

City of Seaside
Seaside Creates
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Downtown Façade Improvement Program White Paper:
A Brief Survey of Program Practices for the Commission on Jobs, Opportunities, and
Business in Seaside

Commission on Jobs, Opportunities, and Business in Seaside
City of Seaside Economic Development Department
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EXECUTIVE SUMMARY

Generically, façade improvement programs offered by Cities provide property and business owners with financial assistance that contributes to mutually beneficial improvements. For property owners and businesses, it provides financial incentives to make improvements to their building exterior, creating a more inviting exterior that can potentially increase their customer traffic. For local governments, the potential benefits include more appealing commercial districts and increases in municipal revenue. This report focuses on a survey of façade improvement programs in cities across California and reveals that cities share a similar interest the promotion and revitalization of commercial properties.

BACKGROUND

What is a Façade?

A façade in architectural terms is the front of the building, especially those facing the front of a sidewalk, street, and other form of a public right-of-way. A façade can also include any side of a building facing a public right-of-way and is finished accordingly to be visually appealing to the public.

Why are Facades Important?

The building façade plays a certain number of roles in the functionality of the building and the economic performance of the business inhabiting such building. The façade is the first line of defense from the natural environment for a building structure. These environmental factors include sun, heat, rain, dust, dirty air and other environmental components. These elements over a period of time can have a significant impact on the integrity of a building and its façade, given the nature of such environmental factors.

The other is visual appeal. A business with an appealing and inviting storefront will attract customers and therefore businesses experience a benefit through increased foot traffic. Buildings that show signs of deterioration, blight and corrosion will create an unwelcoming visual to the passerby, decreasing their likelihood of frequenting the business, as well as the surrounding commercial environment.

ANALYSIS

Façade Programs across California

To determine what makes up a façade program, this paper looked at eight façade programs implemented by Cities across California (Table 1). These Cities vary in population, size of budgets, and economic environments so that there are diverse examples of the type of façade programs that are offered by cities.

For each of these cities, information was gathered by exploring city websites and collecting documents that pertain to a city's façade program. If there was ambiguity or lack of clarity in any of the guidelines and applications, staff from these cities were contacted via email or telephone to answer questions or request additional documents. This paper will break down what each City included in their façade program materials by categories that make up the skeletal components of a façade program.

Table 1: List of Cities Evaluated by Population and General Fund Revenue

City	Population Est. (As of 1/1/2018)	General Fund Revenue FY18 (In Millions)
<i>Santa Cruz</i>	66,454	\$103.4
<i>Dublin</i>	63,241	\$83.1
<i>Sebastopol</i>	7,786	\$8.3
<i>Pismo Beach</i>	8,233	\$21.8
<i>Fairfield</i>	116,156	\$92.7
<i>Oakland</i>	428,827	\$584.1
<i>Emeryville</i>	11,994	\$40.3
<i>Saratoga</i>	31,435	\$24.2

Eligible Areas and Businesses

The goal of façade programs is to enhance business exteriors in areas that are of significant economic interest and have experienced dilapidation due to age, economics, and environmental factors. Most of these programs are targeted towards specific districts such as downtown or old industrial districts. Table 2 shows the areas that each of the different cities programs which are eligible for their respective façade programs.

Table 2: Facade Program Eligible Areas and Businesses

	<i>Santa Cruz</i>	<i>Dublin</i>	<i>Sebastopol</i>	<i>Pismo Beach</i>	<i>Fairfield</i>	<i>Oakland</i>	<i>Emeryville</i>	<i>Saratoga</i>
<i>Redevelopment District(s)</i>						X		
<i>Downtown District</i>		X		X	X			X
<i>Specific Structures</i>							X	
<i>Specific Business Areas</i>		X			X	X	X	
<i>All Commercial Property within City Limits</i>	X		X					

How do Applicants get the Money, and How Much?

Through the application process and with estimates on construction costs provided by the applicant, staff and/or committees determine how much money shall be appropriated to applicants. When an application is approved, cities would award a grant to the applicant for a percentage of the improvement costs, with a limit on much the award can be. The applicant is expected to cover remaining costs. Table 3 shows the stats and information regarding the award amounts and specifications regarding the award.

