



Commercial Corridor Exterior Grant Program

The Economic and Community Development Department's (ECD) Commercial Corridors Exterior Grant Program will provide financial assistance to commercial property owners and business owners in a low moderate-income block group for qualified expenses.

The purpose of the program is to support the revitalization of the City's current low moderate-income block groups by stimulating private investment in high-quality improvements that enhance the appearance of properties, eliminate blight, update non-conforming design standards, expand the tax base, and increase the economic vitality of Fayetteville. This program helps to provide growth and retention opportunities to new and existing businesses.

For qualifying purposes under this program, a small business is defined as a firm organized for profit, has a place of business in the United States, is not dominant in its field, and meets size standards and other criteria set by the Small Business Administration (SBA). Size standards vary from industry to industry. Businesses that utilize this program will be issued a 1099-G at the end of the tax year.

Eligibility Requirements

Maximum Allowable Award: The program provides a one-time reimbursement of up to \$25,000 per property for eligible exterior (façade) improvements. The applicant is eligible for a 50% reimbursement on expenses equal to or less than \$25,000. The minimum project estimate amount is \$10,000.

Projects exceeding \$25,000 **MAY** be eligible for matching reimbursement based on the discretion of the ECD Director and Grant Committee. Factors for approval include but are not limited to impact in redevelopment areas, securing job growth, and securing increased taxable value.

The Grant Committee consist of one representative from the City Attorney's Office, one representative from the Finance Department, and the ECD Director or their designee.

Multiple Buildings/Parcels: Improvements made to multiple buildings on a single parcel are only eligible for the above-stated amount. Improvements to a single building located on multiple parcels (under the same ownership) are only eligible for the above-stated amount. However, the ECD Director and Grant Committee reserves the right to grant special exceptions for reimbursements greater than the above-stated maximum in the event that an applicant's proposed improvements exceed what is required by the City's design standards and have the potential to make a significant impact on the corridor.

Eligible Applicants: Eligible applicants include owners of commercial properties and owners/managers of businesses located in a designated low moderate-income block group within the City of Fayetteville. Business owners/managers leasing a building for which improvements are proposed must submit an Owner Consent Form with their completed application.



Only businesses whose existing use is allowable by the City's current codes and regulations are eligible for funding through the program. The ECD Director and Grant Committee reserves the right to deny funding to applicants who are delinquent on payment of fines or fees, do not fulfill the program's intent, or are inconsistent with the program's goals and objectives.

Eligible Areas: The Commercial Corridor Exterior Grant Program will be available in the following areas designated as a [\(LowMod Area\)](#).

(See attached maps for eligible program areas)

Job Creation/Retention

Since the program is partially funded with Community Development Block Grant Funds (CDBG), a HUD national objective must be met to benefit low to moderate-income persons. At least 51% of jobs created or retained must be held by a low to moderate-income person. The main objective of this program is for each business to create or retain at least one full-time equivalent job, making the new job available to a low to moderate-income person (Low Moderate Jobs – LMJ).

For the purpose of determining whether a person is defined as low to moderate income, the following definition has been selected for this program: Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

Environmental Review Requirement

Projects funded in whole or in part with federal funds are subject to an Environmental Review process to identify if the project will significantly impact the quality of the human environment. The grant agreement for an approved grant cannot be executed until this process has been completed. The process of an Environmental Review will sometimes take 90 days before a project can be started.

Davis Bacon

Projects funded in whole or in part with federal funds in excess of \$2,000 must comply with the Davis Bacon Act. The Davis Bacon Act mandates minimum hourly pay to all employees employed on the construction project. During the course of construction, weekly-certified payrolls are to be submitted to the ECD. This department reviews the payrolls to ensure compliance with the Davis Bacon wages. Wage interviews will also be conducted with employees chosen randomly on the construction site bi-weekly by the department's Davis Bacon Coordinator. The contractor and any subcontractors must agree to comply and incorporate labor standards provisions (HUD Form 4010) and the applicable wage decision into the construction contract with the façade client. A copy of the construction contract must be submitted to the City before construction can begin.



Section 3 Business Certification

The City of Fayetteville commits to implementing the requirements of Section 3 as outlined by HUD regulations. Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible and consistent with existing federal, state, and local laws and regulations, be directed to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons. A Section 3 business concern is a business that is 51% or more owned by Section 3 residents; or one that employs Section 3 residents for at least 30% of its full-time, permanent staff, or one that provides evidence of a commitment to subcontract to Section 3 business concerns, 25% or more of the dollar amount of the awarded contract. The ECD will require each contractor and/or subcontractor to complete a Section 3 Business Certification Form on projects where this regulation applies.

Eligible Exterior Expenditures

For purposes of this program, eligible expenditures shall include expenses related solely to those exterior improvements that are eligible for reimbursement, as outlined in the program guidelines and determined by the ECD Director and Grant Committee. This excludes expenditures related to ordinary repair and other expenditures deemed ineligible by the ECD Director and Grant Committee.

