

## **DTO Retail Program**

### **A. Program Introduction/Goals**

Retail is vital for the urban core as it drives positive economic growth, creates jobs, fosters a vibrant atmosphere, provides community gathering spaces, and contributes to urban revitalization. The presence of diverse and thriving retail establishments can transform downtowns into dynamic and prosperous centers that benefit residents, visitors, and the local economy. Conversely, vacant spaces contribute to the spread of blight within downtown areas. The intent of the DTO Retail Program (Program) is to activate spaces within the Downtown Orlando Community Redevelopment Area (Area) and establish the Area within downtown Orlando as a retail destination, to attract locals and visitors to visit downtown Orlando as well as attract new retail and encourage expansion of existing retail by reimbursing costs associated with interior buildout and rent of a newly leased property.

Additionally, it is standard practice in the commercial real estate industry for property owners to provide a tenant improvement allowance towards the construction of a leased premise. Often, the amount of the tenant improvement allowance becomes the determining factor in a retailer's decision to enter into a lease for a specific property. The Program seeks to make downtown properties financially competitive to properties further from the city center by supplementing the funding available for tenant improvements to eligible properties within the Area.

This investment in businesses in the Area helps to accomplish the Community Redevelopment Agency's (CRA) Downtown Community Redevelopment Area Plan (DTOutlook) goals, including:

- Filling vacant retail spaces within the Area in order to prevent the spread of blight within the Area
- Promoting uses that activate storefronts throughout the day, helping to eliminate "dead zones"
- Supporting renovations and adaptive reuse of existing buildings
- Attracting employers and retailers to downtown Orlando
- Supporting incentives for restaurant and retail location and expansion within the CRA
- Promoting and encouraging neighborhood-oriented retail and services in the CRA
- Supporting retail development through incentive programs and other strategies to reduce barriers to entry in the downtown market

### **B. Program Structure**

1. Building Owner/Tenant Investment Requirement:
  - a. For tenant improvement reimbursement funding, the CRA will match dollar for dollar based on the amount the building owner invests in tenant improvements up to a maximum amount based on the square footage requirements set forth in subsection 2 below. Such matching funding by the building owner and tenant is an eligibility requirement for receiving funding under sections 2a or 2b below.
  - b. The tenant must be investing at least 10% of the eligible tenant improvement costs.
  - c. If the total contribution from the building owner's investment, the CRA and the applicant's required contribution of at least 10% of the eligible tenant improvement costs equals more than the cost of the build-out associated with the program's eligible items, the CRA will only cover the difference between the building and restaurant owner's contribution and eligible build-out costs.
2. Funding Eligibility:
  - a. Personal service businesses are eligible for up to \$50 per square foot with a not to exceed funding amount of \$150,000 for reimbursement of costs of eligible tenant improvements.
  - b. Retail businesses are eligible for up to \$25 per square foot with a not to exceed funding amount of \$100,000 for reimbursement of costs of eligible tenant improvements.
  - c. If the building owner does not invest in tenant improvements or if the business is a franchise, the tenant would be eligible to receive up to \$25 per square foot with a not-to-exceed funding amount of \$75,000 for reimbursement of costs of eligible tenant improvements based on the square foot requirements.
  - d. All qualifying businesses are generally eligible for up to an additional \$25,000 for reimbursement of rental costs incurred during the first year of the term of the Funding Agreement.
    - i. Rent abatement payments are to be made quarterly on a reimbursement basis. (Example: A business that pays \$2,000 a month in rent would qualify for \$24,000)

- would receive up to \$6,000 a quarter).
- e. All qualifying businesses located within Focus Areas are generally eligible to receive up to \$50,000 for reimbursement of rental costs incurred during the first year of the term of the Funding Agreement.
  - f. Rent abatement payments are to be made quarterly on a reimbursement basis. (Example: A business that pays \$5,000 in monthly rent would qualify for \$50,000 and would receive up to \$12,500 a quarter).
  - g. If the total eligible funding amount calculated under sections 2 a, b, c, or d is less than \$75,000, the funding amount automatically defaults to \$75,000 for eligible tenant improvements or the difference between the building and restaurant owner's contribution and eligible build-out costs, whichever is less.

