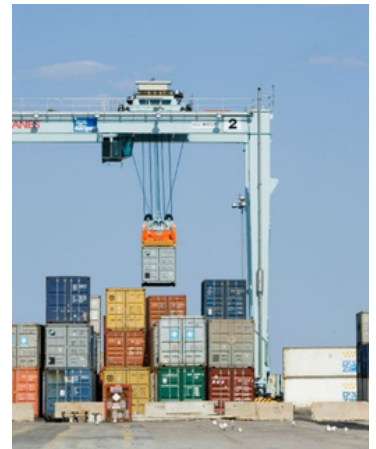


PORT HOST COMMUNITIES REVITALIZATION FUND (PHCRF)

PROGRAM GUIDELINES FY 2022



PORTSMOUTHVA
economic development



AccessPortsmouthVA.com
757.393.8804



**Portsmouth Port & Industrial Commission
Port Host Communities Revitalization Fund (PHCRF)
Program Guidelines and Application
FY 2022**

TABLE OF CONTENTS

Page 2 Generalized PHCRF Program Flowchart
Page 3 Application Checklist
Page 4 Program Guidelines
Page 10 PHCRF Application
Page 12 Application Signature Page
Page 13 PHCRF Attachment List



GENERALIZED PHCRF PROGRAM FLOWCHART

STEP ONE

Applicant contacts the Portsmouth Economic Development office to express interest in the PHCRF program, discuss the project and verify eligibility.

STEP TWO

Applicant completes and submits PHCRF application to Portsmouth Economic Development office for review.

STEP THREE

Application is presented to the Portsmouth Port and Industrial Commission (PPIC) for consideration.

STEP FOUR

If approved by the PPIC, application is submitted to the Virginia Department of Housing and Community Development (DHCD) for consideration.

STEP FIVE

DHCD makes determination and notifies Portsmouth Economic Development of decision of award status.

STEP SIX

Successful applicant enters into a Performance Grant Agreement with the PPIC

STEP SEVEN

From the date of the signed Grant Agreement, the applicant has 18 months to complete the project.

STEP EIGHT

Applicant contacts Portsmouth Economic Development to request reimbursement upon completion. Staff will meet with the applicant to verify project completion and will review documentation of eligible costs associated with the project.

APPLICATION CHECKLIST

Date Received (To Be Completed By PED Staff):

Applicant Name (Legal Name of Property Owner/Developer):

Property Address:

Funding Amount Requested: -----

ELIGIBILITY CHECKLIST

Property owners or property purchasers within the
Portsmouth city limits

Property must be current with City taxes and fees

Property may NOT have outstanding codes violations*
(Exception: PHCRF will be used to rectify)

Property is identified as an existing industrial or commercial
port related property

APPLICATION ATTACHMENTS

Electronic Copy of the PHCRF Application.

Scanned Copy of the PHCRF Application with Attachments (excluding
market study and plans & specifications).

Virginia State Corporation Commission Certification.

Verification of property insurance

REQUIRED MKTG INFORMATION

- End use business plan
- Resume on Applicant
(developer/principals)
- Marketing Plan/Materials

REQUIRED FINANCIAL INFORMATION

- Sources & Uses Project Budget
(Appendix A)
- Project Financial pro-forma
(Appendix B)
- Construction Cost estimates (2
quotes required)
- Financial statements
- Funding Commitment
Documentation
- W9 Form

REQUIRED PROPERTY INFORMATION

- Property Description Sheet
(Appendix C).
- Photographs of property
- Maps:
 - Base map/Location map
 - Zoning map or land use map
- Phase I and/or Phase II
environmental study
- Verification of zoning/re-zoning
- Site Control Documentation
- Most Recent Real Estate Tax
Assessment.
- Property Appraisal Report
(Required if acquisition funding
requested)
- Project Plans & Specifications
- Project Timeline (Appendix D)



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**PORT HOST COMMUNITIES REVITALIZATION
FUND (PHCRF) FY 2022**

PAGE 4



**Portsmouth Port & Industrial Commission
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PROGRAM GUIDELINES

Created by the Virginia General Assembly in 2019 the Port Host Community Revitalization Fund provides funding for the strategic removal or redevelopment of vacant, underutilized and deteriorated port related properties in the five Port Host Communities of Front Royal, Newport News, Norfolk, **Portsmouth** and Richmond.

