




City of Bandon


555 Hwy 101, PO Box 67
Bandon, OR 97411
(541) 347-2437

Bandon by the Sea

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Torrey Contreras, City Manager 

INITIATED BY: Dana Nichols, Planning Director 

DATE: March 18th, 2024

SUBJECT: **ITEM 2.1 CITY OF BANDON BUSINESS BEAUTIFCATION GRANTS – A DISCUSSION TO CONSIDER MODIFICATIONS TO THE EXISTING FAÇADE IMPROVEMENT LOAN/GRANT PROGRAM**

BACKGROUND:

The City of Bandon first began offering a Façade Improvement Loan/Grant in 2012 to eligible properties within the Urban Renewal 1 district. The funding for this program comes from the Urban Renewal budget, which is renewed annually. In 2014, the City expanded the program to include properties zoned General Commercial, C-2, located outside of an Urban Renewal District. The funding for the C-2 program comes from a revolving loan fund that will not be replenished once it is exhausted.

The purpose of the program is to improve the appearance of existing business buildings through façade renovation and to encourage private investment. The current program allows a business or property owner to apply for a loan in the amount of \$10,000 or 70% of the total project cost, whichever is less. If certain stipulations are met, one quarter of the loan is forgiven each year until the entire loan is forgiven in total. No interest on the amount loaned is assessed.

ANALYSIS OF THE ISSUES:

This program receives only a few applicants each year, many of whom have been awarded loan/grants in previous years. The current program is silent on how many times any one business owner or property owner can apply, however the program limits eligibility to projects with a total cost of less than \$50,000, which seems to discourage larger improvement projects. Significant staff time is required to manage loans and ensure compliance with the Program's guidelines over the loan period. Accordingly, staff time would be better used to do program outreach and assist in filling out the application thereby increasing efficiency and cost effectiveness.

To improve the program and expand opportunities to disseminate the funding, staff recommends modifying the program in the following ways:

1. **Change the program from a forgivable loan to a grant.** The program is currently managed as a forgivable loan, which requires significant staff time to track over a four-year period. The finance department manages these loans, while the City relies on the property owner to comply with the eligibility requirements that they must be open and operate an average of at least four days a week and maintain business hours of at least eight hours a day. Staff recommends granting the funding outright to qualified recipients and requiring the grant applicant to record a restrictive covenant maintaining the project for a minimum of four years or vacation of the property.

Granting money is much less time-consuming than tracking it over four years, especially in the small increments Staff proposes.

2. **Expand eligible activities and modify eligibility requirements.** Staff proposes the addition of allowing landscaping features, outdoor seating, lighting, and the removal of non-conforming, non-compliant, or illegal site elements to the list of eligible activities. Staff also recommends changing the requirement from a business operating eight hours a day, four days a week, to "regular business hours" to account for the seasonality of our economy, as well as removing the language limiting the program to projects less than \$50,000 total.
3. **Expand access to all commercial properties by changing the funding source to Transient Occupancy Tax.** The City's Urban Renewal district and one-time only funds used for the C-2 district limit the program's reach and longevity. With increasing Transient Occupancy Tax (TOT) each year, Staff recommends allocating either a lump sum to the program, or alternatively, the City of Ashland dedicates 1% of TOT to a grant program that includes Business Beautification Grants (tourism-related infrastructure) and Event Support Grants (tourism-drawing events). These grants are available on a first-come, first-served basis.
4. **Establish a business owner grant and a property owner grant and limit the number of applications.** Staff have received feedback that the current grant program can limit the ability for business owners to apply when they are not also the building owner. This is due to the type of filing required for loans of a certain size. While the new proposal does not remove a requirement for property owner permission, Staff recommends creating a simpler path for a business owner that only wants to use a small portion of the fund for an improvement such as signage.

A draft program is attached for City Council review and consideration.

FISCAL IMPACT:

In the FY 23-24 budget, the City allocated \$70,000 to the Façade Improvement Program District 1 (Urban Renewal Fund 510) and \$40,000 to the Façade Improvement Program District 2 (Block Grant Fund 410). Staff recommends budgeting for this program in Transient Occupancy Tax (Tourism Development Fund 240) and limiting the amount available to \$50,000.

