



Legislation Details (With Text)

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**Title:** Receive a report, hold a discussion, and give staff direction regarding the status of the Downtown Reinvestment Grant program.

**Sponsors:**

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**Attachments:** 1. Exhibit 1 Draft Policy for Small Business Improvement Grant Program, 2. Exhibit 2 Downtown Grant ROI 2007-2015

Date	Ver.	Action By	Action	Result
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Agenda Information Sheet

**DEPARTMENT:** Economic Development

**CM/ ACM:** Jon Fortune

**Date:** September 21, 2016

**SUBJECT**

Receive a report, hold a discussion, and give staff direction regarding the status of the Downtown Reinvestment Grant program.

**BACKGROUND**

**Downtown Reinvestment Grant Program - Created in 2007**

Purpose: To provide small (\$5,000-\$25,000) cash reimbursement grants for capital improvements to buildings in the downtown area.

The grant program is designed to assist downtown building and business owners with projects, and it is tied to preserving the history of Denton by restoring the buildings. It also gives the Downtown Task Force, Economic Development Partnership Board, and City Council control over the design of rehabilitations and new construction, as there are no design standards in place for downtown. Further, the improvements can enhance the taxable value of the buildings, adding to the tax base. Finally, the Downtown Reinvestment Grant Program is the only incentive tool Denton has that is available for small businesses.

The program is strictly for capital improvements, not operating costs. It is set up as a single-payment reimbursement to property owners per building/business, and in some situations, tenants. Reimbursement grants are available for the following types of projects:

- **Facade Rehabilitation** is defined as the removal of slipcovers or non-historic/added facades, repointing

brick or replacing mortar joints, replacing or restoring cornices, removing paint from brick, replacing windows, restoring transom windows, roof and foundation work.

- **New Awnings & Signs** is defined as replacing, adding or repairing awnings & signs. Signs may include signboards, projecting signs and pedestrian signage (includes window sign, hanging sign and awning/canopy sign).
- **Impact Fee Reimbursement** is the reimbursement for City of Denton water, wastewater, and roadway impact fees
- **Utility Upgrades** includes upgrades to water, wastewater and electrical service, including interior upgrades as well as exterior service upgrades

In FY 2013-14, the grant fund was increased from \$50,000 to \$100,000 per year and is currently funded through mixed beverage tax revenues to the City. Grants of \$10,000 or less are subject to review by the Downtown Task Force and approval by the City Manager; grants of more than \$10,000 are reviewed by the Downtown Task Force and the Economic Development Partnership Board and approved by City Council.

During the FY 2015-16 budget deliberations, Council suspended the grant program effective Oct. 1, 2015, pending its review. One application that was received in FY 2014-15, from Hop and Sting Brewery, was allowed to move forward. Economic Development continued to accept applications for the program, with the caveat to applicants that the program was suspended; the office received four applications between Oct. 1, 2015, and July 21, 2016. During a July 21, 2016, work session, Council directed staff to distribute a total of \$20,000 to grant applicants who had submitted Oct. 1, 2015, and July 21, 2016. Downtown Task Force recommends that Denton County Brewing Company and JT Clothiers receive \$10,000, respectively, with the option to receive the full amount they are eligible for once the grant program is reinstated.

Council has requested a third work session on the grant program, which has been set for Oct. 11, 2016. During that meeting, staff plans to recommend continuing the grant program given its success in preserving Denton's history via restoration of Downtown buildings and the increase in property values that can be attributed to those restorations. However, based on Council direction during prior work sessions, staff will also recommend that the scope of the grant program be expanded to add targeted redevelopment areas in addition to Downtown, such as major development corridors and entryways into the city. Finally, staff will propose renaming the program to "Small Business Improvement Grant Program."

#### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

January 5, 2016 - During a work session, Council directed staff to further define target areas for the Downtown Reinvestment Grant Program.

July 21, 2016 - During a second work session, Council directed staff to further define goals for the proposed Small Business Improvement Grant Program. Council requested a third work session, which has been set for October 11, 2016.

#### **FISCAL INFORMATION**

Since October 1, 2007, 41 grants have been awarded for a total of \$401,195. Of those, seven expired without the recipient receiving the grant due to issues with the projects (spreadsheet attached). The Return on Investment (ROI) over the life of the grant has been \$1 (City) to \$30 (private investment).

#### **STRATEGIC PLAN RELATIONSHIP**

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public

Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

**Related Key Focus Area:** **Economic Development**

**Related Goal:** **3.4 Encourage development, redevelopment, recruitment, and retention**

**EXHIBITS**

Exhibit 1 - Draft Policy for Small Business Improvement Grant Program

Exhibit 2 - Downtown Reinvestment Grant Return on Investment

Respectfully submitted:  
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