



DOWNTOWN REVITALIZATION INCENTIVE GRANTS PROGRAM

Amended by City Council 07/16/2019

The City of Salisbury recognizes that the economic productivity of the downtown hinges upon a built environment capable of supporting business and residential growth, and that sustaining this growth requires significant commitment by private investors in building rehabilitation and construction. Aging buildings, fire suppression requirements and outdated electrical systems are just a few of the challenges of urban revitalization. The incentive grants offered by the City will help defray some of these costs in order to stimulate additional private investment in downtown properties.

The incentive grants are designed to promote both new development and historic rehabilitation, with an emphasis on those projects that create new residential opportunities. By increasing the number of people living downtown, these incentives will help expand the market base for restaurants, retail, commercial activities, and special events, thereby benefitting existing merchants and attracting new business. By facilitating rehabilitation of existing buildings, the program will aid in the preservation of our historic urban fabric and character. These incentives also promote the use and expansion of back-alley fire line "loops" capable of serving multiple buildings which will help reduce the cost for other buildings to connect in the future. This cost savings will encourage the use of fire suppression systems, thereby reducing the chances of a catastrophic fire impacting multiple buildings, offering greater protection of life and property, and minimizing the chances of a devastating loss of the historic resources that define the central business district.

The success of downtown Salisbury can be attributed in large part to a history of public-private partnerships involving grants and infrastructure offered by the City, often in conjunction with state and federal historic tax credits, transportation grants and similar programs. As these state and federal means of support have been eliminated or cut back in recent years, the level of participation by the City is more critical than ever. As developers begin to take advantage of the incentive grants and new projects come on-line, the City's return on these investments will be realized through growth in the tax base, business activity and tourism with net economic benefits that will far exceed the amount of incentives granted.

How the Incentive Grants Work

Eligible projects will be located in the Salisbury Downtown Mixed Use District (DMX). The incentives consist of four grant programs targeting different project activities. More than one grant type may be layered in a single project, provided that eligibility requirements established for each grant are met. Applications will be considered by the Salisbury City Council on a case-by-case basis as funds are available. Reimbursement of the grant(s) will occur in a single installment upon completion of the approved scope of work and receipt of the final **Certificate of Occupancy** for the project.

Summary of Grants Available

- **Building Rehabilitation Grant** **Maximum Award: \$50,000**
Promotes the stabilization, preservation and reuse of older, primarily historic buildings

- **Residential Production Grant** **Maximum Award: \$97,500**
Promotes development of new residences, including lofts, apartments and condominiums, in building rehabilitation and new construction projects

- **Residential Utilities Grant** **Maximum Award: \$25,000**
Offsets a portion of water and sewer infrastructure costs in building rehabilitation or new construction projects that create new residential units

- **Fire Suppression Grant** **Maximum Award: \$25,000**
Encourages the use and expansion of back-alley fire lines capable of serving multiple buildings. For projects having existing access to a fire line, the grant be used to help offset the costs of a building sprinkler system.

Source of Funds

Downtown Revitalization Incentive Grants will be awarded by the Salisbury City Council as funds are available and budgeted as annual appropriations from General Revenue funds.

Incentive Grants – At a Glance

Grant Program	Method of Calculation	Minimum Cost Threshold*	Maximum Grant	Overall Eligibility
Building Rehabilitation Grant	25% of eligible costs	Eligible costs must exceed \$100,000	\$50,000	<ul style="list-style-type: none"> ✓ Permanent improvements to existing buildings ✓ Eligible improvement costs include building shell, systems and exterior facade
Residential Production Grant	\$7,500 per residential unit created or substantially upgraded	Project costs must exceed \$35 per gross sq. ft. of residential space	\$97,500	<ul style="list-style-type: none"> ✓ Available for new construction or existing buildings ✓ Creation of new residences, <u>or</u> renovations to existing, abandoned units that have been unoccupied for more than five (5) years
Residential Utilities Grant	50% of eligible costs	Eligible costs must exceed \$5,000	\$25,000	<ul style="list-style-type: none"> ✓ Available for new construction or existing buildings ✓ Project involves creation of new residences, <u>or</u> renovations to existing, abandoned units ✓ Installation or upgrades of water and sewer infrastructure external to the building
Fire Suppression Grant	50% of fire line cost, <u>or</u> \$2 per sq. ft. for sprinkler system install		\$25,000	<ul style="list-style-type: none"> ✓ Available for new construction or existing buildings ✓ Installation or expansion of back-alley fire lines capable of serving multiple buildings ✓ For projects with existing access to a fire line, grant may be used for installation of a building sprinkler system

*Minimum expenses prior to the grant

General Provisions

The following general provisions and application process apply to all grants.