- Eligible improvements include exterior building improvements (cosmetic and/or structural), signage, lighting, and landscaping visible from the street. Examples include but are not limited to exterior painting or surface treatment, decorative awnings, window and/or door replacements, storefront enhancements, landscaping, irrigation, streetscape, outdoor patios and decks, exterior wall lighting, decorative post lighting, and architectural features. Fees for architects, engineers, or other design consultants are also eligible expenditures.
- Any renovations solely resulting from ordinary repair and maintenance are not eligible for funding through the program. Ordinary repair and maintenance are defined as "any work, the purpose and effect of which is to correct or prevent any deterioration or decay of, or damage to, a structure, site or any part thereof and to restore the structure or site, as nearly as may be practicable, to its condition prior to such deterioration, decay or damage using materials which are of a design, color and outer appearance as close as practicable to the original."
- Improvements must be consistent with recommendations outlined in the development plans for the area in which the property is located.



- All work must be completed by licensed contractors legally operating in the City of Fayetteville. The applicant is responsible for obtaining necessary building/site permits for all work. Applicants should contact the City's Development Services Department for assistance with permitting at (910) 433-1707.
- Only landscaping improvements that bring sites into compliance with the City's Landscaping Standards (to the extent practicable) will be eligible for funding through the program. Landscaping improvements completed in conjunction with building and site improvements will receive priority over those done without additional improvements.

Improvements made must remain with the property for a minimum of three (3) years following the disbursement of grant funds. Only one Commercial Corridor Exterior Grant is allowed per commercial property (includes multi-tenant business locations) in a one-year period. Portions of buildings occupied by ineligible businesses of any kind are ineligible for program funds. Buildings are subject to a clawback provision if space is occupied by a prohibited business for a minimum of three (3) years. If the funded improvements are removed from the property or damaged and not repaired within the three-year occupancy period, funds shall be repaid to the city as follows: 100 percent of grant paid if within the first year following grant payment. 66.6 percent of grant paid if within the second year following grant payment. 33.3 percent of grant paid if within the third year following grant payment. If the grantee fails to pay taxes owed to the City of Fayetteville during the three year occupancy period and continues to fail to pay such taxes within 10 business days of receiving notice of tax delinquency from the city, the entire grant amount must be repaid to the city. If commercial property changes ownership there is a minimum 3 year hold on approval for the Commercial Corridor Exterior Grant from original distribution of grant funding on said property for new ownership.

Applicability

Please reference the City of Fayetteville's Unified Development Ordinance, and all other applicable codes shall apply to new construction, renovation, or reconstruction of existing structures.

Application Process: *Applicants are encouraged to contact The Economic & Community Development Department (ECD) to review the project prior to submitting a completed application.*

All applicants must submit the following information via the City's online application software (Neighborly):

I. Business Information

- a. Prior year business tax return, profit and loss statement, and balance sheet, if the applicant is the business owner;
- b. Articles of Organization/Incorporation of the business applicant;
- c. If the applicant is the property owner: Proof of property ownership and property taxes paid OR if the applicant is not the property owner: Owner Consent Form and lease agreement;



- d. Employee summary form to document the creation/ retention of jobs by the business applicant or tenant;
- e. W-9 Form; and
- f. Business counseling referral form, if applicable.

II. Project Information

- a. Photographs of existing façade and/or exterior;
- b. Site plan of property drawn to scale, if applicable;
- c. Drawings of exterior improvements, if applicable; and
- d. At least two detailed cost estimates/bids for proposed improvements.

Grant Approval Process

Upon receiving a completed application through the neighborly portal, a representative from the Economic & Community Development Department will present the application to the ECD Director and Grant Committee for review. The completed application and additional required documents must be approved and in a fully executed grant agreement prior to commencement of work.

The ECD Director and Grant Committee reserves the right to request additional information from the applicant or visit the applicant's property to evaluate the merit of the applicant's proposed improvements. The ECD Director and Grant Committee have the authority to request modifications of a proposed design to ensure the appearance of the site or building will be compatible with the character of the surrounding neighborhood. If the applicant chooses not to make the modifications as requested, the ECD Director and Grant Committee reserves the right to deny funding.

The ECD will then provide written notification to the applicant stating whether the grant request has been approved as submitted, approved with changes, or disapproved. The ECD will also advise the applicant of the anticipated amount of reimbursement authorized, provided the improvements are completed as approved. Projects deemed eligible for reimbursement must be completed within six months of approval. The ECD reserves the right to deny funding to projects not completed within six months of approval. Completed means to have all projects done and all necessary forms, including proof of payment, returned to City Staff.

Project Construction Phase:

Before a fully executed grant agreement is issued, the property may be subject to the above-mentioned Environmental Review Process, which can take up to 90 days. During construction, the project must be monitored onsite if Davis Bacon regulations apply. Applicants will be notified upon approval if either of these regulations applies to their project.

Reimbursement Process:

Applicants who qualify for funding and sign a fully executed grant agreement must document all expenditures and provide the ECD with proof of payment (receipts, paid invoices, etc.) for all eligible improvements within 30 days of completion. In addition, a



copy of any permit(s) and photos of the completed work must also be submitted within 30 days of completion.

Once construction is complete, the ECD will visit the project to ensure it complies with the approved plans. The applicant will then be provided with a one-time reimbursement for the approved amount. The City of Fayetteville will issue reimbursement checks to the applicant.