#### Additional Information

1. Retail is defined as an establishment where the principal use is the selling or renting of goods or merchandise to the general public in small lots (as opposed to bulk quantities) for personal or household consumption and rendering of services incidental to the sale of such goods but does not include Service Uses (except Personal Services), Eating and Drinking Establishments, or any Industrial Use.
2. Personal services for purposes of this Program are barber or beauty shops, health spas, veterinary services, dance studios, tailoring, and other similar uses.
3. Businesses must be locating to or be expanding in the Area to be eligible (see Exhibit A for Area boundaries). Businesses that are currently located within the Area that are relocating to another location within the Area or expanding the existing location are eligible for funding only if a business is increasing its space (sq. ft.) by 25% or more based on its current square footage.
4. The applicant must have at least two (2) years of ownership or operations management experience in a similar type of retail business.
5. The applicant must meet a minimum number of operating hours that will be specified in the Funding Agreement.
6. Applicants must agree to work with the CRA to open its business during hours in which it would ordinarily be closed in the case of large-scale special events within the Area (e.g. NFL Pro Bowl, Bowl Games).
7. All proposed exterior improvements (please see eligible improvements) must meet the requirements of the Appearance Review Board (ARB) or, if a landmark property is located within a historic preservation district, the Historic Preservation Board (HPB), if applicable, as well as all other City Code requirements. Approvals or Certificates issued by the ARB or HPB do not guarantee approval of any DTO Retail Program funding.

#### **C. Eligible Improvements/Items**

Tenants applying for funding shall provide written permission from the property owner via a signed Owner's Affidavit. Additionally, funding cannot be used for non-fixed equipment or inventory. Generally acceptable improvements are those that can be used by a future tenant in the same leased premises and which will remain in the space when the Applicant vacates the space.

Applicants are eligible for the following permanent improvements and are encouraged to make energy-efficient and sustainability-focused improvements or upgrades, such as energy-efficient upgrades, waste reduction, renewable energy, and water conservation improvements.

1. Tenant Improvement:
  - a. Interior electrical or upgrades
  - b. Interior plumbing or upgrades
  - c. Interior HVAC equipment or upgrades
  - d. Interior or exterior lighting
  - e. Interior improvements for ADA compliance
  - f. Exterior signage and awnings
  - g. Flooring (carpets are ineligible)
  - h. Interior drywall
  - i. Windows
  - j. Doors
  - k. Masonry
  - l. Ceiling
  - m. Carpentry
  - n. Interior life safety improvements (firewalls, sprinklers, egress, fire alarm, exit signs, and automatic

- lights)
  - o. Bathrooms
  - p. Other improvements as approved by the CRA
2. Rent Abatement:
- a. Rent cost
  - b. Common Area Maintenance (CAM) cost

**D. Ineligible Businesses**

Properties used for the following purposes: not-for-profit organizations, government-owned or occupied buildings, church/religious institutions, health and medical professional services, tattoo parlors, body piercing and body art shops, adult entertainment facilities, medical marijuana dispensaries, adult-oriented or adult-themed retail businesses, liquor stores, smoke shops, gun shop, bars, nightclubs or businesses that sell drug paraphernalia are ineligible. Should there be questions regarding the tenant use, the Zoning Official shall issue a Determination.

**E. Procedures**

The procedure for project review is as follows:

1. Pre-Application Meeting

The applicant is required to meet with the DTO Retail Program Manager (Manager) who will review the applicant's plans to determine eligibility based on the Program requirements. The Manager will provide the applicant with general guidance as to whether the proposed project is likely to qualify for Program funding and whether the applicant is sufficiently prepared to move forward to apply.

2. Grant Application Submission

Following the pre-application meeting, the Grant application and all attachments must be submitted to the Manager for formal consideration for funding. The application requires the Applicant to submit a Letter of Intent for the lease from the landlord, proposed design, cost estimate/budget for the Tenant Improvements, and a business plan.

3. Review Grant Application

Once an eligible application and the supporting documents are received, the Manager shall conduct the mandatory criminal background check and review the application to ensure that it meets all program eligibility requirements. In making a recommendation to the CRA, the Manager will ensure compliance with the eligibility requirements and will consider the strength of the operation, budget, and growth plan described in the business plan. The business type will be reviewed against existing business types in the program area to ensure a diversity of business types. The CRA will approve grants at its discretion based on the applicant's lease term, capital investment amount, experience, business plan, design, and financial capacity.

4. Final Agreement and Construction

If approved for funding, the applicant shall sign the required Funding Agreement with the CRA. Substantial modifications to final plans or change orders to construction documents that produce material changes in the previously approved items will require review and approval of the CRA Executive Director.

The CRA reserves the right to deny a request for reimbursement if the completed improvements substantially deviate from the improvements originally contemplated in the Funding Agreement or if the applicant failed to obtain approval of such deviations from the CRA Executive Director.

