

**City of Henderson
REDEVELOPMENT AGENCY**



**Downtown Tenant
Improvement
Program and
Guidelines**

With Sustainability Incentive

Approved 05/21/2013

Modified 6/21/2016



**CITY OF HENDERSON
REDEVELOPMENT AGENCY
TENANT IMPROVEMENT GRANT PROGRAM
QUALIFICATIONS, CONDITIONS, AND TERMS**

According to the City of Henderson Downtown Investment Strategy, the long-term revitalization and improvement of the Downtown will require enduring public/private partnerships that leverage limited resources from both the Agency and the Downtown business community. As part of the overall redevelopment strategy, the City of Henderson Redevelopment Agency, referred to herein as the “Agency,” through its Commercial Tenant Improvement Grant Program, will provide grants to eligible property owners and/or business owners to enhance commercial buildings within the program designated area. Funding through this program can only be used for tenant improvement build-out, for up to 50 percent of the total tenant improvement costs, at a maximum rate of \$25.00 per square foot, unless Green Initiatives, as described below are met. **A maximum of \$50,000 per tenant improvement build-out can be received through this grant program.**

The Agency is offering additional incentives for projects that incorporate Green Building Initiatives (See Appendix B). Benefits of green building include a lesser dependence on municipal utilities, lower energy and infrastructure costs, improved inside air quality, and increased productivity of employees. On a broad scale, green building standards can create healthier places for people to meet, live, and work while protecting natural resources and minimizing environmental impacts. **To encourage green building, an additional 10 percent of funds may be added to applications that meet the guideline as set forth further in this document.**

Ex. An application eligible for an award of \$30,000 may receive an additional \$3,000 incentive for the use of sustainable building practices. To receive the sustainability bonus, 5 points are required from the checklist.

Grant recipients must pay a minimum of 20 percent of the total improvement costs after all rebates and/or grants are deducted.

The program is administered by the Agency. **The program operates on a reimbursement basis and the applicant is responsible for all payments to professionals, City departments and contractors.** Applicants must use contractors with a City of Henderson business license, when required (if in doubt, contact the City of Henderson Business License Division at 702-267-1730). **The Agency will verify actual costs incurred by borrower prior to reimbursement. Reimbursement will only take place after a Certificate of Occupancy has been issued by the City of Henderson Building and Fire Safety Department.**

The Grant Agreement identifies the conditions, covenants, and responsibilities for the grant, and is entered into by all approved applicants and the Agency. The general program, qualifications, guidelines, and grant terms and conditions are described below.

I. ELIGIBILITY

To secure a compelling mix of retail, restaurant, office, and art niche businesses in the Downtown Redevelopment Project Area, certain business/tenant types are excluded from this program. Generally, an appropriate business for the Tenant Improvement Grant Program is one of the target business types that will, according to the Downtown Investment Strategy, promote an inviting, vibrant Downtown environment. The following table identifies the types of businesses that were identified in the Downtown Investment Strategy as desired uses in the Downtown.

<i>Eligible Business Type</i>	<i>Non-Eligible Business Type</i>
Dining and Bars (e.g. Casual, Dining, Brew Pub)	Take-out only food services
Retail (e.g. Drug Store, Book Store, Neighborhood Grocery, Card/Gift Shop, Art Supply Stores, Apparel – except infant only, Hobby, Linen, Stationary)	
Service (e.g. Day Care, Day Spa, Beauty Salon, Veterinarian, Dry Cleaner/Laundromat)	Automotive Oriented Businesses (e.g. Car Wash, Tire Lube Center, Automobile Repair, Smog Station)
Office (e.g. Single-tenant professional – legal, medical, architecture, engineering, Multi-Tenant,	
Hotel (e.g. Best Western, Marriot)	Massage (stand alone)
Civic (e.g. Utility Service Center, Post Office with a retail component)	Dollar and similar Discount stores/ Pawn Shops
Specialty/Gourmet Grocery	Bail Bonds

In order to receive a Tenant Improvement Grant, an application must be determined to have a minimum of 3 points from the following list. The number of points that an application receives will correspond to the amount of money per square foot that it will be eligible to receive.

