

City of Peoria P83 District Building Reuse Program FAQs

What is the Peoria P83 District Building Reuse Program?

The Program is a tool to revitalize the P83 District and reinvigorate private investment in targeted properties. These revitalization efforts will help to eliminate empty restaurant buildings and convert them into professional office, retail and entertainment uses, promote commercial reinvestment activities, increase the daytime foot traffic in this important area of the City, and enhance the overall quality of life for Peoria residents.

The City will approve the form of security structure to be used. The resulting agreement, subject to City Council approval, will include a stipulation for the amounts owed for non-compliance under the agreement.

Option 1 - City's Preferred Structure:

The Program will provide up to 50% matching funds, on a reimbursement basis, to eligible private property owners for eligible improvements associated with properties located in the Target Area. City assistance will be in the form of a reimbursable grant. Should the property owner not comply with the terms of the program agreement, following the City's notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the outstanding grant balance will be forfeited. Upon compliance with the Program agreement, the grant amount shall be reimbursed at ten (10) percent per year over a 10-year grant period.

Option 2 – Alternative Security Structure:

The Program will provide up to 50% matching funds in a lump sum reimbursement basis, to eligible private property owners for eligible improvements associated with properties located in the Target Area. City assistance will be in the form of a reimbursable grant. Should the owner not comply with the terms of the program agreement, including a promissory note and deed of trust, following the City's notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the then outstanding grant balance shall be immediately due and payable to the city. Upon compliance with the Program agreement, the grant balance shall be reduced by ten (10) percent per year over a 10-year grant period. This structure will require as part of the application the submittal of a current title report and a current property appraisal. All outstanding financial liens on the property plus the City's contribution cannot exceed 125% of the property's appraised value.

Who can apply for funding?

A person, corporation, association, or other private legal entity holding fee simple title to commercial real property located within the Program's Target Areas is eligible to apply for assistance under the Program. This program is not eligible to tenants or those with a ground lease for the premises, unless (i) written consent of the property owner(s) has been obtained for a deed of trust to be recorded against the parcel (**Option 2**), and (ii) the City otherwise determines that the grant is appropriate. (See **map of district**).

What types of improvements are eligible for funding?

Eligible improvements under the Program are limited to interior tenant improvements for buildings with a minimum of 5,000 square feet in size appropriate for use by an office, retail, entertainment or other compelling user. Furnishings, fixtures and equipment (FF&E) and exotic or extravagant improvements are not eligible. Priority will be given to commercial users fitting one of the following industry types: advanced business services, healthcare, or software development (Targeted Industries). A detailed listing of all proposed interior tenant improvement A&E costs and actual cost of construction (exclusive of FF&E) must be submitted as part of the application.

How is the money awarded?

This is a matching grant program, which means that the applicant pays for the improvement and the City of Peoria reimburses eligible costs covered under the City approved grant. The amount of the match must be at least 1:1 -- the applicant pays \$1 and the City reimburses \$1. Work completed prior to receiving City Council approval is not eligible for funding. Grant funds are disbursed on a reimbursement basis and cannot be issued until the proposed project has been completed including all city building and fire inspections and issuance of a certificate of

occupancy by the City. Before a check is cut, applicants will need to submit proof of payment for completed work and the release of all mechanics' and materialmen's liens, and Peoria Economic Development staff must review the completed project to determine that the actual work performed was the work approved.

How does the application process work?

First, applicants must contact Amber Costa, Economic Development Agreement Coordinator, at 623.773.7594 or amber.costa@peoriaaz.gov. At this preliminary stage, staff will explain the program requirements as well as discuss the proposed scope of the renovation project and security structure with the applicant. At this stage, the preliminary eligibility of the project for the program will also be determined (subject to City Council approval).

The preliminary stage will be followed by the submission of a formal application for assistance. Along with the application, the applicant will provide an architectural or building design plan of the improvements in sufficient detail to determine program compliance.

The Peoria Economic Development Department will prepare a program agreement outlining the obligations of the applicant, as well as a promissory note in the amount of the proposed reimbursable grant and a deed of trust to secure repayment of the note (**under Option 2**). The documents will be presented to the City Council to review and approve at its discretion. If approved, reimbursable work can be commenced by the applicant, once all city approvals are received, including building permits.

Project cost overruns due to miscalculations, undiscovered construction requirements, or other justifiable reasons may be added to the overall cost of the Building Reuse Project and be eligible for one half matching funds with the prior written approval from the City.

Following completion of construction of the improvements, the applicant will submit the following documentation to City staff for review:

- 1) Copies of invoices and contracts;
- 2) Copies of lien releases from all contractors, subcontractors and suppliers of materials and equipment;
- 3) The applicant's cancelled checks or credit card receipts, showing that all costs have been paid in full;
- 4) Copy of the final building and fire inspection approvals.

How are projects selected for funding?

Applications will be reviewed and selected based on their compatibility with the vision and goals of the P83 Building Reuse Program guidelines, the applicant's experience in the industry for which the improvements are intended (that is, likelihood of performance for the 10-year term of the grant), and the City's security position. As a general requirement, existing liens, together with the City grant, cannot exceed 125% of the property value (**under Option 2**).