- See **additional grant provisions and eligibility requirements beginning on p.8.**

Eligibility Requirements

- Eligible properties will be located within the Salisbury Downtown Mixed Use District (DMX).
- For purposes of project eligibility for separate grant awards, a “building” or a “project” will be defined as a stand-alone structure or a building separated by party walls or parcel lines.
- Applicants shall be or have the endorsement of the legal owner of the property (appropriate documentation required). If a purchase is pending, proof of a sale contract to the applicant or Option to Purchase are acceptable.
- Approvals for a grant must be secured before work begins on the proposed project. *Project plans that have been submitted for development review on or after May 1, 2014, and commenced construction prior to the adoption date of the incentive program, may be considered provided all other eligibility requirements are met.*

Application Process

1. Work with city staff to confirm eligibility prior to submitting a formal grant application.
2. A complete application will include the following:
 - ✓ Narrative description of construction or rehabilitation work to be performed, including the proposed uses
 - ✓ Schematic plans including floor plan indicating gross sq. ft. of residential space and sq. ft. of area protected by fire sprinkler system, if applicable
 - ✓ Itemized estimate of project costs prepared by a contractor or design professional
 - ✓ Materials schedules for residential units
 - ✓ Proof of ownership, or if sale is pending, Contract for Sale to applicant or Option to Purchase
 - ✓ Proof of endorsement by the legal owner, if the applicant is not the owner
3. Applications will be reviewed by the appropriate city staff regarding eligibility and consistency with all zoning, occupancy and use requirements. The City Manager shall make the final determination regarding project eligibility.
4. Once eligibility has been confirmed and the application is complete, the City Council will hold a public hearing to receive information and public comment, prior to approving, approving with conditions/modifications, or denying the request. The City

shall have a notice of the public hearing published at least ten (10) days prior to the hearing.

5. Grants will be awarded by the City Council on a case-by-case basis as funds are available.
6. Periodically during construction and again upon completion, the improvements will be inspected and approved by the appropriate city staff for determination of compliance as submitted in the application. Staff will maintain and update a project inspection logbook and submit at least quarterly a progress report to the Planning Director. The logbook and progress reports will be used by staff to document site inspections, permitting and construction activity, significant telephone or email exchanges with the applicant, and other relevant activities demonstrating progress on the awarded project and compliance with the program guidelines and contract agreement.
7. Grantee shall submit paid invoices and documentation necessary to demonstrate financial expenditures.
8. Reimbursement will be made in a single installment upon satisfactory completion of the approved scope of work and receipt of the final **Certificate of Occupancy** for the project.
9. All projects must be completed within two (2) years unless an alternative timeline is approved with the initial application. Extensions to the project timeline may be approved by Salisbury City Council.
10. Applicant must show progress within six (6) months of the grant award. *Progress* can include non-construction development and permitting activity, such as the finalization of construction drawings or issuance of zoning permits. Construction of projects must begin within twelve (12) months of the grant award. Failure to do so may result in forfeiture of grant funds.

Additional Notifications

1. Applicants should coordinate with Downtown Salisbury, Inc., and the Economic Development Commission in the due diligence phase of the project and in the preparation of the grant request from the City of Salisbury.
2. Applicants must comply with all local, state and federal regulations regarding construction, occupancy, zoning and use.
3. Applicant and the property owner must not owe any back taxes, civil penalties, or delinquent fees. During the grant period, the grantee shall remain current with all real and personal property taxes, along with other fees, taxes, utility bills or other assessments to remain eligible for the grant.
4. In awarding grants, the City Council will consider the proposed scope of work as measured against these program guidelines, as well as the overall spirit and intent of the program as outlined herein.
5. These criteria serve as guidelines in project evaluations. They may be expanded upon or added to for a specific project and incorporated in the terms of the formalized grant award agreement.

