



COMMERCIAL PROPERTY IMPROVEMENT PROGRAM POLICY

Adopted on November 7, 2022

PROGRAM PURPOSE

The Commercial Property Improvement Program ("CPIP") is designed to support preservation and enhancement of commercial and non-residential buildings, increased building occupancy and reuse, elimination and prevention of blight and preservation and enhancement of the tax base in accordance with the public purposes authorized under Chapter 163, Part III of the Florida Statutes.

PROGRAM ELIGIBILITY

Program approvals are subject to funding availability and conformance with the terms of the program guidelines and policies.

Ownership eligibility: Except for eligible cemeteries, the property must be owned by fee simple title or life estate interest and must not have any restrictions or encumbrances that would unduly restrict the good and marketable nature of the ownership interest. Ownership by agreement or contract for deed is not eligible.

The following ownership shall on be ineligible: Governments and public agencies, tax exempt organizations (unless renovating a historical or culturally significant building or site, or an eligible cemetery) and religious institutions (except when improving an eligible cemetery).

Culturally significance shall be determined by the UWF Historic Trust and approved by the City's Historic Preservation Planner or similar Mayoral designee.

Historically significant properties shall be listed or eligible for listing on the National Register of Historic Places.

Property type and use: Eligible property types and uses include: Non-residential and mixed-use buildings with a predominate non-residential use or a substantial non-residential presence from the street as well as, certain publicly accessible historic cemeteries designated for improvement within the City's adopted community redevelopment plans. Historic cemeteries are defined as cemeteries that are listed on the Florida Division of Historical Resources registry. Ineligible property uses include: hotels/motels, lounge and package stores, auto repair, sales and/or service stations,

adult-oriented enterprises, gun, pawn and drug paraphernalia stores, schools, hospitals and large-scale heavy industrial and warehousing. An exemption may be permitted if the building will be re-used for an alternative purpose or the use is otherwise approved by the CRA due to the building's historic, cultural or architectural significance or similar factor.

Occupancy: Property may be vacant or occupied. Vacant and underutilized property must be actively marketed. Alternatively, the participant may submit an occupancy and operating plan. Efforts to occupy or otherwise reuse the building must be made and reported annually to the CRA during the Maintenance and Occupancy Period (described below).

Other eligibility terms: Owner must be current on mortgage payments and property taxes. Code violations must be remedied either prior to or through program participation. No building or land may be used in a manner that does not comply with all the regulations established by the City of Pensacola Land Development Code (LDC) or other local, state or federal laws or guidelines. Repeat participants will be considered on a case-by-case basis conditioned upon need. Additionally, unless the CRA Manager waives in writing this requirement, the owner may not be the contractor on the project. All licensure required by law shall be maintained during construction and the Maintenance and Occupancy Period (as applicable).

Eligible improvements and project costs: Except for cemeteries, eligible improvements shall include exterior repair and enhancements necessary to restore or improve building appearance, integrity and character, fencing, lighting, landscaping, signage, pavement and other improvements necessary to enhance the street face of the property and to provide for conditions that enable reuse. Priority will be given to exterior features that improve the building façade and are visible from the public realm.

For mixed use buildings with residential components, improvements to residential spaces shall be predominately limited to the minimum amount of exterior improvements necessary to provide a consistent building façade. However, priority shall be placed on improvement of non-residential spaces and space immediately visible from the street.

For eligible cemeteries, improvements shall be limited to permanent improvements that require nominal maintenance such as fencing and signage. Landscaping and on-going maintenance activities shall not be an eligible expense.

Project costs are limited to costs directly associated with the property improvement work in accordance with the rehabilitation specifications. Design, engineering and architectural support may be provided for projects requiring such services. Should in-house services not be available, an estimate of these costs will be made during the inspection process and services rendered will be subject to available budget. Administrative expenses associated with program implementation, such as recording fees, title search and design support, shall not constitute "project costs".

Insurance Requirements: Except for eligible cemeteries, insurance shall be required to be secured prior to construction commencement or as soon as eligible for insurance as gained through program participation, and through the end of the Maintenance and Occupancy Period. Insurance requirements shall be established and subject to approval by the City of Pensacola Risk Management Division.

CRA Approval: All projects shall be subject to approval of the City of Pensacola Community Redevelopment Agency (CRA). Projects shall be approved or denied for participation in the CRA's sole discretion.

Prioritization: To leverage limited resources, properties will be evaluated on a case-by-case basis for funding under this program. In instances of high program demand and limited funding, the CRA, in determining its approval, shall consider and prioritize based on the following criteria:

- Architectural character and/or cultural or historical significance of the building or site
- Age of the building (older = higher priority)
- Degree in which the specified use or reuse will provide a community benefit
- Extent of damage and degree of threat to the building or site
- Proximity to neighborhood reinvestment sites
- First-time applicants

Target Areas: Target areas within the designated CRA districts may be established by the CRA office and published on the City website. The designation of target areas shall not be arbitrary and shall respond to the changing needs of the redevelopment districts as well as redevelopment or revitalization opportunities. In designating target areas, the CRA office shall consider locations where remaining conditions of blight are observed, clustering of non-residential buildings in need of rehabilitation have been identified and areas within proximity to reinvestment sites. Other elements may also be considered, as outlined in the adopted redevelopment plans. Target areas may specify areas limited to historic and culturally significant property and those open to all non-residential/mixed use property.

PROJECT SCOPE AND FUNDING

Preliminary Inspection and Scope of Work: Following submittal of an application, pre-eligibility screening will be performed. If the application passes the screening process, a preliminary inspection will be scheduled. At the date and time of the preliminary inspection, a program inspector will visit the property to assess its condition and identify improvements needed in coordination with the owner.

