



LEASE **REBATE**

– PROGRAM DESIGN OVERVIEW –

**DOWNTOWN REVITALIZATION LEASE REBATE PROGRAM
FOR CHELSEA CENTRAL ZONING DISTRICT AND HOLLYHOCK ISLAND
PROGRAM DESIGN OVERVIEW**

PURPOSE:

The Commercial Lease Rebate Program is intended to provide financial assistance in the form of lease rebates for new or expanding businesses locating in the downtown areas known as downtown and Hollyhock Island. The program is designed to increase market activity downtown in a compressed timeframe and to promote sustained market activity.

FINANCING DESCRIPTION:

The Lease Rebate Program will provide a total of \$500,000 in rebates to stimulate and support market activity in the downtown area over a five-year period. Rebate amounts are dependent upon the effective terms of the lease and are calculated to decline over time. The program is designed to provide an equitable level of benefit to applicants. Rebates are calculated on a “not to exceed” value as defined by a percent of the total annual lease. *Rebates are spread over the life of the lease.* Long-term leases provide more market stability and as shown in the following table, they will provide tenants a higher level of benefit than shorter-term leases.

Summary						
Lease Term		10 Years	7 Years	5 Years	3 Years	1-2 Years
Rebate not to exceed		24%	22%	16%	12%	10%
Square Foot Rebate Year 1*		\$5.00	\$5.00	\$4.00	\$1.50	\$1.50
Square Foot Rebate Final Year*		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
* Rebates are rounded to the nearest \$0.50 per square foot, actual rebates may vary slightly based on lease terms						

PROGRAM LOCATION:

This program applies to businesses and residential units utilizing existing space in the areas of Norwich known as downtown and Hollyhock Island.

OPERATIONAL MATTERS:

As the agency designated to oversee and administer the programs, NCDC will be responsible for establishing an application evaluation and selection committee.

Duties of the evaluation and selection committee will include:

- Refining guidelines for application review
- Determining feasibility of projects based on plans and financial statements
- Providing program assistance to NCDC as needed
- Reviewing reports, project paperwork, and documents for completeness and accuracy
- Reviewing lease rebate applications and making recommendations for funding

The evaluation and selection committee membership will comprise NCDC staff and three to five professionals with experience in:

- Business/Administration
- Architect/Engineer/Technology
- Real Estate/Development
- Finance/Accounting
- Human Resources/Employment

ELIGIBLE APPLICANTS:

This program requires a joint application of tenant and landlord or landlord representative. Eligible applicants include partnerships comprising owners and tenants of properties located in the defined program area. The program targets for-profit businesses but private, non-profit organizations (such as arts or cultural agencies) locating in the program area are also eligible if the facility is open to the public and the use is consistent with the City's Plan of Conservation and Development. Mixed-use projects with commercial space on the ground floor and residential space above are eligible; properties that are exclusively residential in nature (apartment buildings) are not eligible. Every effort will be made to ensure that no less than 70% of these funds are utilized for residential use, by fabricators, processors, professionals, bio-tech and bio-science industries, and green technology businesses; the remaining 30% will be made available for retail or service businesses. Other lease terms or uses will be considered by the committee on a case by case basis.

Eligibility criteria includes:

- Businesses currently located in the program area and moving from one location to another are eligible only if they are expanding.
- Businesses moving into the program area as long as their prior lease has expired; the program does not support businesses breaking existing leases.
- Funds will be allocated to landlord/tenant co-applicants; landlord cannot be tenant/applicant. Subletting is not an eligible use of program funds.
- Residential rebates are intended to be used for newly constructed units and for residential units that are being upgraded for market positioning; cosmetic upgrades (paint, carpet, etc.) do not apply.
- Funds are not intended to be used for rebates to State, Federal or Tribal entities.

ELIGIBLE USES OF FUNDS:

- Eligible uses for these funds are for lease reimbursements only.

APPLICATION, APPROVAL, AND PAYMENT PROCESS:

The application process: In order to be considered for this program, applicants (landlord and tenant) must submit a completed application to NCDC.

- Applicant should contact NCDC for program information, application forms, and other guidelines as applicable. It should be noted that the program is subject to change and interested applicants are advised to contact NCDC prior to beginning the application process;
- NCDC staff will meet with applicant as necessary to complete application forms and provide process information;
- Applicant prepares and submits a completed application and other required documentation to NCDC for preliminary review which will include:
 - Application forms;
 - Proof that both applicants are current with municipal taxes, mortgages and utility payments at the time of application; in order to remain eligible for this funding applicants will be required to periodically submit proof that taxes and utilities remain current;
 - Proof of current certificate of occupancy;
 - Status of lease agreements with landlord and tenant(s) as applicable including letters of intent or executed leases;
 - Business plan and most recent prepared financial statements with projected cash flows and pro-forma statements, or business plan with projected cash flows and pro-forma statements;
 - Proof of insurance.

The approval process: Once the application has been determined complete and applicants pass the preliminary screening process the application is forwarded to the evaluation and selection committee. The committee will evaluate the application based on criteria that will include:

- Fiscal impacts
- Employment levels and quality of jobs
- Community goals
- Building use and lease rates

The committee will document their recommendation and present their recommendation to NCDC for processing. A denied application may be able to be resubmitted; provided it is revised in accordance with the recommendations made by the evaluation and selection committee and NCDC, and fund dollars are still available. Decisions of the evaluation and selection committee shall be final.

Applicants shall not be disqualified based on age, race, color, handicap, physical condition, sexual orientation or national origin.

The payment process: Payment will be made to the tenant at the tenant's place of business only after tenant and landlord execute and submit a quarterly affidavit of payment which includes certification of both tenant and landlord being current with municipal taxes and utilities.

PROGRAM TIMETABLE:

NCDC expects to begin accepting applications in June 2011. NCDC has a five-year period to accept and fund applications for lease rebates. Lease rebate projects will be funded on a first come first serve basis as long as funds are available. Any uncommitted funds will be either re-allocated to the revolving loan program, the code correction program or not allocated at all.