What happens after a project is selected for funding?

Work selected for a matching grant must be completed prior to reimbursement of funds. The applicant is responsible for obtaining all building and fire permits and any other required city approvals for the work to be done. The applicant is responsible for conformance with all applicable safety standards and conditions. The applicant also agrees to maintain the property and improvements.

What is the promissory note interest rate?

The promissory note will bear and accrue interest at the City's bond rate (that is, the amount that the City must pay to borrow money). If the applicant has complied with all the terms and conditions of the program agreement, the annual accrued interest will be reduced at the time of the annual reduction of the note amount. If the applicant has not complied with the program agreement, all accrued and unpaid interest shall be due in full, along with the full unreduced note amount.

Will the city subordinate? (Under Option 2)

No. The city will not subordinate its deed of trust to new construction or other financing.

Will the city deviate from the 10-year term of assistance?

No. In order to provide uniformity of treatment across the program, the City will neither accelerate nor extend the program's 10-year term.

Is the note eligible for prepayment?

An applicant can prepay the note balance under Option 2 at any time upon prior written notice to the City. The total amount of prepayment is the outstanding amount of the grant and all accrued and unpaid interest through the date of prepayment. The interest rate will be at the City's bond rate (that is, the amount that the City must pay to borrow money). If the applicant has complied with all the terms and conditions of the program agreement, the annual accrued interest will be reduced at the time of the annual reduction of the note amount. If the applicant has not complied with the program agreement, all accrued and unpaid interest shall be due in full, along with the full unreduced note amount.

Is the grant "recourse" or "non-recourse"? (Under Option 2)

Although the City's grant is secured by a deed of trust, the note is a personal obligation of the applicant; therefore, the grant is "recourse."

Can the program agreement and grant be assigned?

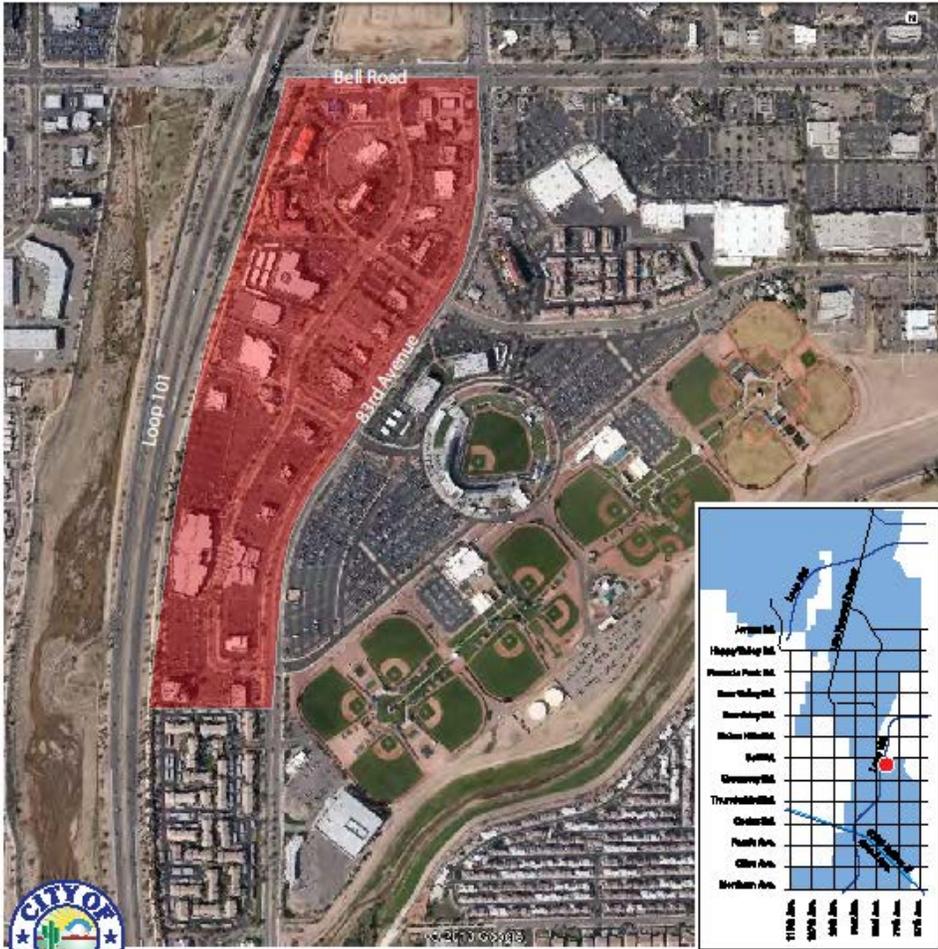
As long as the applicant is not in default, the program agreement and grant can be assigned with the City's prior written approval to an individual or entity that acquires the applicant's entire interest in the property and agrees in writing to be bound by all of the terms and conditions of the program agreement.

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P83 Building Re-Use Program



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