



## City of Kelso

### Façade Improvement Loan Program Qualifications, Conditions & Terms

As part of the overall downtown redevelopment strategy, the City of Kelso, through the Façade Improvement Loan Program, will provide loans to eligible property owners to enhance commercial buildings and storefronts within the program's designated area.

The City Council will have final approval authority for all Façade Improvement Program applications. The Community Development Department administers the program for consistency with eligibility and design requirements. The program operates on a reimbursement basis, in accordance with the terms of the program as administered by the City Financial Officer. The applicant is responsible for all payments to contractors. City staff will verify actual costs incurred by the borrower prior to reimbursement.

The contract agreement identifies the conditions, covenants and responsibilities for the loan, and is entered into by all applicants and the City. The general program, qualifications, guidelines and loan terms and conditions are described below.

#### I. **ELIGIBILITY**

##### A. **Applicants**

1. Applicants shall provide credible verification that they are the lawful owner(s) of the program-eligible building.
2. All legal property owners shall sign the program application, and in the case of a corporation or partnership, a corporate resolution or a power of attorney must be submitted with the application.
3. Façade Improvement loans are subject to funding availability.
4. The City Council will evaluate and approve all façade improvement loans at its sole discretion.
5. Community Development staff will evaluate and make recommendations on all applications.
6. At the City's request, the applicant shall give permission to access credit history.

##### B. **Building**

1. Eligible building must be a commercial use and located in the downtown core General Commercial (GC) zone. (See attachment A)
2. New buildings (constructed within the last three years) are not eligible for participation.
3. Properties affected by unresolved code enforcement issues or actions will not be eligible for participation.
4. Properties that are structurally deficient or otherwise uninhabitable are not eligible for participation.

##### C. **Qualifying Area**

The area within which buildings are eligible for the Façade Improvement Loan Program is described below. The described area is intended to include buildings on both sides of the streets as indicated in Attachment A.

1. The Western boundary is South 1<sup>st</sup> Avenue.
2. The Northern boundary is Cowlitz Way.
3. The Southern boundary is Maple Street.

4. The Eastern boundary runs along South 4<sup>th</sup> Avenue from Crawford Street to Ash Street, then extends over to South 3<sup>rd</sup> Avenue and continues south to Maple Street at the southern boundary and back to South 1<sup>st</sup> Avenue.

A map of the eligible area is included as Attachment A.

## II. **IMPROVEMENTS**

- A. **Eligible Improvements** – Funds are intended for exterior façade improvements only and may include:
  1. Painting of the front building façade (Including decorative architectural elements) is allowed. Rear entrances and sides of buildings are allowed only if they are visible from the street.
  2. Construction, installation and/or renovation of awnings, marquees, doors, windows, signage, display window lighting, tiles, pavement between door and sidewalk, landscaping and other façade improvements as approved by the Community Development Department.
  3. All improvements must be compatible with adopted design review standards.
- B. **Additional Requirements**
  1. The City reserves the right to require certain minimum improvements as part of the program in order to meet the objectives of the City.
  2. An example would be that façade repainting may be required as a minimum improvement.
- C. Maintenance improvements such as roofing and general structural upgrade work are not eligible.
- D. Applicants must obtain all required permits necessary for the completion of the work. Permit fees are considered an eligible expense.
- E. The Community Development Department and other appropriate city departments must approve all improvements.
- F. Applicants shall not begin any work on improvements to property listed as work covered under the requested loan until such time that the loan agreement is approved and signed by the City.
  1. Construction, renovation or painting costs incurred prior to the execution of the loan will not be eligible for reimbursement.
  2. Design, drawing and fee costs will be eligible for reimbursement solely under conditions discussed below.
- G. Projects must be consistent with the City's Downtown Redevelopment Strategy.

## III. **ELIGIBLE COSTS** (those costs eligible for reimbursement through the façade improvement program):

- A. **Permits and Fees**
  1. All permits and associated fees lawfully required to construct the façade improvements shall be paid for by the applicant and are considered eligible costs.
    - a. Copies of all required permits intended for reimbursement are to be provided to the Community Development Department staff prior to commencement of construction.
    - b. Reimbursement of permit fee expenses shall occur at the time of disbursement following the first inspection of work, release of lien and review of submitted receipts.
- B. **Construction Drawings**
  1. The preparation of detailed drawings shall be paid for by the applicant and are considered eligible costs. (See Section V "Design and Preliminary Cost Estimate")

**C. Conceptual Design Costs**

- 1. Conceptual design cost estimates shall be paid by the applicant and are considered eligible costs. (See Section V “Design and Preliminary Cost Estimate”)

**D. Other Fees**

- 1. Credit reports, closing, recordation and other related expenses shall be paid by the applicant and are considered eligible costs.