5. Construction Approval

Upon completion of construction, grantees shall submit proof of completion and arrange for an on-site inspection by the Manager to ensure that the terms of the Funding Agreement have been met. Discrepancies shall be noted and a time frame for their correction will be established as necessary. Upon final approval by the Manager, the grantee shall submit a request for reimbursement to the CRA. Payments shall be made to Grantee on a reimbursement basis and in accordance with the City's accounting procedures.

## 6. Disbursements

Funds will be disbursed by a check payable to the grantee (1) upon the issuance of a Certificate of Completion or Occupancy (if required), and (2) upon verification by the Manager that the work was completed as proposed in a satisfactory and professional manner. Funds will not be disbursed on projects that are completed in a manner not in accordance with the approved plans. Before funds will be disbursed, grantees must provide verification, satisfactory to the CRA, of all project costs, including contractor invoicing, lien release and evidence of payment of all expenses, including property owner and tenant matching funds. All Grant funds shall be issued to the grantee on a reimbursement basis only.

Funds will only be dispersed after the following actions occur:

- The Manager verifies that a final lease with an initial lease term of at least three years has been executed
- Applicant has obtained a City of Orlando Business Tax Receipt and Certificate of Use
- Applicant has secured a valid City of Orlando Certificate of Occupancy or Certificate of Completion and Releases of Liens are obtained from any and all contractors/subcontractors involved in making the tenant improvements
- Applicant presents paid invoices and companion bank statements or canceled checks/evidence of payment from a financial institution for eligible work and/or rent and is then reimbursed up to the approved amount as described in the Funding Agreement
- Applicant is in compliance with other terms of the Funding Agreement

## **F. Program Terms**

Funding is based on budget availability and will be considered on a “first come, first served” basis. Applying **does not** guarantee funding. Applications must be submitted with a detailed proposal of the improvement work, the cost of which is sought to be reimbursed by this Program. Applications will be reviewed for completeness and compliance with program criteria. Projects that do not comply with the Program criteria and conditions will not be eligible for funding. An authorized corporate officer or partners of the applicant’s business must sign the application, in addition to the property owner(s), if the applicant is the tenant. Tenants who are applying for a Grant must supply proof of a lease for the subject property that identifies at least three (3) years remaining in the lease term.

Before consideration for Program funding, the subject property must be free from any liens (except mortgage liens), judgments, or encumbrances (except easements) of any kind, current with all City obligations, and in compliance with all City Code requirements. On a case-by-case basis, the CRA may waive the requirement to be in compliance with City Codes if the proposed improvements are related to achieving code compliance. The CRA reserves the right to contract for a title search and/or ownership and encumbrance report at the CRA’s discretion, the cost for which will be deducted from the Grant funds at the time of disbursement, if Program funding is approved.

All applicants for program funding must submit to a criminal background check, the cost for which will be deducted from the Grant funds at the time of disbursement, if Grant funding is approved. If the applicant is a corporate entity, then the president, director, or manager applying shall submit to a criminal background check. If the entity is a partnership, then all partners must submit to a criminal background check. To be eligible for funding, the applicant must **not** have any of the following: a felony conviction or nolo contendere within the past five (5) years; a felony conviction or nolo contendere for financial economic crimes within the past ten years; or a felony conviction or nolo contendere for violent or heinous crimes (i.e. murder, sexual battery, sexual assault, armed robbery or burglary, carjacking, home-invasion, kidnapping, arson, crimes against children, etc.) in their complete history. If the background check reveals any of the above, the applicant will be rendered ineligible for funding.

Any Grant funding awarded will be based on the lowest of at least three (3) qualified bids obtained and submitted by the applicant. The owner and/or applicant may elect to choose a contractor other than the one with the lowest qualified bid but shall be responsible for all costs exceeding the lowest qualified bid. In all cases, the selected contractor must be licensed and insured. The CRA will not be responsible in any manner for the selection of a contractor. A property owner and/or tenant should pursue all activities necessary to determine contractor

qualifications, quality of workmanship, and reputation. The property or business owner will bear full responsibility for reviewing the competence and abilities of prospective contractors and securing proof of their licensing and insurance coverage. If the tenant is unable to receive three (3) qualified bids, the Manager reserves the right to allow for two (2) qualified bids at the tenant's request.

