

# INDUSTRIAL REVITALIZATION FUND APPLICATION INSTRUCTION MANUAL FY 2022

## INTRODUCTION

The base budget of \$1.5 million for Fiscal Year 2022 (FY '22) is available for the strategic redevelopment of vacant and deteriorated industrial properties across the Commonwealth. The General Assembly will finalize the total funding available in the spring of 2021. For the purposes of this program, the term “industrial” will be considered to mean any non-residential structure significant to the community due to size, location, and/or economic importance. Remnants of past economic vibrancy and local economies in transition, these structures are no longer suited for their former purpose, and in their current deteriorated condition, stand as a substantial deterrent for future economic opportunity in the surrounding area and region.

Financial barriers typically block the timely redevelopment of these structures and often require more than local resources to attract private sector investment in order to make a deal cash flow. This is especially true in distressed areas. Therefore, the allocation is meant to leverage local and private resources to achieve market-driven redevelopment of these structures, creating a catalyst for long-term employment opportunities and on-going physical and economic revitalization. Eligible properties and structures must be vacant and deteriorated and may be redeveloped for any market-driven purpose including mixed-use, regardless of the original use. For purposes of IRF, 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.

### Availability of Funds

The funding available in FY 2022 is a one-time allocation to replenish the Virginia Derelict Structures Fund (DSF) established under §36-152 of the Code of Virginia. The Virginia Department of Housing & Community Development administers these funds under the Industrial Revitalization Fund (IRF) Program.

### Award Amounts

The maximum IRF award is \$600,000 per project, however, an applicant may apply for less. IRF awards may not be used as a substitute for other funds the applicant has already committed to a project. IRF awards require at least a 1:1 match.

## ELIGIBILITY

### Eligible Applicants

Only local governments (cities, counties, or towns), and regional or local economic or industrial development authorities may submit applications for funding. A unit of local government may apply directly for funding to use on publicly owned property **OR** on behalf of a for-profit or non-profit entity for privately owned property. Localities may designate a redevelopment authority or another similar organization as an agent for project implementation and administration.



## Award Funding Structures

While applicants should indicate whether funds are requested as a loan or a grant, DHCD reserves the right to award funding in the manner most appropriate to the project, and to recommend alternative structures as necessary.

DHCD will issue an **IRF GRANT** under the following conditions:

- The property is publicly owned;
- The privately owned property has an option agreement/contract in place for purchase by a local government at the time of the application; or
- The private property is owned by a not-for-profit, tax-exempt entity.
- Financing to complete the entire project as specified in the IRF application has been secured as evidenced by formal letters of interest, term sheets, or commitment letters.

In cases where the local government intends to lease the property to a private, for-profit entity, a market rate lease is required; **upon resale of the property to a private, for-profit entity, DHCD may require repayment of a prorated grant amount.**

DHCD will issue an **IRF GRANT/LOAN** under the following conditions:

- The property is owned by a private, for-profit entity and the end-use will be owned by a private, for-profit business.
- Financing to complete the entire project as specified in the IRF application has been secured as evidenced by formal letters of interest, term sheets, or commitment letters.
- IRF Grant/Loans may be funded as a grant to the applicant local government (or local Development Authority), who will in turn make a loan to the for-profit entity. The following standard terms and conditions will apply to all projects unless DHCD determines 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 an executed performance agreement with the developer
- If the locality is unwilling to manage the loan, or, by DHCD's determination, unable to manage the loan, the loan may be underwritten by Virginia Community Capital (VCC). In this case, VCC will require a commitment fee of 1% (50% due within 14 days of execution of IRF loan performance agreement and the remainder at IRF closing).

**All projects**, regardless of award structure, must be ready to execute a contract or performance agreement for the IRF funds by **January 1, 2022**.

- Agreements may be executed simultaneously to the closing of the first trust lender for primary financing or after; however, IRF 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 6 months of award may result in the IRF funds being reprogrammed to another project. The applicant will be given the opportunity to apply again once the project is more prepared for IRF loan closing. DHCD has the discretion to offer an extension beyond six months where delays are caused by circumstances beyond the control of the developer.

