipients are approved, Program staff will work with the applicant to develop a legally-binding loan agreement with the City. The loan agreement will govern loan terms, the required documentation and payment of funds, use provision(s), compliance with HUD’s CDBG program guidelines, and other important provisions.

Loan Terms are anticipated to include the following:
- Up to five-year term with zero percent interest.
- Provisions for use and control of identified matching funds.
- Provisions that the loan amount may be forgiven at end of term if all Program requirements have been completed and the loan recipient is in good standing.
- Loan recipient to pay a Loan Origination Fee of $150.00, or 0.25% of the actual loan amount, whichever is greater; and Closing Costs (including any legal fees) of 50% of total actual costs.
- Project must clear City/County/HUD environmental review prior to construction activities.

Payment of Loan Funds generally will be:
- Made upon completion of project improvements and City inspection approvals. However, consideration can be provided for a portion of the funding to be paid prior to completion depending upon the needs of the applicant and the project.
In either case, provided on a reimbursement basis.
Appropriate documentation for costs will be required before payment is made.

**Use Provision:** Loan recipients will need to agree to a recordation of a lien or deed of trust to be placed against the property title for a period at least covering the term of the loan. Recipients may also be required to provide an unlimited guarantee from the principal owners of the property or business (depending upon borrower). The lien or deed of trust will include provisions to ensure that the loan recipient maintains the uses for which the funding is awarded (“use provision”) during the loan term, as well as maintains the property in good-working order.

**Insurance:** Loan recipients may be required to demonstrate proof of the following:

- Comprehensive General Liability Insurance coverage for the project with the City of Renton endorsed as an additional insured.
- Workers Compensation and Employer’s Liability Insurance as required by the State of Washington.
- Personal Property Insurance.
- Personal Automobile Liability/Business Automobile Liability Insurance.
- City of Renton business license (either issued or application pending approval).

**Note**

This document is intended to serve as a set of guidelines to govern the Downtown Commercial Rehabilitation and Façade Improvement Loan Program. The City of Renton reserves the right to make reasonable adjustments to or vary from the guidelines in its implementation of the Program. The City further reserves the right to utilize the Program’s allocated funding for other purposes at its discretion and consistent with HUD CDBG regulations, and in compliance with the City’s joint agreement for CDBG funding with King County.

**Map**

“Downtown & South Renton Combined Subareas” map appears on the following page.