



Targeted Incentive Program For Full Service/Full Menu Restaurants in Downtown Lincolnton

Purpose

The purpose of the City of Lincolnton Targeted Incentive Program is to promote the creation of new full service / full menu restaurants in downtown Lincolnton by offering new or expanding restaurants loans to assist with start-up improvements or expansion projects. This program will benefit the City of Lincolnton with more downtown restaurants, increased tax base, expanded job opportunities and increased payroll in our community.

Program Objective

The program is designed to provide an incentive to entice new or expanding full service restaurants to locate in downtown Lincolnton.

Eligibility

Eligible applicants are limited to owners of properties that will be the location of a new or expanding full service/ full menu restaurant within the downtown Lincolnton program area as outlined on the attached map.

Program

The following terms govern the Targeted Incentive Program:

1. Loans are provided to assist with building renovations necessary to create new full service/full menu restaurants in downtown. Expansions of existing restaurants that adhere to the program requirements may also qualify. Restaurants must adhere to all program guidelines.
2. Funds are limited to a maximum of \$200,000 per qualifying restaurant and require a 1:1 match by the property owner.
3. Provides 50% of the total cost of approved projects up to \$200,000 for eligible expenditures. However, the City may not award the total amount requested.
4. Funds are in the form of a forgivable loan. If a restaurant that meets the program requirements remains at the location for a minimum of five years, the loan is considered to be fully satisfied and repayment is not required. If a restaurant that meets the program requirements does not remain at the location for a minimum of five years, then repayment is required on a pro rata basis for the portion of the five year period during which the program requirements are not met.
5. Only one targeted incentive loan will be provided per restaurant. Funds are for fixed items only and not for inventory, removable furnishings or non-fixed items.
6. Rehabilitation and expansion projects must adhere to applicable City and State ordinances and code requirements, such as state building codes, city zoning regulations, etc.

7. Since each application will be different and reviewed on a case-by-case basis, the applicant may be required to submit additional information. The intent of the Targeted Incentive Program application process is not to burden the applicant with extensive research, but to provide the City Council with information necessary to make appropriate decisions.
8. Applications are subject to approval by City Council. The application must be approved prior to opening or expansion of the restaurant.
9. Ineligible properties and ineligible restaurants:
 - Tax delinquent property
 - Property not in good standing with City of Lincolnton Utility Billing
 - Property with outstanding liens
10. Applicant must have a credit score of 740 or above.
11. The program depends on the availability of funds and may be discontinued at any time at the discretion of the City.

Approval Criteria

Applications will be evaluated on each of the following criteria:

Does the application clearly describe the proposed building renovation/rehabilitation project?

Does the renovation / rehabilitation project meet the program guidelines?

Does the application clearly describe the project's eligible expenditures and the project's expected costs?

Does the application clearly describe the project's timeline?

Do the applicant and the property meet the program criteria?

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Full Service /Full Menu Restaurant

Eligible applicants are limited to owners of properties that will be the location of a new or expanding full service/ full menu restaurant within the downtown Lincolnnton program area as outlined on the attached map. The restaurant operator may be either the property owner or a leaseholder.

A full service /full menu restaurant is defined by this program as a restaurant that:

- Includes a full commercial kitchen*,
- Features a menu with a broad range of food and beverage options,
- Includes at least 50 seats for guests to dine on the premises, and
- Is open for business to the general public during regular hours at least 6 days and 40 hours per week.

*A full commercial kitchen is defined by this program as one that includes a commercial range and/or oven with an appropriate exhaust hood or other form of appropriate exhaust system and appropriately sized grease interceptor.

Renovations /Expansions

The proposed renovations must be performed by a licensed general contractor.

Proposed changes to the scope of work on an approved project must be conveyed in writing and are subject to approval.

Any new building additions partially funded through this program must meet the attached Secretary of the Interior's "Standards for Rehabilitation" program standards.

Funding

Funding is limited to a maximum of \$200,000 per qualifying restaurant and requires a 1:1 match by the property owner.

Funding is in the form of a forgivable loan. If a restaurant that meets the program requirements remains at the location for a minimum of five years, the loan is considered to be fully satisfied and repayment is not required. If a restaurant that meets the program requirements does not remain at the location for a minimum of five years, then repayment is required on a pro rata basis of \$40,000 per year or \$3,334 per month for the portion of the five year period during which the program requirements are not met.

Example:

\$100,000 awarded. Restaurant remains for 4 years.

\$80,000 of \$100,000 loan is forgiven.

\$20,000 of the loan must be repaid.

Repayment of the pro-rated share of the funds is to be made to the City within 120 days of the conversion of the former restaurant space. Repayment over 120 days past due will constitute default. In the event of default, the city may take action to foreclose on the property.

NOTE: Funding is based on the entire scope of work. All invoices submitted for the project including those submitted for reimbursement by the city and those submitted as documentation of the 1:1 match by the property owner must be eligible expenditures under the program. Other work can be performed as part of the overall renovation or expansion project but will not be considered part of the funded project as defined under this program.

Eligible Restaurants

1. New full service/full menu restaurants in downtown Lincolnton
2. Existing restaurants in downtown Lincolnton that expand in one or more of the following ways:
 - Renovation of an existing restaurant's kitchen that is not a full commercial kitchen into a full commercial kitchen in order to offer a full menu
 - Renovation or expansion of an existing full service/full menu restaurant's physical space in order to expand restaurant's capacity (Examples: expanding into a larger area or creating rooftop dining space for restaurant guests)

Eligible Expenditures

1. Architectural fees associated with design of building renovation or expansion for a restaurant that meets program guidelines
2. Other professional services necessary for design plan for renovation or expansion for a restaurant that meets program guidelines such as, but not limited to, a general contractor and/or a structural engineer
3. Physical improvements necessary to create new or expanding restaurant that meets program requirements including but not limited to:
 - a full commercial kitchen
 - appropriate exhaust system
 - grease interceptor
 - sprinkler system
 - HVAC upgrades
 - electrical system upgrades
 - ADA compliant separate male/ female restrooms.

