




## MEMORANDUM

**TO:** Trustee Anthony Puccio, Chairperson  
Economic and Community Development Committee

**FROM:** William J. Heniff, AICP, Director of Community Development 

**MEETING DATE:** May 10, 2021

**SUBJECT:** **Downtown Area Improvement & Renovation Grant Program – Policy Interpretation Regarding Funding Parameters**

As part of the ongoing administration of the various Downtown Lombard Tax Increment Financing (TIF) programs, the Village established and amended the Downtown Improvement and Renovation Grant (DRIG) Program, also known as the Façade Grant Program. As questions or potential issues have arisen relative to the application of the grant program, staff has brought them to the ECDC for direction.

Attachment A is the latest adopted version of the DRIG Policy. The focus for this discussion is Section 3, which reads as follows:

***3. Eligible Funding Amounts.***

*Approved applications for the Program are eligible to receive a fifty percent (50%) matching grant. Grants up to \$10,000 are approved by the ECDC. All grants above \$10,000 must be approved by the Village Board. The maximum grant amount is \$50,000, although requests for grants above \$50,000 will be considered by the Village Board on a case-by-case basis if extraordinary conditions exist.*

Staff is offering background relative to a recent inquiry pertaining to funding eligibility, specifically as it pertains to the terms “applications” and “property”, and is seeking direction from the ECDC accordingly, so that the property owner/contractor knows how to proceed.

**BACKGROUND**

The property immediately in question is an existing retail strip center on East. St. Charles Road and an abutting property with a single tenant, both under the same ownership. The strip center property consists of four tenant spaces, of which the property owner executed a Condominium Plat in 2007. Tenants include an property management office and a fitness user. The adjacent property and building is occupied a craft brewing establishment. The property owner seeks to undertake a number of property and exterior facade enhancements on the sites. Preliminary concept plans have been developed and they will be subject to review relative to Village Code.

At this time, no new/additional tenants beyond what is noted above has been identified to date, so the improvements would be deemed to be exterior property aesthetic enhancements or improvements being undertaken to attract future tenants.

The owner intends to seek grant assistance with the project. Any such request would need to meet the overall grant program and TIF Statutes, as some of the enhancements include a minor building addition (not TIF eligible).

Staff has not received a formal application for grant funds yet. However, the owner's initial thought was that they would like to request \$50,000 for each of the five tenant spaces, making the argument that each of the tenant spaces constitutes a "separate property". So in total, this could be a \$250,000 economic incentive request, assuming that over \$500,000 of eligible improvements exist.

As noted above, the grant program is directly silent on the matter, as the language uses the term "application" and not "property" or "tenant space". However, the program does offer wide discretion to the ECDC and the Village Board on such applications. As such, this could be reviewed as follows:

1. Consider the strip center property and the stand along building as single properties and make the determination that each building can apply for up to \$50,000 in eligible costs (or up to \$100,000 in total in eligible reimbursement funds).
2. Apply the \$50,000 in matching grants for each tenant space, assuming that five grant applications would be made and would be reviewed on a tenant by tenant space (thereby making a potential incentive of up to \$250,000).

For general reference purposes, the St. Charles Road TIF – 1 West District has about \$458,000 in funds and the TIF will sunset in 2026. This information is offered as there is not be a substantial time period to generate additional EAV from the property should such improvements be made.

### **OPTIONS AVAILABLE**

As noted earlier, the ECDC has discretion to consider either option noted above as well as any hybrid option, such as:

- a. Consider a base level (i.e., \$100,000) and then consider alternate approaches for economic incentives, such as performance-based incentives as desired in our Economic Incentive Policy.
- b. Set a cap for the DRIG funds, but recognize that tenant build-out spaces for retail or restaurant establishments could apply for other eligible grant programs and those funds will be considered on a case-by-case basis.

Ultimately while this discussion primarily relates to two given properties on East St. Charles Road, the general question for the ECDC is to ascertain how grant applications should be processed – by property, by tenant space or on a case-by-case basis, keeping in mind that such programs are not entitlements nor are commitments to spend by the Village.