6. Projects receiving grants shall meet high quality building design standards and remain flexible for future uses without significant structural changes in order to sustain their value to the community when the initial use changes.
7. Any substantial deviation from the approved plans must be reviewed and approved, in writing, by City Council, before it can be undertaken. Any substantial deviation from the approved scope of work pursuant to this paragraph shall cause the grant amount to be recalculated to reflect the revised scope of work. For example, the Residential Production Incentive Grant offers \$7,500 per residential unit created or substantially upgraded. If City Council awards a \$30,000 Residential Production grant to create four (4) new residential units (4 units x \$7,500.00 = \$30,000.00), but the scope of work changes such that only two (2) units are created, the grant shall be recalculated and reduced to \$15,000 (2 units x \$7,500 = \$15,000.00). However, in no circumstance shall the recalculated award amount exceed the maximum award approved by City Council. The City reserves the right to deny payment if the completed work is not consistent with the content of the original application.
8. Grants are issued at the sole discretion of the City. No party or applicant shall be entitled to receive grant funds. Funding decisions are made at the discretion of the granting authority and the program may be discontinued at any time and without notification.
9. Projects considered under these guidelines shall be viewed independently of any project previously considered, awarded or rejected by the City.
10. Grants are not transferrable and may not be otherwise conveyed to another party without the consent of the City.
11. Applicants are encouraged to take advantage of state and Federal historic tax credits, Main Street Solutions grants from the NC Department of Commerce, and other programs that may be available.
12. Applicants are eligible to apply for the Innes Street Improvement Grant or Municipal Service District Incentive Grant. These are competitive grant programs offered by the Community Appearance Commission when funds are available. Separate guidelines and eligibility requirements apply to these grant programs.

Overall Quality Standards and Preferred Amenities (New Construction or Rehabilitation)

Projects will utilize the following or better finishes, materials and amenities. These guidelines are not meant to dictate style, but rather to indicate a high level of quality and finish. Other finishes not listed here may be considered as long as they are of a similar level of quality and durability. The use of sustainable materials and construction methods is both encouraged and preferred.

Examples of preferred amenities and finishes include, but are not limited to:

1. Walls/Interior: Interior should be of a “finished” quality. Materials should be exposed brick, finished plaster or finished sheetrock with baseboard, crown and door moldings as appropriate to the design of the space.

2. Floors: refinished or new installed hardwoods, cork, bamboo, laminates, floating or engineered floors, polished, stained or sealed concrete, ceramic tile or stone in baths and kitchens.
3. Countertops: Solid surface, stone, granite, sealed concrete, stainless steel, ceramic tile or high-pressure laminate.
4. Built-in appliances should be new and Energy Star-rated.
5. Windows: Windows should be repaired whenever possible and efforts made to make them as energy-efficient as possible.
6. Hardware: Faucets, cabinet hardware and light fixtures should be either of new and higher quality or be refurbished vintage fixtures of higher quality.
7. Building: Secured entrances and off-street parking for residents.

Rehabilitation Standards

Projects located within the Local Historic District involving exterior work or rehabilitation must receive a Certificate of Appropriateness from the Historic Preservation Commission.

Interior rehabilitation should reflect a contemporary solution that respects the historic and architectural integrity of the building. Significant architectural features or details that give an indication of the building's original appearance, its history or previous uses should be preserved and reused whenever possible.

Examples of features that should be preserved include, but are not limited to:

- Ceiling heights and materials
- Windows, doors, casings and details
- Stairways and railings
- Flooring and wall treatments

Building Rehabilitation Grant

Intended to promote the stabilization, preservation and reuse of existing or historic buildings, the Building Rehabilitation Grant helps offset the costs of substantial repairs, modernization and upgrades to meet current business and living needs.

