



CODE **CORRECTION**
– PROGRAM DESIGN OVERVIEW –

**DOWNTOWN REVITALIZATION CODE CORRECTION ASSISTANCE PROGRAM
FOR CHELSEA CENTRAL ZONING DISTRICT AND HOLLYHOCK ISLAND
PROGRAM DESIGN OVERVIEW**

PURPOSE:

The Code Correction Program is intended to provide financial assistance, in the form of grants, to stimulate investment in outdated buildings that are privately owned. It is conceived to leverage public investment with a dollar for dollar co-investment by private entities, specifically targeting the downtown areas known as Downtown and Hollyhock Island/waterfront. It is designed to address accessibility limitations driven by the American with Disabilities Act (ADA) and other fire, life, and safety code issues. This program targets 75,000 square feet of unusable or underutilized upper story space downtown.

FINANCING DESCRIPTION:

The Code Correction Program will provide \$1,840,000 (net cost of Norwich GO Bond financing) in grants to developers and/or building owners rehabilitating upper floors of downtown buildings with an intended use that includes office and residential. The funds will be administered and disbursed in accordance with the financing plan outlined in the Downtown Revitalization Programs Project Plan and in accordance with the following grant terms:

- The maximum grant amount is \$100,000 per eligible project though larger amounts will be considered on a case by case basis; grant commitments expire twelve months from date of approval unless project is underway;
- The program will grant up to 50% of the cost of approved code correction projects;
- Grants apply to the expense of materials and wages for a rehabilitation project and do not pertain to the cost of borrowing;
- The grants will apply to projects that secure bank financing and to projects that are self-financed; property owners are not obligated to fund their rehabilitation project through a bank loan. All funds committed to the project must be evidenced by letters of commitment from borrowers and/or lenders;
- Grants for completed rehabilitation elements will be delivered to the property owner upon receipt of a certificate of occupancy or other pre-arranged and agreed upon milestones;
- Requests for grants funds must be accompanied by verification that the contractor(s) have been paid and all lien waivers on file;
- This program can be used in combination with any other program offering based upon the eligibility of the property and owner; if the owner chooses to break the project into a floor by floor project, each floor project will require its own application;
- Funds will not be used to support City infrastructure improvements.

PROGRAM LOCATION:

This program applies to existing commercial space in the areas of Norwich known as Downtown and the waterfront area known as 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 applicant eligibility based on defined criteria
- 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 funding applications and making recommendations for funding

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:

Eligible applicants include owners of properties located in the defined program area. Non-property owners may apply as long as the owner certifies agreement with the plans attached to the application. The program targets properties that will house for-profit businesses but private, non-profit organizations (such as arts or cultural agencies) are also eligible if the facility is open to the public and the use is consistent with the local 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 and program funding is not intended to support state, federal or tribal projects. Every effort will be made to ensure that 70% of the funds are utilized for residential development, fabricators, processors, professionals, bio-tech and bio-pharma industries and Green industries; the remaining 30% will be made available for retail or service businesses.

ELIGIBLE USES OF FUNDS:

Eligible uses for these funds include projects that create usable spaces on upper floors that are currently code non-compliant and for upper floor projects that support permitted uses. In order to be eligible for this program projects must meet selection criteria and must:

- Create code compliant space on upper floors in existing buildings only
- Preserve the historic look, feel, and nature of the downtown
- Apply to the actual expense of direct architectural and engineering, materials, contractors and wages for the rehabilitation project;
- Costs related to financing and property acquisition activities are not eligible.

APPLICATION, APPROVAL, AND PAYMENT PROCESS:

The application process: In order to be considered for this program, applicants 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 of subject property ownership
 - Identification of the holder or holders of any mortgage on the subject property and proof that the mortgage is current and that no event of default exists
 - Source of matching funding and proof that funds are available for this use
 - Construction plans including budgets, schedules and details on code work approved by Norwich building officials, Fire Marshall, Uncas Health District and NPU
 - Proof that applicants are current with municipal taxes and utility accounts 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
 - 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 property owner only after the property owner submits a reimbursement request that includes invoices and verification that contractor(s) have been paid, lien waivers received and that the completed work has been approved by Norwich building officials and the project awarded a Certificate of Occupancy.

PROGRAM TIMETABLE:

NCDC expects to begin accepting applications in June 2011. NCDC has a five-year period to accept and fund applications for code correction assistance. 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 lease rebate program or not allocated at all.