**IV. LOAN TERMS**

**A. Principal**

- 1. Subject to the availability of funding, the maximum loan principal is the lesser of:
  - a. 80% of the eligible project costs actually incurred; or
  - b. The maximum allowable loan per storefront according to amount of building front footage.

<b>BLDG Front Footage*</b>	<b>Maximum City Participation</b>	<b>Maximum Loan</b>
< 25 Linear feet	80%	\$15,000
26 to 35 Linear feet	80%	\$18,000
36 to 45 Linear feet	80%	\$21,000
46 to 55 Linear feet	80%	\$24,000
56 to 65 Linear feet	80%	\$27,000
> 65 Linear feet	80%	\$30,000

\* Building front footage will include the exposed part of buildings on corners or public access alleyways if a customer entrance to the business is on that alleyway. If the side of a building is clearly visible from the street, then one-half (1/2) of the linear footage of the side is eligible as building front footage.

- 2. Borrower must liquidate any existing façade program loan before being eligible for an additional façade improvement loan.
3. Maximum cumulative loan amount is not to exceed \$90,000 in any five consecutive year period.

**B. Interest**

- 1. Loans shall carry a deferred interest rate of 6 %.
2. Accrued interest shall be waived at maturity if all other terms and conditions of the loan are met.

**C. Term**

- 1. The initial term of the loan shall be five (5) years.
2. If the loan is not paid in full prior to the end of the initial loan term, new terms shall be established, with interest, for an amortization period as determined by the City.

**D. Payments**

- 1. Payments of principal and interest are deferred for the initial term of the loan, except as noted in Section IV E below.
2. If new loan terms are established as provided in Section IV(C) above, payments of principal and interest shall be made monthly.

**E. Conditions:**

- 1. There will be no pre-payment penalty or fees.
2. Loans will be due and payable in full upon sale or transfer of the property or upon other acceleration conditions of the loan as provided below.
  - a. Assumption by new owners shall be approved at the sole discretion of the City.

- b. Annually, on or near the anniversary date of the loan, upon sale of the property, or at the owner's request for re-conveyance, the Community Development Department will inspect the property and determine, at its sole discretion, if it has been maintained in good condition (See Section IV "MAINTENANCE OBLIGATION").
- c. If the property is maintained in good condition for the term of the loan, (See Section VII "MAINTENANCE OBLIGATION") one hundred percent (100%) of the interest shall be forgiven at maturity.
- d. At any point upon the City's determination that the property has not been maintained in good condition, the City will notify the owner, in writing, of any deficiencies.
  - i. If the owner fails to cure the deficiencies within 30 days, then the full principal and accrued interest shall be amortized over the balance of the initial loan term and collected on a monthly basis.
  - ii. In addition, if an owner has not met the concerns of the City within 60 days of the written notice, then the full principal and accrued interest shall be come immediately due and payable.

**F. Security:**

- 1. A lien on property shall be recorded to secure the loan.
- 2. The lien shall be senior to any previously recorded lien with the exception of a primary mortgage lender.

**G. Disbursement of loan funds:**

- 1. The following requirements shall be met prior to the disbursement of funds:
  - a. An inspection and approval of completed improvements will be conducted.
  - b. A receipt of copies of acceptable (at the City's sole discretion) lien release from applicable parties will be submitted.
    - i. If lien releases are not provided, (prior to fund draw), checks will be issued to applicable contractors.
  - c. Receipt and review of all invoices for improvements.

**V. DESIGN AND PRELIMINARY COST ESTIMATE**

**A. Conceptual Design:**

- 1. Conceptual design and preliminary cost estimate are reimbursable program cost.
- 2. Applicant's conceptual design and cost estimate must be approved by the City prior to loan commitment.