Program funds will be disbursed in the form of a grant with a limited repayment requirement if the Grantee vacates the property or changes use. To ensure that funds are available, improvements to be made under a Grant must be initiated (secured all necessary permits) within 90 days and completed within one (1) year of the effective date of the Funding Agreement. Extensions may be granted by the Executive Director of the CRA given just cause by the applicant (Example: contractor delays, acts of God, etc.). All Grant funds shall be issued to the Grantee on a reimbursement basis only.

#### **G. Available Funds**

The CRA may from time to time in its sole discretion establish annual funding for the program.

#### **H. Previous Participation in the Retail Stimulus Program**

If relocating within the CRA or expanding, the grantee who received funding under the previous Retail Stimulus Program may submit an application three years after the executed Funding Agreement date for funding under the revised Program.

#### **I. Disclosures**

The CRA expressly reserves the right to reject applications or request additional information from any and all applicants and grantees. The CRA retains the right to deviate from the program guidelines or amend the program guidelines, agreements, and application procedures. The CRA also retains the right to display and advertise properties that receive matching funds under this Grant.

Applicants which applied for funding after June 19, 2023 but prior to adoption of this Program on October 23, 2023, may elect whether to seek funding under the former Retail Stimulus Program or this Program. Funding will only be provided under one program.

#### **J. Controls and Oversight**

Throughout the Program and Award process, a number of checks and balances are employed to ensure that the grant investment contributes to the Program goals. The grant has a 3-year term with the possibility of the full grant amount or partial amount to be repaid if the Grant Recipient vacates the property or changes use. For each year of occupancy by the Grant Recipient, the amount due to be repaid to the CRA by Grant Recipient's vacation of the premises or change in use will be pro-rated. Repayment of grant funds is triggered by the Grant Recipient's vacation of the premises and newly created vacant space with no plan to re-lease the property within a six (6) month timeframe to a business with a use that would otherwise have qualified under the DTO Retail Program. Additionally, if the Applicant vacates the property or changes use, the Manager must be notified.

#### **K. Default**

If a default or breach occurs as defined in the Funding Agreement, the Manager will contact the Grant Recipient in an effort to determine the reason for the default. If the Manager is not successful, he/she will inform the City Attorney's Office of the default. Once the City Attorney's Office confirms the default, the CRA Executive Director shall direct CRA staff to cease further payments to the business owner and instruct the City Attorney's Office to send a letter, notifying the business owner of the default and demanding reimbursement of funds paid to the business as of the date of the default within thirty (30) days. The letter will also instruct the business owner to contact the Manager to discuss the matter. If the business owner either fails to respond to the demand letter within the requisite time period or does respond and proposes a payment schedule, the Manager will coordinate a meeting of the Default Committee. The Manager will send a letter to the business owner notifying him/her of the date and time of the meeting.

## **L. Default Committee**

The Default Committee will meet on an as-needed basis and will make recommendations to the CRA regarding the appropriate action to take with regard to seeking reimbursement of funds already paid to the business owner. The Default Committee is comprised of the following officials or their designees:

- Executive Director of the CRA or his/her designee
- City of Orlando Business Development Division Manager or his/her designee
- City of Orlando Chief Financial Officer or his/her designee

The CRA Executive Director or his/her designee will chair the Committee. The Manager will be a non-voting member of the Committee. The City Attorney's Office will provide legal counsel and advice to the Committee.

The Committee shall have the authority to do the following: (1) recommend that the City Attorney's Office initiate litigation in the event the business owner fails to respond to the demand letter or refuses to reimburse the CRA; (2) discuss and vote on the terms of a settlement agreement in the event the business owner proposes a payment schedule; or (3) decide to write-off the debt entirely. The Committee's decision will be reported by the CRA Executive Director to the CRA for approval.

If a settlement agreement is recommended, the City Attorney's Office will draft such an agreement for signature by the business owner and the CRA. The CRA Executive Director will present the settlement agreement to the CRA for approval. If the business owner defaults on the terms of the settlement agreement, the Manager will coordinate a meeting of the Default Committee to determine further action.

If the business owner proposes settlement after a claim has been filed in the courts and the proposal is accepted by the Committee, before a judgment is entered by the court, the case will be dismissed once the settlement agreement is approved by the CRA. However, litigation may be reinstated if the business owner defaults on the terms of the settlement agreement.

If the Grant Recipient proposes settlement after a final judgment has been entered and the proposal is accepted by the Committee, the judgment and any corresponding lien will remain in force until the terms of the settlement agreement have been completely met. Once the terms of the settlement agreement are met, the City Attorney's Office will file a Notice of Satisfaction of Judgment with the court and any lien will be released.

Exhibit A