**All projects**, regardless of award structure, will be required to have a deed covenant/restriction or a lien for a period of 10-years that requires 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 10-year period, DHCD may require a pro-rated repayment of the IRF funds based on the number of years of the deed restriction remaining.

## Match

To demonstrate project viability and the applicant's commitment, applicants are required to provide a 100 percent (1:1) local match from private or public sources. The match must either be cash or documented costs that are directly associated with the improvements to the property where IRF funds are expended. Local match may include federal (CDBG or other), state, local, and private funds spent on activities directly related to the targeted project within the last **full** fiscal year (on or after July 1, 2020).

A locality may use documented administrative costs as up to five percent (5%) of the local match. The use of administrative costs as local match must be outlined in the application and will need to be documented through invoices or payroll records. The locality must provide a description of specific in-kind resources committed, including methods used to determine their value.

**Example:** An applicant that is seeking a \$300,000 IRF grant must provide a match of at least \$300,000 (100% match). Local match in excess of \$300,000 will increase the application's score. This applicant could include up to \$15,000 in documented administrative costs in their \$300,000 match.

IRF funds may not be used as a substitute for other funds the applicant or end-user has already committed to a project. If the project proposes a for-profit, private end-use, DHCD considers an equity investment by that entity into the IRF project as an indication of long-term commitment to the project.

### Eligible Match:

- Acquisition costs - include 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 IRF project site;
- Construction-related soft costs such as engineering, design or architectural activities (must be specifically identified in the application);
- Investments into Machinery & Tools, taxable by the locality;
- Public notices, permit or dumping fees and inspections costs (or waivers of such) directly related to physical activities (must be specifically identified in the application);
- No more than five percent (5%) local match will be accepted as in-kind or cash for out-of-pocket administrative costs.

### Ineligible Match:

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

## Eligible Use of Funds

The IRF program is flexibly designed so that funds can be used for a wide variety of revitalization and redevelopment activities such as **acquisition, rehabilitation, or repair** (including securing and stabilizing for subsequent reuse) of specific structures, as well as **demolition, removal**, and other **physical activities**. Grant administration is **not** an eligible activity for IRF.



In the case of acquisition, DHCD will limit its financial participation to the property’s fair market value and the associated legal costs of acquisition. Fair market value is considered to be the lesser of the property’s documented acquisition costs or appraised value. IRF funds may also be used for the legal costs associated with demolition. However, funds may not be used **solely** for acquisition or demolition unless it can be demonstrated that the locality has committed other redevelopment funds to the property, and there is a market-based redevelopment plan outlining reuse options, target markets/niches, and a property marketing strategy including the entity responsible for implementation. Generally, demolition should be used only in circumstances where the size or location of a building precludes any significant redevelopment potential or in cases where there is an imminent safety threat.

Site remediation is **not** an eligible activity for IRF. Virginia’s Department of Environmental Quality offers several programs to assist with remediation and environmental assessment including the Voluntary Remediation & Brownfields/Land Renewal Programs. Visit <http://www.deq.virginia.gov> for more information.

It is **not the intent** of the IRF Program to fund the relocation of existing Virginia businesses into a redeveloped structure, particularly if the relocation or expansion occurs simultaneously with the closure or significant reduction of operations in another Virginia locality. If this type of project is proposed as part of a significant expansion, the applicant must demonstrate that it is clearly part of the community or region’s economic development strategy and how business relocation has a quantifiable impact on that strategy.

### Eligible Properties

According to the Code of Virginia § 36-3, a “blighted property” means any individual commercial, industrial, or residential structure or improvement that endangers the public's health, safety, or welfare because the structure or improvement upon the property is dilapidated, deteriorated, or violates minimum health and safety standards, or any structure or improvement previously designated as blighted pursuant to § 36-49.1:1, under the process for determination of "spot blight."

The program is targeted toward (functionally) **vacant and deteriorated** properties whose poor condition creates a notion of physical and economic blight in the surrounding area, and often is a deterrent to surrounding development. Projects may consist of multiple properties provided they are adjacent and/or adjoining and are related in either their negative impact (e.g., three adjacent severely deteriorated downtown buildings that create a negative impact on the remainder of the block) or end use (e.g., rehabilitation of an abandoned warehouse into a shell building with purchase of adjacent property for parking.)

