

PROGRAM GUIDELINES

COMMUNITY DEVELOPMENT BLOCK GRANT FACADE IMPROVEMENT PROGRAM



CITY OF CLEARWATER ECONOMIC DEVELOPMENT AND HOUSING DEPARTMENT

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COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
FACADE IMPROVEMENT PROGRAM

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Exhibits

- Exhibit A Part I: Program Application
- Exhibit B Part II: Application for Funding Assistance
- Exhibit C Low & Moderate Income Areas Map

1. PROGRAM OBJECTIVES

- To achieve neighborhood stability by addressing the social, economic and physical issues that plague the area;
- To create job opportunities in low- to moderate-income areas;
- To create jobs for low- to moderate-income persons;
- To remove slum and blighted conditions;
- To establish a unique and positive identity that instills neighborhood pride and sense of ownership; and
- To revitalize the neighborhood to attract reinvestment in private property.

2. PROGRAM ASSISTANCE

Funding assistance is available to an eligible property owner to offset eligible project costs. Funding is through a zero-interest (0%) loan that converts to a grant over the five-year loan term. The maximum amount for a façade loan is \$35,000, provided the property owner applies private funds representing at least 20% of the loan amount. The 20% match towards capital improvements must be used towards improvements to the subject property. Improvements funded with the 20% match must be approved by the Economic Development and Housing Department (ED&H).

Maximum loan amount may be adjusted at the sole discretion of the ED&H Department Director.

Prior to the issuance of a loan commitment to the property owner, the ED&H Department must approve the conceptual design and preliminary cost estimate for the property owner's proposed improvement project. Approval of the conceptual design by the ED&H Department does not constitute building permit approval as may be required by the City of Clearwater.

A loan is secured through an executed Loan-to-Grant Agreement between the loan applicant and the City of Clearwater. Program loans are 0% interest, provided that the property owner complies with all terms and conditions of the program and Loan-to-Grant Agreement. The loan principal will be forgiven at a rate of 20% per annum, converting to a 100% grant five years from the date of execution of the Loan-to-Grant Agreement.

3. PROGRAM ELIGIBILITY

ELIGIBLE PROPERTIES & PROPERTY OWNERS

Eligibility for assistance under the program requires that all of the following criteria are met:

- Applicant is the property owner or lessee; if lessee, property owner is required to be a co-applicant;
- Property must be located in a Neighborhood Revitalization Strategy Area or a low-to moderate-income area as shown in Exhibit C;
- Property does not have current or outstanding code violations; code violations may be remedied in conjunction with an improvement project as it pertains to the façade only. Any fines issued because of such violations must be paid or satisfied prior to application approval;
- Property is not associated with a Problematic Use as defined in the Community Development Code or a Prohibited Use as defined in the Downtown Redevelopment Plan;
- Applicant is current on property taxes and has a valid Business Tax Receipt;
- Applicant demonstrates financial capacity to sustain business operations for the five-year term of the loan. Equity value in the property or other acceptable collateral is required; and
- Property is not the subject of a current Loan-to-Grant Agreement under this program.

ELIGIBLE PROJECTS

The ED&H Department will make the determination if a project is eligible or ineligible. Eligible project improvements/costs include those listed on page 4 when applied primarily to the principal façade. Other improvements may be funded with the applicant's 20% match upon ED&H approval. Loan funds will be extended only for exterior work resulting in the improvement or enhancement of the building façade. Improvement projects must be of high quality and designed and constructed by qualified, licensed professionals. The ED&H Department shall have the authority to determine the eligibility or ineligibility of all proposed work.

Facade improvements made prior to execution of the Loan-to-Grant Agreement will not be eligible for funding under this program. Exceptions may be authorized for emergency repairs at ED&H's sole discretion.

Ineligible improvements include, but are not limited to, general structural upgrades, non-permanent fixtures, security systems, personal property, interior window coverings, equipment, foundation work, fencing, operating capital and any improvements deemed to be inconsistent with Program objectives.