- 3 points = Up to \$10 per square foot
- 4 points = Up to \$15 per square foot
- 5 points = Up to \$20 per square foot
- 6 or more points = Up to \$25 per square foot

Points will be determined based on the information that is provided by the applicant. If the application meets the requisite number of points, and the remaining application materials are complete, the application will be scheduled for a hearing before the Redevelopment Agency Grant and Loan Committee.

Points Allowed:

Retail Use – 2 points

Restaurant – 2 points

Bar, Tavern, Urban Lounge – 2 points

Hotel – 2 points

Civic – 2 points

Specialty Retail/Gourmet Grocery – 2 points

Medical/Dental Office – 2 points

All Other Offices – 1 point

Service – 1 point

Buildings/spaces that have been vacant for more than 6 months – 1 point

Buildings fronting Water Street, Pacific Avenue, Basic Road, Boulder Highway, or Lake Mead Parkway – 1 point

Businesses that will create or maintain the following number of full-time equivalent jobs:

1-5 jobs – 1 point

6-10 jobs – 2 points

11 > jobs – 3 points

Applications with a fully executed lease that is:

3 years in length from the date of application – 1 point

5 years in length from the date of application – 2 points

Building owner and applicant – 2 points

1. Applicants

- a) Applicant must be the property owner(s) of a program-eligible building, or lessee of an eligible building having consent from the property owner for the intended renovation. A legal property owner must sign the program application, and in the case of a corporation or partnership, a corporate resolution or a power of attorney must be submitted with the application.

- b) Tenant Improvement Grants are subject to funding availability. Approval, denial, or modification lies with the Grant and Loan Committee, made up of the Redevelopment Manager or designee, Agency Treasurer or designee, and three members of the Redevelopment Advisory Committee. Should an applicant wish to appeal a Grant and Loan Committee decision, staff will forward the request, via agenda, to the Redevelopment Agency Board.
- c) Applicant must have no other reasonable means available for financing those buildings, facilities or other improvements. No other reasonable means of financing is defined by one or more of the following:
 - i. An inducement for the required investment is necessary to improve the property. This is evidenced by a “but for” letter or statement from the applicant explaining that but for redevelopment assistance, the project is not feasible, and supported by the financial review from the National Development Council.
 - ii. There has been a lack of rehabilitation in the area and it is deemed unreasonable for the applicant to invest in improving the area unless the grant is provided. This is evidenced by photographs of the immediate surrounding area displaying blight.
 - iii. There is a gap in financing as demonstrated by a report provided by the National Development Council.

2. Building

- a) Building must be commercial and located in the Downtown Redevelopment Area (see Appendix “A” for a map of the eligible area).
- b) Properties affected by unresolved code enforcement issues or actions are not eligible for participation under this program.
- c) Specific square footage may only receive Tenant Improvement Grant funds once every five (5) years, unless a compelling justification is established and approved by the Grant and Loan Committee, at its sole discretion.

II. IMPROVEMENTS

1. Eligible improvements may include:

This program is intended to fund improvements that will, in general, stay with the property, and therefore will not cover the cost of purchasing or installing fixtures, non-fixed equipment or inventory. Generally acceptable improvements include, but are not necessarily limited to the following repairs/replacement/upgrades:

- Electrical Repair/Upgrade
- HVAC/Mechanical Repair or Upgrade
- Plumbing
- Dry wall installation and/or repairs

- Flooring
 - Lighting
 - Windows/doors*
 - Interior demolition/rebuild
 - Painting
 - Green Initiatives as identified in Appendix B
2. **The Agency reserves the right to require certain minimum improvements as part of the program in order to meet the objectives of the Agency.** For example, façade repainting may be required as a minimum improvement.
 3. The Agency and other appropriate City departments must approve all improvements. Improvements must comply with all City building codes and architectural standards.
 4. **Applicant is not to begin any improvements to the property before the grant is approved by the Grant and Loan Committee.** Construction, renovation, or painting costs incurred prior to the approval of the grant will not be eligible for reimbursement. (Design, drawing and fee costs will be eligible for reimbursement solely under conditions discussed below.)
 5. Projects must comply with the adopted Downtown Investment Strategy and Downtown Master Plan.