Goals of the Program

- Enhance, upgrade and stabilize vacant or underutilized properties;
- Promote rehabilitation and preservation of historic buildings;
- Encourage private investment that enhances the character and authenticity of the downtown through the reuse of existing buildings;
- Provide desirable tenant space for new and existing retail, restaurants and commercial businesses to locate in the downtown;
- Promote redevelopment and reuse of upper floors for apartments, lofts, condominiums, offices and other compatible uses;
- Create jobs, improve the tax base and increase tourism.

Grant Amount

- Standard grants shall reimburse the applicant a maximum of **\$50,000** or **25%** of eligible project costs (whichever is less) for permanent improvements. See list of eligible improvement costs below;
- The rehabilitation must be substantial. The minimum capital investment threshold to qualify for consideration for this grant shall be no less than **\$100,000**, prior to the grant.

Examples:

- \$100,000 eligible costs X 0.25 = \$25,000 grant amount
- \$200,000 eligible costs X 0.25 = \$50,000 grant amount

Qualifying for the Grant

- The property must be located in the Salisbury Downtown Mixed Use District (DMX);
- The building may be intended for a single use, such as restaurant or retail, or may be a mixed use project involving any permitted uses in the DMX district;
- At no time shall the grant exceed 25% of eligible project costs.

Eligible Improvement Costs

For the purposes of calculating the grant amount, permanent improvements to the building shell, building systems and exterior façade are eligible.

Examples of eligible improvements include, but are not limited to, the following:

- | | |
|---|--|
| Window repair or replacement | Floors and flooring |
| Façade repairs/rehabilitation | Improvements to structural integrity |
| Roof repairs or replacement | Interior walls, doors and trim details |
| Storefront repairs or replacement | ADA improvements |
| Building systems – HVAC, plumbing, electrical | |
| Energy efficiency improvements | |

Expenses that **do not** qualify include, but are not limited to: the cost of acquisition of the building or personal property; interest and taxes; paving and landscaping costs; water, sewer and fire suppression infrastructure external to the building; design fees; Realtor’s fees; permitting fees; sales and marketing.

Review Criteria

When reviewing proposals, the Salisbury City Council shall take the following into consideration:

- Feasibility and suitability of the rehabilitation and reuse plan;
- Impact to the tax base and the overall economic impact that can be anticipated as a result of the project;
- Improvement to the overall appearance of the building and the downtown;
- Conformance with the grant goals and guidelines;
- Other factors specific to the project that are deemed relevant;

Residential Production Grant

Intended to promote downtown living and increase the residential capacity of downtown, the Residential Production Grant will encourage property owners to consider reuse of their upper floors for lofts, apartments or condominiums. Investors in new construction or building rehabilitation projects that create new residential units, or renovate abandoned units, will be eligible for a substantial rebate on development costs.

Goals of the Program

- Promote renovation and reuse of upper floors in existing or historic buildings for residential use;
- Encourage new residential construction on suitable vacant lots;
- Increase downtown living in order to expand the market base for restaurants and retail establishments, and to attract new businesses to the downtown;
- Increase the tax base.

Grant Amount

- Standard grants shall reimburse the applicant at a rate of **\$7,500** per residential unit created or substantially upgraded with a maximum grant of **\$97,500**;
- Minimum project costs must exceed **\$35** per gross sq. ft. of residential space.

Example:

2 units @ \$7,500 grant per unit
2 X \$7,500 = **\$15,000 grant amount**

Example:

5 units @ \$7,500 grant per unit
5 X \$7,500 = **\$37,500 grant amount**

Example:

14 units @ \$7,500 grant per unit
14 X \$7,500 = \$105,000 **(In this case, \$97,500 would be the maximum grant.)**

Qualifying for the Grant

- The property must be located in the Salisbury Downtown Mixed Use District (DMX);
- New construction or building rehabilitation projects are eligible;
- Eligible projects will include residential as a single use, or as part of mixed use development.

Eligible Improvements

- Grant reimbursement rate is factored on the number of new residential units created or substantially upgraded at a flat rate per unit;
- Project must result in the creation of new residential units as part of new construction, building rehabilitation or adaptive reuse;
- Eligible projects may include renovations to existing, abandoned units that have been unoccupied for more than five (5) years. Renovations must be substantial to the extent that the completed units are of a finished quality and ready for occupancy;
- All new or renovated units must be consistent with the overall quality standards, preferred amenities and interior rehabilitation standards listed under General Provisions (pages 4-7).

