

Façade Improvement Program
City of Knoxville, Tennessee
December 21, 2010

Purpose of the Program

The City of Knoxville Community Development Department (CD) is providing an incentive program to improve the façades of certain types of buildings within targeted redevelopment areas. By enhancing the appearance of building façades, the program serves to improve the economic viability of these areas. Better aesthetics increase property values, improve the marketability of space within the buildings and draw business and residents to the area.

Target Areas

The current façade improvement target areas are the Broadway-Central Area, the Five Points Redevelopment Area, the Mechanicsville Redevelopment Area, the Burlington Business District, the Jackson Avenue Redevelopment Area, portions of Magnolia Avenue Corridor, the Vestal Redevelopment Area, and the Central Avenue portion of the Downtown North Redevelopment Area. A small amount of funding is budgeted for other strategic locations within Community Development target areas as described in the Consolidated Plan. If you have a question as to whether your property is within one of the target areas, please contact the Community Development Department.

Funding and Match Requirements

Funding is based on the square footage of the eligible facade. Buildings (within the program areas) can receive \$20 per square foot, with a maximum of \$50,000 per building, based on total project cost. Applicants must provide a match equal to or greater than twenty percent of the amount awarded through this program. The match must be spent on the facade improvement project.

Program funding is provided in the form of a loan which is forgiven over a five year period with no payments required, provided the property continues to be maintained in accordance with the program requirements, such as maintenance of the facade, property taxes are kept current, and property insurance is maintained with the City listed as mortgagee.

Application Process

Applications for the Façade Improvement Program will be available as funding allows. To obtain an application or additional information about the program, call the Community Development Department at (865) 215-2120 or visit www.cityofknoxville.org/development/facade.asp. Applicants will be required to complete the program application and provide a project timeline, architectural drawings, and specifications of the proposed façade improvement work to Community Development for approval prior to obtaining bids. Proposals must pass a threshold review for eligibility, and will then be reviewed for quality and impact of the proposed improvements. Following are the steps in the process:

1. Obtain application, either from the City web site or the Community Development Department.
2. Call Community Development to determine if property is located in an eligible area.
3. Obtain architectural drawings or call Community Development to request assistance through East Tennessee Community Design Center.
4. Forward completed application with design drawings to the Community Development Department.
5. The application will be evaluated and, if the proposed project meets the established eligibility, will be reviewed by the Facade Design Review Committee. Applicants are encouraged to attend the Design Review Committee meetings.
6. Once the committee approves the design, the owner will be notified and can then proceed to obtain at least two bids for the project.
7. When bids are obtained, forward to Community Development Department for final approval.

Eligibility

All property owners willing to improve the exterior of properties located within the designated program areas may be eligible to receive assistance. A recipient may utilize the Façade Improvement Program in conjunction with other public financial resources. Owners may receive assistance for more than one building based on funding availability.

Eligible buildings are commercial and mixed commercial/residential with façades visible from the street. New construction will not be considered for this program. For the purposes of this program, blighted means designated for acquisition or otherwise identified as blighted under a redevelopment plan or as part of the redevelopment planning process.

Applicants should be aware that buildings containing residential units will require inspection and, if needed lead hazard abatement. The cost of lead hazard abatement is not an eligible expense under the facade program and will be the total responsibility of the owner.

Applicants will be required to demonstrate financial capacity to meet the program matching requirements and must be current on all property taxes, mortgages and insurance. A credit report will be obtained by Community Development as part of the application process.

Buildings will not be required to be occupied to be eligible for this program.

Eligible Activities

Façade renovation activities must involve the general upgrading of a building's external appearance in compliance with the Design Guidelines and Design Review process.

Examples of eligible activities:

1. Masonry repairs and tuckpointing;
2. Repair/replace/preserve historically significant architectural details;
3. Storefront reconstruction;
4. Cornice repair;
5. Exterior painting and stucco;
6. Awnings and canopies;
7. Window and door repair or replacement;
8. Permanent exterior signage integrated into the storefront design;
9. Permanent exterior lighting;
10. Repair/replacement of gutters and down spouts;
11. Façade building code items;
12. Visible roof repairs in conjunction with structural improvements;
13. Utility/trash enclosures;
14. Decking and stairs;
15. Side and rear building façades where improvements will serve to cause the removal of a blight designation;

Examples of activities that are generally not eligible:

1. Landscaping;
2. Non-visible roofing;
3. Attached, hanging or projecting signs unrelated to the architecture of the building;
4. Mechanical equipment enclosures (non-visible);
5. Billboards;
6. Interior renovation;
7. Temporary, portable or non-permanent improvements;
8. New construction;
9. Property acquisition;
10. Expansion of building area;
11. Conversion of use;
12. Working capital;
13. Refinance of existing debt;
14. Payment of delinquent taxes;
15. Improvements in progress or completed prior to loan/grant approval.

16. Involve interior rehabilitation including modernization of electrical, mechanical, or structural elements. However, facade improvement funds may be used for facade improvements in conjunction with a separately financed rehabilitation project.
17. Do not follow the approved architectural plans and designs for the facade renovation.
18. Cannot demonstrate the ability to bear the entire cost of relocation and related expenses of residential or nonresidential tenants displaced as a result of project activities.
19. Activities specifically prohibited by the program's funding source.

