



# City of Clearwater Community Redevelopment Agency Vacancy Reduction Grant Program

## **A. Program Overview**

The purpose of the Community Redevelopment Agency (CRA) Vacancy Reduction grant program is to reduce vacancy in ground floor, commercial spaces by assisting property owners with funding to renovate vacant spaces for occupancy by uses that generate significant pedestrian foot traffic in downtown. Grants may be awarded to property owners for exterior and interior improvements to commercial property within the CRA district. The CRA will fund provide a 50% match towards the total project cost for building improvements that stay with the building up to a maximum of \$500,000 for Part A. Additional funding up to \$500,000 will be available for catalytic uses that serve as a destination in downtown for Part B. The amount of grant funds for the program will be established by the CRA Trustees on an annual basis. All grant awards are subject to budget availability and CRA Trustee approval. Applications will be accepted on a rolling basis. The application form is available at [www.downtownclearwater.com](http://www.downtownclearwater.com).

The **Vacancy Reduction grant program** directly promotes goals and objectives of the 2018 Clearwater Downtown Redevelopment Plan, specifically:

**People Goals** (page 46) – Downtown shall be a place that attracts residents, visitors, businesses, and their employees and enable the development of community. The City shall encourage a vibrant and active public realm, recreation and entertainment opportunities and support the community and neighborhoods.

*Objective 1E:* Maintain Cleveland Street as Downtown’s Main Street which is valued for its historic character and pedestrian scale.

**Urban Design Goal** (page 48) – Downtown will be a dynamic built environment of dense and livable patterns and active and attractive streets through quality urban design and architecture.

*Objective 4D:* Encourage renovation, restoration, and reuse of existing historic structures to maintain the character of Downtown’s neighborhoods.

The Vacancy Reduction grant program’s **objectives** are as follows:

- Reduce the number of vacant properties in Downtown Clearwater by bringing older, vacant properties up to current building and fire codes to allow occupancy
- Increase the number of commercial spaces suitable to create new restaurant, retail and cultural destinations in downtown

- Incentivize the attraction of new businesses that generate pedestrian foot traffic to occupy vacant or underutilized spaces by reducing the costs of renovation

## **B. Program Eligibility and Activities**

The Community Redevelopment Agency staff will administer the Vacancy Reduction grant program. Funding for this grant program is based on budget availability and will be considered on a first-come, first-served basis. Application submission does not guarantee approval. Applications will be reviewed for completeness and compliance with program criteria to determine eligibility for grant funding. Applications that do not comply with the program criteria and conditions will not be eligible for funding. No grants will be awarded for work completed prior to an executed grant agreement. The funding decision of the CRA Trustees is final.

This program is intended to assist with significant renovations that meet a minimum threshold of \$300,000 in total project costs. Smaller projects are encouraged to apply for other CRA grant programs. This program may not be combined with any other CRA grant program. This program has two parts – *Part A* for buildout for standard pedestrian generating uses and *Part B* additional financial support for unique, destination businesses/uses that will generate significant visitors to downtown. Property owners can apply for one or both parts of the program. No more than one grant from this program may be awarded to the same subject property or the same business.

All applications for Part A must meet the following criteria:

1. Property owners may apply for grant funding to support a project that will occur in one or more subject property(s). The subject property must be a ground floor, commercial or mixed-use property located within the CRA. The applicant must be the property owner of the subject property(s). Ad-valorem property tax exempt properties are not eligible (in cases where a portion of the property is tax-exempt, funding may be made only to the taxable portion/percentage of the property).
2. Property owners may combine adjacent parcels, buildings and/or individual storefronts within a building to create one grant request. Properties must be vacant at the time of application or leased to a non-eligible business tenant. If properties are already leased to retail/restaurant businesses, personal service industries or other eligible business tenants as defined by this grant program, the property cannot participate in this grant program.
3. Applications must include a concept site plan, interior and exterior concept plans, narrative description of the proposed improvements, description of the future tenant/use, project timeline, and a scope of work with a minimum of two quotes from qualified vendors for completing the work. Every project must include interior improvements. No applications will be accepted with exterior improvements only. The *total project cost* is determined by the total costs of eligible grant expenses. Grant funds can only be used towards eligible expenses. Property owners must match CRA grant funds on a dollar per dollar basis. Matching funds must be used towards eligible expenses. The maximum grant amount per project is \$500,000, which requires a total project cost of a minimum of \$1,000,000. Applicants may spend more than \$1,000,000, however the maximum grant will remain \$500,000.
4. The subject property must have an eligible business tenant(s) that will open for business once the building improvements are complete. Applicants must supply proof of a lease that identifies at least a minimum of a five-year term and an eligible business tenant. Grants funds must be used to attract the following kinds

of businesses as defined in the Downtown Zoning code:

