



Legislation Details (With Text)

File #: ID 16-1159 **Version:** 1 **Name:**
Type: Work Session Report
File created: 8/31/2016 **In control:** City Council
On agenda: 10/11/2016 **Final action:**
Title: Receive a report, hold a discussion, and give staff direction regarding the Downtown Reinvestment Grant Fund.
Sponsors:
Indexes:
Code sections:
Attachments: 1. Exhibit 1 Downtown Grant ROI, 2. Exhibit 2 Downtown Task Force Members, 3. Exhibit 3 EDP Board members, 4. Exhibit 4 Presentation

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Agenda Information Sheet

DEPARTMENT: Economic Development

CM/ ACM: Howard Martin

Date: October 11, 2016

SUBJECT

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

BACKGROUND

Created in 2007, the Downtown Reinvestment Grant Program provides cash reimbursement grants between \$5,000 and \$25,000 for capital improvements made to buildings in the downtown area.

The program has three primary purposes:

- to preserve the history of Denton by restoring downtown buildings
- to give the Downtown Task Force, Economic Development Partnership Board, and City Council control over the design of rehabilitations and new construction in the absence of design standards in the downtown area
- to enhance the taxable value of the buildings, adding to the tax base

Currently, the Downtown Reinvestment Grant Program is Denton's only financial incentive tool 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 (DTF) 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. Two applications that were received in FY 2014-15, from Hop & Sting Brewery and Armadillo Aleworks, were allowed to move forward. The Armadillo Aleworks application was approved by Council on September 20, 2016.

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. On August 11, 2016, the Downtown Task Force recommended 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. On September 21, 2016, the EDP Board reviewed these two applications and recommended that Council approve \$25,000 for Denton County Brewing and \$20,000 for JT Clothiers, because it appears that Hop & Sting is not locating in downtown Denton, thus freeing up that previously approved \$25,000 from FY 2014-15.

During the July 21, 2016, Council work session, staff recommended 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 the January 5, 2016, work session, staff recommended 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 proposed renaming the program to "Small Business Improvement Grant Program."

During Council's discussion on July 21, there were inquiries as to what the members of the Downtown Task Force (DTF, a subcommittee of the EDP Board) and the EDP Board thought of the proposed changes. Further, two members of the Council were absent from that day's meeting. In order to bring the item back to the DTF and EDP Board and to allow the full Council to participate in the discussion, a third Work Session has been set for October 11, 2016.

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 was set for October 11, 2016.

August 11, 2016 - The Downtown Task Force (DTF) received a staff report regarding the Downtown Reinvestment Grant, including ideas to expand the grant to other parts of town.

September 21, 2016 - The Economic Development Partnership Board (EDPB) received a staff report regarding the Downtown Reinvestment Grant, including ideas to expand the grant to other parts of town.

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. 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

1. Downtown Grant ROI 2007-2015
2. Downtown Task Force Members
3. Economic Development Partnership Board Members
4. Presentation

Respectfully submitted:
Caroline Booth
Director of Economic Development

Prepared by:
Julie Glover
Economic Development Program Administrator