Ineligible Expenditures

1. Exterior renovations
2. General maintenance
3. Signage
4. Roof or chimney repairs
5. Replacement of carpet / refinishing of floors, walls or ceilings
6. Painting or re-painting
7. Replacement of windows or doors
8. Inventory; removable furnishings; non-fixed items
9. Interior décor items such as, but not limited to, replacement of light fixtures, wallpaper, and paint

Targeted Investment Program Process

1. Application Submitted to City Planning Department

2. Review and Approval of Application

- a. City staff committee makes recommendation on application to City Council.
- b. Decision on application made by City Council at regular Council meeting.

3. Collateral and Security

- a. Funds will be secured by a deed of trust on business real property.
- b. City of Lincolnton will appoint an attorney to perform title search on real property and to draft deed of trust.
- c. City of Lincolnton will be added as an additional beneficiary or lien holder on insurance policies on real property.

4. Disbursement of Funds By City

- a. The property owner pays the invoices as the project is underway and may request reimbursement by the City for up to 50% of eligible expenditures.
- b. The owner has the option to either (1) submit all relevant invoices for reimbursement after the project is 100% complete or (2) submit invoices as the project is underway for partial reimbursement upon 25%, 50%, 75% and 100% project completion.
- c. City staff committee reviews invoices for compliance with program requirements and inspects building renovations prior to approval of reimbursement request.
- d. If a restaurant that meets the program requirements remains at the location for a minimum of five years, the loan is considered to be fully satisfied and repayment is not required.
- e. At the end of the five year period, the property owner submits a written notice to the City that the five year period has expired.
- f. City cancels the deed of trust.

NOTE: Property owners with buildings with restaurant spaces partially funded through this program that are temporarily vacant and in the process of being actively marketed for a new restaurant tenant are not subject to repayment due solely to the temporary vacancy. However, the period of time in which there is a temporary vacancy is subtracted from the overall five year time commitment required by this program.

5. Repayment of Funds to City

- a. If the restaurant space partially funded through this program is converted to a non-restaurant use or if a full service/full menu restaurant partially funded through this program is converted to a restaurant that does not qualify as a full service/full menu restaurant under this program and such conversion occurs during the five year period of time immediately following the opening of the qualifying restaurant, then repayment of the funds is required.
- b. Repayment of the funds is on a pro rata basis of \$40,000 per year, or \$3,334 per month, for each year and/or month in which the program requirements are not met.
- c. Repayment of the pro-rated share of the funds is to be made to the City within 120 days of the conversion of the former restaurant space.
- d. Repayment over 120 days past due will constitute default. In the event of default, the city may take action to foreclose on the property.

City of Lincolnton Targeted Incentive Program Application

Name of Applicant(s): _____

Restaurant Address: _____

Telephone: _____

E-mail Address: _____

Social Security #: _____ or Federal Identification #: _____

Estimated Total Costs of Improvements: _____

Amount of Funds Requested (Maximum \$200,000): _____

Is there a mortgage on the property? _____ Yes _____ No

If yes, answer following:

Name of Bank or Other Mortgagee: _____

Address: _____

City: _____

State: _____ Zip: _____

Telephone: _____ Fax: _____

Account Number: _____ Original Amount of Loan: _____

Date of Loan: _____ Term of Loan: _____ Months Payments: _____

Number of remaining payments: _____ Outstanding Balance: _____ Interest Rate: _____

Any payment past due? Yes _____ No _____

Are there any other outstanding liens against the property? Yes _____ No _____

If yes, please describe and attach
documentation: _____

Attachments Required (incomplete applications will be returned to applicant)

1. A written summary of the proposed improvements to the building and proposed time frame for such work.
2. Proposed floor plan drawn to scale sufficient to accurately describe the proposed work.
3. A written summary of the proposed restaurant, menu, hours of operation, number of seats, etc.
4. Current photograph(s) of the interior of the building where the restaurant will be located clearly showing the existing conditions of the proposed area of improvement.
5. An itemized cost estimate of all materials, supplies and labor costs of the project. Itemized cost estimate must be prepared by a licensed general contractor.
6. Signed approval for City to obtain credit report and score.
7. Certificate of liability insurance.

APPLICANT CERTIFICATION*

The undersigned hereby certifies that the information contained in this application is true and correct to the best of his/her knowledge and belief. I have read and fully understand the requirements of the City of Lincolnton Targeted Incentive Program and agree to comply with all its requirements in full.

The undersigned also agrees to allow the City of Lincolnton, North Carolina and its designated agents to verify the information contained in this application with banks or other parties and agrees to allow the City of Lincolnton to request credit reports and credit scores from banks and credit bureaus.

Signature _____ Date _____

Signature _____ Date _____

Signature _____ Date _____

Signature _____ Date _____

*Application must be signed by all property owners.

Program Standards
The Secretary of the Interior's Standards for Rehabilitation

The Secretary of the Interior's Standards for Rehabilitation are ten basic principles created to help preserve the distinctive character of a historic building and its site, while allowing for reasonable change to meet new needs. **All facade changes must meet these standards.** An illustrated guide is available for use from the City Planning Department to help property owners meet the standards.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

I have read and understand these guidelines*

Signature of Property Owner

Date

Signature of Property Owner

Date

Signature of Property Owner

Date

*Must be signed by all property owners.

Lincolnton Central Business Program Area

