



City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Finance and Personnel **LEGISLATION ITEM #:** 645-17

AGENDA DATE: July 10, 2017

DEPARTMENT:

Prepared By: Amy Connolly, Director of City Development

Reviewed By:

SUBJECT:

Communication from the Director of City Development requesting to appear before the Finance and Personnel Committee to discuss additional funding and recommended changes to the City’s White Box program.

EXECUTIVE SUMMARY:

City staff requests an additional \$150,000 in White Box funding from the Intergovernmental Revenue Fund for the 2017 Fiscal Year for a total of \$250,000. Staff requests the Finance and Personnel Committee also consider the following policy changes for the White Box Program:

- Combine the line item for Façade grants and White Box grants into one funding line item that could be allocated for either Facades grant or White Box grant applications.
 - Create a “sunset” on the White Box Program for the end of FY 2019 to incentivize vacant property-owners to take more immediate action to rehabilitate and lease vacant spaces.
 - Consider allowing a property owner of a building with more than one distinct, vacant retail spaces to obtain more than one “White Box” grants.
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30 **BACKGROUND & ANALYSIS:**

31 The City’s new “White Box” program to rehabilitate vacant first floor spaces was launched in
 32 early April 2017 and has exceeded all expectations in terms of building-owner interest and in
 33 receipt of completed applications. The White Box Program is targeted to the currently vacant,
 34 first-floor interiors of commercial buildings older than 50 years for the purpose of bringing these
 35 older commercial spaces into conformity with modern building code requirements, such as
 36 plumbing, electrical, Americans with Disabilities Act, and HVAC requirements. The goals of the
 37 program is to incentivize older, first floor commercial spaces into active, code conforming “white
 38 boxes” for lease or use by retail and restaurant tenants.

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 40 As of July 6, the City Development Department has received five completed application. The Downtown
 41 Area Design Review Committee (DADRC) reviewed \$91,545 of grants and the RDA has awarded \$71,545
 42 in White Box Incentives out of a total \$100,000 in allocated program funds. The difference between the
 43 DADRC review amount and the RDA award amount is one application for \$20,000 that received a review
 44 at the DADRC, but has not appeared before RDA for final approval.

45 Currently there are two incomplete and pending applications requesting additional funding of \$40,000
 46 awaiting at City Hall. We are aware of an additional two applications that may be submitted in the next
 47 60 days.

48 **Below is a chart showing the White Box grants allocated to date:**

Applicant	Address	Completed Application Returned	DADRC Meeting	RDA Meeting	Amount Awarded
Jim Fox	209 Sixth Street	3/31/2017	4/13/2017	4/24/2017	18,000
Tad Ballantyne	408 Main St.	4/21/2017	5/11/2017	5/11/2017	20,000
Carl Kump	420 Main Street	4/19/2017	5/11/2017	5/11/2017	16,945
Andy Meyer	314 Sixth St.	5/2/2017	6/1/2017	6/1/2017	16,600
Jim Spangenberg	3221 Washington Ave	6/15/2017	7/6/2017	Pending	20,000
TOTAL					\$91,545
Scott Monroe	1028 Douglas Avenue	6/16/2017	Pending	Pending	

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50 The majority of the White Box grants were awarded to Downtown property owners, but one grantee is
 51 located in the West Racine Commercial District.

52 City staff is asking the Finance and Personnel Committee to consider recommending four discrete policy
 53 changes to the White Box program. The requests include:

54 1. Consider allocating an additional \$150,000 in White Box funding from the Intergovernmental
 55 Revenue Fund for the 2017 Fiscal Year for a total of \$250,000.

FY 2017 Budgeted White Box Program Funding	\$100,000
<i>+ Requested additional funding</i>	<i>\$150,000</i>
Proposed Total White Box Funding FY 2017	\$250,000
- Awarded FY 2017 White Box Grants	91,545
Proposed Available White Box Funding Remaining in FY 2017	\$158,455

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 57 We are asking for an extra amount of White Box Funding due to the success of the program
 58 within in the first three months. City staff observes that there is a large demand and that the
 59 program has piqued the interest of many property owners who might otherwise not consider
 60 rehabilitating their vacant first floor properties. In fact, we are seeing that our program is
 61 encouraging people to purchase downtown properties and renovating the first floor storefronts
 62 for occupancy.

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 65 2. Consider combining the line item for Façade grants and White Box grants into one funding
 66 “pot” that could be allocated for either Facades grant or White Box grant applications.

FY 2017 Budgeted White Box Program Funding	\$100,000
FY 2017 Façade Grant Program Funding	\$150,000
<i>+ Requested additional funding</i>	<i>\$150,000</i>
Proposed Total Funding Available in FY 2017	\$400,000
- Awarded FY 2017 White Box Grants	91,545
- Awarded FY 2017 Façade Grants	50,000
Proposed Available Funding Remaining in FY 2017	\$258,455

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 68 Another way to further supplement the existing funding for the White Box program would be to
 69 combine the allocations for the White Box Program and the Façade Program into one line item
 70 and have the program funded on a “first-come, first-serve basis.” The advantage to combining
 71 line items is that you can allocate a set amount of money to all building-owner type incentives
 72 and allow the market to dictate which type of grant the owners prefer to use over the course of
 73 a year. As you can see, while very popular, the Façade Grant program is typically well under the
 74 \$150,000 funding allocation.