III. ELIGIBLE COSTS (those costs eligible for reimbursement through the Tenant Improvement Program):

1. **Permits and fees:** All permits and fees lawfully required for the tenant improvements shall be paid by applicant and shall be considered eligible costs. Copies of permits are to be provided to RDA staff prior to any improvements commencing.
2. **Construction drawings:** The preparation of detailed drawings shall be paid by the applicant and considered an eligible cost. (See Section V “DESIGN AND PRELIMINARY COST ESTIMATE.”)
3. **Conceptual design costs:** Conceptual design and cost estimates are eligible costs. (See Section V “DESIGN AND PRELIMINARY COST ESTIMATE.”)
4. **Other fees:** Credit reports and other related costs shall be paid by applicant and considered eligible costs, unless waived by the Grant and Loan Committee.
5. Improvements referenced in Part II above.
6. Any modifications to the interior or exterior of the building that are required by the Grant and Loan Committee.

IV. GRANT TERMS

1. Principal:

- a) **Subject to the availability of funding**, the maximum grant amount is 50 percent of the tenant improvement costs, and subject to the following criteria:
 - (i) amount is calculated up to \$25.00 per square foot to a maximum of \$50,000; and
 - (ii) A 10 percent incentive bonus may be added to applications that are determined to use sustainable building practices; and
 - (iii) Applicant must pay for at least 20 percent of the total tenant improvement costs after all rebates and/or grants are deducted.

2. Disbursement of Grant Funds:

Grant funds will be disbursed upon:

- a) Inspection and approval of **ALL** completed improvements. For tenant improvements involving new building construction, where the application has been approved by the Grant and Loan Committee, progress payments for completed improvements may be permitted. Applicant must provide Redevelopment Agency staff with approvals from all relevant approval authorities to receive progress payments.
- b) Receipt of copies of acceptable (at the Agency's sole discretion) lien releases from all applicable parties. If lien releases are not provided (prior to fund draw), checks will be issued to contractors.
- c) Receipt and review of **all** invoices and copies of cancelled checks for improvements.
- d) Issuance of a Certificate of Occupancy by the City of Henderson Department of Building and Fire Safety For progress payments referenced in (a) above involving new building construction, verification of approval from all authorities will be required.

3. Maximum Assistance by the City of Henderson Redevelopment Agency

The maximum cumulative loan and/or grant amount from all Henderson Redevelopment assistance programs that can be received for a project cannot exceed \$90,000 in any five consecutive-year period unless green building standards are met, in which case the amount can be increased to not to exceed \$99,000.

4. Survival of Lease

Any tenant lease that existed in a building space that was improved by a grant award and/or was entered into as a result of a Tenant Improvement Grant, must survive the sale of the building for a period of not less than two (2) years from the date of funding of the Tenant Improvement Grant.

V. DESIGN AND PRELIMINARY COST ESTIMATE

1. Conceptual Design:

- a) Conceptual design and preliminary cost estimates are reimbursable program costs.
- b) **Applicant's conceptual design and cost estimate must be approved by the Agency prior to grant commitment.**

2. Drawings/Permits:

- a) All working drawings and corresponding City permits will be the applicant's sole responsibility. Detail drawings and application for permits must be completed within 90 days of approval of the applicant's conceptual design and approval by the Loan Committee. Failure to meet this deadline will result in the cancellation of all the Agency's obligations regarding the reimbursement of any eligible past or future costs in connection with the design or construction of the improvements. Applicants can submit a written request for an extension of time to Agency staff for consideration.
- b) The preparation of detailed drawings is an eligible cost under this program.