Structures that exhibit physical and economic blight can deter economic activity and investment opportunities in a community. The revitalization of these properties is often financially challenging and may require additional resources to attract private sector investment. The PHCRF is intended to leverage state, local and private resources to facilitate redevelopment efforts at key port related properties and structures.

The PHCRF program has defined “port related” properties as any non-residential structure built or used for a purpose related to port activities, is located near a port so as to benefit from port activities, or is located on or near a transit route (rail, waterway or highway) the served/serves the port.



**Portsmouth Port & Industrial Commission
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PROGRAM GUIDELINES

ELIGIBLE APPLICANTS

Eligible applicants may include units of local government for publicly owned property and for-profit or non-profit entities for privately owned property within the City of Portsmouth.

FUNDING AVAILABLE

The Commonwealth of Virginia has allocated \$1.5 million to the PHCRF for FY 2022. The Virginia Department of Housing and Community Development (DHCD) administers these funds on behalf of the Commonwealth. Locally, the Portsmouth Port and Industrial Commission (PPIC) is tasked with overseeing the PHCRF application process as well as the distribution of funds to program recipients. Funding availability is subject to annual appropriation and grant awards shall be adapted accordingly.

AWARD AMOUNTS

PHCRF awards are made on a threshold basis at one grant of up to \$250,000 per Fiscal Year. All awards require a minimum 1:1 match. Additional funding is available for projects based on a statement of need and are distributed on a priority basis until the fund is depleted. Applicants may apply for additional funds of between \$50,000 and \$850,000 for their project. The amount of additional funding requested should be based on the funding gap that exists for the individual project. The maximum award available per project with base award and additional statement of need pool funding is \$1,000,000. Requests for Statement of Need Funding shall be made at the time of application. The PPIC reserves the right to reduce or pro-rate PHCRF awards based on analysis and demand for funding.



MATCH REQUIREMENT

PHCRF Applicants are required to provide a 100 percent (1:1) match from private or public funding sources. The match must be cash or documented costs directly associated with the improvements to the property where PHCRF funds are expended. Match may include federal, state, local and private funds expended directly on the project within the last full fiscal year.

Eligible Match:

- Acquisition costs, including current property appraisal as documentation of value or documentation of purchase price (HUD-1 Settlement statement, bill of sale or deed), whichever is less;
- Documented costs directly associated with physical activities on the PHCRF project site;
- Construction-related soft costs related to engineering, design or architectural activities (must be specifically identified in the application). These costs may include new construction in the case of a project that includes expansion of the building/facility;
- Investments into Machinery & Tools, taxable by the locality (must be specifically identified in the application);
- Public notices, permit or dumping fees and inspection costs (or waivers of such) directly related to physical activities (must be specifically identified in the application); and
- Improvements to municipally owned utility infrastructure, such as water and sewer lines, may be considered for a match, if the improvements directly and specifically increase the capacity of services to the target project building/facility so as to allow for a higher and/or more intensive use at the project site. This shall not be construed to include general utility maintenance and/or improvements that benefit the community as a whole or a large portion of the community outside of the project area.

Ineligible Match:

- State or local taxes;
- Interest or principal payments on current debt on the property; and
- Investments in Business Personal/Tangible Property (Furniture, Fixtures, and Equipment).



FUNDING STRUCTURE

For a project property that is owned or will be owned by a for-profit entity, the PPIC may grant the funds to the project or may lend the award to the for-profit entity and the proceeds will be returned to a revolving loan fund operated by the PPIC in perpetuity.

The following standard terms and conditions will apply to all projects unless it is determined that a regionally significant project requires more favorable terms. The terms of the loan must be agreed to by DHCD.