- Retail and restaurant businesses
- Personal Services Industries (e.g., barber and beauty shops, health spas, dance studios, photography and art studios, tailoring, and other similar services)
- Galleries, theaters, other cultural and community gathering spaces

5. Prior to execution of a grant agreement, the subject property(s) must be free from any liens (except mortgage liens), judgments, or encumbrances (except easements) of any kind, and all city obligations must be current.

#### Part A: Eligible Grant Expenditures

Grant funds must be used to make exterior and interior improvements to the building, that remain with the building and the site to reduce visual blight and prepare the building for occupancy. The CRA's general rule for improvements that qualify towards a property owner's match is that the improvement should remain with the property. CRA funding may be used for materials and labor costs directly related to the following building improvements:

- ADA requirements
- Window/Doors
- Interior Water Fountains
- Florida Fire Protection Code Requirements
- Mechanicals and HVAC systems
- Plumbing and electrical, including utility connections and upgrades
- Structure stabilization (repair and replacement of foundations, footers, load bearing walls, roofing systems)
- Room and space reconfiguration including wall relocations
- Energy efficiency improvements
- Outdoor hardscape improvements and lighting
- Exterior Signage
- Painting (including exterior murals)
- General exterior surface repairs, new roof, or roof repairs
- Siding Materials
- Minor site improvements, e.g., driveway repair, re-stripping parking lot

All applications for Part B must meet the following criteria:

1. Property owners may apply for grant funding to support a project that will occur in one or more subject property(s). The subject property must be a ground floor, commercial or mixed-use property located within the CRA. The applicant must be the property owner of the subject property(s). Ad-valorem property tax exempt properties are not eligible (in cases where a portion of the property is tax-exempt, funding may be made only to the taxable portion/percentage of the property).
2. Property owners may combine adjacent parcels, buildings and/or individual storefronts within a building to create one grant request. Properties must be vacant at the time of application or leased to a non-eligible business tenant. If properties are already leased to retail/restaurant businesses, personal service

industries or other eligible business tenants as defined by this grant program, the property cannot participate in this grant program.

3. The subject property must have an eligible business tenant(s) that will open for business once the building improvements are complete. Tenants must have a minimum of a five-year lease from the issuance of a Certificate of Occupancy. Grants funds must be used to attract the following kinds of businesses as defined in the Downtown Zoning code:
  - Retail and restaurant businesses
  - Personal Services Industries (e.g., barber and beauty shops, health spas, dance studios, photography and art studios, tailoring, and other similar services)
  - Galleries, theaters, other cultural and community gathering spaces

In addition to meeting the basic criteria above, the applicant must illustrate how the proposed tenant will serve as a unique destination in downtown. For example, an award-winning chef or dining concept that would be new in downtown or a cultural attraction with an established audience. The applicant will be asked to submit the following information to show evidence of the tenant's ability to generate significant visitors:

- Awards, press etc. recognizing the idea/business ability to generate visitors
  - Previous financial success of the tenant or development team
  - Partnerships with state and federal organizations
  - Evidence that the idea/business is unique in this region
  - Financial performance and visitor data of the idea/business in other places
4. Applications must include a concept site plan, interior and exterior concept plans, narrative description of the proposed improvements, description of the future tenant/use, project timeline, and a scope of work with a minimum of two quotes from qualified vendors for completing the work. Depending on the type of business/tenant proposed additional information will be required including, but not limited to, a narrative description of why the use is destination worthy, the total project costs and sources of funding, a multi-year pro forma for the business operations and breakdown of grant expenditures that will stay with the building versus any funds for specialty equipment.
  5. The maximum grant available for Part B is up to \$500,000 per project with a 50% match from the property owner to attract and maintain the unique, destination use. For Part B, the property owner can match the CRA grant funds in the following ways any construction costs, rent abatement for the tenant, and any Part B eligible expenditures. Matching funds cannot be counted twice. Any matching funds used for a Part A grant, cannot be used for Part B grant. CRA grant funds can only be used towards eligible expenses.
  6. Prior to execution of a grant agreement, the subject property must be free from any liens (except mortgage liens), judgments, or encumbrances (except easements) of any kind, and all city obligations must be current.