VI. BIDDING/CONSTRUCTION

- a) Applicant shall put the tenant improvement project out to bid. At least three competitive bids must be obtained. In order for any bid to be acceptable, it must be received from a contractor licensed to do business in the State of Nevada and City of Henderson, if required. Applicant is responsible for selecting a contractor and executing the corresponding construction agreement. Any contractor not licensed in Henderson at the time of bid must obtain a Henderson business license prior to performing work. The business license fee is the responsibility of the contractor and is not eligible for reimbursement.
- b) City of Henderson Redevelopment Agency must approve the winning bid and the contractor(s) prior to the execution of the construction agreement.
- c) **Permits for building improvements must be obtained.** All City fees must be paid by the applicant. Fees are eligible costs under this program.
- d) Contractors licensed by the State of Nevada must construct all work. All contractors must have a valid City of Henderson business license and adequate bonding for the work to be performed.
- e) All improvements must be completed within nine months of approval by the Grant and Loan Committee unless a written extension is granted by the Agency, or otherwise approved by the Grant and Loan Committee. Failure to meet this deadline will result in the cancellation of all City of Henderson Redevelopment Agency obligations regarding the reimbursement of any

eligible past or future costs in connection with the design or construction of the improvements.

VII. MAINTENANCE OBLIGATION

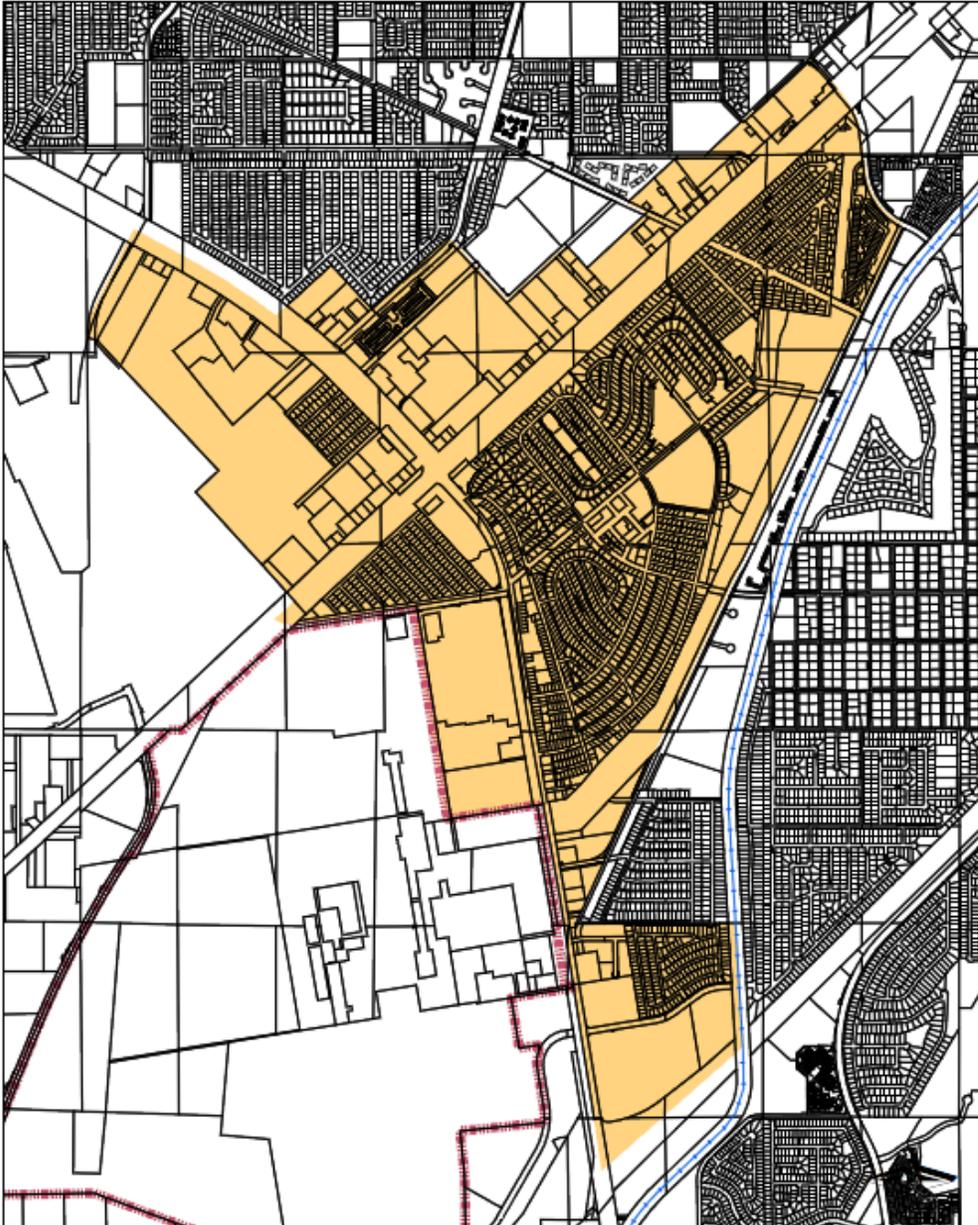
- a) Applicant shall maintain the improvements of the property in good condition and in accordance with local and State building codes. The Agency has the right to inspect the condition of the property from time to time with three (3) business days notice to the property owner.
- b) Conditions that constitute a failure to maintain the property in good condition include, but are not limited to, peeling paint, chipped surfaces, broken windows, covered transoms or window spaces, boarded windows, excessive bird droppings or debris, graffiti and illegal or non-conforming signage, and obstructed windows.
- c) At any time during five (5) years from the date of funding, that the Agency determines the improvements have not been maintained in good condition, the Agency will notify the property owner, and when relevant, the business owner, in writing of any deficiencies and provide 30 days for corrective actions to be taken. Failure to maintain improvements or take corrective action of maintenance concerns will result in ineligibility of award for future grants to that individual or corporation.