- Improvements must comply with all applicable regulations, including American with Disabilities Act (ADA) requirements. Code violations may be remedied in conjunction with an improvement project as it pertains to the façade only; however,

any fines issued because of such violations must be paid or satisfied prior to application approval.

ELIGIBLE PROJECT IMPROVEMENTS/COSTS

- | | | | | |
|---|---|--|---|-------------------|
| ▪ Construction, installation or renovation: | - | Windows | - | Parapet |
| | - | Doors | - | Balconies |
| | - | Awnings | - | Porches |
| | - | Marquees | - | Arcades |
| | - | Shutters | - | Cornices |
| ▪ Exterior wall treatments: ¹ | - | Painting (entire building façade) ¹ | - | Stucco/plastering |

Notes:

1. Painting of unpainted brick or masonry is strongly discouraged

The ED&H Department reserves the right to require certain minimum improvements as part of the applicant's project in order to meet program objectives and ensure compliance with City of Clearwater code and CDBG funding requirements.

4. APPLICATION PROCESS

APPLICATION SUBMITTALS & REVIEW

The ED&H Department will determine the completeness of applications and may request further information in support of an application. The decision to accept an application will be based on funding availability and project merits, including support of ED&H Department goals and program objectives. The ED&H Department shall be responsible for the evaluation of program applications and funding determinations.

PROOF OF FINANCIAL FEASIBILITY

The applicant must verify, to the satisfaction of the ED&H Department, the funding of any non-program funded portion of the project. Verification means that sources of funds are committed, terms and conditions are known and sources have the capacity to deliver.

Funding for the non-program portion of a project is the responsibility of the applicant and can come from a variety of sources, including cash investment, bank financing and personal loans. The applicant must transfer these committed funds into escrow at the time of the Loan-to-Grant Agreement execution.

5. CONSTRUCTION PROCESS

ELIGIBLE CONTRACTORS

At least three written bids from qualified, Florida licensed contractors to perform the project work are required. The ED&H Department's third-party inspection firm will assist the applicant through the bid process. Each bid must be in response to an identical scope of work for the project. Prior to awarding of the bid, the applicant must provide

the ED&H Department with information on the proposed bid award, as well as the rejected bids.

The contractor awarded the bid must show evidence of adequate liability and workers compensation insurance coverage. The applicant will provide the ED&H Department with a copy of the proposed contract with the selected contractor for review.

TIMELY PERFORMANCE

All projects assisted by this program must be completed in a timely manner. The project shall be completed in accordance with the project timeline submitted with application. When it can be demonstrated that circumstances, clearly beyond the applicant's control, prohibit completion within the applicant's proposed timeline, the ED&H Department may grant an extension. Failure to complete the project in a timely manner will result in a cancellation of the contract, de-obligation of any unexpended funds, and at the discretion of the ED&H Department, recapture of expended funds.

DAVIS-BACON ACT LABOR STANDARDS

Federal labor standards provisions of the Davis-Bacon Act require that all employees working on a construction project that is wholly or partially federally-funded are entitled to receive the prevailing wage rate for that locality as established by the U.S. Department of Labor. This standard applies to all construction contracts funded with CDBG program funds in excess of \$2,000.

Prevailing wage rates are listed in the Davis-Bacon Wage Decision, a listing of various construction work classifications, such as carpenter, plumber and electrician, and the minimum rates (and fringe benefits) that people performing work in those classifications must be paid. Davis Bacon standards are updated periodically by HUD.

CONSTRUCTION PROCESS SUMMARY

- Project must be completed in accordance with the project timeline submitted with application.
- Davis-Bacon Act wage standards apply to any project over \$2,000.
- No contractors shall be on the HUD debarment list.
- Applicant is responsible for securing all required permits.
- Use of lead-based paint is prohibited in federally funded projects. Any building, to be improved under this program, constructed prior to 1978 is required to have a lead-based paint inspection performed and any identified issues relating to the presence of lead must be mitigated as part of the overall project.
- Project must be compliant with the Americans with Disabilities Act throughout the five-year loan to grant period.

