

Lompoc Redevelopment Agency Commercial Rehabilitation Incentive Program Program Description and Guidelines

I. Statement of Purpose

The Commercial Rehabilitation Incentive Program is an endeavor of the Lompoc Redevelopment Agency to remove blighted conditions and revitalize existing buildings in the Old Town Redevelopment Project Area. This program offers a grant with a low interest loan that combine to assist property owners and tenants with rehabilitation expenses for interior and exterior renovation. In return, the Lompoc Redevelopment Agency requires (i) an agreement to maintain the property executed by the property owner, and (ii) a Deed of Trust on the property or other acceptable real property to secure the Agency loan. This program assists in the implementation of the Old Town Lompoc Specific Plan, as well as the Amended and Restated Redevelopment Plan for the Old Town Lompoc Redevelopment Project Area, and directly serves to remove conditions of blight as documented in those plans.

II. Program Components

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 determined by GAP analysis and fund availability	Interest-only payments, for 5 years, at 3% Principal & Interest amortized over the next 5 years (Loan Term: 10 years)

Loan and grant documents must be executed between the Lompoc Redevelopment Agency and the applicant and property owner if not the applicant. The loan will accrue simple interest at a rate of 3% per year upon completion of the rehabilitation work. Interest-only payments will commence within 30 days after completion and will be due monthly during the first five years. Beginning in the sixth year, and continuing for the remaining term of the loan, the loan will convert to a fully amortized principal and interest loan. Total loan term for this program is 10 years.

Grant funds shall be paid to the applicant as reimbursement for payments actually made for eligible costs. Loan funds will be drawn in the same manner as a construction draw. Draw down forms will be supplied to the applicant by Redevelopment staff, and loan proceeds will be disbursed as draw down forms and invoices are submitted and approved by Agency staff. All loan payment requests

will be paid by the Agency to the contractor after approval of a draw down request and in accordance with the Agency's normal disbursement procedure. All rehabilitation work should be completed within 180 days from the date of the Notice to Proceed. If the project will not be completed by the scheduled completion date, an extension request must be submitted and approved by the Agency.

A Maintenance Covenant will be recorded on the property receiving the Commercial Rehabilitation Incentive Loan funds, which will require the property owner to maintain the project property in a clean, safe, and orderly condition as determined by the Agency, for the term of 15 years. If the property owner fails to maintain the property, the Agency shall give the owner written Notice of Default and may take appropriate legal steps to gain compliance with the Covenant.

III. Eligibility

A. Location and Applicants

Property owners and tenants of commercially zoned or legal nonconforming commercial property located within the Old Town Lompoc Redevelopment Project Area are eligible to apply for assistance. Tenants who wish to apply for assistance must obtain the property owner's written authorization and have a long-term lease of 10 or more years. Established businesses with a 5-year lease and 5-year renewal option may be permitted to participate on a case-by-case basis. Eligibility for participation in this program is subject to the following circumstances:

- 1) Priority consideration will be given to business and property owners located in the Old Town Commercial District.
- 2) The project will expand or retain employment opportunities, create jobs and economic activity and/or remove blight from the project area.
- 3) Applicant should be at a state of readiness and must have submitted a complete application to the City of Lompoc Planning Division if the project requires such approval.
- 4) Excluded from eligibility are: automobile dealerships and big box retailers relocating from one community to the territorial jurisdiction of Lompoc but within the same market area. Contact staff for details.

Funds for the Commercial Rehabilitation Incentive Program are available on a first come, first served basis. If funds are exhausted at the time of application submittal and/or approval, then Agency staff will retain the application for the Agency's next annual funding cycle (July 1st - June 30th). When grant/loan funds become available, Agency staff will contact applicants in the order applications were received with priority consideration continuing for properties in the Old Town Commercial District. Those applicants that have not completed the rehabilitation of their properties will have their applications reviewed for participation in the program in the current funding cycle.

B. Eligible Fees and Expenses for grant funding:

- 1) Architectural design
- 2) City permit fees
- 3) Sign improvements/new signage, removal, and replacement expenses.