Appendix A

HENDERSON, NEVADA

Tenant Improvement Program Eligible Area

-  Corporate Limits
-  Assessor's Parcels
-  Tenant Improvement Program Eligible Area



January 28, 2010

Source(s): City of Henderson Community Development Department, Clark County Assessor's Office, and Clark County Geographic Information Systems Management Office.

Based on Projected Coordinate System: NAD83, Zone 10N BY East FIPS 2011 feet
Note: This map is offered as a general reference only and is not intended to be used for legal purposes. No warranty of accuracy is intended nor should any be assumed.



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Appendix B Green Building Review Criteria

*Each item is worth 1 point.

Lighting

- Project provides natural day lighting to a minimum of 50 percent of interior space
- Energy efficient indoor lighting
- Occupancy light sensors

Recycled or Low-Emitting Materials

- Incorporate materials consisting of at least 50 percent recycled materials, i.e. carpeting, flooring, drywall, and other building materials
- Provide an easily accessible area that is dedicated to the collection and storage of non-hazardous materials for recycling
- Low VOC materials used – sealants, adhesives, caulking, paint and coating.

Energy

- Cross ventilation
- Solar film on windows
- Use of ceiling fans in all main areas of the premises
- Use of natural gas
- Use of interior finishes that require minimal periodic cleaning
- Use of eco-friendly insulation
- Energy efficient A/C unit
- Light-colored interior walls, carpets, and doors

Water

- Dual flush, low flow toilets
- Installation of high efficiency fixtures
- Insulated water heater

Project Expertise

- Builder/designer/architect/landscape architect is a member of FGBC or LEED certified.

*In order to qualify for the Green Initiative Grant 10 percent incentive bonus, a minimum of 5 points must be achieved.

Other Green improvements can be incorporated and will be considered on a case-by-case basis by the Grant and Loan Committee.