**COMMITTEE ACTION REQUESTED**

This item is being placed on the May 10, 2021 ECDC agenda for discussion and consideration. Staff intends to review the existing policy in greater detail at the ECDC meeting and seek direction from the ECDC on what processes and approaches they would support as it pertains to DRIG funding applicability.



## ATTACHMENT A

### **DOWNTOWN AREA IMPROVEMENT AND RENOVATION GRANT PROGRAM POLICY 2018**

The purpose of the Downtown Area Improvement and Renovation Grant Program is to increase the economic viability of Downtown Lombard area by improving the aesthetics of the buildings, improving signage, and increase the availability and ease of parking. The Downtown Area Improvement and Renovation Grant Program will offer a one-for-one matching grant for selected exterior improvements. This Program is intended to complement and support the Village's plans to maintain a quality downtown area. The Downtown Area Improvement and Renovation Grant Program is to create a more attractive area through a private/public partnership. The Program is administered through the Department of Community Development, with grant review and approval authority by the Economic and Community Development Committee (ECDC) and the Village Board.

#### Grant Eligibility

##### **1. Qualifications.**

In order to Qualify for the Downtown Area Improvement and Renovation Grant Program, the building must be located within one of the following Tax Increment Financing Districts (TIF) in Lombard:

Lombard Downtown TIF District  
Lombard St. Charles Road TIF 1-West District  
Lombard St. Charles Road TIF 2-East District

##### **2. Improvements.**

Eligible storefront improvements may include façade renovation, lights, signs, graphics, windows, doors, window displays, awnings, landscapes, exterior accessibility accommodations and parking improvements. Grant funds are available for improvements to existing buildings that are at least ten (10) years old. Façade renovation of upper floors is also eligible if first floor improvements are approved simultaneously. The sides of commercial buildings which are highly visible from main shopping streets are also eligible. If a property receives notification from Code Administration on a potential violation, the ECDC has discretion to deem the proposed improvement eligible or not.

##### **3. Eligible Funding Amounts.**

Approved applications for the Program are eligible to receive a fifty percent (50%) matching grant. Grants up to \$10,000 are approved by the ECDC. All grants above \$10,000 must be approved by the Village Board. The maximum grant amount is \$50,000, although requests for grants above \$50,000 will be considered by the Village Board on a case-by-case basis if extraordinary conditions exist.

#### A. Signage and Awnings:

Applicants are allowed to apply more than once for the program at the same location. New applications are allowed seven (7) years after the initial request. Subsequent applications for signage and awnings at the same location, by the same applicant, will be eligible for the fifty percent (50%) grant as long as the contract price is \$2,000.00 or less. If a business relocates a signage or awning at the new location would be eligible for the 50% matching grant. If a new tenant or property owner acquires the property they would be eligible for a 50% matching grant for their first signage or awning request.

**B. Accessibility Improvements:**

Exterior accessibility improvements that meet the provisions of the Illinois Accessibility Code (IAC) or the Americans with Disabilities Act (ADA), whichever regulation is applicable, are exempt from the \$50,000 cap on improvements, but are still subject to Village review and approval on a case by case basis. Exterior accessibility enhancements that are not required by applicable codes but enhance accessibility, as determined by the Village's Accessibility Coordinator, may be also eligible for grant funding, subject to final review and approval by the ECDC and/or Village Board.

**4.Ownership.**

Eligible applicants include:

A owners of commercial, office, residential or mixed-use buildings or property (excluding single-family residences);or

B. business owners of a commercial or office. Business owners who are tenants of commercial buildings must provide written consent form the building owner for all proposed improvements.

**5.Fees.**

Professional, architectural, engineering, and Village building permit fees may be included in the total improvement costs. The Downtown Improvement and Renovation Grant Program will fund up to twenty-five percent (25%) or \$1,500, whichever is less. There are no application fees to apply for the grant program. However, if a business or property owner owes money to the Village, all accounts must be current before any portion of the grant is disbursed.