C. Eligible Fees and Expenses for loan funding:

- 1) Exterior site improvements (landscaping, planters, parking lots, trash enclosures)
- 2) Cost of correcting health and safety code deficiencies

- 3) Security measures (such as exterior lighting or alarm systems)
- 4) Interior improvements – plumbing, lighting, electrical, HVAC, ceilings, floor covering, walls, partitions, wall coverings and permanent fixtures.
- 5) Loan processing fees (credit reports, environmental review, title reports, etc. will be deducted as the first draw).

IV. Implementation of Work

All rehabilitation work shall conform to the City of Lompoc Building Codes, Zoning Ordinance, Architectural Review Guidelines, the Old Town Lompoc Specific Plan and any applicable federal, state and local directives, including prevailing wage laws. *See Prevailing Wage Disclosure sheet for details.*

V. Inspections

Agency staff will conduct periodic inspections of the project during the rehabilitation phase. Upon completion of the rehabilitation work, Agency staff will perform a final inspection and will then record a Certificate of Completion. Agency staff may perform annual inspections throughout the term of the maintenance agreement to ensure proper maintenance of improvements.

VI. Repayment of the Loan

Interest will begin to accrue as of the completion date stated in the Certificate of Completion. Payments will commence within 30 days after the date stated in the Certificate of Completion.

**LOMPOC REDEVELOPMENT AGENCY
COMMERCIAL REHABILITATION INCENTIVE PROGRAM
PROCEDURES**

- Step 1: The program guidelines and application including the Prevailing Wage Disclosure Sheet are explained to the potential applicant by the Lompoc Redevelopment Agency (“Agency”) staff. The initial contact should determine if the proposed activities are within program guidelines and answer any questions the potential applicant might have about completing the application package that will be provided during this meeting.
- Step 2: The tenant or property owner completes the application form and returns it to the Agency, along with all additional information required. If the applicant is not the property owner, written authorization of all property owners or their respective legal representatives is required before additional processing occurs.
- Step 3: The application is processed by Agency staff to verify that activities are within program guidelines, comply with the Old Town Specific Plan, and comply with Redevelopment lending standards. The project is evaluated based on the evaluation criteria listed below:
- a. Removal of blighted conditions in the Project Area.
 - b. Renovation of prominent locations.
 - c. Consistency with the Old Town Specific Plan and City of Lompoc Design Guidelines.
 - d. Potential for increase in occupancy of existing vacant buildings.
 - e. Potential to facilitate retention and growth of existing businesses and expansion of economic activity.
- Step 4: After the initial review is completed, Agency staff will set up an appointment with the applicant to discuss and review the maximum loan amount available, the proposed scope of work and preliminary plans or elevations.
- Step 5: Upon approval of the preliminary plans, the applicant will receive an approval letter indicating the funding amount. Contractor information and a projected start date are required before a Notice to Proceed will be issued. The applicant must then prepare and submit final plans, specifications, and detailed cost estimates to the Agency, as well as an overall project budget, which identifies all sources of funds and the repayment source(s).
- Step 6: Final plans are then submitted and, if consistent with the approved preliminary plans, the staff will do a final review and approve the financing for the project. The reimbursement grant and/or loan disbursement is contingent on among other things, all parties signing the appropriate loan and grant documents.
- Step 7: If improvements require building permits or planning review, applicants must submit final plans to the Building and Planning Divisions. Agency/City staff will advise applicants of the need for permits and of the requirements of other City

departments. *No work shall be started before the applicant receives a Notice To Proceed. The cost of any work performed prior to authorization will not be reimbursed by the Agency.*