RECOMMENDATION:

The following is recommended to the City Council:

1. Review and discuss the information provided.

Attachments:

1. City of Bandon Business Beautification Grant Proposal



City of Bandon

555 Hwy 101, PO Box 67
Bandon, OR 97411
(541) 347-2437

Bandon by the Sea

CITY OF BANDON BUSINESS BEAUTIFICATION GRANTS

PROPOSED GUIDELINES

MARCH 18TH, 2024

I. PURPOSE

The Purpose of the City of Bandon Business Beautification grant is to encourage private investment in the renovation of existing commercial businesses within City limits. The program will provide up to \$10,000 in the form of a matching grant to eligible commercial businesses and property owners for the purpose of improving the appearance of the existing buildings and site features.

II. PROGRAM FUNDING

Funding for this program will be allocated on an annual basis as part of the City Council's adoption of the City Budget.

Grants are awarded on a first-come, first served basis and will be distributed until the fund is exhausted. Grant funding becomes available on July 1st, the beginning of the fiscal year, so applicants are encouraged to apply early, even if a project is scheduled for a later time. Projects must be completed within six months of approval and must be maintained for a period of at least four years.

Program applicants are eligible for one grant from each category every four years. Property owners may apply for a matching grant of \$10,000 or 70% of the total project cost, whichever is smaller. Separately, business owners may apply for a small grant of up to \$1,000 or 70% of the total project cost, whichever is smaller.

III. ELIGIBILITY

To be eligible for a Bandon Business Beautification grant, you must be the current property owner or business owner of a non-residentially developed property fronting on a publicly accessible street or alley within City limits. Your project must meet the requirements of the Bandon Municipal Code and the Coos County Building Department. If approvals from the City Planning Department or other agencies are required for the proposed work, these permits must be obtained prior to the start of construction or implementation.

Eligible projects include:

- Exterior cosmetic improvements to the structure's façade (work must be located on the street frontage side of the building). This might include painting, replacement of windows or doors, or work on architectural features.
- Installation or replacement of signage or awnings.
- Installation or replacement of landscaping.
- Installation or replacement of outdoor lighting.
- Removal of barrier to access for people with disabilities through installation of public or handicap accessible sidewalks and/or infrastructure.
- Installation of outdoor seating or other streetscape furniture.
- Removal or non-conforming, non-compliant, or illegal site elements.

Business owners may apply for a small project grant for up to \$1,000 or 70% of the project cost, whichever is less. A property owner signature is required to affirm agreement with the proposed changes. These grants are typically awarded for small improvements such as painting, signage, awnings, or street furniture. These

improvements are expected to be maintained for a minimum of four years, which is the ongoing responsibility of the business owner.

Property owners, or business owners with permission from the property owner, are eligible to apply for the large project grant of up to \$10,000 or 70% of the total project cost, whichever is less. These grants are awarded for larger façade improvements and require a deed restriction to ensure compliance. These improvements are expected to be maintained for a minimum of four years, which is the ongoing responsibility of the property owner.

IV. COMPLIANCE

All projects must comply with the requirements listed in the Bandon Municipal Code. Projects may require permits from the Planning Department, Public Works Department and/or Coos County Building Department. It is the responsibility of the property owner to ensure these permits are received prior to the start of construction. All construction activities must be performed by licensed contractors or service providers.

Applicants for the small grant request must submit at least one (1) quote for the proposed work. We understand that small projects may not require a contractor and that there are limited options for vendors of certain projects.

Applicants for the large grant request must submit a minimum of two (2) quotes for the project.

- One quote must be from an independent contractor/vendor without a direct familial relation to the applicant or companies owned by the applicant.
- The grant will be awarded based on the low quote. The applicant may select a contractor other than the lowest quote, however the grant amount will only cover up to 70% of the lowest quote provided.

Once the work is complete the applicant will be required to submit a copy of the final invoice proving the work has been completed at the proposed cost. The project must be completed within six months of receiving grant funding. A restrictive covenant that describes the beautification grant will be recorded with the Coos County Recorder requiring the maintenance of the improvement for four years following completion.

V. APPLICATION

Interested applicants should complete a Bandon Business Beautification grant application and submit it to planning@cityofbandon.org with the following attachments:

- Photo of project before beautification
- Quote for proposed work.
 - Minimum of two (2) for large grant request
 - One quote required for small grant request
- Copy of permit applications (if applicable)

- Copy of lease agreement (if applicable)

Once the City receives a complete application, it will be scheduled for review by a sub-committee of the Greater Bandon Association. Determining eligibility, qualification, and approval of any project for funding through this program will be at the sole discretion of the City of Bandon.