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## **Retail Incentive Grant for Downtown Raleigh**

### **Purpose:**

The Downtown Raleigh Alliance is committed to helping grow retail businesses in the Downtown Raleigh area. The Retail Incentive Grant was created to provide certain funds to eligible businesses and business owners to defray a portion of the costs incurred in upfitting new and expanding businesses. Further, the Grant is intended to:

- Attract new businesses that provide needed/desired services or products within downtown to address demand of residents, employees and visitors, as well as increase foot traffic and create a viable commercial core.
- Stimulate private investment in retail within downtown through property improvement, business development or expansion.
- Contribute to the overall value of downtown by encouraging retail, which makes downtown a more vibrant, sustainable, livable place and adds value to other businesses and investments in downtown.

### **Property Improvement Assistance:**

The Retail Incentive Grant will provide financial assistance for renovations, improvements, and build outs for new and expanding businesses in existing spaces in Downtown.

### **Eligibility:**

- New retail businesses locating within the MSD, or existing retail businesses looking to expand current facilities within the MSD by more than 30%, or retail property owners leasing property to such new or existing businesses, with preference given to those new businesses occupying first-floor space with a street-front presence which complements the downtown retail mix and help strengthen the existing retail clusters. Eligible businesses must have secured all required building permits, obtained all necessary business licenses and met all other legal requirements for construction and operation of the new facility.
- Retailers that open in the current quarter are eligible to apply, as well. For example, stores opening between July 1<sup>st</sup> and September 30<sup>th</sup> are eligible to apply for the October 1<sup>st</sup> (FY-1<sup>st</sup> quarter) deadline to evaluate that quarter's applications. Store may not apply for a later quarter than their opening quarter, though.
- Notwithstanding the foregoing, determination of eligibility is subject to DRA staff in its sole and absolute discretion using such criteria and factors as it may from time to time deem appropriate and in line with the Purpose.



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#### Type of businesses eligible:

- Apparel/other clothing
- Shoes, boots and other footwear
- Home furnishings and furniture, hardware
- Specialty food stores/grocers/gourmet establishments such as fruit and produce markets, seafood, butcher shops, bodegas, etc. (does not include convenience stores)
- Pharmacies
- Bookstores, music, and other entertainment media
- Electronics
- Used merchandise (vintage, etc.)
- Toys and games, hobbies
- Gift card/stationary
- Sporting goods stores
- Jewelry stores
- Crafting or production workshops such as glass blowing, ceramic/pottery, antique reclamation

The following businesses are not eligible for the Retail Incentive Grant: bars, restaurants, financial services, offices, or any uses that do not allow for the sale of products or services to the general public.

DRA also retains discretion to consider stores that fall outside the above definition, but sell goods and serve a retail function for downtown that does not currently exist or is very limited.

Additionally, as downtown adds new retailers with the above goods, DRA retains discretion to turn down applicants who provide goods already being sold in downtown or where no market demand is demonstrated.

#### Program details:

##### Submission requirements:

- Completed application
- Business Plan for the venture (See Appendix 1 for more detail) including:
  - Concept description and target market
  - Funding description for the project and 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
  - Renderings or photographs of proposed improvements to the interior
- Detailed description and cost sheet for tenant space build-out
- Photographs of existing conditions
- If the applicant is a lessee, provide written consent from the property owner giving permission to conduct improvements



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- Architectural drawings or renderings of the improvements to reflect placement, materials, and colors to be used.
- Proof of funds for the project construction
- Detailed proposal from a licensed, bonded contractor reflecting work to be performed and associated costs.

Note: DRA reserves the right to waive some of these submission requirements for mitigating factors. But, invoices and proof of payment for work completed for the interior up-fit of a space are still required to receive reimbursement.

#### Approval:

- DRA's Retail Incentive Grant committee reviews applications on a quarterly basis and provides recommendations to DRA for approval or denial.
- Criteria for approval will include: strength of business plan for retail business applicant's downtown location (including cash flow projections), evaluation of up-fit costs relative to business needs and size of space, need for particular store based on existing retail mix in downtown, and size of space being occupied by applicant.
- If approved, the grant will provide 50 cents for every dollar the successful applicant spends on qualified property improvements, such grant not to exceed \$3,000 for retail spaces below 1,500 square feet and up to \$5,000 for spaces larger than 1,500 square feet. DRA reserves the right to adjust the award amount at any time based on other factors such as the overall cost of build-out and the availability of funds at the time of the award. The expected amount of the grant will be communicated to each successful applicant following approval of the application.
- Applications are collected and reviewed on a quarterly basis. Deadlines are September 30<sup>th</sup> (1<sup>st</sup> quarter of fiscal year), December 31<sup>st</sup> (second quarter), March 31<sup>st</sup> (3<sup>rd</sup> quarter) and June 30<sup>th</sup> (4<sup>th</sup> quarter). Applications are reviewed shortly after these deadlines and decisions are rendered within 30 days of the end of the quarter unless more information is requested from an applicant.
- Any changes to an approved project must be approved by DRA, in order to qualify for reimbursement.
- Once the grant is approved, the grantee has six months to begin construction and one year to complete the project and open for business. If one or both of these criteria are not met, then the grantee will be notified in writing that the grant is terminated. Grantees can request an extension if nearing the 6-month or one year lapse points. One extension may be granted, per project, at the discretion of DRA.
- As this is a reimbursement grant, those stores which have opened already still will need to provide application documents listed above and will be reimbursed based on their eligible costs.
- DRA will provide the award winner with a Reimbursement Form, which details how to document and submit the invoices and receipts eligible for reimbursement.