#### Part B: Eligible Grant Expenditures

In addition to the eligible expenditures in Part A, grant funds under Part B can be used to purchase specialty equipment needed to support the catalytic uses. Applicants will need to provide a narrative description to show

how the specialty equipment will be used by the proposed tenant. Some examples include, but are not limited to:

- Stages
- A/V equipment
- Machinery for certain food/drink production or other kinds of equipment that needs to be installed to support a unique business
- Specialty Lighting

### **C. Grant Process for Part A and Part B:**

Property owners first complete a grant application. CRA staff reviews the application for funding eligibility. Once an application is determined complete and in compliance with the grant program, CRA staff will prepare a grant agreement that outlines the proposed funding amount, total project costs, project timeline and scope of work for consideration by the CRA Trustees. The application form is available at [www.downtownclearwater.com](http://www.downtownclearwater.com).

#### **Application Submission**

1. Applications can be submitted via email, in person, or postal services. The applicant must meet with the CRA staff. Staff will provide the applicant with general guidance on proposed project and if the project qualifies for grant funds for submission. Incomplete applications will not be accepted.
2. Each application will be reviewed according to the following criteria:
  - Consistency with the goals of the Downtown Redevelopment Plan
  - Feasibility of the proposed scope of services and timeline
  - Ability to meet the program objectives, legal and financial requirements of the grant program
3. If the application is approved by the CRA Director, the funding request and proposed grant agreement will be considered at a regularly scheduled CRA public hearing. The CRA Director will recommend a funding amount and other conditions based on the applicant's request in the form of a proposed grant agreement. The CRA Trustees may choose to approve, modify or deny the CRA Director's recommendation. After the grant agreement has been approved by the CRA Trustees and has been signed, the applicant may begin work on the project. The CRA Trustee's decision is final.

#### **Project Timeline**

Building permits must be obtained prior to the execution of a grant agreement. Any work requiring a permit must be performed by a licensed and insured contractor and comply with the Downtown Design Guidelines of the City of Clearwater Code of Ordinances. The applicant must obtain a Certificate of Occupancy and the tenant must be open for business within 18 months from the execution of the grant agreement. The CRA Director has the authority to extend time limits for up to six months for project completion based on extenuating circumstances. Grantees must request an extension in writing and if approved, an amendment to the grant agreement will be executed.

#### **Financial Security**

The CRA will require the property owner to commit to a five-year loan to grant agreement secured through one or more of the following methods:

- A mortgage on the property
- A personal guarantee
- A promissory note

For Part A grants, if a tenant goes out of business in less than five years, the property owner will have six months to replace the tenant with any eligible business under this grant program. For Part B grants, if a tenant goes out of business in less than five years, the property owner will have nine months to find a similar tenant or will have to seek approval to amend the grant agreement from the CRA Trustees for another eligible use. The five-year loan to grant agreement requires a full five years of occupancy by an eligible tenant.

#### Payment Process

Grant funds will be disbursed by the CRA to the applicant on a reimbursement basis for eligible project expenses. CRA staff must review and approve all reimbursement requests. Applicants must submit paid invoices as proof of payment. The CRA will reserve 10% of the total grant amount until after the CO has been received and the tenant has opened for business. The CRA Director has the authority to modify the payment process based on extenuating circumstances as outlined in the grant agreement.

#### **D. Next Steps**

If you are interested in learning more about the Vacancy Reduction grant program please visit [www.downtownclearwater.com](http://www.downtownclearwater.com) or contact Howard Smith at [howard.smith@myclearwater.com](mailto:howard.smith@myclearwater.com).