RESOLUTION NO. 06-2014

Authorizing the Re-emergent Corridor Assistance Program to Assist Commercial Building Owners and Tenants to Improve Facilities’ Exterior Facades and Streetscapes Along Certain of the City’s Commercial Corridors.

WHEREAS, City staff has documented commercial buildings’ issues of age, obsolescence, and level of investment within certain areas of Worthington; and,

WHEREAS, the commercial corridor comprised by Huntley and Proprietors Roads is an area of the City in particular need of new investment, as that corridor’s commercial real estate profile, comprised primarily of industrial and warehousing space, was defined largely from the 1950s until 1980 and is marked by declining investment and depressed leasing rates; and,

WHEREAS, to encourage voluntary investment, the City has developed the Re-emergent Corridor Assistance Program, or ReCAP, as an exterior façade and streetscape enhancement initiative to induce properties owners and tenants to re-invest in their commercial properties in this critical economic area of Worthington; and,

WHEREAS, as authorized in Article VIII, Section 13 of the Ohio Constitution and in accordance with the ReCAP Policy & Procedures set forth in EXHIBIT A, attached hereto and incorporated herein, the City intends to provide financial assistance to owners and tenants of commercial real estate within certain areas of Worthington to make improvements and otherwise further invest within the City.

NOW THEREFORE, BE IT RESOLVED by the Council of the Municipality of Worthington, County of Franklin, State of Ohio:

SECTION 1. That the Council of the City of Worthington does hereby authorize the implementation of the Re-emergent Corridor Assistance Program, or ReCAP, to encourage investments in, and improvements to, commercial real estate in the City of Worthington as further outlined in the attached EXHIBIT A.

SECTION 2. That the Clerk of Council be instructed to record this Resolution in the appropriate record book.

Adopted March 17, 2014

/s/ Bonnie D. Michael
President of Council

Attest:

/s/ Tanya Maria Word
Temporary Clerk of Council
The Re-emergent Corridor Assistance Program (ReCAP) addresses commercial buildings’ issues of age, obsolescence, and disinvestment within certain areas of the City of Worthington. The program provides a mixture of grant funds and no-cost financing to building owners or commercial tenants to improve their building facades and surrounding streetscapes.

ReCAP is part of the City’s efforts to drive new job growth along the Huntley / Proprietors Road Corridor. The corridor’s commercial real estate profile, which is comprised primarily of industrial and warehousing space, was defined largely from the 1950s until 1980. As properties along this corridor are improved, the City desires that they will continue to attract and retain commercial renters and owners that employ persons in Worthington.

The City is known for appealing architecture and historic aesthetics, much of which derives from Worthington’s design review and approval of development along the High Street and State Route 161 corridors. But other areas of the City, notably the Huntley / Proprietors Road Corridor, are not subject to Worthington’s design standards. It is neither necessary nor prudent that all commercial land uses in Worthington follow the City’s architectural and design guidance. But it remains that this corridor is comprised of older properties which lag behind comparable properties elsewhere in the Central Ohio region, and many of which are marked by declining investment and depressed leasing rates.

Table 1: Commercial Real Estate Profiles (Q1 2013)

<table>
<thead>
<tr>
<th></th>
<th>Huntley Road</th>
<th>Proprietors Road</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Commercial Space</strong></td>
<td>1,714,000 sq ft</td>
<td>225,000 sq ft</td>
</tr>
<tr>
<td><strong>% of Total that is “C” Space</strong></td>
<td>100%</td>
<td>73%</td>
</tr>
<tr>
<td><strong>Average Build Year</strong></td>
<td>1971</td>
<td>1974</td>
</tr>
<tr>
<td><strong>Average Asking Rent</strong></td>
<td>$4.84/sq ft (NNN)</td>
<td>$8.34/sq ft (Gross)</td>
</tr>
<tr>
<td><strong>Vacancy Rate</strong></td>
<td>7.9%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

*Source: COCIE / Xceligent*

---

1 Among those properties for which a grade of A, B, or C has been assigned by a commercial broker.
Table 2: Commercial Building Permit Activity (2012 – Q1 2013)

<table>
<thead>
<tr>
<th></th>
<th>Huntley Road</th>
<th>Proprietors Road</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Building Improvements (2012 to Q1 2013)</strong></td>
<td>$1,257,000</td>
<td>$314,000</td>
</tr>
<tr>
<td><strong>Improvements as % of Permits Issued city-wide</strong></td>
<td>9.1%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Source: City of Worthington, Division of Planning & Building

To stave off decline, ReCAP is intended to help drive re-investment and improve aesthetics in this critical commercial area of Worthington.

Section 1: Assistance Available

Grants and no-cost financing are available under ReCAP to fund prospective commercial building exterior enhancements. ReCAP assistance is provided as one-time, up-front cash payments to awardees, each in the form of a half-grant, half-loan amount. This assistance is to partially fund well-designed exteriors that enhance the design integrity of the corridor and secure participating buildings against further devaluation and disinvestment.

