



Retail Grant Program

Description & Guidelines

Administered by:
Houston Downtown Management District

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PROGRAM DESCRIPTION

The Retail Grant Program is designed to create an incentive to attract new retail businesses in selected areas of Downtown Houston. The Program will offer direct grants from the Houston Downtown Management District (HDMD), which will be paid out to the business over a two year period. The amount of funds will be awarded based on the eligibility requirements and estimation tool described below.

Grants are a reimbursement to the applicant for the eligible costs below. The full grant amount will be awarded to the applicant in three installments. In general, 50% of the grant amount will be distributed when the project is complete and open for business; 25% will be distributed to the applicant after one year of operation, and 25% after the second year of operation.

PROGRAM GOALS

- 1.) To attract new businesses that provide a need/desired service within Downtown in order to increase foot traffic and to create a viable commercial core.
- 2.) Improve the image of the Key Retail Zones as destinations for the community, visitors and tourists.
- 3.) Stimulate private retail investment within the Key Retail Zones through property improvement, business development, retention and expansion.
- 4.) Revitalize and improve the appearance of downtown's streetscape by activating vacant street-level storefronts, positively impacting the marketability, and perception of the downtown area.

ELIGIBLE BUSINESSES /APPLICANT ELIGIBILITY

The Program is available to new businesses that occupy the first-floor space with street front presence and access, complement the downtown retail mix, and help strengthen the existing retail clusters. **New businesses are only eligible to apply for one HDMD grant program.** Preference will be given to businesses located in the Key Retail Zones (Historic District, Shopping District, and Theater District, and along the Main Street Corridor connecting the three districts- Attachment A).

Preference will be given to following types of businesses:

- Apparel/Shoes/Home Furnishings & Other Soft Goods
- Specialty Food Stores/Specialty Food Establishments
- Art Galleries/Museums
- Live Music/Theater & Other Performing Arts Venues

QUALIFYING PROJECT EXPENDITURES:

Tenant build-out improvements

- Design work, drawings, & renderings associated with the project
- Mechanical, electrical, plumbing work for the build-out
- HVAC, fire suppression, costs of bringing building up to current code
- Permits & inspections
- Flooring
- Lighting
- Attached fixtures

QUALIFYING PROJECT EXPENDITURES *continued*

Building façade improvements

- Design work associated with the project
- Exterior treatments including painting, murals, siding, and bricking
- Repairs, replacement, and installation of exterior doors, windows, and trim
- Structural improvements to the façade
- Lighting improvements
- Removal of elements that cover architectural details
- Restoration of details on historically significant buildings
- Awnings and signage, including installation costs
- Sidewalk cafes, including balcony, deck, outdoor furnishings, planters

SUBMISSION REQUIREMENTS

The applicant must go through a consultation with HDMD's Retail Development Coordinator before an application is submitted. Grant applications will not be submitted to the Committee for review until all the requested information is included and approved by HDMD.

Submission requirements for a New Business Grant includes:

- Completed application (Attachment B)
- Business Plan for the venture including (See Attachment C for a basic business plan outline):
 - ✓ Detailed cost sheet for tenant space build-out
 - ✓ Funding description for the project, including a three year cash flow pro forma
 - ✓ Proposed timeline for project construction and projected opening date
 - ✓ Floor plan/layout of physical space, including square footage and existing fixtures
 - ✓ Photographs, renderings of proposed improvements to the interior and exterior, including design/layout/"feel" (photos of similar concepts, material samples, etc.)
- Color photographs of existing conditions.
- If the applicant is a lessee, written consent from property owner giving permission to conduct improvements. (Attachment B)
- Architectural drawings and/or renderings of the improvements, reflecting placement, materials and colors to be used.
- Proof of funds for the project construction.
- At least one detailed proposal from a licensed, bonded contractor reflecting work to be preformed and costs. Any contractor that has submitted a competitive, detailed estimate can be used. Contractors cannot be changed during construction unless new proposals have submitted to HDMD.

REVIEW PROCESS

The HDMD Retail/Economic Development Committee will meet monthly to review applications, unless no applications have been submitted. The applicant must present in person to the Committee the project concept, business plan and funding arrangement and articulate how the project meets the objective of the Program.