- Interest Rate: 2.5%
- Amortization: 10 Years
- Environmental Review
- DHCD will require a development agreement, Deed of Trust, and Deed of Trust Note

In the case of loans, a commitment fee of 1% will be required (50% due within 14 days of execution of PHCRF loan performance agreement and the remainder at PHCRF closing).

In the case of grants, PHCRF funds are available on a reimbursement basis only, for costs the applicant has incurred and paid for. Documentation of expenses and matching funds must be submitted by the applicant prior to the disbursement of funds. In the case of loans, PHCRF funds will be released at the point of loan closing pro-rata with other funds or once other sources are expended. These terms are to be determined at the finalization of a grant agreement with the applicant.

ELIGIBLE USE OF FUNDS

The PHCRF program funding may be used for revitalization and redevelopment activities to include:

- Acquisition (use of funds for acquisitions will be limited to the property's fair market value and associated legal costs of acquisition. Fair market value is the lesser of the property's documented acquisition cost or appraised value.);
- Rehabilitation or repair of structures (including securing and stabilizing for reuse);
- Site remediation (where all other available resources have been exhausted);
- Demolition & removal (only in circumstances where the size or location of a building or structure precludes any significant redevelopment potential or in cases of where there is an imminent safety threat.); and
- Other physical activities.

The PHCRF program is not intended to fund the relocation of existing businesses in another Virginia locality into a redeveloped property within the City of Portsmouth. In the case of projects which support business expansion the applicant must clearly demonstrate a project's relation to the local or regional economic development strategy.



ELIGIBLE PROPERTIES

The PHCRF program is intended to assist vacant/underutilized and deteriorated properties whose condition is a physical and/or economic blighting influence on the surrounding area and deters economic development and investment. Projects may include multiple properties provided they are adjacent and/or adjoining and are related in either their negative impact or end use.

Eligible properties may be redeveloped for any market-driven purpose including commercial, industrial, retail, mixed-use, shell building, site clearance or residential, regardless of the original use. For purposes of the PHCRF program, market-driven purpose is defined as guided by market trends and consumer needs based on market research where there is an actual need to be fulfilled or a market problem to solve.

The PHCRF is **not intended** to fund new construction, scattered site projects or greenfield sites.

Blighted property is defined as any individual commercial, industrial, or residential structure or improvement that endangers the public's health, safety, or welfare because of the structure or improvement upon the property is dilapidated, deteriorated, or violates minimum health and safety standards, or any structures or improvement previously designated as blighted under the process for determination of "spot blight". (Code of Virginia § 36-3; 36-49.1:1)

FUNDING PRIORITIES

The PHCRF is intended to provide financial assistance to shovel-ready projects that will provide significant private investment and job creation within the City of Portsmouth, particularly in areas experiencing disinvestment and blighting influences. The following funding priorities have been established under the program:

1. Clear relationship to a local or regional economic development strategy.
2. High degree of blight and deterioration to be addressed.
3. Project Readiness.
4. Project with a clear end use.
5. End use will have a clear and significant community economic impact.

Other considerations:

- Eligibility for other local incentive programs offered by the City of Portsmouth to encourage investment.
- Location within an Enterprise Zone and ability to qualify for state and local incentives.
- Location within a designated Opportunity Zone, a local, state or federal historic district, a redevelopment or blight removal district, or other similar district.
- Location in a current CDBG project area.
- Committed project leverage exceeds 1:1 match.



PERFORMANCE AGREEMENTS & CONTRACTUAL OBLIGATIONS

All projects, regardless of award structure, must be ready to execute a contract or performance agreement for the PHCRF funds within six (6) months of the grant award announcement.

- In the case of **loans**, agreements may be executed simultaneously to the closing of the first trust lender for primary financing or after; however, PHCRF grant/loans will not close before all other sources of primary financing are closed or commitment letters with a closing date have been issued.
- Failure to execute the contract or performance agreement within the six (6) month period which commences upon the announcement of the PHCRF awards may result in the PHCRF funds being reprogrammed to another project. The applicant will be given the opportunity to apply again once the project is more prepared for PHCRF loan closing. DHCD has the discretion to offer an extension beyond six months where delays are caused by circumstances beyond the control of the property owner/developer.