The maximum ReCAP award is the lesser of fifty percent (50%) of the lowest contractor’s bid for work under the project or $25,000. In all cases, the cash assistance award will be comprised 50-50 of grant and loan; per project, up to $12,500 provided as a one-time grant and up to $12,500 loaned at zero percent (0%) for a term of up to three (3) years.

An application seeking ReCAP funds must be filed with the City; the City may solicit certain property owners or tenants to participate. Applications will be reviewed by City staff on a first-come, first-served basis, with all such applications forwarded to the Worthington Community Improvement Corporation for recommendation to City Council. Awards are subject to the availability of funds.

To be eligible to participate, commercial properties must be located within the ReCAP Program Area (see Attachment A).

The grant-loan award must be for exterior front façade enhancements (or side building elevation if located on a corner lot) and/or the streetscape adjacent to the subject building.

---

2 This figure does not include $1,000,000 in improvements to Simsbury Place, a multi-family residential building.
Section 2: Eligibility

Building owners and tenants with the property owner’s approval can apply for cash assistance if (1) the building to be improved is in the ReCAP Program Area (see Attachment A); (2) the improvements are to a commercial building (industrial, office and/or retail); and (3) in full compliance with City income tax and real estate tax obligations on the building.

After an award is made, all build-out work must be completed according to the construction schedule submitted as part of the application; in all cases, ReCAP-assisted construction must be completed within 24 months of making application. All build-out work must be performed by licensed contractors which are bonded and insured for the project. All project work must be in compliance with applicable City building permit processes and planning commission approvals.
Applications must demonstrate, via a bank’s letter of credit, loan commitment or personal financial statement, the ability of the applicant to complete the entire project as proposed and repay the loan portion of the cash assistance award.

To receive funding or otherwise participate in the program, recipients cannot be in violation of any City rules, regulations or ordinances. A project close-out occurs upon an awardee’s submittal of any Certificates of Occupancy issued regarding the project and the full repayment of the loan component.

**Table 4: Eligible Improvement Costs**

- Exterior painting that incorporates a major visual change
- Significant masonry cleaning, and restoration modification (if part of an overall design restoration)
- Addition of awnings
- Enhanced exterior building lighting that creates a noticeably enhanced appearance
- Storefront entry systems and individual windows and door replacement or modification (if part of an overall design restoration)
- New or restored façade elements such as: cornices, soffits, canopies, and other detail elements
- Streetscape plantings, street furniture, new curbs and sidewalks, streetlights and related streetscape amenities
- Demolition (if part of an overall design)
- Signage, if new sign is in line with City overlay standards and/or old sign is significantly upgraded from existing old, out-of-date, substandard, or non-conforming signage
- Stormwater improvements to parking lots

**Table 5: Ineligible Costs**

- Paying down on existing loans
- Routine maintenance (incl. painting, general masonry upkeep, general window and door upkeep, and repair replacement of current lighting or removing inoperable lighting fixtures)
- Building Permit & Inspection Fees
- Working capital
- Security fencing or gates
- Inventory
- Roof and awning repair or replacement
- Interior improvements of any kind
Section 3: Application & Grant Payment Process

ReCAP assistance is appropriated by Worthington City Council as part of its annual budget process; in 2014, the program has been appropriated $100,000.

Building owners or tenants with the building owner’s approval are to complete and submit the ReCAP Application Form, which must include digital photographs of the subject property as well as schematic designs of the proposed improvements. The cost to prepare an application, if any, is solely the responsibility of the applicant.

Prospective applicants are encouraged to contact the City’s Economic Development Manager to discuss the project before submitting application materials.

City staff will review submitted ReCAP applications on a first-come, first-served basis and prepare them for the Worthington Community Improvement Corporation. That entity, in turn, will prepare formal recommendations of projects to City Council on a rolling basis. Awardees should receive the approval of City Council prior to any construction commencing under their respective projects.

A one-time, up-front cash payment will be remitted upon City Council approving the project and execution of an agreement between the City and the awardee detailing the terms and conditions of assistance.

Section 4: Selection Criteria

City staff will process each ReCAP application as it is submitted and prepare it for full review by the Worthington Community Improvement Corporation. Applications for assistance to improve subject properties will be measured according to the following:

- What is the subject property’s current physical condition and exterior appearance?
- Will the project result in upgrading the subject property to applicable current commercial building standards?
- Has the applicant provided a well-constructed, thoughtful written scope of work for the exterior enhancement project?
- How extensive is the proposed exterior enhancement project?
  - Will the ReCAP award assist in making substantial improvements to the outside appearance and exterior condition of the subject property?
  - Will the project result in making the subject property compliant with the Americans with Disabilities Act?
- What is the measure of commitment of the commercial tenant or building owner to the Worthington business community?
- What is the applicant’s demonstrated ability to complete the project as proposed and repay the ReCAP loan component?