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#### Qualifying Project Expenditures:

Tenant build-out improvements subject to grant payment include:

- 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 and inspections
- Flooring
- Lighting
- Attached fixtures and/or the installation of fixtures
- Accessibility compliance
- Environmental remediation
- Restrooms
- Utility upgrades
- Construction of new walls/demolition of unnecessary existing walls

#### Timeline of process:

- **Pre-application review:** a preliminary meeting with DRA economic development staff to discuss the proposal and provide guidance to the applicant.
- **Application submittal:** Prospects submit the application with necessary components listed below including business plan, costs, timeline, etc. Staff review all materials and may contact prospects with questions. Applications are collected over the course of each quarter (July 1<sup>st</sup>-September 30<sup>th</sup>, October 1<sup>st</sup>-December 31<sup>st</sup>, January 1<sup>st</sup>-March 31<sup>st</sup>, April 1<sup>st</sup>-June 30<sup>th</sup>) and reviewed shortly after the end of each quarter. For example, all applications submitted between July 1<sup>st</sup> and September 30<sup>th</sup> are reviewed in early October with decisions given in mid-late October.
- **Decision:** DRA's Retail Incentive Grant committee will evaluate the grant application based on criteria outlined above and make the final determination on approval or denial of the grant. Decisions are made on a quarterly basis in October, January, April, and July.
- **Grant Acknowledgement:** approved applicants will be required to execute a Grant Acknowledgement confirming the expected amount of the grant paid when all conditions have been met.
- **Issuance of Reimbursement:** After installation and completion of the project improvements agreed upon, the grantee submits all invoices to the grantor that are eligible for interior up-fit reimbursement. After the grantor determines that the invoices are correct and the work has been completed, the reimbursement will be issued.

#### Release of Funds:

- This program will offer grants on a reimbursement basis only.
- Funds will be dispersed only after all projects are completed, paid invoices for eligible projects submitted to DRA and the grantee is open for business and met all conditions in the grant's contractual agreement.



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- DRA reserves the right to request copies of all lien waivers and other evidence of payment before or after payment of the grant (or any part).
- DRA staff will visit the retail establishment and ensure that invoices and receipts match the work completed in the store. Once the work is certified, funds will be remitted to the award winner within one month.



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## DOWNTOWN RALEIGH RETAIL UP-FIT GRANT APPLICATION

### RETURN APPLICATION TO:

Bill King  
Downtown Raleigh Alliance  
[billking@downtownraleigh.org](mailto:billking@downtownraleigh.org)  
or at 120 S. Wilmington St. Suite 103  
Raleigh, NC 27601  
919 821-6980

### Applicant Summary:

Date of application:

Name of business:

Address of business:

Contact person name:

Contact person address:

Contact person e-mail  
address:

Contact phone #:

### Business Information:

Description of retail  
concept

Tax ID  
#:

Length and expiration of  
lease:



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Square footage of leased space:	
Days/hours of operation:	
Number of employees:	
Projected sales per square foot (if known):	
Target customers:	
<b>Financial Costs and Assistance:</b>	
Total build-out cost:	
Projected time for completion of build-out and target date for opening of store:	
Other sources of financing:	



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Any pending litigation against applicant and owner? If yes, please explain	

### Checklist of Required Attachments:

- ✓ Detailed plan for up-fit of retail space:
  - Photographs of existing conditions
  - Detailed description of specific up-fit tasks
  - Cost sheet for build-out
  - Architectural drawings or renderings of the improvements to the space to reflect placement, materials, fixtures, improvements, and colors to be used
  - Detailed proposal from a licensed, bonded contractor reflecting the work to be performed and associated costs
- ✓ If applicant is lessee, provide written consent from the property owner giving permission to conduct improvements (Appendix #1)
- ✓ Copy of lease to verify occupancy
- ✓ Business Plan for this venture (See Appendix #2 for detail)
- ✓ Waiver of liability





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**RELEASE:**

By submission of an application, and does hereby agree, that DRA is not responsible for defects, errors or omissions in design, materials or workmanship in any improvements reviewed or approved, nor for any nonconforming or noncompliant materials or workmanship - DRA, its staff, officers, directors, attorneys and agents having no liability whatsoever for the manner, quality, safety or compliance in which any improvements were made or installed. Applicant furthermore releases and holds DRA harmless from any costs, claims or liability relating to the construction or reimbursement of any part of the improvements, or in any way relating to this grant request.