All projects will be required to have a deed covenant/restriction or a lien for a period of five (5) years that requires PPIC/DHCD approval prior to any sale or change in end-use for the property. In the case of a sale to private sector entity and/or a change of use during the 5-year period, a pro-rated repayment of the PHCRF funds may be required based on the number of years of the deed restriction remaining. PPIC/DHCD will not unreasonably withhold approval for project changes and changes in ownership.

Approved projects will be required to achieve project completion and funding drawdown/disbursement within 18 months from contract execution and grant award/loan closing. Any project that does not fully utilize its funding award by the project completion date specified in its Performance Agreement may forfeit the remaining fund balance.

**FOR MORE INFORMATION ON THE PHCRF PROGRAM
PLEASE CONTACT PORTSMOUTH ECONOMIC
DEVELOPMENT AT 757.393.8804.**

View the Virginia Department of Housing and Community Development Program Guidelines (FY 2022) here: <https://www.dhcd.virginia.gov/phcrf>.

APPLICATION

Date Received (To be completed by Staff):

Applicant Name (Legal Name of Property Owner/Developer):

Contact Person for Application:

Contact Information - Mailing Address:

Contact Information - Phone:

Contact Information - Email:

Address of Subject Property:

Funding Amount Requested:

- **Executive Summary:** Please describe the project. Include site description, current condition, blighting influence, plans for future use, and overall community benefit.
- Discuss how and why this property/project was selected, including:
 - Any local and regional economic development strategies or master plans and how the project ties in with identified goals/outcomes.
 - Discuss how this property was determined to be port-related, defined as any non-residential structure built or used for a purpose related to port activities; located near the port as to benefit from port activities, and/or; is located on or near a transit route (rail, highway or waterway) that served/serves the port.
 - Describe how this property was determined to be blighted. Describe the derelict elements and discuss the negative impact that the property, in its current condition, has had on other investments and job creation in the surrounding area.
 - List any public or private investments or initiatives during the following time frames: within the past two years (are these investments being used as match?), currently underway, or within the next two years, that have or will contribute to or benefit from the success of the PHCR project.
- Discuss the projected end use of the property and demonstrate how it will benefit the City of Portsmouth's future economic or community activity.
 - Will the property require an end user? Discuss how end users will be recruited and discuss interest or commitments to date from possible end users. If end user has been identified, include any lease/agreements/commitment letters as attachments. If there is a non-profit end use, please demonstrate long-term sustainability by providing a 10-year pro forma and other documents of financial solvency.
 - If it is the intent of the applicant to use funds solely for acquisition and demolition, please discuss what other redevelopment funds the applicant has committed to the property. Please discuss and attach any market-based redevelopment plan outlining reuse options, target market/niches, and a property marketing strategy including the entity responsible.

(continued)

APPLICATION (CONT)

- It is the intent of this program to put funds to immediate, productive use. Discuss the project status. What activities have been completed to prepare for redevelopment/reuse? What activities are outstanding that must be completed in order to begin the project? Please note that priority will be given to projects that can show the greatest readiness to proceed. Include in your discussion:
 - What is the status of primary financing? When and how will it be secured?
 - If needed, what is the process and time frame for the property to be rezoned for the intended use?
 - Is the project design finalized? What steps remain?
 - If New Market Tax Credits or Historic Tax Credits will be used, what is the status of securing them? If a bridge loan is necessary, what is its status? Projects should identify which activities the funds will be used for in a Tax Credit financed deal.
 - Has a developer been identified? If so, discuss the developer's capacity. Please provide examples of previous projects. If the developer has not been identified, discuss the process and timeline for securing one.
- Please indicate the primary and secondary economic impacts, and additional impacts of the project, and describe the methodology used to calculate these measures.
 - Primary (includes any net new full-time and part-time jobs - not including construction, new businesses, and leveraged private investment).
 - Secondary (includes increased local sales, meals, or lodging tax revenues, increased export or non-export revenues, increased daily and/or overnight visitors, and availability of commercial square footage).
 - Additional Impact (including non-economic outcomes such as access to services or resources, workforce development and quality of life improvements).
- Is this project eligible for local incentives, including, but not limited to:
 - Real property tax abatement and/or other local incentives
 - Location in a designated Enterprise Zone
 - Location in a current CDBG project area
 - Location within a special district, such as: Local/state/federal historic district, Downtown Design district, Opportunity Zone
 - An area being addressed through Volume II Section 105.0 of the VA Uniform Statewide Building Code (under Code of Virginia Sec. 36-105)
- Does your project have committed leverage funding in excess of a 1:1 match? If so, please provide the ratio of committed leverage funding to PHCRF request and attach commitment documentation.
- Should funding be available, please provide your statement of need for additional funding. What gap exists within the project budget and how will additional funding help to address this? If additional funding is awarded, provide documentation that these funds can also be matched on at least a 1:1 basis. If an adequate and clear statement of need is not provided, the application will not be considered for additional funding.