75 In 2017, the City has allocated five Façade Grants for a total of \$50,000.

Address	Façade Grant Amount
300 – 6th Street	\$10,000
408 Main Street	\$10,000
403 Sixth Street	\$10,000
1028 Douglas Avenue	\$10,000
1207 N. Main Street	\$10,000
Total	\$50,000

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Façade Grant Program 2012-2016

Year	Address		Total Project Proposed \$	Request Amount \$	Grant Amount \$	Funds Paid	Total GRANTS PAID by YEAR
2012	301	Sixth St.					
2012	1200	N. Main St.	28,000.00	10,000.00	7,687.50	7,687.50	
2012	610	Sixth St.	31,000.00	10,000.00	10,000.00	10,000.00	
2012	201 -600	Sixth & Main	9,000.00	9,000.00	4,967.56	4,967.56	
2012	237	Main St.	15,200.00	7,600.00	4,216.00	4,216.00	
2013	220	State St.	40,000.00	20,000.00	19,562.49	19,562.49	46,433.55
2013	1401	N.Main St.	20,000.00	10,000.00	10,000	10,000.00	
2013	3806	Douglas Ave.	220,000.00	10,000.00	10,000.00	10,000.00	
2013	1730	State St.	65,000.00	20,000.00	20,000.00	20,000.00	40,000.00
2014	402	Main St.	7,100.00	3,500	2,250.21	2,250.21	
2014	522	Sixth St.	22,000.00	10,000	10,000	10,000.00	12,250.21
2015	220	Sixth St.	45,000.00	10,000	0		
2015	1824	Charles St.	14,656.00	10,000	7,162	7,161.69	
2015	209	Sixth St.	18,000.00	9,000	8,580	8,579.74	
2015	205-209	Sixth Str.	20,000.00	10,000	0		15,741.43
2016	244-246	Main St.	40,000	20,000	20,000	20,000.00	
2016	1318	Douglas Ave.	75,000	20,000	20,000		
2016	201	Sixth St.	10,000	4763.93	\$4,764	4,763.93	
2016	612	Sixth St.	30,000	\$10,000	\$10,000	3,350.47	
2016	500	Sixth St.	155,000	\$20,000	\$10,000	10,000.00	
2016	407	Main St.	21,130	\$10,000	\$10,000	10,000.00	
2016	1028	Douglas Ave.	12,000	\$10,000	\$10,000		48,114.40

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3. Create a "sunset" on the White Box Program for the end of FY 2019 to incentivize vacant property-owners to take more immediate action to rehabilitate and lease vacant spaces.

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City staff recommends that we consider having a "sunset" of the White Box program, wherein we would formally end the program at the end of the third year of funding. We believe that the program should have a limited time so that we encourage property owners with vacant first floor storefronts to take action immediately to make their storefront more leasable.

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Property owners with vacant first floors could either renovate their properties while the incentive is available or sell their property to someone, using the White Box program as an incentive for selling. The hope is that a well-funded program with a sunset clause will create a dramatic impact over the next three years in reducing vacancies in downtown and neighborhood commercial districts.

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94 **4. Consider allowing a property owner of a building with more than one distinct, vacant retail**
95 **space to obtain up to two “White Box” grants.**

96 Consider the case of the former Red Cross Drug Co. building located in the 300 block of 6th Street:



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98 The building contains four distinct retail storefronts and interior spaces, each with a separate entrance
99 and walls between the spaces. The property owner is allowed one White Box grant this year per our
100 current White Box Guidelines and we have discouraged property owners with several “units” from
101 applying for a White Box grant for each unit.

102 The language with the policy reads: *“If a retail or commercial business is applying for the grant, only one*
103 *white box grant will be awarded per business. If the property owner is applying for a grant, only one*
104 *white box grant may be awarded within a calendar year. “*

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106 Staff suggests the following change to the White Box Guidelines:

107 *“Generally, one White Box grant should be issued per property. If a retail or commercial business is*
108 *applying for the grant, only one white box grant will be awarded per business. If the property owner is*
109 *applying for a grant, the RDA may consider awarding more than one White Box grant if the additional*
110 *awards are used to rehabilitate existing, distinct commercial spaces with demising walls and separate*
111 *entrances to be used by separate businesses.”*

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114 **BUDGETARY IMPACT:**

115 Depending on the recommendation of the committee, the budgetary impact to the City’s
116 Intergovernmental Revenue Fund could range between \$0-\$150,000.

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121 **RECOMMENDED ACTION:**

122 To discuss and recommend the following changes to the White Box Program:

- 123 **1.** An increase of \$150,000 in White Box funding from the Intergovernmental Revenue Fund for the
124 2017 Fiscal Year for a total of \$250,000.
- 125 **2.** Combining the line item for Façade grants and White Box grants into one line item for either
126 Facades grant or White Box grant applications.
- 127 **3.** Create a “sunset” on the White Box Program for the end of FY 2019 to incentivize vacant
128 property-owners to take more immediate action to rehabilitate and lease vacant spaces.
- 129 **4.** Consider allowing a property owner of a building with more than one distinct, vacant retail
130 spaces to obtain more than one White Box Grant.

131 **ATTACHMENT(S):**

- 132 1. White Box Guidelines