Review Criteria

When reviewing proposals, the Salisbury City Council shall take the following into consideration:

- Feasibility and suitability of the rehabilitation, reuse or development plan;
- Impact to the tax base and the overall economic impact that can be anticipated as a result of the project;
- Consistency of interior up-fit with the designated criteria for quality, durability and amenities;
- Overall conformance with the grant goals and guidelines;
- Other factors specific to the project that are deemed relevant.

Residential Utilities Grant

Intended to promote residential development in downtown Salisbury, the Residential Utilities Grant will assist with installation and upgrades related to water and sewer infrastructure external to the building. Investors in building rehabilitation, adaptive reuse and new construction are eligible, provided the project introduces new residential units or involves upgrades to bring existing, abandoned units back into use.

Goals of the Program

- Install new water/sewer infrastructure, or upgrade existing infrastructure, to meet changing needs and facilitate residential development;
- Promote redevelopment of vacant parcels for residential use;
- Encourage rehabilitation and reuse of upper floors for new residences in existing buildings.

Grant Amount

- Standard grants shall reimburse the applicant a maximum of **\$25,000** or **50%** of eligible project costs (whichever is less) of water and sewer infrastructure that is external to the building;
- Eligible infrastructure costs must exceed **\$5,000**, prior to the grant.

Example: Building rehab project with five(5) new residential units	
2" dom. water tap	\$4,750
6" sewer tap	\$1,760
<u>10 ¾" meter pkgs</u>	<u>\$2,100</u>
Total	\$8,610 eligible costs X 0.5 = \$4,305 grant amount

Qualifying for the Grant

- Property must be located in the Salisbury Downtown Mixed Use District (DMX);
- New construction or building rehabilitation projects are eligible;
- Eligible projects will include residential as a single use, or as part of mixed use development;

Eligible Improvements and Technical Requirements

- Eligible expenses include water and sewer infrastructure that is external to the building;
- Examples include taps or connections to public infrastructure, upgrading existing service, new meters, backflow prevention devices;
- Expenses that **do not** qualify include, but are not limited to: paving, sidewalk and landscape costs; fire suppression infrastructure.
- Project must result in the creation of new residential units as part of new construction, building rehabilitation or adaptive reuse;
- Eligible projects may include renovations to existing, abandoned units that have been unoccupied for more than five (5) years. Renovations must be substantial to the extent that the completed units are of a finished quality and ready for occupancy;
- All new or renovated units must be consistent with the overall quality standards, preferred amenities and interior rehabilitation standards listed under General Provisions (pages 4-7).

Review Criteria

When reviewing proposals, the Salisbury City Council shall take the following into consideration:

- Feasibility and suitability of the rehabilitation, reuse plan or redevelopment plan;
- Impact to the tax base and the overall economic impact that can be anticipated as a result of the project;
- Conformance with the grant goals and guidelines;
- Other factors specific to the project that are deemed relevant.

Fire Suppression Grant

The most effective fire loss prevention and reduction measure with respect to both life and property is the installation and maintenance of fire sprinklers. In many cases the initial and largest expense is installation of the fire line external to the building. The purpose of the Fire Suppression Grant is to encourage the use and expansion of back-alley fire line “loops” which serve a public purpose by improving access to fire lines for adjacent buildings. Availability of fire lines reduces connection costs for other buildings to be served by sprinkler systems and promotes the use of sprinklers in projects that may not otherwise require them. For projects with existing access to a fire line, the grant may be used to offset a portion of the costs of a building sprinkler system.

Goals of the Program

- Encourage the use and expansion of back-alley fire lines capable of serving multiple buildings;
- Facilitate the construction of priority fire lines in the Primary Fire District which have been identified by Salisbury-Rowan Utilities and Salisbury Fire Department;
- Guard against loss of life and property through greater use of building sprinkler systems, and minimize the chances of a catastrophic fire spreading and impacting multiple properties;
- Improve life safety and reduce property damage as a result of immediate fire suppression and control, giving occupants more time to escape while the fire department responds;
- Aid in the preservation of historic urban fabric and character;
- Result in savings for property owners on insurance premiums, tax deductions, life safety code compliance, liability avoidance and continuous business operations.

