

**Sonoma Community Development Agency  
Economic Development Business Assistance Programs**



Program Guidelines (January 2010)

## **Business Improvement Matching Funds Loan Program**

- The goal of the program is to encourage revitalization in the Redevelopment Project Area and support business retention and attraction by providing matching funds for the rehabilitation, renovation, and improvement of existing commercial buildings.
- Building must be located in the Redevelopment Project Area. Business owners and/or commercial property owners are eligible to apply. Applicants who lease their space are responsible for obtaining property owner agreement for project work. Home-based businesses are not eligible.
- This program provides dollar-for-dollar (i.e., 50%) matching funds for eligible improvements. The matching funds are provided in the form of a no-interest loan and the applicant is required to enter into a loan agreement. Loans are unsecured; the applicant, however, is required to sign a maintenance agreement to maintain the improvements for the term of the loan. Provided the improvements are maintained and the business remains in continuous operation, 50% of the loan is forgiven after one year, and the balance of the loan is forgiven after two years.
- Eligible expenditures for the matching funds program are outlined below. Up to \$5,000 in matching funds may be obtained for qualifying expenditures in any single category, and up to \$10,000 in total matching funds may be obtained for a property in a five year period. Categories of eligible expenditures include:
  - a. **Facade Improvements:** Improvements to the side of the building fronting the street, including permanent awnings, architectural elements, window and door improvements, masonry, exterior tile work, permanent signage, exterior lighting, built-in planter boxes, and built-in seating. Painting, landscaping, and parking lot improvements may be eligible if part of a larger facade improvement project with multiple elements.
  - b. **Accessibility Improvements:** Structural and other physical improvements to the building to increase access for individuals with disabilities, including (but not limited to) improvements to entry doors. Accessibility improvements to the parking area and path of travel to the building entrance may be eligible if part of a larger project with multiple elements.
  - c. **Building Rehabilitation Improvements:** Improvements required by current building code for the proposed use, including demolition, structural improvements, plumbing, electrical work, and fire sprinklers.
  - d. **Historic Building Improvements:** Architectural and engineering costs for structural improvements to commercial buildings that have been designated as historic by a recognized local, state, or federal agency. Costs for plans and pre-construction reports and other required documents prepared by a licensed architect and/or engineer, or reports prepared by an approved testing agency, are eligible. The entire building must be brought into conformance with current building and fire regulations and the State Historic Building Code.

- e. **Energy Efficiency Improvements:** Lighting retrofits, insulation and weatherization, energy management systems, HVAC system upgrades; water heating systems; and similar types of energy efficiency improvements to the building that have been identified through a qualified energy survey and/or are required by current building code. Most business equipment (e.g. copiers, refrigerators) is not eligible. A no-cost, no-obligation energy survey and recommendations about retrofits can be obtained by contacting PG&E at (707) 577-1080. Rebates and subsidies provided through PG&E (or energy efficiency programs funded through the Public Utilities Commission) qualify toward the applicant's share of the match.
- Fees for building permits and design review fees related to improvements outlined in the above categories are eligible expenditures. Improvements must be completed in order for associated fees to qualify. Fees not eligible include special plan review fees, fees and charges for those portions of projects that create additional floor area, and construction-related fees such as water connection fees and development impact fees.
  - Ineligible costs include new construction; costs related to the addition of floor space to an existing building; business equipment; nonpermanent furniture, fixtures, and equipment; improvements that have already been made to existing buildings; and routine maintenance items. Roof replacement is an ineligible cost under the Matching Funds program, but may be eligible under the Redevelopment Loan Program.
  - Applicants must complete an application and provide descriptions and cost estimates for the proposed improvements. It is strongly recommended that applicants obtain at least two bids from licensed contractors for the planned work. Projects must receive all applicable permits and Design Review approvals in order for the application to be considered complete. Applications are submitted to and reviewed by the CDA Assistant Executive Director (Assistant City Manager).
  - Funds are disbursed to the applicant as follows: 50% after all permits and approvals have been obtained and 50% when the work is complete, based on submittal of invoices. "Before" and "After" photographs of the improvement project should be included with final invoice.
  - Applicant is responsible for payment of prevailing wages for all of the work completed as part of the improvement project if total project costs exceed \$1,000. Applicants are required to indemnify, defend, and hold the CDA and City harmless from all wage claims. Applicant may not contract any portion of the project to an unlicensed contractor.
  - Any income tax liability to the applicant resulting from loan forgiveness or any other aspect of the receipt of funds from this program is the responsibility and liability of the applicant and not the CDA or City.
  - For information on financial assistance greater than \$5,000 in single category or greater than \$10,000 for a single property, please see the guidelines for the **Redevelopment Loan Program**.
  - All programs are subject to funding availability. Additional requirements apply.

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*Nothing in this document is, or intended to be, a representation, warranty, or guaranty that the CDA will provide any funding in any form or that the CDA is prevented or precluded from requiring other or different terms or conditions for any specific program, or as limiting the CDA's authority to provide assistance on other or different terms.*

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The Sonoma Community Development Agency (CDA) offers Business Assistance Programs to help achieve the goals of its Redevelopment Plan. These goals include ensuring economic stability, increasing local employment opportunities, preserving the unique historic character of the community, and increasing local sales, business and property tax revenues.