Eligible properties and structures may be redeveloped for any market-driven purpose including mixed-use, regardless of the original use. For purposes of IRF, mixed-use is defined as “a building incorporating residential uses in which a minimum of **30 percent of the useable floor space** will be devoted to commercial, office, or industrial use or in which **30 percent of the projected project revenue** is derived from the commercial space.”

It is **not the intent** of the IRF Program to fund new construction or the development of greenfield properties, unless done in coordination with the redevelopment of an eligible vacant or deteriorated property.

Former Property Uses		
Eligible		Ineligible
<ul style="list-style-type: none"> <li>• Manufacturing</li> <li>• Warehousing</li> <li>• Mining</li> <li>• Transportation</li> <li>• Power Production</li> </ul>	<ul style="list-style-type: none"> <li>• Department stores</li> <li>• Theaters</li> <li>• Hotels</li> <li>• Shopping Centers</li> <li>• School Buildings</li> </ul>	<ul style="list-style-type: none"> <li>• Solely residential</li> <li>• Scattered site projects</li> <li>• Greenfield sites</li> </ul>



## FUND ACCESS

In the case of **GRANTS**, a contract between DHCD and the grantee outlining end products, conditions, fund disbursement and termination must be executed **before any funds are disbursed**. Funds may only be used for **expenses incurred after the signing of the contract, unless otherwise negotiated with DHCD**. IRF grant funds are available on a **reimbursement basis only**, for **costs** the applicant has incurred and paid for. Documentation of matching funds must be submitted with each remittance before any funds are disbursed.

In the case of **GRANT/LOANS**, IRF funding will be released as a grant to the applicant local government entity (or approved Economic Development Authority), or Virginia Community Capital, at DHCD's sole discretion, who will then make a loan to the private developer pro-rata with other funders or once other sources are expended. This will be determined in discussion with developers upon DHCD's award notification.

### Funding Priorities

The ultimate intent of the IRF program is to fund **shovel-ready** projects that will act as a catalyst to spark additional private investment and job creation in distressed areas that have been targeted for economic development and community revitalization as part of a larger economic restructuring or economic development strategy. Based on that intent, DHCD has established the following funding priorities:

#### 1. Clear relationship to a local or regional economic development strategy.

Applicants must identify the economic development strategy that the proposed project will support. This strategy should be an element of an existing redevelopment, blight removal, or economic development plan, and applicants should cite the specific documents that substantiate the goals of project. Applicants must explain what is currently being done in the community and how the IRF funds will accelerate and expand those economic restructuring and development activities. Additionally, the application should identify why the proposed project is being prioritized for IRF funds over other projects in the locality.

#### 2. High degree of blight and deterioration to be addressed.

Applicants must describe the extent of the physical deterioration and identify the negative impact the property is having in the community. DHCD is seeking to invest in projects that will address the negative impact the property has on the community's ability to attract private investment and job creation. Applicants must demonstrate that addressing the property is a local priority, and projects that seek to repurpose a property will be given more consideration than projects that focus only on demolition/site clearance. Higher priority will be given to projects involving blight abatement and elimination, than those proposing blight prevention.

#### 3. Project readiness.

DHCD will give higher priority to shovel-ready projects that will lead to the efficient and **immediate** redevelopment of blighted properties. **Readiness scores will be reviewed first by DHCD and a minimum score will be required to be considered for funding**. Projects that can demonstrate "readiness to proceed" will be given the greatest consideration. Readiness to proceed is demonstrated by having **finalized plans** and **primary financing in place** (formal letters of interest, term sheets or letters of commitment) for an identified **end-user/user**. Capacity for project implementation by the locality or developer will also be a consideration in project readiness. For applications requesting grant funding, readiness to proceed should be demonstrated by community support for the project, and the receipt of public input where appropriate. **NOTE:** Any developers, contractors, and professional services funded by an IRF grant must be procured in accordance with the [Virginia Procurement Act \(VPPA\)](#). Applicants should submit documentation to detail that procurement requirements have been met for any professional services contracted to date. Grantees will be required to submit

documentation to detail that procurement requirements have been met, prior to any execution of contracts that obligate IRF funds. See the list of items that should be provided, if available, to show project readiness (Pages 10-11).