Impact of Automatic Sprinkler Systems on Building and Safety Code Requirements

Because of the effectiveness of automatic sprinklers in controlling fires, building and fire codes relax certain requirements in fully-sprinkled buildings, resulting in positive offsetting benefits:

- Reduced structural fire resistance requirements;
- Greater height and area allowances;
- Increased allowable egress travel distances;
- More latitude for flame-spread rating of interior finishes;
- Acceptable floor opening configurations.

Grant Amount

- Standard grants shall reimburse the applicant a maximum of **\$25,000** or **50%** of eligible project costs (whichever is less) related to the installation or expansion of a back-alley fire line;
- For projects with existing access to a fire line, the grant may be used for installation of a building sprinkler system at a rate of **\$2** per sq. ft. of building area protected, not exceeding the maximum grant amount of **\$25,000**.

Example: Fire line extension
○ \$32,000 eligible costs X 0.5 = \$16,000 grant amount
Example: Building sprinkler system
○ \$2 X 18,000 sq. ft. of area protected = \$36,000
(In this case, \$25,000 would be the maximum grant.)

Qualifying for the Grant

- The property must be located in the Salisbury Downtown Mixed Use District (DMX);
- New construction or building rehabilitation projects are eligible;
- The project involves installation or expansion of a back-alley fire line that has the potential to serve other buildings, with an emphasis on expansion of fire lines in the Primary Fire District which have been identified as high priority by Salisbury-Rowan Utilities and Salisbury Fire Department;
- For projects with existing access to a fire line, the grant may be used for installation of a building sprinkler system;

Eligible Improvements and Technical Specifications

- Engineering and installation costs are eligible;
- Project must achieve compliance with all applicable building and construction codes, including the NC Building Code Council (NCBCC) specifications and the use of NC Plumber/Building Code-approved sprinkler devices and systems;
- 6” or larger fire lines through back alleys within the DMX district;
- Fire hydrants, RPZs or double-check devices (non-foam or non-pressurized);

Review Criteria

When reviewing proposals, the Salisbury City Council shall take the following into consideration:

- Feasibility and suitability of the rehabilitation, reuse and development plan;
- Impact to the tax base and the overall economic impact that can be anticipated as a result of the project;
- Impact on life safety and protection of property as a result of the improvements;
- Overall conformance with the grant goals and guidelines;
- Other factors specific to the project that are deemed relevant.

Sample Project Budgets

The following examples illustrate how multiple grants can be layered in a project.

● EXAMPLE 1: Building Rehabilitation – Upper floor residential conversion

Assumptions:

- Total Rehab Costs – \$650,000
- 6 new residential units
- \$9,000 eligible utilities costs
- \$32,000 back-alley fire line expansion

Grant Program	Amount	
Building Rehab	\$50,000	(25% of costs / \$50,000 max)
Residential Prod.	\$45,000	(\$7,500 per unit * 6 units)
Residential Utilities	\$ 4,500	(50% of utilities costs)
Fire Suppression	\$16,000	(50% of fire line costs)
Total City Incentives	\$115,500	

● EXAMPLE 2: Building Rehabilitation – Upper floor residential conversion

Assumptions:

- Total Rehab Costs – \$5,000,000
- 40 new residential units
- \$60,000 eligible utilities costs
- Has access to existing fire line – applying grant to sprinkler system with 40,000 sq. ft. of building area protected

Grant Program	Amount	
Building Rehab	\$ 50,000	(25% of costs / \$50,000 max. grant)
Residential Prod.	\$ 97,500	(\$7,500 per unit * 40 units / \$97,500 max. grant)
Residential Utilities	\$ 25,000	(50% of utilities costs / \$25,000 max grant)
Fire Suppression	\$ 25,000	(\$2 per sq. ft. of area covered/ \$25,000 max grant)
Total City Incentives	\$197,500	