During the construction process, contractors must submit weekly certified payroll reports beginning with the first week the contractor works on the project and for every week afterwards until the contractor has completed its work. In addition, contractors must make their employees available at the job site for confidential interviews with the ED&H Department's third-party inspector as to the type of work they perform and their rate of

pay. Every effort will be made to cause as little disruption as possible to on-going work during the interviews.

INSPECTION

The applicant shall permit inspection of the property by the City, ED&H Department and its' agents for compliance with all City codes and ordinances pertaining to code compliance and such other inspections deemed necessary in connection with the property, the rehabilitation work and all contracts, materials, equipment, machinery, fixtures, payrolls, and conditions of employment pertaining to the work.

6. DISBURSEMENT OF LOAN PROCEEDS

Prior to disbursement of loan funds, the applicant must execute a Loan-to-Grant Agreement with the City that states the terms and conditions of the loan to grant. The applicant is required to transfer their portion of the project's funds into escrow. Upon applicant default of any term or condition of the Loan-to-Grant Agreement, the ED&H Department may call the remaining pro-rata share of the loan amount due and payable.

Loan funds for satisfactorily completed, contract-specified work will be disbursed by the escrow agent with approval from the ED&H Department. The ED&H Department's third-party inspection firm will verify completeness prior to any disbursements. At no time will the ED&H Department have more loan funds disbursed than the percent of work completed (with the exception of the initial money withdrawal to cover cost of materials, if approved by the ED&H Department).

Upon receiving properly executed invoices for satisfactorily completed work from the applicant, payment will be made directly to the contractor for the amount of eligible costs specified in the invoice. Requests for loan disbursement are to occur at the 30%, 60% and 90% project completion milestones, with 10% of loan funds to be retained until project completion. The final disbursement will occur after the project's completion and upon final approval by the ED&H Department.

If the project is completed, the ED&H Department will recapture any remaining funds from the escrow account and reduce the applicant's loan accordingly. The ED&H Department will provide the applicant with disbursement forms and instructions for submittal of properly executed invoices. Disbursement forms will also serve as a release of lien from applicable contractors. Typically, loan disbursement by the escrow agent for eligible costs approved takes one week. Disbursement will be made only to those contractors who have submitted weekly-certified payroll forms.

7. ADDITIONAL REQUIREMENTS

MAINTENANCE

When borrowing program funds, the applicant agrees to maintain the improvements, as determined by the ED&H Department in its sole discretion, for a period equal to the term of the loan (five years).

ALTERATIONS

The applicant agrees not to change or alter elements of the improvement project without prior written approval from the ED&H Department for a period equal to the term of the loan (five years).

LOAN FORGIVENESS

Provided that the property owner complies with all terms and conditions of the program and Loan-to-Grant Agreement, program loans shall be forgiven in 20% increments on an annual basis such that at the end of the five-year loan term, the full loan amount will be deemed forgiven and the loan balance will be \$0. If the lessee ceases to occupy the property or the property owner sells the property during the five-year loan period, the remaining pro rata share of the loan amount shall become due and payable to the City immediately.

EQUAL EMPLOYMENT OPPORTUNITY

The applicant shall comply with all applicable provisions of federal statutes and regulations concerning equal employment opportunities for persons engaged in construction undertaken in connection with program assistance.

RECORDS

The applicant shall keep such records as may be required by the ED&H Department in connection with the project for a period of five years following project completion.

CIVIL RIGHTS

The applicant shall not discriminate upon the basis or race, color, sex, marital status, handicap, religion or national origin in the sale, lease, rental, use or occupancy of the property to be assisted.

DISPLACEMENT OF TENANTS

No financial assistance will be provided if the project involves the permanent and involuntary displacement of tenants unless the applicant agrees to provide financial assistance to the tenants consistent with the Federal Relocation and Real Property Acquisition Act, as amended.

8. FOR MORE INFORMATION OR TO SCHEDULE A PRE-APPLICATION MEETING

CONTACTS

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