Table 3: Façade Program Award Matrix

	Santa Cruz	Dublin ¹	Sebastopol	Pismo Beach	Fairfield	Oakland	Emeryville	Saratoga
<i>Maximum Award</i>	\$10,000	\$5,000 - \$70,000	\$2,500	\$5,000	\$20,000	\$30,000	\$75,000	\$5,000
<i>OR % of Improvement Costs Matching grant funds</i>	50		50		50	50	75	50
<i>Design Consultant reimbursement Rebate upon project completion paid directly to applicant</i>	\$5,000	2/3rds of eligible project costs						
<i>Design Consultant reimbursement</i>	\$1,000							
<i>Rebate upon project completion paid directly to applicant</i>	X	X	X	X	X	X	X	X

Note: City of Dublin has two grants. A mini grant of up to \$5,000 for improvements with no match requirement, and a matching grant of 2/3rds of eligible project costs, up to a maximum of \$70,000.

Funding the Program

Each city has unique strategies for funding façade improvement programs. A couple of examples The City of Emeryville contains a budget policy where 5% of residual tax increment is allocated to support programs designed to support economic development activities that grow and sustain the City’s revenue base. One of those programs is their façade grant program. The City of Pismo Beach allocated a one-time funding of \$50,000 from the General Fund into their façade improvement program in FY 2018. The City of Saratoga prior to recently ending their façade improvement program would allocate one-time funding into their program as funds depleted. This started with initial funding in 2004, followed by additional \$20,000 allocations in 2007, 2011, and 2014. The City of Pismo Beach allocated a one-time funding of \$50,000 from the General Fund into their façade improvement program in their FY 2018 budget.

CDBG funds may be used under certain circumstances, specifically in preserving historical characteristics or promoting heritage tourism. In general, heritage tourism is an economic development tool designed to attract visitors to an area based on the unique aspects of the locality’s history, landscape and culture. Historic preservation is the effort of preserving a historic place by incubating small businesses, revitalizing downtowns, generating local jobs, and creating improvements in a community in order to prevent its collapse or abandonment. Seaside may want to consider using alternative funding so that businesses are not restricted to historical architecture.

Further, all improvements completed through a façade improvement program are a “public work” as the term is used in Section 1720 of the California Labor Code. In accordance with Labor Code, prevailing wages shall be paid for all façade improvements and use of volunteer labor is not allowed. All estimates and payments for construction and installation of façade improvements shall include prevailing wages, and shall otherwise comply with the provisions of Sections 1773.8, 1775, 1776, 1777.5, 1777.6 and 1813 of the California Labor Code and all other applicable laws and regulations with respect to prevailing wages. Participants in the program would be

responsible for ensuring that the improvements are in compliance with the Prevailing Wage Law. It is important for Seaside and the public to keep this in mind; because of the increased cost of wages funding will not accomplish as much construction output as may be expected. As such, the City may need to consider larger grants to compensate.

Requirements

In addition to submitting an application, Cities require applications to submit supplemental material and meet certain criteria. The following in Table 4 are common requirements that appear up-front in each of the Cities applications and guidelines. Cities within this matrix that lack marks doesn't necessarily mean that they have little to no requirements, but rather that they do not provide them up front in their program application and guideline materials.

Table 4: Facade Program Requirements

	<i>Santa Cruz</i>	<i>Dublin</i>	<i>Sebastopol</i>	<i>Pismo Beach</i>	<i>Fairfield</i>	<i>Oakland</i>	<i>Emeryville</i>	<i>Saratoga</i>
<i>Tenant provides written consent from the property owner for proposed improvements</i>		X	X	X	X			
<i>Tenant provides written evidence of multi-year leases</i>					X			
<i>Applicants have a current business license</i>			X		X			
<i>Compliance with Prevailing Wage Requirements</i>	X		X	X	X		X	
<i>Submit certified copies of payroll records</i>							X	
<i>Minimum # of written bids</i>				2	2		2	
<i>Proof of selected contractor's State of California Contractor's License</i>			X		X		X	
<i>Proof of worker's compensation and liability insurance</i>			X		X		X	
<i>Attend a preconstruction meeting</i>		X		X				
<i>Project complies with City codes and ordinances</i>			X					
<i>Provide evidence of any required Caltrans or City permits for all applicable improvements</i>			X				X	
<i>Complete work within a specified timeframe</i>		12-18 months					180 days	1 year
<i>Request for reimbursement be submitted in the same fiscal year the project was approved</i>			X					
<i>Documentation of all project costs and invoices</i>		X	X					X
<i>Must complete application,</i>			X					

<i>supplemental materials, and receive approval from approving body prior to work</i>	
<i>Applicant must grant the City an easement</i>	X
<i>Submit Application within a certain timeframe</i>	X

Eligible Improvements

Each City specifies to an extent what improvements are eligible under their respective programs. Table 5 provides a list of eligible improvements that are specified in each City’s program application and guidelines.