HDMD is looking for projects that will have a **major impact** on the Downtown retail environment. HDMD reserves the right to reject any project. HDMD also reserves the right to recommend funding at a lesser

amount than what is determined by the criteria explained below based on size, budget, and priority of retail use.

SCORING SYSTEM

The below scoring system is intended to be a ***guiding tool*** for the Committee to determine project eligibility and the appropriate amount that should be given to grant applicants :

Projects have the ability to score up to 20 points based on the following criteria:

- 0-5 Points-Uniqueness in the downtown marketplace/right concept in the right location
- 0-5 Points-Brand recognition/ability to attract customers and other retailers to the area
- 0-5 Points-Financial viability of business/ability to repay loan if business closes
- 0-5 Points-Expressive retail storefront design/high quality interior design

Applicants qualify for additional automatic points if:

- 10 Points-The project includes a full kitchen build-out/installation of grease trap
- 10 Points-The concept is a soft goods retailer
- 5 Points – The concept includes a soft good retail component

Each member of the Committee completes a scorecard for the project. For the first four criteria, scores are given to the project on a scale of 0 to 5 (5 being the highest score), then the scores are averaged for each of the criteria, the sum of the scores for the four criteria are totaled, and the automatic points (if applicable) are added in. Out of a possible 30 points, projects scoring less than 10 will not be considered. The Committee will have the right to request more information, or to request specific design or operating changes. If the Committee determines that the project meets the criteria of the program and should move forward, a recommendation is made to the Board of Directors of the HDMD. **The Board has the final authority to approve or deny the project application.** Applicants will be informed in writing of the Board's decision within 45 days of their presentation.

The amount of the grant is calculated by taking the total points scored, multiplied by the total square footage of the project and multiplied by .5. For example, a project with build-out of 2,500 square feet that scored 25 points would be awarded a grant in the ballpark of \$31,250 (2,500 X 25 X .5 = 31,250).

UPON APPROVAL

After approval, any changes to the project, no matter how minimal, must be approved by HDMD. Grant recipients will work closely with HDMD's Retail Development Coordinator to communicate the project progress and resolve any issues or questions.

Once the grant is approved, the applicant has up to six (6) months to begin construction. If the work does not begin within the 6-month period, the applicant will be notified in writing that the grant will lapse and the agreement will be terminated. Once construction has started, the applicant has one year to complete the project and open for business. If the business has not opened at the end of the one year period, the applicant will be notified in writing that the grant will lapse and the agreement will be terminated. If an approved project is nearing the 6-month or one year lapse point, an opportunity will be provided for the applicant to request an extension. One extension may be granted at the discretion of the Retail/Economic Development Committee depending on the project's circumstances and the future needs of the program. If an approved grant does lapse and is terminated, the applicant may re-apply on a first-come-first-served basis. There is no guarantee that a resubmission will be approved, and

the project will be re-evaluated based upon the established criteria detailed above. Any expenditure incurred for projects approved but not completed will not be reimbursed.

RELEASE OF FUNDS

The program will offer grants on a reimbursement basis only. Funds are dispersed only after all projects are completed, paid invoices for eligible projects are submitted to the District, and the establishment is open for business and has met all requirements in the contractual agreement.

The full (100%) amount will be awarded to recipient in three installments:

- The first installment will be 50% of the total grant awarded and will be distributed to the applicant when the project is complete and open for business and meets the full standards of the agreement.
- The applicant will be eligible for the second installment of 25% (amounting to 75% of the total grant amount) upon the first anniversary of the first installment. The applicant will be subject to an evaluation and will need to submit a balance sheet, income statement, statement of retained earnings and statement of cash flow.
- The applicant will be eligible for the third and final installment of 25% (amounting to 100% of the total grant amount) upon the second anniversary of the first installment. The applicant will be subject to an evaluation and will need to submit a balance sheet, income statement, statement of retained earnings and statement of cash flow.

The applicant may be subject to repayment of funds to HDMD if the physical improvements paid for by this program do not remain in place for an agreed upon minimum period of time, if the concept changes without permission of the District or business closes before the lease has ended.