- Step 8: The Executive Director or his designee will execute loan documents with the applicants. Applicants will present paid invoices for city fees, architectural design and/or removal and replacement of any non-conforming signage costs to Agency staff, for funds to be disbursed. Those amounts are:
- (i) 50% of city fees and architectural design with a maximum reimbursement of \$1,000 dollars whichever is less, and
 - (ii) 50% of actual cost or a maximum of \$1,000.00, whichever is less, for the removal and replacement of any non-conforming signage; or
 - (iii) Attached units, shopping centers and plazas that include the replacement of three or more signs, 50% of actual cost, for a maximum grant of \$350 per sign.
- Step 9: After permits have been received and loan documents executed, staff will issue a Notice to Proceed. The Notice to Proceed requires the applicant to complete improvements within 180 days from the date of the Notice, unless otherwise approved, in writing, by the Agency.
- Step 10: As each phase of the project is completed, the applicant will submit a draw down request on forms provided by the Agency, with itemized invoices and documentation from contractors and suppliers attached to the request form. Upon staff approval of the invoice, payment will be made directly to the applicant on a reimbursement basis or directly to the contractor/vendor as determined by Agency staff, normally within 10 working days after approval. Agency staff examines the finished work for compliance with the final approved plans and any approved change orders. Ten percent (10%) of each invoice will be retained until the work is satisfactorily completed.
- Step 11: If the work is in compliance with the approved plans and change orders (if any), a Certificate of Completion will be issued. Final payment of the 10% retention shall be made within 30 days after the date of the Certificate of Completion.
- Step 12: Repayment of the Loan shall commence 30 days after the date of the Certificate of Completion. Interest only payments for the first five years, then principle and interest payments to amortize the loan and accrued interest over the next five years.

Commercial Rehabilitation Incentive Program

Program Summary Sheet

Program Description:

This program is comprised of grant and loan components that combine to assist property owners and tenants (with long-term leases) to rehabilitate their interior and exterior commercial spaces.

Eligibility:

- The property or commercial space must be within the Old Town Lompoc Project Area. (See attached map)
- The applicant should be at a state of readiness and must have submitted (or submit within 30 days) a complete application to the City of Lompoc Planning Division if the project requires such approval.
- Non-owner Applicants must obtain the property owner's written authorization and have a long-term lease of 10 or more years. A 5-year lease with a 5-year renewal option may be permitted for established businesses.

Fund Uses:

Grant funds - Architectural & design cost, City permit fees, sign improvements/new signage removal & replacement expenses.

Loan Funds:

- Exterior site improvements (such as landscaping, planters, parking lot resurface, trash enclosures, windows)
- Cost of correcting health and safety deficiencies
- Security measures (such as exterior lighting or alarm systems)
- Interior improvements (such as plumbing, lighting, electrical, HVAC, ceilings, floor covering, walls, partitions, wall coverings and permanent fixtures)

Grant Terms:

Removal and replacement of non-conforming signage	and	50% of actual cost Maximum Grant: \$1,000*
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Loan Terms:

Maximum Loan Amount will be determined by GAP analysis and current fund availability	0% Interest during Rehabilitation Interest-only payments, for 5 years, at 3% Principal & Interest amortized over the next 5 years (Loan Term: 10 years)
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How to apply: Contact

Lompoc Redevelopment Agency

Attn: Linda Wertman
100 Civic Center Plaza
Lompoc, CA 93436
Tele: (805) 875-8278
L_wertman@ci.lompoc.ca.us

PREVAILING WAGE DISCLOSURE

The California Labor Code imposes prevailing wage requirements upon projects (in excess of \$1,000.00) "paid for in whole or in part out of public funds". Laws and Regulations pertaining to the payment of prevailing wages can be found in the California Labor Code Sections 1720-1815.

If you receive a loan from the Lompoc Redevelopment Agency for construction, alteration, demolition, installation, or repair work done under contract, the prevailing wage requirements will apply to the entire project. This means that any contractor or subcontractor who performs work on the project must pay workers the prevailing wage for the appropriate trade, classification or type of work. The current prevailing wage rates are determined by the California Director of Industrial Relations and available from the Department of Industrial Relations website at:

http://www.dir.ca.gov/DLSR/statistics_research.html

Each contractor and subcontractor must keep accurate payroll records and prevailing wage rates must be posted at the job site.

Non-compliance with prevailing wage requirements may subject a contractor and/or subcontractor to penalties.

Borrower undertakes and agrees to defend, indemnify, and hold harmless the Lompoc Redevelopment Agency, the City of Lompoc and their staff, officers and employees from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, reasonable attorney's fees, City Attorney fees, and costs of litigation, damage or liability of any nature whatsoever, arising in any manner by reason of or incident to the performance on the part of the Borrower or any contractor or subcontractor of Borrower in regards to prevailing wage requirements.

Each contractor and subcontractor on the project must sign this disclosure.

I certify that I have read the above and will comply with the prevailing wage requirements applicable to this project:

Owner/Borrower

Date

Contractor/Subcontractor

Date

EXHIBIT D