Community Development Priorities

Approval of applications will be considered based on strength of proposals and readiness to begin work, funding availability, and Community Development priorities. Priorities include:

1. Severely deteriorated buildings with greatest negative impact on the community
2. Properties identified blighted as defined in applicable area redevelopment plan
3. Properties with significant Codes Enforcement history
4. Prominent highly visible locations such as major intersections or locations on major arterials
5. Businesses located in pedestrian oriented business districts such as Broadway & Central
6. Vacant buildings being returned to active use
7. Projects increasing or retaining jobs within the redevelopment areas
8. Buildings located in areas where other public investment is taking place
9. Projects that leverage maximum private investment
10. Buildings without residential occupancy

Design Guidelines

Eligible proposals will be required to follow design guidelines provided for this program. These guidelines are provided to assure appropriateness of the proposed work, and to provide for compatibility with the affected building's original appearance and with other area buildings. For buildings not within an H-1 overlay and not otherwise designated as historic, the design guidelines are provided to essentially 'do no harm to the possibility of a future historic designation. The current guidelines may be viewed at www.knoxmpc.org under Plans and Studies.

In the case of buildings within an H-1 overlay or otherwise designated as historic, the façade improvements must meet all applicable historic preservation requirements in addition to the program's façade improvement design guidelines and program requirements.

Architectural Drawings and Specifications

Applicants will be required to include architectural drawings and specifications of the proposed façade improvements as part of their application. If assistance is needed with obtaining drawings, applicant may contact the Community Development Department.

Procurement

Once the design is approved, the Developer agrees to solicit a minimum of two (2) competitive bids for the rehabilitation work and to provide evidence to the City of the bids received and the amount of each bid. Contractors selected are required to take affirmative steps to encourage the use of minority and women-owned business enterprises when subcontracts are let.

Financing Policies

1. Reimbursements – **progress payments will be on a reimbursement basis only.** The total reimbursement for all forms of façade improvement assistance shall not exceed \$50,000 per project. Projects must be completed within six months after the start of construction, unless the City approves a longer timeline, at the City's sole discretion.
2. Security - the façade improvement project reimbursement will be secured by a deed of trust on the real estate for the requisite term which will self-amortize proportionally each year; providing the property continues to be maintained in accordance with the program requirements, such as maintenance of the façade, property taxes are kept current, and property insurance is maintained with the City listed as mortgagee.
3. Repayments - No repayments will be required if all terms are met.

4. Default - A recipient shall be considered in default and the balance of financial assistance immediately due and payable upon failure of the borrower: to properly maintain the façade after improvements are completed, delinquency in property taxes; to maintain property insurance with the City listed as mortgagee, or failure to operate in compliance with all applicable local, state, and federal codes, laws, and regulations.
5. Remedies of Default - In the event of default, the City may exercise any combination of the remedies available to it with respect to the security agreement(s). The City may take whatever action at law, or in equity, as may appear necessary or desirable to collect any outstanding balance or to enforce the performance and observation of any other obligation or agreement of the recipient.

General Requirements

1. All work must be done in accordance with the Design Guidelines, all applicable local, state and federal codes, and rules and regulations for the Community Development Block Grant program. Any renovation work undertaken prior to the City's final written authorization to begin construction is not eligible for assistance under the program. All renovation work undertaken in conjunction with the façade improvement program which exceeds approved financial assistance shall be borne by the applicant.
2. All construction management shall be the responsibility of the applicant. All work undertaken using CDBG funds will be subject to the Davis Bacon Act. **Applicant must contact the City prior to obtaining bids when Davis-Bacon will be required to obtain current wage rates to provide potential bidders.**
3. Properties with residential components will be required to meet applicable lead-based paint abatement requirements.
4. Each recipient will be responsible for all acquisition and relocation costs when displacement of residential or nonresidential tenants occurs as a result of the project, in accordance with the Uniform Relocation Act. If temporary tenant relocation will be required for this project, contact the City for further guidance prior to submitting this application.
5. All applicants shall be required to demonstrate compliance with nondiscriminatory employment practices and Affirmative Action Programs under Title VI and Section 112 of the Civil Rights Act of 1969 and Public Law 92-65. Applicants are encouraged, to utilize minority and women-owned business enterprises under this program.
6. The City, the Department of Housing and Urban Development, the Comptroller General of the United States, 'or any duly authorized representatives, shall have access to any books, documents, papers and records which are directly related to the program assistance for the purposes of monitoring, making audits, examination, excerpts, and transcripts. All records supporting the costs and components of program assisted improvements shall be maintained for a period not less than three (3) years following completion of the program agreement period, agreement termination, or default, whichever shall first occur. No person who is an employee, agent, consultant, officer, appointed official, or elected official of the City of Knoxville who exercise or have exercised any functions or responsibilities with respect to CDBG activities, or are in a position to participate in a decision-making process, or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit, or have interest in any program assistance, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter.
7. Please contact the City of Knoxville Community Development Department at (865) 215-2120 with any questions or to obtain additional information about the Facade Improvement Program.