**6.Conformance.**

All improvements must conform to current building and zoning codes of the Village of Lombard and to minimum design criteria developed for the Downtown Improvement and Renovation Grant Program as outlined in the "Downtown Lombard Improvement Plan" dated March 26, 1987as well as the Downtown Lombard Revitalization Guidebook, dated May 23,2011. The property owner or representative must complete the pre-application, and must be prepared to comply with all federal and local laws, ordinances, and regulations.



### **7.Process.**

The applicant must submit an application for the Program to the Community of Development Department. A separate request for a building permit, an electrical permit and/or other permits and licenses shall be submitted to the Community Development Department. The Director of Community Development or his/her designees, shall review the application and all supporting documentation. The applicant, or his/her designee, shall be present at the ECDC meeting to make a brief presentation on the request.

### **8.Timing.**

If approved, the applicant has twelve (12) months from the date of the final grant approval by the ECDC or the Village Board, whichever is applicable, to start the project and eighteen (18) months from the grant approval date to complete the project. If the project has not started within twelve (12) months or completed within the eighteen (18) months from the approval of the grant, the applicant must reapply to either the ECDC or Village Board (whichever entity provided approval) for a time extension. If the applicant does not reapply, the grant approval shall automatically expire

### **9.Appeals.**

If the grant was denied by the ECDC, the applicant may resubmit the application after addressing the application deficiencies or appeal the decision. If the applicant chooses to appeal the decision, a letter of appeal and supporting documentation must be sent to the Director of Community Development stating the reason for the appeal. The letter of appeal and supporting documents will then be forwarded to the Village Board. The Village Board will review the appeal and make the final determination of the grant application. If the application was denied by the Village Board, the applicant may resubmit after addressing the concerns of the Board.

### **Design and Selection Process Criteria**

The design and selection process will follow the recommendations of the “Downtown Lombard Improvement Plan” dated March 26, 1987 as well as the Downtown Lombard Revitalization Guidebook, dated March 23, 2011. The improvement plan provides recommendations for the enhancement of building facades, efficient and appropriate land use, parking, and traffic circulation. A copy of the aforementioned documents are available at the Community Development Department and on the Village’s website.

### **Procedural Requirements**

Participants in the Program must accomplish the following steps: 1. An applicant must first meet with the Director of Community Development, or his/her designee, to review the proposal. Upon completion of the initial review, the applicant shall submit the following documents to the Community Development Department:

- a. A completed application form;

- b. Preliminary renovation and improvement plans (the Village reserves the right to request additional plans, drawings or exhibits that may be necessary in order to process the request);
- c. Three detailed and uniformly quoted contractor cost estimates (if the request is exclusively for an accessibility enhancement and the grant request does not exceed \$1,000.00, the need for two additional quotes maybe waived by the Director);
- d. Proof of ownership, lease, and/or owner's approval.

2. After review and approval by the ECDC and/or Village Board, the applicant shall proceed as follows:

- a. Submit final plans and cost estimates to the Department of Community Development and apply for proper building permits;
- b. Upon receipt of the plans and a review and approval by the Community Development Department for compliance with code and consistency with the approved grant request, a "Notice to Proceed" shall be forwarded to the applicant by the Department of Community Development.
- c. Upon issuance of the Notice to Proceed, improvements and renovations may start after the required building permits have been issued. All necessary inspections should be coordinated through the Village's Building Division.
- d. Upon completion of the project and after all final inspections have been approved, the eligible and approved grant elements will be inspected by the Village for conformance with the grant application. The applicant shall provide the Village with a copy of final receipt(s) showing that the approved grant project was paid in full, a waiver of lien from the contractor(s), and a completed Internal Revenue Service (IRS) W-9 form. Upon receipt and final review, the Village shall issue a reimbursement check in an amount not to exceed the approved grant request.

All improvements and renovation plans must follow current code requirements. Improvements made and expenses incurred prior to approval of the application and execution of the agreement are not eligible. In exchange for a grant approval, the business owner and any subsequent owner agrees to maintain the business in accordance with local codes, and agrees not to substantially change the use of the building for three (3) years after completion of the improvements without written approval from the Director. Failure to maintain the business in accordance with local codes or negatively changes the use of the business or interior space will require full repayment of grant

funds to the Village. This requirement may be waived by the Director of Community Development on a case-by-case basis.