Table 5: Facade Program Eligible Improvements

	Santa Cruz	Dublin	Sebastopol	Pismo Beach	Fairfield	Oakland	Emeryville	Saratoga
Signage	X	X	X	X	X	X	X	X
Exterior Painting	X	X	X	X	X	X	X	X
Awnings	X	X	X	X	X	X	X	X
Windows		X		X	X	X	X	X
Landscaping	X	X	X	X			X	X
Exterior lighting		X	X	X	X		X	
Front entrances		X		X	X			
Doors						X	X	X
Wood treatments					X			
Artistic murals	X				X			
Safety Lighting	X							
Visible roof repairs					X			
Fascia				X				
Canopies				X		X		X
Parapets				X			X	
Correction of Code Violations				X				
Streetscaping				X				
Removal of deteriorated signs and extraneous structures		X		X				
Rehabilitation of historic façades				X		X		
Anti-graffiti film coating on windows	X							
Limited Exterior Structural Improvements	X							
Repair or replacement of new siding		X						
Mandatory Title 24 Upgrades		X						
Outdoor dining and/or gathering spaces		X					X	X
Irrigation			X					
Plastering							X	
Design and/or Permit Fees							X	
“High-visibility” interior improvements							X	
Planter boxes								X

While these are improvements specifically listed in the guidelines, many applications include a clause that any additional improvements fitting within the purpose and scope of the program is subject to scrutiny by reviewing staff and eligible for approval. Therefore, it does not limit the type of improvements that can be made to only those listed on applications and guidelines.

Ineligible Improvements

Some program documents provide specific exclusions on the type of work that an applicant may conduct while utilizing program funds. The below table shows what each city explicitly excludes from program funding. This table is meant to provide council and staff with a list to demonstrate what items other Cities exclude in their program guidelines, but by no means is exhaustive. Council may wish to include other types of work in a future façade program.

Table 6: Facade Program Ineligible Improvements

	Santa Cruz	Dublin	Sebastopol	Pismo Beach	Fairfield	Oakland	Emeryville	Saratoga
Improvements not visible from a public right of way or neighboring property			X	X	X			
Interior improvements	X		X	X	X			
Structural Improvements								X
Seismic Upgrades			X		X			
Improvements due to vandalism					X			
Residential and industrial building improvements					X			
The use of materials and fixtures that are unreasonably opulent					X			
Project-related costs and improvements started prior to approval			X	X			X	
Purchase of Inventory				X				
Fixtures or furnishings related to the merchandising or operations of the building				X				
Purchase of business equipment or displays				X				
Security bars				X				
Roofing				X				
Mechanical equipment				X				
Buildings with business operating without a business license				X				
Properties with illegal signs			X					
New construction			X					
Buildings that possess seismic risks			X					
Exterior improvements not approved in the agreement			X					
Bartering			X					
Project costs paid in Cash			X					
Property improvements for a building sold within a			X					

<i>specified year span</i>						
<i>A property is not eligible for this program more than once</i>			X			
<i>Owners are limited to grants for a certain timeframe</i>			X			
<i>Taken on a "case by case" basis</i>	X	X		X	X	X
<i>"Other Actions" not approved by the City</i>				X		

If no ineligible improvements are listed, it is presumed that improvements are only limited to those listed on the application and guidelines or they shall be deemed by the review group to be incongruent with the scope and goals of the program. The City of Santa Cruz, when we reached out to program management staff, stated that they take each application on a "case by case" basis and look for projects that will have a high impact on the overall appeal of the building, giving the City leeway to reject applicants that already have good façades.

Conclusion

Façade Improvement programs offered by Cities provide property and business owners with financial assistance that contributes to mutually beneficial improvements. For property owners and businesses, it provides financial incentives to make improvements to their building exterior, creating a more inviting exterior that can potentially increase their customer traffic. For local governments, the potential benefits are plenty which include more appealing commercial districts and potential increases in municipal revenue. This paper shows that cities across California share a similar investment interest and have façade programs that vary in characteristics but aim to promote revitalization of commercial properties.

References

[Heart of Fairfield Plan Area Façade, Outdoor Seating, and Signage Improvement Program: Administrative Guidelines and Application](#)

[City of Pismo Beach Façade Improvement Rebate Program](#)

[City of Santa Cruz Economic Development Façade Improvement Grant Program Overview and Application](#)

[City of Dublin Commercial Façade Improvement Grant Program Guidelines](#)

[City of Oakland Façade and Tenant Improvement Programs](#)

[City of Sebastopol Façade Improvement Program](#)

[City of Emeryville Façade Improvement Grant Program Guidelines](#)

[City of Saratoga Village Façade Improvement Program](#)