**B. Drawings/Permits:**

- 1. All working drawings and corresponding City permits will be the applicant's sole responsibility.
  - a. Detail drawings and application for permits must be completed within 90 days of approval of the applicant's conceptual design.
  - b. Failure to meet this deadline will result in the cancellation of all the City's obligations regarding the reimbursement of any eligible past or future costs in connection with the design or construction of the improvements.
- 2. The preparation of detailed drawings is an eligible cost under this program.

**VI. BIDDING/CONSTRUCTION**

**A. Bid Requirements:**

- 1. At least three competitive bids must be obtained.
  - a. In order for any bid to be acceptable, it must be received from a contractor licensed to do business in the State of Washington.

- b. Applicant is responsible for selecting a contractor, and executing the corresponding construction agreement.
  - c. Any contractor not licensed in the City of Kelso at the time of bid, must obtain a City of Kelso business license prior to the issuance of building permits or the start of work, whichever comes first.
2. The City of Kelso Community Development Department must approve the winning bid and the contractor prior to the execution of the construction agreement.
- B. Permits for building improvements must be obtained as necessary.
- C. All City fees must be paid by the applicant prior to the start of work.
1. Fees are eligible costs under this program.
- D. All improvements must be completed within nine months of permit issuance or execution of loan agreement unless a written extension is granted by the City.
1. Failure to meet this deadline will result in the cancellation of all City of Kelso obligations regarding the reimbursement of any eligible past or future costs in connection with the design or construction of the improvements.
  2. Knowledge of this deadline is the sole responsibility of the applicant.
  3. If an extension is needed, the applicant shall submit in writing, the request and reason for the request as well as a time estimate for completion *no later than thirty (30) days prior* to the initial deadline.
  4. If an extension is granted, it may only be granted one time. Failure to meet the time extension shall result in the consequences outlined in Section VI(D)(1) of this document.

## **VII. MAINTENANCE OBLIGATION**

- A. Applicant shall maintain the improvements and façade of the property in good condition and in accordance with local and State building codes.
- B. As an incentive to encourage proper maintenance, 100% of accrued and deferred interest shall be forgiven at maturity if improvements are maintained in good condition.
1. If an owner fails to maintain the improvements, all principal and accrues interest shall be collected as indicated in Section IV “LOAN TERMS”.
- C. Conditions that constitute a failure to maintain the property in good condition include, but are not limited to, peeling paint, chipped surfaces, broken windows, covered transoms or window spaces, boarded windows, excessive bird droppings or debris, graffiti and illegal or non-conforming signage, lack of landscaping maintenance, and obstructed windows.



# City of Kelso

## FAÇADE IMPROVEMENT LOAN PROGRAM

APPLICANT			
Business Name:	Contact Name		
Mailing/Billing Address:	City:	State:	Zip:
Phone:	Email:		

PROPERTY OWNER			
Business Name:	Contact Name		
Mailing/Billing Address:	City:	State:	Zip:
Phone:	Email:		

PROJECT SITE INFORMATION		
Square Footage	Front Footage	Parcel #:
Address/Location:		
Tenant Business #1	Tenant Business #2	
Tenant Business #3	Tenant Business #4	
Project Start Date:	Duration:	
Estimated Cost:	Grant Amount Requested:	

**Please attach the following with your application:**

1. A photograph of the existing building façade.
2. Architectural rendering showing the proposed façade changes.
3. Contractor's bids for the proposed work. (minimum of three bids are required)
4. Paint chips (if painting is included as part of the project)

### AGREEMENT

The undersigned applicant affirms that:

1. The information submitted herein is true and accurate to the best of my (our) knowledge.
2. I (we) have read and understand the conditions of the Kelso Façade Improvement Assistance Program and agree to abide by its conditions.

**Property Owner (s)**

**Signature:** \_\_\_\_\_

**Print Name (s)** \_\_\_\_\_



*City of Kelso*  
**FAÇADE IMPROVEMENT AGREEMENT**

**Property Owner:** \_\_\_\_\_

**Project Address:** \_\_\_\_\_

**Amount:** \_\_\_\_\_

**ARTICLE 1. PURPOSE:** The owner(s) want to complete the rehabilitation of the façade(s) on the above listed building.

**ARTICLE 2. WORK TO BE PERFORMED BY THE OWNER:** The owner(s) has provided the Façade Improvement Assistance Program with a work list (Attachment 1) for the planned building façade improvements. The amount to be provided by the City to reimburse the owner for the purchase and/or rental of material, supplies and equipment, and hiring of contractors utilized in the satisfactory performance of the work shall not exceed 50% of the total project cost or \$ \_\_\_\_\_, whichever is less. All work will be completed no later than \_\_\_\_\_.