APPLICATION SIGNATURE PAGE

Date Received (To Be Completed By PED Staff):

Applicant Name (Legal Name of Property Owner/Developer):

Property Address:

All property/business owners, partners, etc. must sign this application form. If the property is owned by a legal entity, organization, or corporation, the applicant must supply corporate legal documents authorizing signer. If the applicant is a purchaser, the property owner must sign where indicated below to consent to the application and the proposed project. If signing on behalf of an entity, please state the entity name and your position after the signature. If there are any questions, please call Portsmouth Economic Development at (757) 393-8804.

I have read and understand the program guidelines and application for the Port Host Community Revitalization Fund program. I understand that all grant awards are at the sole discretion of the Portsmouth Port and Industrial Commission and Virginia Department of Housing and Community Development.

The undersigned understands and agrees that all information furnished in connection with this application for the PHCRF program involves the use of public funds and as such, may be made public pursuant to the statutes of the United States of America, the Commonwealth of Virginia, and the City of Portsmouth.

The application is not finalized until evidence of City approvals to commence improvements.

The deadline to submit above referenced approvals is ninety (90) days from the date of the PHCRF award notification. Applicants may request thirty (30) day extensions. Requests for extension should be outlined in a letter directed to the PPIC, the City of Portsmouth Economic Development Office. The first extension may be granted or denied by PPIC staff as directed by the PPIC. Any subsequent extensions must be at PPIC's sole discretion and will require a vote of the PPIC Commissioners.

APPLICANT SIGNATURE

Signature _____ Date _____

Signature _____ Date _____

OWNER CONSENT (Required if the Applicant is a purchaser)

I am the owner of the real property which is the subject of this application. I hereby consent to this application and the project activities contemplate within.

Signature _____ Date _____

ATTACHMENTS LIST

To Be Completed By PED Staff - Date Received:

Required Property Information Attachments:

- **Property Description Sheet:** Complete one sheet per structure to be addressed using PHCRF. Be as quantitative and specific as possible and define any terms used by the jurisdiction for classifying the structure's physical condition ("substandard" or other such terms). A strong application will provide a clear idea of the physical need for PHCRF resources. Scattered site projects are ineligible. See Appendix C.
- **Photographs:** Include images of each subject property. Be sure to include enough images that show the condition of the building and/or site (approximately 10 images). Please label the images with a description. Photographs should include the following:
 - Façade and every other face that shows deterioration.
 - Interior condition.
 - Situation shot to show the structure in the context of the property or within a block or street front.
- **Maps:** Include the following 8 ½ X 11 maps. Each map should clearly identify locality boundaries, major streets, highways (label), and the targeted property. Please use GIS where available.
- Base map outlining any or all of the following in which the targeted property is located: State Enterprise Zone; Technology Zone; Designated Virginia Main Street district; Local Redevelopment or Conservation District (Code of Virginia Sec. 36-49 & 36-49.1); National, State, or Local Historic District; Local Spot Blight Removal Plan (Code of Virginia Sec. 36-49.1:1); Volume II Section 105.0 of the Virginia Uniform Statewide Building Code Enforcement Area (under Code of Virginia Sec. 36-105).
- Please outline and explain any other type of designated area or district.
 - Zoning map or land use map. Attach additional information, as available. The more information provided at the time of application, the greater the evidence that the project is "ready to proceed." In addition, the more information provided upfront, the sooner the project can get underway if awarded funding. DHCD may require or request further information.
- Proof of recent Phase I and/or Phase II environmental study
- Proof of property zoning/re-zoning or specific timeline by which that will be accomplished
- Evidence of Site Control
- Project Plans & Specifications
- Property Appraisal or other documentation of purchase price/property value