**Signature:**

Your signature on this application indicates your agreement to the Release language.

Signature \_\_\_\_\_ Date: \_\_\_\_\_



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## Appendix #1

### Owner Consent Form

*If the applicant does not own the property where their establishment will be operating, the below Owner Consent Form must be completed and signed by the property owner and submitted with the application.*

The undersigned owner of the existing building located at: \_\_\_\_\_  
\_\_\_\_\_ (Address) certifies that \_\_\_\_\_ (Applicant) operates or intends to operate a business at the above location. The undersigned agrees to permit the Applicant and his contractors or agents to operate a business and implement the improvements listed on the Retail Up-Fit Grant Program Application ("the Application") dated \_\_\_\_\_.

The undersigned hereby waives any claim against the Downtown Raleigh Alliance (DRA) or any other party arising out of the payment or use of said grant funds for the purposes set forth in the Application. The undersigned agrees to hold the DRA harmless for any charges, damages, claims or liens arising out of the Applicant's participation in the Retail Up-Fit Grant Program. Notwithstanding anything set forth in this Consent, the application or any other agreement, the undersigned waives and disclaims any right it has or may have to any payments under the grant program, and releases DRA, its staff, officers, directors, attorneys and agents from any liability whatsoever in connection with the construction of and payment for improvements to Owner's property.

In witness whereof, the owner has hereunto set his hand and seal, or if a corporation, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, or if a Partnership by its Partners, or if an LLC or LLP, by its Members/Managers, etc. the day and year first above written.

\_\_\_\_\_  
(Company Name) leave blank if Owner is an Individual



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## Appendix # 2

### Business Plan documentation

A business plan is an essential document for this application to this grant program, as well as important component of any new business seeking to open or expand significantly. The business plan helps ensure a rigorous amount of analysis, vetting, and consideration has gone into the planning of a new venture. As such, please submit a plan with the elements below, as well as any additional information the applicant would like to provide. In particular, a careful and detailed consideration of the financial costs/revenue projections is essential and should be included.

1. Executive Summary
  - a. History and description of the business
  - b. Reason/purpose for new venture
  - c. Broad goals for new business, particularly as related to the downtown market or community
2. Product/service
  - a. Description of the products or services being sold
  - b. Future potential of these products/services
3. Market Research and analysis:
  - a. Target market area with demographics for area and analysis of how this business fits into those demographic conditions or trends
  - b. Using above, analysis of customer base and potential for future customers
  - c. Analysis of any competition with location and size of competitors noted
  - d. Competitive advantage for this business in selling these products/services
4. Expectations for business growth
  - a. Estimate of customers per day/week (provide source/context for estimate)
  - b. Estimate of sales and growth
  - c. Justification for projections
5. Management and Personnel
  - a. Estimated personnel needs, staffing requirements
  - b. Breakdown of number of employees, skill levels, hours, wages
  - c. Resume of any personnel already involved in management/ownership
  - d. Hiring policies and any training to be provided
6. Critical risks and threats to business:
  - a. Any unfavorable trends in the industry
  - b. Unfavorable trends in target market or community, includes competition
  - c. How will address possible issues such as low sales in early months
7. Advertising
  - a. Overall strategy for advertising and promotion
  - b. Specifics on types of promotion that may be used
8. Design/development/location
  - a. Location and size of space
  - b. Age and condition of space



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- c. Needs/tasks for up-fitting the space
  - d. Estimated costs for up-fit
9. Financial Plan
- a. Profit and loss forecasts for 3 years with the first year broken out on a monthly basis
  - b. Cash flow projections for 3 years
  - c. Balance sheet for 6 months, end of first year and end of third year
  - d. Sales and revenue projections (provide source/context for where derived estimates of sales)
  - e. Any other sources of revenue with evidence/examples to support expectation of that revenue
  - f. Breakdown of costs for:
    - i. Up-fit
    - ii. Supplies
    - iii. Rent
    - iv. Permitting
    - v. Labor (include training and estimated salaries for all employees)
    - vi. Products/services to be sold (provide source/context for where derived estimates of costs of products)
    - vii. Advertising and promotion
    - viii. Legal advice and tax preparation
    - ix. Loan repayment/interest