

City of Peoria P83 District Building Reuse Program Amendment No. 1

The City's Economic Development Implementation Strategy (EDIS) was adopted to serve as a road map to achieving the City's stated economic development goals of business retention, business attraction, workforce development, redevelopment, and real estate development opportunities. One strategy identified in the EDIS was the creation and implementation of an economic development incentive and investment program to set forth the type of assistance the City may offer to qualified projects that enhance the City's economic development strategy. As such, the Economic Development Incentive and Investment Policy (EDIIP) was adopted to create defined criteria for businesses to evaluate and understand the type of investment that would qualify for City assistance as part of relocating or expanding within the City. Each project requesting city assistance must meet the EDIIP minimum qualification criteria, which can be found in the EDIIP Guidelines (attached), as well as complete an EDIIP application form.

In furtherance of the City's economic development objectives, the City of Peoria has identified the P83 District as an EDIS Investment Zone, and developed a P83 District Building Reuse Program ("Program") encompassing the target area depicted on the map below (Target Area). The purpose of the Program is to encourage a more diverse use of existing vacant buildings in the District to include professional office, entertainment and retail tenants as an alternative to continuing to add restaurant users that have a historical failure rate in the District.

The District offers a unique opportunity in the City for business attraction, specifically advanced business services, healthcare, and software development users, as those types of users often require up to 20,000 square feet of space within an area offering restaurant, convenience retail and entertainment options within walking distance or a short drive time from a business location. The P83 District offers such amenities, as well as buildings in the 10,000 – 30,000 square foot range that could feasibly accommodate such tenants that would provide additional daytime population to benefit the District overall. Therefore, an opportunity exists for a collaboration among key property owners, commercial brokers and the City to offer a strategy to accelerate the re-use of key buildings in the Target Area for such industry users.

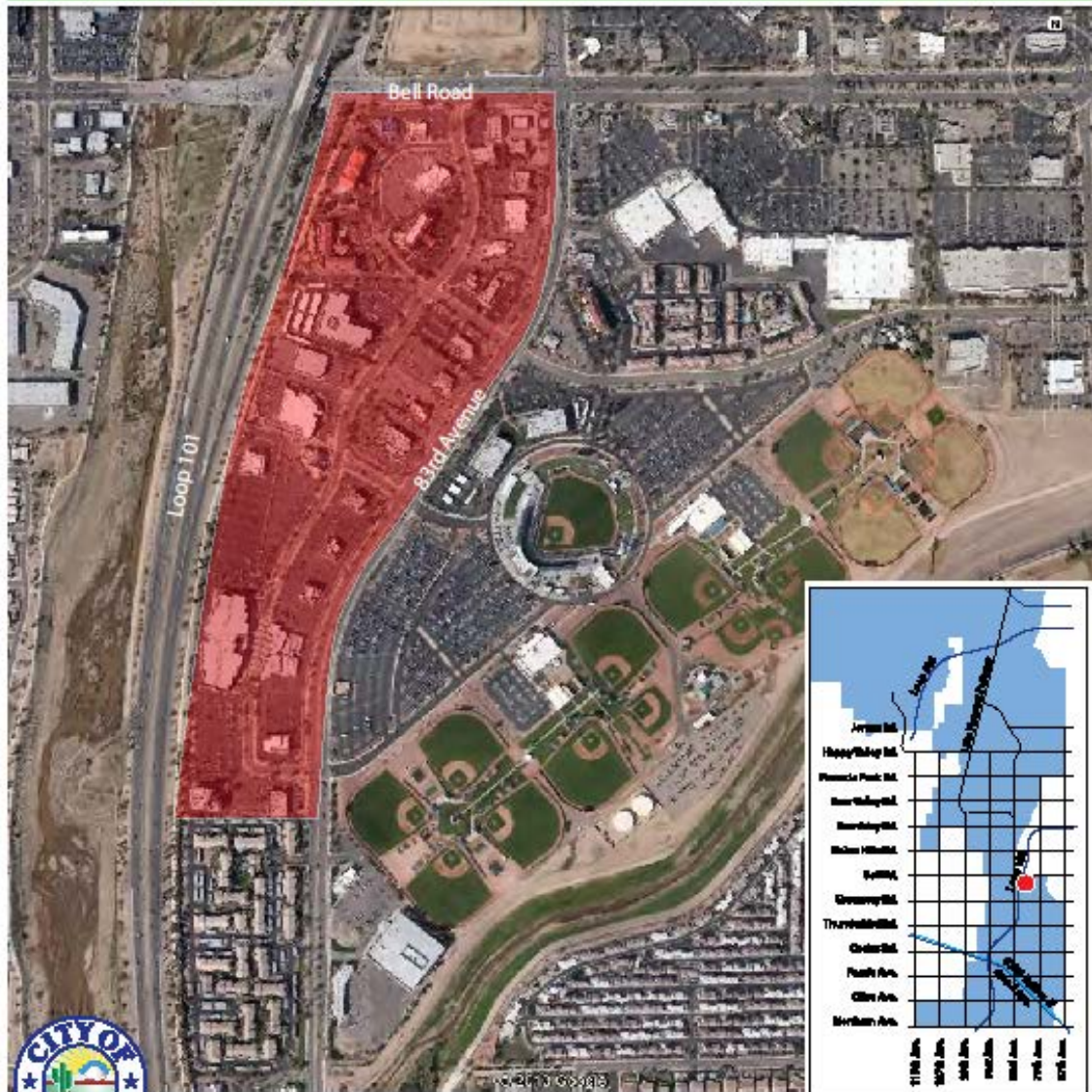
An issue to overcome is the potentially extensive amount of tenant improvement costs associated with converting existing restaurant oriented building interiors into commercial office, retail, or entertainment appropriate spaces. The Program is designed to address this issue, and that of minimizing the timeframe of tenant improvement building plan review/permitting and to allow needed improvements to occur expeditiously.

