

STAFF REPORT

City of Lancaster

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DATE: March 22, 2011

TO: Mayor Parris and City Council Members

FROM: Vern Lawson, Jr., Economic Development/Redevelopment Director

SUBJECT: **Approval of the Commercial Property Improvement Program**

Recommendation:

Approve the Commercial Property Improvement Program and authorize the City Manager or his designee to execute all grant documents related to this program.

Fiscal Impact: \$680,000.00 in bond proceeds. These are restricted funds that may only be used for specific purposes, including this type of program.

Background:

In August 2010, the Lancaster City Council approved Positioning for Prosperity, a comprehensive economic development plan aimed at positioning the City and the community for a vibrant economic recovery. Two integral elements of this plan consist of the continuation and growth of downtown revitalization efforts through The BLVD Transformation Project and the establishment of City-wide merchant programs to help commerce thrive.

The Commercial Property Improvement Program provides a two-pronged approach to accomplishing these goals. The program will serve as a new tool to eliminate blight, boost business and contribute to the stability of the local economy in the City of Lancaster. The program encompasses two unique elements: the Commercial Corridor Enhancement Program and the Downtown Commercial Property Improvement Program. Both components of the program provide small local businesses with an opportunity to enhance the public realm by upgrading their storefronts.

Through the Commercial Corridor Enhancement Program, small entrepreneurial businesses located within redevelopment project areas throughout the City of Lancaster will be eligible to apply for grant funding to beautify their facades and bring them into alignment with the City's Architecture and Design Guidelines. Grant funding will be offered on a 75/25 matching basis with funds contributed by the business for the project, with the City contributing 75% of the project costs and the business contributing at least 25%. Businesses may receive a maximum of \$7,500 in grant funding through this program. Grant proceeds may be used for qualifying façade improvements, including signage; awnings; and paint.

As funding for the Commercial Corridor Enhancement Program is limited to \$250,000, grants will be offered on a competitive basis. Eligible applicants will be evaluated and ranked based on several criteria, including strategic location along one of the City's commercial corridors; whether it is a locally-owned, small entrepreneurial business; and whether the business will fill an existing vacancy. Target corridors will be determined pending a report with recommendations from our strategic partner in Positioning for Prosperity, CB Richard Ellis, and will include the City's major commercial corridors and intersections. Applicants who best meet the established criteria will be given priority.

The second component of the program is the Downtown Commercial Property Improvement Program. This element is designed to build on the success of The BLVD Transformation Project by creating a new opportunity for businesses in the high-visibility area of downtown Lancaster to significantly improve the aesthetics of their facades. The program aims to enhance the City's \$10 million investment in revitalizing downtown Lancaster by partnering with businesses to upgrade the physical appearance of their stores through top-quality design and architecture. The program is envisioned as a tool to continue to improve the atmosphere of the area of downtown Lancaster known as The BLVD and thus develop The BLVD's growing reputation as the Antelope Valley's premier destination for shopping, dining and entertainment. These goals are consistent with the vision for The BLVD as set forth in the Downtown Lancaster Specific Plan.

Through this program, grant funds will be offered on a 1:1 matching basis with funds contributed by the property owner or tenant for the project. Grants may be used for major façade improvements, including architecture/design fees and signage. A single business may receive a maximum of \$40,000 in grant funding through this program.

As limited funds are available, the program will target strategic areas in order to maximize its overall impact on the downtown Lancaster community. All businesses located on The BLVD proper (Lancaster Boulevard from 10th Street West to Sierra Highway) are eligible for funding through this program. The central block of this area, known as the "BLVD Core" (Lancaster Boulevard from Fern Avenue to Elm/Ehrlich Avenue), is envisioned as the heart of The BLVD's retail and dining opportunities. With this goal in mind, the City invested in 23-foot sidewalks throughout the north side of the block to allow for outdoor shopping and dining. In keeping with this strategy, applicants located within this block will receive top priority.

In addition to location, several other criteria will be used to evaluate and determine rankings for projects. These include whether the business meets the target tenant mix for the downtown area; whether it is a small, locally-owned, entrepreneurial venture; and whether it fills an existing vacancy.

With the approval of the Council, both components of the program will become effective immediately and continue through December 31, 2011 or until allotted funds are depleted (whichever occurs first).

Summary:

In August 2010, the City Council approved Positioning for Prosperity, a comprehensive economic development plan which aims to position Lancaster for a vibrant economic recovery. Two essential elements of this plan are The BLVD Transformation Project and City-wide merchant programs. The Commercial Property Improvement Program offers a two-pronged

approach to accomplishing the goals set for these two aspects of Positioning for Prosperity by offering small local businesses an opportunity to enhance the public realm through grant funding to improve their facades. The program consists of two components: the Commercial Corridor Enhancement Program, in which small businesses may apply for grant funding of up to \$7,500.00 to upgrade their facades; and the Downtown Commercial Property Improvement Program, through which small businesses on The BLVD may apply for grant funding of up to \$40,000.00 to perform substantial renovations on their facades.

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