Projects that can show the ability to close on the IRF loan or go under contract with DHCD within six months of an IRF award notification will be the most competitive for funding. DHCD reserves the right to withdraw funding should the applicant not be under contract/close the IRF loan in a reasonable amount of time. DHCD also reserves the right to withdraw funding if there are substantial or significant changes to the development team, scope of work or community economic benefit.

#### **4. Project with a clear end use.**

Successful applicants will be able to identify a tangible end-use to be completed in a reasonable amount of time, typically an 18-month timeframe. Successful projects will have executed development agreements, commitment letters from non-profit partners, operations/management agreements, leases for space, and detailed operations plans. Projects that have speculative or undetermined end uses will be considered a lower priority. If the application proposes a non-profit end use, the applicant or end user must demonstrate long-term sustainability by providing a 10-year operating pro forma and other documentation of financial solvency.

#### **5. End use will have a clear and significant community economic impact.**

Applicants must describe how the project will have a clear positive impact on the community. This includes both the economic impact of the construction process and the end use. Applicants should demonstrate a commitment to ensuring IRF projects seek outreach opportunities for local developers and subcontractors and SWAM certified businesses to participate in the development. Projects should also demonstrate significant private investment when the end user is a private business. Applicants must demonstrate how the completion of the IRF project will be a catalyst to larger economic revitalization efforts in the locality and region and will spark additional investment in the surrounding area. Applicants should include quantified expectations for primary impact (such as net new jobs, new businesses, and leveraged private investment) and any secondary impact (such as increased local sales, meals, or lodging tax revenue, increased export or non-export (tourism) revenues, increased daily and/or overnight visitors, and availability of commercial square footage.) In addition, applicants should describe how the project may be catalytic to the community in non-economic terms (such as access to services or resources, workforce development, and quality of life improvements). Projects that show significant community economic impact will be given higher priority; whereas projects with a public sector end-use will be lower priority. For IRF purposes, a full-time equivalent job is defined as employment of, at a minimum, 35 hours per week. Existing employees or unpaid volunteer positions should not be included in job creation projections and will not be considered in application scoring.

#### **6. High Economic Distress in project locality.**

Extra consideration will be given to projects located in communities that are experiencing higher degrees of distress. However, it is not intended to compensate for poorly conceived projects that do not score well on the other funding priorities. The Industrial Revitalization Fund (IRF) distress index is comprised of three factors: unemployment, fiscal stress, and poverty. From these statistics, individual distressed scores are computed. Finally, the three component scores are averaged together to form a composite score. The composite score is then broken down into four categories based on standard deviations from the average score.

##### Unemployment

Unemployment adversely affects the disposable income of families, erodes purchasing power, diminishes

employee morale, and reduces economy's output. The unemployment index score depends on localities' unemployment rates. The unemployment rate also reflects the local economic conditions as well as localities' ability to generate revenue to provide critical services to its citizens. A higher unemployment rate means less economic activity and reduced revenue sources for the local government.

### Fiscal Stress

The ability for a locality to provide services to their citizens depends on their capability to generate revenue from their own sources. A lack of revenue-generating capacity will lead to either a shrinking budget or a gap between revenues and expenditures, which is considered fiscal stress. The fiscal stress index is comprised of three factors: revenue capacity per capita, revenue effort, and median household income. From these statistics, individual stress scores are computed. Finally, the three component stress scores are averaged together to form a composite.

### Poverty

Poverty can negatively affect economic growth by affecting the accumulation of human capital and rates of crime and social unrest. Human capital--that is, the education, work experience, training, and health of the workforce--is considered one of the fundamental drivers of economic growth. Also, areas with higher poverty rates experience, on average, slower per capita income growth rates than low-poverty areas.

