

**LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS**

**COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE**

**MARCH 10, 2011**

**Item 8, File #101295**

File Number 101295 is a resolution directing the City Comptroller to transfer \$500,000 from the Development Fund to the Citywide Façade Grant Program Project Account.

**Background**

1. The Development Fund is a Department of City Development-administered capital account that provides financial assistance for development projects that do not qualify for tax incremental district designation. The Fund has been used to support façade-improvement grants and loans, brownfield cleanups, business improvement district activities, new-home incentives and neighborhood street improvements.
2. The 2011 Adopted Budget provides \$1.5 million for the Development Fund, including \$300,000 in cash-levy funding for job-training programs and \$1.2 million in new borrowing for other purposes.
3. The Department of City Development has operated a City-Wide Façade Grant Program for more than 20 years. This program provides grants for property and business owners to make improvements to storefronts and principal building facades in both neighborhood and downtown commercial areas.
4. The "Program Guidelines" for the City-Wide Façade Grant Program indicate that grant applications are reviewed by the "Façade Grant Committee" (now DCD's "Business Resource Committee"), which meets monthly and determines whether a project should receive a grant and, if so, the amount of the award.

The eligibility criteria for façade grants vary depending on whether the property is located in a neighborhood commercial district or downtown. Neighborhood façade grants shall cover not more than 50% of the total cost of eligible improvements (minimum total project cost of \$2,000), and shall not exceed \$5,000 per storefront. Funds are awarded on a reimbursement basis after the project is completed, not prior to commencement of the work or during the project. If work is not completed within 9 months of the awarding of the grant, the Façade Grant Committee may cancel the grant.

For downtown façade grants, reimbursement is limited to 30% of the total cost of eligible improvements. The maximum grant award is \$50,000 per building, not \$5,000 per storefront. Finally, the maximum length of the project completion period is one year, rather than 9 months.

5. The City-Wide Façade Loan Program, created by Common Council File Number 031357, adopted February 10, 2004, provides additional funding for DCD façade improvement program.

### **Discussion**

1. This resolution directs the City Comptroller to transfer \$500,000 from the Development Fund account to the Citywide Façade Grant Program Project Account.
2. The last transfer of funds from the Development Fund to the Citywide Façade Grant Program -- \$500,000 -- occurred in conjunction with adoption of Common Council File 081643 on May 27, 2009.
3. In 2010, the Citywide Façade Grant Program awarded grants for 45 façade improvement projects totaling over \$362,000. Grants ranged in size from \$547 to \$50,000, with the average being \$8,065.
4. For 2011, the Department of City Development has submitted to the file a list of 16 façade-improvement projects to be funded by this program – 9 that have already been approved for funding (totaling \$83,700) and 7 with applications pending (totaling \$109,045). These projects are located in commercial districts throughout the city, including the King Drive, Brady Street and Historic Mitchell Street corridors.

### **Fiscal Impact**

The current unallocated balance in DCD's Development Fund capital account is \$1,772,423. Adoption of this resolution will reduce the balance in this account by \$500,000.

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