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P83 Building Re-Use Program



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The City's goal is to use the Program as 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, at its sole discretion, shall determine eligibility under the Program and the owner's likelihood to meet City objectives and goals as stated in the Economic Development Implementation Strategy (EDIS) I/II.

Security Structure

Option 1 – City's Preferred Approach

If approved, City assistance will be in the form of a reimbursable grant. The Program may provide up to 50% matching funds, on a reimbursement basis of 10% of the total grant amount being reimbursed over a period of ten years, to eligible private property owners for improvements associated with properties located in the Target Area. Should the owner not comply with the terms of the resulting agreement, following city notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the outstanding grant balance will be forfeited. In addition, failure to remain in full operation for the term of the grant (10 years) will result in owner's repaying the City all funds received under the Program.

Option 2 – Alternative Security Structure

If approved, 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 property owner not comply with the terms of the resulting agreement including a promissory note and deed of trust, following city notification of non-compliance and owner's failure to cure the item(s) of non-compliance, the then outstanding grant balance plus accrued interest shall be immediately due and payable to the city. Upon compliance with the Program agreement, the grant balance and accrued interest shall be forgiven by ten (10) percent per year over a 10-year grant period. An applicant can prepay the note balance under this option 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 repayment.

Eligible Applicants

A person, corporation, association, or other private legal entity holding fee simple title to commercial real property located within the Program's Target Areas are 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 written consent of the property owner(s) has been obtained.

Eligible Activities/Improvements

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, or entertainment user, a targeted industry (as part of the EDIS), or other compelling user as approved by the City. Priority will be given to commercial users fitting one of the following industry types: advanced business services, healthcare, or software development. FF&E is not eligible for reimbursement. Only interior improvements including A&E and actual construction costs are eligible, subject to City review and approval. The applicant must include a detailed listing of all proposed interior tenant improvement A&E costs and actual cost of construction (exclusive of FF&E) with their program application.

Eligibility for Program Participation

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. A person, corporation, association or other private legal entity holding fee simple title to any commercial real property that is located in the Target Area may apply for Program benefits. Tenants must obtain the written consent of their landlord in order to participate in the Program. The Building Reuse Program Application may be made directly by the property owner or an agent authorized in writing to act on behalf of the property owner. If the real property is under joint ownership, the application must be made on behalf or with the authorization of all owners of the real estate. As a general requirement, existing liens together with the City grant may not exceed 125% of the property value, as determined by an appraisal.

City participation for an eligible activity, up to 50% of approved costs, is based on a reimbursement to the property owner upon acceptable performance, including all needed City permits and passing all building, fire and other City inspections for eligible work.

Commencement and Deadlines for Work

No construction or rehabilitation activity under the Program eligible to receive 50% cost reimbursement to the property owner from the City that is included in the approved project scope of work will commence, **nor will costs be incurred**, prior to the date the City informs the applicant in writing that all program documents are signed and finalized and the Building Reuse Program Agreement has been approved by the City Council (see contractual requirements below). Also, no work can begin without obtaining all required city permits and approvals.

Matching Fund Documentation

Any request for reimbursement must include documentation of the eligible expenses being paid first by the applicant and documentation of the equal non-city funds being expended since this is a matching contribution program.

Other Program Requirements

Once an application for the Building Reuse Program is approved in writing by the City, the property owner is required to execute and/or provide the following documents:

- A. **Building Reuse Agreement.** This City Council approved document (drafted by the City's attorneys on a project-by-project basis) sets forth the terms and conditions for participation in the Program. Some of the key terms include scope of work, funding amount and owner maintenance requirements.
- B. **Title Report and Appraisal.** Security Structure Option 2 requires the property owner to obtain and submit with his or her application a title report for his or her property identifying any interest that may affect the City's enforcement of the Agreement. Applicants also may be required to supply additional information relating to liens and encumbrances on the property in order to be approved. The property owner must also provide a separate title report after recording of the Building Reuse Agreement to evidence the City's position on the chain of title. A current title report and appraisal is required as part of the application for assistance. Under Security Structure Option 1, a title report and appraisal is not required.
- C. **Consent Agreement.** Option 2 requires the property owner to obtain duly acknowledged consent agreements from all lien holders or other persons or entities with an interest in the subject real property, including commercial buildings and related structures thereon, consenting to the grant of the City's security interest in the property. To expedite this process, the applicant must submit the contact party name and loan number for each lien holder and is encouraged to seek consent in principle as early in the application process as possible.
- D. **Insurance Certificate.** The property owner must provide a certificate of property and liability insurance that certifies the subject real property, including without limitation the building or structures thereon, is insured for amounts acceptable to the City from an insurer acceptable to the City. A copy of the insurance certificate will be an attachment in the final contract documents. The City shall be an additional named party on the insurance certificate.