See **Appendix D** for pre-calculated scores for all cities and counties. Towns may use the distress score of the county, or they may calculate their own based on a calculator provided by DHCD, upon request.

## Other Considerations

DHCD encourages localities to apply for projects that will have a strong significance to the broader community and region, in areas of ongoing or identified redevelopment/revitalization. Applicants will receive **bonus points** for projects that meet the following characteristics:

- Part of a significant **regional focus**. This includes projects located in an area covered by a revenue sharing agreement or projects cited in a formal regional economic development plan.
- Eligibility for local real property tax abatements (§58.1-3221) or other **local incentives** to encourage investment.
- Location in an **Enterprise Zone** and ability to qualify for the state and local incentives. **IRF loans** may be included in the Enterprise Zone Real Property Investment Grant schedule of Qualified Real Property investments, while **IRF grants** must be excluded.
- Location in a designated **Virginia Main Street** community; local, state or federal **historic district; redevelopment or blight removal district; Opportunity Zone; Technology Zone**; or other similar district.
- Location in a current **CDBG project area**.
- Committed project leverage exceeds 1:1 match.
- Commitment to including **SWAM certified** contractors/sub-contractors through solicitation during the bidding and procurement process.

## Prioritization

A locality may only submit one application per funding round; therefore, localities must identify and authorize the project that will have the most meaningful impact on local community revitalization and economic development efforts. As such, a resolution from the local governing body authorizing the request for funding is an application requirement. If the locality is applying on behalf of a non-profit or private for-profit, the resolution should indicate the specific match amount and identify the entity that will be responsible for providing the matching funds.

## SUBMISSION REQUIREMENTS

Applications for IRF funding must be submitted through DHCD's Centralized Application Management System (CAMS). You can access CAMS using the following link: <https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>

In order to access CAMS and complete an application for funding, a locality must establish a CAMS profile. A profile request can be made by going to the CAMS site and selecting the **"Registration"** option. In order to register your organization, you will need your organizations DUNS number and FEIN number. Please allow up to five business days for DHCD to process and approve your registration request.

Once your organization has been registered, you may log in with your username and password and select the **"Applications and Programs"** option. From this page, select the **"Apply"** option and select **"Industrial Revitalization Fund"** from the dropdown menu. A description of the program will appear. Click the **"Apply"** button next to the pencil icon to begin an application.

As you complete the application, be sure to save each page. You have the option to close out of CAMS and return to the application at any time until the application is submitted or the deadline has passed.

If you need assistance with the registration or completion of the application in CAMS, please send an email request to the CAMS help team through the **"contact us"** link at the bottom of every page in CAMS. Someone will contact you as soon as possible to provide needed assistance.

## APPLICATION INSTRUCTIONS

All 2022 applications for IRF funding must be submitted through CAMS. Complete each tab as indicated below:

### Project Budget and Budget Narrative

Complete the **Project Budget** and discuss the funding for the proposed project in the budget narrative section. Identify ALL activities that need to be undertaken in order to return the property to a viable economic use. In the case of activities whose costs will be paid for by funds other than IRF, use the *"Other"* category. In the narrative, please list the specific source of non-IRF funds. You will be able to discuss these activities and other sources of funding in more detail and attach funding documentation later in the application.

### Project Overview

Please complete the **project summary sheet (Appendix A)** and provide a brief description of the project here. Discuss the overall project from start to finish, including the intended end-use and the specific activities to be undertaken with the IRF funds and associated match. Indicate if the IRF project is the project in its entirety or a phase of a larger project.

### The following question relates to Funding Priority 1:

1. **Development Strategies:** Discuss any local or regional economic development strategies or plans and explain how this project ties in with those identified goals & outcomes.
2. **Local Development:** Discuss any recent or upcoming public or private investments that will contribute to, or benefit from, the success of this IRF project.

### The following questions relate to Funding Priority 2

1. Discuss the rationale for the selection of the targeted property versus other vacant and deteriorated properties in the locality. Why is this project the highest community priority?