Scope items will be based on conditions observed, improvements desired by the property owner and the cost of the necessary improvements to be made. The items must be sufficient to provide a pleasant property façade, as seen from the street, and support reasonable reuse of the building. To the extent feasible and based on funding availability, limited interior and structural improvements shall be permissible. These improvements shall be limited to the minimum necessary to address items that threaten structural integrity or do not appear to meet the minimal standards for reuse.

The CRA office shall be authorized to develop program policies and shall have the sole discretion to approve general product specifications and paint colors for the purpose of cost efficiency, longevity, consistency with neighborhood character and to maximize curb appeal. To meet the CRA's purpose of preserving and enhancing the neighborhood character of the redevelopment districts, rehabilitation specifications will address conditions where character has been eroded. Whether due to deferred property maintenance, inappropriate property modifications, incompatible construction styles or similar reasons, the program will seek to provide cost-sensitive improvements to better align the building with the historic and urban character of the surrounding area. All scope items shall be subject to approval by the owner and the CRA Office.

Project Funding: A program representative will make a determination whether a property is a candidate for the program based on building condition, actual rehabilitation costs, maximum funding thresholds and available budgets.

Funding thresholds for non-residential buildings shall be based on the size, age and cultural significance of the building or site and shall correlate with the maintenance and occupancy period requirements described below. Funding thresholds for cemeteries shall be based on the degree of improvement needed, up to a maximum funding threshold. Owner match shall be required for commercial buildings and mixed-use buildings with a commercial component. Commercial shall be defined as business properties that would reasonably be expected to operate with a profit. Matching requirements shall be reduced by 50% for non-residential buildings and cemeteries that serve a public purpose and are permitted a tax exemption according to the Department of Revenue.

Eligible matching shall include cash and in-kind contributions. Eligible in-kind contributions shall be the retail price of contributed materials and volunteer professional services. Volunteer professional services shall be calculated by the hour for the applicable service rendered at the rate established by the Bureau of Labor and Statistics. Amount of match provided by volunteer professional services shall be limited.

At this time, the program representative shall determine if sufficient budget is available to fund the project. Funding commitments shall be subject to available Community Redevelopment Agency (CRA) budgets for the fiscal year in which the commitment is to be made and for the specific community redevelopment district in which the subject property is located, as applicable to funding source. In instances where sufficient budget is not available, the project may be placed on the waitlist for future budget cycles.

Alternatively, where partial funding is available, the CRA, in its sole discretion may allocate available budget to the project. The remaining funding needed to complete the project may then be allocated in a future fiscal year.

Upon funding approval and availability, owner and contractor shall enter into a Work Contract.

Emergency Response and Recovery: In the event of an emergency response or recovery situation, such as a state of emergency related to a natural disaster or an instance where an immediate threat is presented to the building, funding may be approved administratively. Administrative approval shall be limited to the minimum amount of work necessary to stabilize the building. Contracting procedures may be waived at the discretion of the CRA Manager, only in accordance with emergency procurement laws pertaining to City procurement. Administration and contracting may also be facilitated and/or secured by a Partnering Agency or City Department under these events on a case-by-case basis.

Assistance shall be provided as a zero-interest forgivable deferred loan secured by a subordinate lien agreement. Temporary improvements necessary to immediately stabilize a building, such as roof tarps, may be authorized on a case-by-case basis. Such improvements shall be provided as a grant and exempt from lien requirements. The lien period is 1-year. The lien shall be forgiven daily over the course of the lien period. At expiration of the lien period, the loan shall be forgiven in full with program compliance. During the lien period, the improvements shall not be modified, altered, removed, or demolished and the Property may not be sold, demolished, assigned, directly or indirectly encumbered, pledged, conveyed, converted to 100% residential use, not maintained, or ownership is transferred, except to an heir as defined by Florida law. The Maintenance and Occupancy Period shall not apply during this time.

In the event of the transfer of property to an heir, such heir shall assume all responsibilities for compliance under the program. Emergency approval shall not be used to duplicate or supplant benefits received or available from insurance policy payouts and FEMA assistance programs.

Eligible program participants shall be eligible to re-apply for comprehensive assistance under this program upon conclusion of the 1-year lien period. Any additional improvements authorized shall not modify or reconstruct improvements made under emergency approval. Any additional funding provided shall be limited to the maximum funding thresholds allowable under this program and maintenance and occupancy period requirements shall be based on the total amount of funding approved under emergency and non-emergency approvals combined.

MAINTENANCE AND OCCUPANCY PERIOD

To meet the CRA's goals of eliminating and preventing the return of blight and increasing building occupancy and reuse within the redevelopment districts, this program will apply requirements secured by a lien, for a specified term called the "Maintenance and Occupancy Period" for all properties, excluding eligible cemeteries. Maintenance and Occupancy Period requirements shall correspond with the amount of the CRA's investment in the property. The lien shall not require repayment of the assistance amount if occupancy or reuse of the building is actively sought or achieved in accordance with the approved occupancy and operating plan (as may be revised from time to time with approval of the CRA Office) and the building is not used for an ineligible purpose defined by this Policy (unless approved by the CRA), the property is maintained in good and faithful compliance with the program and the site is not intentionally demolished and/or rebuilt (except in instances of force majeure).

If the property is sold during the Maintenance and Occupancy Period, all requirements of the program shall convey to the new owner. Forgiveness of the lien amount shall be calculated daily. In the event that the owner defaults or requests repayment of the balance of the lien amount, repayment shall be measured from the date that the default was identified to occur or the request for repayment was made. Upon repayment or forgiveness, the lien will be released.

PROGRAM GUIDELINES

The CRA Office shall maintain program guidelines consistent with this policy.