

Lompoc Redevelopment Agency

Agenda Item



Meeting Date: September 20, 2005

TO: Gary P. Keefe, Executive Director

FROM: Linda R. Wertman, Redevelopment Program Coordinator
e-mail: L_wertman@ci.lompoc.ca.us

SUBJECT: APPROVAL OF THE LOMPOC REDEVELOPMENT AGENCY
COMMERCIAL REHABILITATION INCENTIVE PROGRAM

RECOMMENDATION:

Staff recommends the Board adopt Resolution 05-107, approving the Lompoc Redevelopment Agency Commercial Rehabilitation Incentive Program.

BACKGROUND:

Redevelopment Agency staff has received numerous inquiries and requests from property owners and businesses requesting information regarding available funding opportunities to rehabilitate buildings and retail space. In order to meet this need and promote economic development and job creation within the project area, staff has designed the Commercial Rehabilitation Incentive Program.

Health and Safety (H&S) Code section 33444.5 states that an agency may establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures within the project area.

On June 22, 2005, the Lompoc Redevelopment Agency Board approved \$450,000 in the FY05-06 Agency Budget for the Commercial Rehabilitation Incentive Program.

In order to provide a user-friendly program that will entice property owners and/or tenants to rehabilitate the interior and exterior of project area commercial buildings, and in order to reduce blighted conditions in the project area, Agency staff has created written procedures and precise program requirements for this grant/loan program.

Under the proposed loan/grant program, qualified participants are eligible to receive the following:

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A. Grant Component:

Removal and replacement of non-conforming signage	and	50% of actual cost; maximum grant: \$1,000*
City fees and architectural design cost		50% of actual cost; maximum grant: \$1,000*

* Shopping centers, plazas, and attached tenant spaces that include the replacement of three or more signs may be eligible for 50% of the actual cost, for a maximum grant of \$350 per sign.

B. Loan Component:

Rehabilitation Cost	0% Interest during Rehabilitation
Maximum Loan Amount	Interest-only payments, for 5 yrs, at 3%
determined GAP analysis	Principal & Interest amortized over the
and fund availability	next 5 years (Loan Term: 10 years)

This rehabilitation loan/grant program will be geared toward property owners; however, business owners with a ten year lease, or established businesses with a five-year lease and five-year renewal option may also participate in this program, the Agency will review these participants on a case-by-case basis. Staff will follow the Redevelopment Agency underwriting criteria when reviewing all loan applications.

A Deed of Trust securing the loan and a Maintenance Agreement will be recorded on the property, which will set forth certain maintenance guidelines similar to the maintenance agreement the City currently records for new construction projects. The period of the maintenance agreement would be for fifteen years.

On July 19, 2005, staff was directed by the Board to revise the program description and to provide a clearer explanation of the process and guidelines. To address this request, staff has clarified these documents as well as developed a one page informational handout that will be provided to the public to give a brief overview of the program and how it works.

CONCLUSION:

The delivery of this program brings great opportunity to the Lompoc Redevelopment Project Area businesses and property owners. The Commercial Rehabilitation Incentive Program will build on the Commercial Façade Improvement Program to assist in the elimination of the blighted conditions and assist both business and

property owners in rejuvenating properties in Old Town Lompoc Redevelopment Project Area. This program should also encourage private investment in the surrounding areas and work as a springboard to enhance business property and create jobs within the entire project area.

Linda R. Wertman
Redevelopment Program Coordinator

**APPROVED FOR SUBMITTAL TO THE REDEVELOPMENT AGENCY
EXECUTIVE DIRECTOR:**

Arleen T. Pelster, AICP
Deputy Director

**APPROVED FOR SUBMITTAL TO THE REDEVELOPMENT AGENCY
BOARD:**

Gary P. Keefe
Executive Director

Attch: Draft Resolution No. 05-107
(Includes: Program Description
& Guidelines, Program Procedures
Program Summary Sheet)
Prevailing Wage Disclosure Exhibit D