(continued)

ATTACHMENTS LIST (CONT)

To Be Completed By PED Staff - Date Received:

Required Financial Information Attachments:

- Sources & Uses Project Budget (Appendix A)
- Project Financial pro-forma- should include requested amount of PHCRF funding and debt financing (Appendix B)
- Financial statements within last 12 months on project principals and global cash flow statement on R/E holdings
- Funding Commitment Documentation
- Letters of interest/term sheets from primary funder(s)
- W9 Form (Attachment)

Required Marketing Information Attachments:

- End use business plan
- Applicant's Resume (developer/principals)
- Latest market/feasibility study showing demand for new use; market-based redevelopment plans
- Marketing Plan/Materials
- Project Timeline (Appendix D)

PORT HOST COMMUNITIES REVITALIZATION FUND

**APPENDIX A
PROJECT BUDGET INFORMATION**

PROJECT NAME/LOCATION: _____

TOTAL GRANT REQUEST: \$ _____

Cost/Activity Category	Grant Request	Other Funding	Total	% Grant Funding
Acquisition				
Clearance and Demolition				
Construction				
Other:				
Other:				
Other:				
Total	\$	\$	\$	

PORT HOST COMMUNITIES REVITALIZATION FUND

**APPENDIX B
PROJECT FINANCIAL PRO FORMA**

	Stabilized Year 1	Year 2	Year 3	Year 4	Year 5
Eff. Gross Income					
Less Oper. Expenses					
Net Income					
Less Debt Service					
= Cash Flow					
Debt Coverage Ratio (=Net Income/Debt Service)					

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income					
Less Oper. Expenses					
Net Income					
Less Debt Service					
= Cash Flow					
Debt Coverage Ratio (=Net Income/Debt Service)					

PORT HOST COMMUNITIES REVITALIZATION FUND

**APPENDIX C
PROPERTY DESCRIPTION SHEET**

Property Description Sheet			
Property Name: (if applicable)			
Address:			
Current Zoning:		Current Real Estate Assessment:	
Original/Most Recent Use:		Built:	Vacant Since:
Size:	Square Footage of Structure:	Number of Floors:	Acreage of Property:
Ownership:			
Building Materials:			
Condition of:			
Roof			
Exterior Walls			
Foundation			
Interiors			
Electrical/HVAC Systems			
Plumbing			
Windows			
Outbuildings/Site			
Other Descriptors			
Intended Use of PHCRF: (See Program Design)			
Intended End Use of Property:			

PORT HOST COMMUNITIES REVITALIZATION FUND

**APPENDIX D
PROJECT TIMELINE**

PROJECT NAME/LOCATION: _____

ACTIVITY		ACTUAL OR ANTICIPATED DATE
Site	Option/Contract	
	Site Acquisition	
	Zoning Approval	
	Site Plan Approval	
Financing		
Construction Loan	Loan Application	
	Conditional Commitment	
	Firm Commitment	
Permanent Loan	Loan Application	
	Conditional Commitment	
	Firm Commitment	
Other Loans & Grants	Type & Source (List)	
	Application	
	Award/Commitment	
	Type & Source (List)	
	Application	
	Award/Commitment	
	Type & Source (List)	
	Application	
Award/Commitment		
Formation of Owner		
IRS Approval of Nonprofit Status		
Closing and Transfer of Property to Owner		
Plans and Specifications, Working Drawings		
Building Permit Issued by Local Government		
Start Construction		
Begin Lease-up/Marketing		
Complete Construction		