



CITY OF WASHINGTON, ILLINOIS

Committee of the Whole Agenda Communication

Meeting Date: April 14, 2025

Prepared By: Jon Oliphant, AICP, Planning & Development Director

Agenda Item: Washington Commercial Building and Property Improvement Grant Program Round 2 Discussion

Explanation: The draft FY 25-26 budget includes \$290,000 in the ED/Tourism Fund that is earmarked for private development assistance. The inaugural Washington Commercial Building and Property Improvement Grant program was initiated last year. Seven projects were awarded grants totaling \$240,555.09. One of those businesses has indicated that it will not proceed with the planned improvements, which reduces the City's maximum expenditure to \$237,281.09.

Staff plans to soon begin soliciting applications for a 2025 grant program. The intention at the current time would be to have a call for projects prior to the end of April with a submittal deadline by late June. Redevelopment agreements would be anticipated to be approved in either late July or early August to allow for projects to commence this summer. As a refresher, the following guidelines were established for the program:

- The proposed improvements must be on properties that are zoned for and operate as a permitted commercial use and not be located within the Square TIF District. Home occupations and non-commercial properties are ineligible. Uses and/or buildings should conform with City's comprehensive plan.
- Eligible buildings must be at least 10 years old.
- Mixed-use properties are eligible, though funds can only be used for eligible improvement expenditures on the commercial portion of such properties. At least 50% of the total floor space must be devoted to a commercial use(s).
- Vacant commercial properties are eligible, though the applicant must submit an executed lease or purchase agreement.
- A business must have 50 or fewer full-time equivalent employees at the time of application and be independently owned, operated, and controlled.
- The applicant must be either a property owner or business operator (with the consent of the property owner) of commercial space in the Washington city limits. Property owners (if different from the business operator) are eligible to apply if the proposed use of funds is solely for eligible improvements identified below for the property that is identified on the application.
- The property owner and business operator must be current on the payment of Tazewell County real estate taxes. The property owner and business operator must be current on the payment of City of Washington water bills and license fees.
- At least one cost estimate for the proposed improvements must be submitted.
- Funding emphasis will be given to businesses that generate sales tax and for improvements that may increase the equalized assessed value. Emphasis will also be given to projects that lead to improved curb appeal.
- The minimum eligible cost is \$5,000.
- The City's participation is capped at 50% of the eligible costs and \$50,000 in any fiscal year.
- The City Council will review applications on a first-come, first-served basis starting on May 1 of each year.
- Applications are considered on a case-by-case basis and the City Council can use its discretion on how much, if any, to award depending on the availability of funds.
- The Illinois Prevailing Wage Act applies to any improvements that are subject to the grant award.

- Following a City Council recommendation, a grant agreement will be drafted for approval by the Council.
- Projects cannot begin until Council agreement approval and after the issuance of a building permit, if applicable. Pre-award expenses are not reimbursable.
- The project must be completed and receive an approved final inspection, if applicable, within one year of approval of the agreement unless otherwise authorized by the City Council in its sole discretion. A maximum extension of six months may be granted if justified by extenuating circumstances. If the project is not completed by the end of the extension period, the City's obligation to reimburse the applicant for the project would be terminated.
- This is a reimbursable program. A single reimbursement would be made within 60 days of the completion of the project and the submittal of the paid invoices.

Eligible Improvements/Expenditures:

- Exterior façade improvements to existing buildings including installing or restoring architectural elements and tuckpointing.
- Exterior façade improvements for new buildings that are beyond the minimum standards specified in the City's building design guidelines (a minimum 35% of the front façade must contain an acceptable type of decorative masonry)
- Door and window replacements
- Awning replacements
- Permanent monument or wall signage installation, particularly to replace pole signage.
- Parking lot improvements
- Non-flat roofing repairs that are not covered by insurance.
- Structural renovations
- Sidewalk repairs or replacements on private property that ensure ADA compliance.
- Installing exterior lighting to highlight architectural features or to enhance employee and customer safety, provided that it is not routine maintenance. Lighting should be decorative, if possible.
- Stairs, porches, and railings improvements
- Permanent landscaping and streetscaping installation in front of or on the side of the building
- Exterior painting
- Demolition cost for buildings to be replaced by new construction. A building permit for the new construction must be issued within 60 days following the completion of the demolition.
- Labor costs if performed by licensed and insured contractors. Proof of insurance is required.
- Soft costs including design work, architectural, engineering, planning, and other professional fees.

Ineligible Improvements/Expenditures:

- New construction except as noted above (the Enterprise Zone provides a significant incentive through the 5-year property tax abatement, sales tax waiver, 50% utility connection fee reduction, and 50% building permit fee reduction)
- Flat roof repairs and non-flat roof repairs that are covered by insurance
- Interior improvements except for structural renovations
- Business supplies and equipment
- Routine building or property maintenance
- Movable or temporary landscaping
- Sidewalk construction or repairs within right-of-way
- Fencing
- Non-fixed building elements
- Code enforcement remediation
- Labor cost if performed by non-licensed or uninsured contractors or employees of the business(es) located at the address identified on the application.
- Building permit fees and legal fees

Fiscal Impact: Targeting funds to exterior improvements ensures greater visibility to the general public and may potentially increase the property's assessed valuation. It is important to note that the Enterprise Zone would abate the property tax assessment increase for five years upon the completion and full assessment of any building improvements that require a building permit. Depending on the particular business, certain improvements could lead to greater sales tax generation and/or increased employment opportunities. It continues to be recommended to exclude new construction except for assisting with new facades that would provide greater decorative masonry than required by City Code because of the greater impact that the Enterprise Zone incentives typically have compared to existing building renovations. As mentioned, the draft FY 25-26 budget includes \$290,000 in funds to be utilized for this program.

Action Requested: Feedback at the April 14 Committee of the Whole meeting on whether any modifications should be made to the program prior to the upcoming call for projects. The draft scoring system allocates up to 24 points through nine criteria to determine its potential impact. A project must receive at least eight points in order to be eligible for funding assistance. Projects receiving 12 or more points would be eligible for the maximum 50% City assistance up to \$50,000. Projects receiving 8-11 points would be eligible for 25% City assistance. As was the case last year, these are only intended to be recommend funding levels and the Council could consider each project on its own merits. This continues to attempt to place more emphasis on three criteria: The curb appeal; businesses that are retail, restaurants, entertainment, or mixed uses (with at least 50% of the building as a combination of the aforementioned uses); and the visibility of the project. Staff would score the proposed projects based on the submitted application and supporting documentation.