**ARTICLE 3. STANDARDS AND METHODS OF WORK:** All work performed by owner or trade contractors must include all work in the approved work list (Attachment 1) and be in conformance with applicable building codes. Permits must be obtained from the appropriate building authority for each type of work which requires a permit under the applicable code. The owner shall be responsible for all construction means, methods, techniques, sequences and procedures and for meeting all requirements of codes and rules, regulations and orders of any governmental authority bearing on the performance of the work.

**ARTICLE 4. PROTECTION AND MAINTENANCE OR WORK AND PROPERTY:** The owner at all times shall keep the site free from accumulation of waste materials or rubbish. The owner shall be responsible for maintaining all safety precautions and programs in connection with the work. The owner shall take all reasonable precautions to prevent damage, injury or loss to: (1) all persons on the work site and other persons who may be affected thereby, (2) all work and all materials and equipment to be incorporated therein, and (3) other applicable laws, ordinances, rules, regulations, and orders of any governmental authority providing for the safety of persons or property or to protect them from damage, injury or loss. All damage or loss to any property caused in whole or in part by the owner shall be remedied by the owner at his/her own expense.

**ARTICLE 5. INSPECTIONS BY THE PROGRAM:** The Façade Improvement Assistance Program shall make periodic inspections of the site during construction to familiarize itself with the progress and quality of the work. The owner expressly understands and agrees, however, that the public program is not responsible for failure to accomplish work in accordance with the terms of this document.

**ARTICLE 6. INDEMNIFICATION:** The owner agrees to indemnify, defend and hold harmless the City, its elected and appointed officers, employees and agents from and against any loss, expense, attorney's fees, other costs, liability or claims of any kind or character arising wholly or partially out of any act or omission on the part of the owner, his/her subcontractors or employees in the performance of this contract.

**ARTICLE 7. REIMBURSEMENT AND PAYMENTS:** After verification that the owner has satisfactorily completed the approved work list, and the owner has provided verification of expenditures (supplier's invoices, statements or receipts, and time records crediting the owner for time spent on actual construction work at the rate of \$8 per hour for the owner's time, \$4 per hour for family members and actual payroll cost for employee

time), the Façade Improvement Assistance Program will reimburse 80% of the project costs up to the maximum matching grant.

Reimbursement to the owner may be withheld by the Façade Improvement Assistance Program on the basis of:

- (1) Unsatisfactory performance of the work;
- (2) Failure to provide the documents required in this agreement; and/or
- (3) Non-compliance with any requirements contained in the agreement.

**ARTICLE 8. CANCELLATION OF THIS AGREEMENT AND THE REHABILITATION WORK:**

If the owner does not commence work within sixty (60) days from the date of execution of this agreement, the Façade Improvement Assistance Program agreement and financial assistance may be cancelled by the City.

**ARTICLE 9. RECORDS:** The owner agrees to provide the Program with access to all records, books, documents and papers which are pertinent to the performance of the work and compliance with the terms of this document.

**ARTICLE 10. EQUAL EMPLOYMENT OPPORTUNITY AND LOCAL BUSINESS UTILIZATION:**

The owner shall not discriminate against any contractor because of race, color, religion, sex, or national origin. The owner will take affirmative action to ensure that contractors are employed without regard to race, color, religion, sex, or national origin. The owner shall, in all solicitations or advertisements for contractors placed by or on behalf of the owner, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin. The owner shall comply with all provisions of this Article which shall include furnishing required information and reports, and permitting access to his or her books, records, and accounts for the purpose of investigation to ascertain compliance with such rules, regulations and orders.

**ACCEPTANCE OF THESE TERMS BY OWNER:**

\_\_\_\_\_  
Owner:

\_\_\_\_\_  
Owner:

Date: \_\_\_\_\_

Reviewed and Approved by

\_\_\_\_\_  
Steve Taylor  
City Manager

Date: \_\_\_\_\_