2. Discuss how this property was determined to be blighted and describe the derelict elements of the building. Discuss the negative impact that the property, in its current condition, has had on other investment and job creation in the surrounding area. Include in the attachments photographs of the property to demonstrate the derelict condition of the exterior and interior.
3. List any public or private investments or initiatives during the following timeframes, that have or will contribute to or benefit from the success of the IRF project:
  - a. Within the past two years (Will these investments be used as match?)
  - b. Currently underway
  - c. Within next two years

### The following questions relate to Funding Priority 3:

1. **Project Status:** Please complete the **project status sheet (Appendix B)**. Provide a brief narrative discussing ownership of the property, what has been done to date and any potential obstacles to completion.
2. **Developer:** If a Developer has already been identified, discuss the developer's experience and capacity. If the local government will act as the Developer include similar information. If a Developer has not been identified, discuss the process and timeline for securing one.
3. **Matching Funds:** The intent of the IRF money is to help fill a financing gap that has prevented the re-use and/or redevelopment of vacant and blighted industrial property. As such, applicants are required to provide at least a 100 percent local match (from private or public sources). Local match greater than 100 percent will increase the application's score.  
Please complete the **match funding chart (Appendix C)** and include documentation of all secured matching funds as an attachment. Describe why IRF assistance is absolutely necessary to complete the project. Local match must either be cash or documented costs that are directly associated with the work being done on the property where IRF funds are expended. Local match may also include federal (including CDBG), local or private funds spent on or after July 1, 2020, on activities directly related to the targeted project.

### The following questions relate to Funding Priorities 4 & 5:

1. Discuss the end-use of the property, including evidence of its economic viability. Cite and include relevant sections of market research, pro-forma, or other economic viability research. Please include a copy of the end-use business plan, if available. Will this be used to secure primary or other financing? Will it need adjustments to ensure it is suitable to a lender's needs?
2. Discuss how end-users will be recruited and discuss interest or commitments to-date from possible end-users. If an end-user has been identified, include any leases/agreements/commitment letters as an attachment.
3. Provide the anticipated operating budget once project is stabilized. What are the sources of revenue that will support the operation of this facility? Discuss how the facility will be managed upon completion. If it is the applicant's intention to secure IRF funding as a grant/loan, please explain the intended benefits and reasoning of this structure for your locality.
4. Please indicate the primary community economic impact of this project, including net new full-time and part-time jobs (not including construction jobs), new businesses, and leveraged private investment. Describe the methodology used to calculate these measures.
5. Please describe the secondary community economic impact of this project, such as increased local sales, meals, or lodging tax revenues, increased export or non-export (tourism) revenues, increased daily and/or overnight

visitors, and availability of commercial square footage or residential units. Describe the methodology used to calculate these measures.

6. Please describe any additional impact of this project, including non-economic outcomes such as access to services or resources, workforce development, and quality of life improvements. Describe the methodology used to identify these outcomes, and quantify the impact where possible.

### The following questions relate to Funding Priority 6:

1. Please list your locality's distress score based on the **Distress Score Calculations (Appendix D)**. If you are a Town that wishes to calculate a distress score that is different from the County, contact DHCD for a calculator, upon request.

### Other Considerations:

**Extra Credit Chart:** Please complete the **extra credit chart (Appendix E)**.

### Required Attachments:

- **Local Assurances:** The *Chief Administrative Officer* for the locality must sign to certify that the information in this application is accurate and correct and that the property meets the eligible definition of "blighted". An example is included in **Appendix F**.
- **Resolution:** The governing body of the locality must authorize the application for Industrial Revitalization Funds for the specific property (address will be sufficient) and documenting the **specific dollar amount in IRF matching funds** from the locality and other sources. If the locality is applying on behalf of a non-profit or private for-profit entity, the resolution should document the specific match amount and indicate that it is the responsibility of that entity to come up with the match. An example is included in **Appendix F**.

### Property Information:

- **Photographs:** Include images of each subject property. Be sure to include enough images that show the condition of the building or 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.

### Additional Project Info

Attach 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.

- Project pro-forma; should include requested amount of IRF funding and underlying assumptions. Use loan assumptions found on page 2
- End use business plan
- Resume on developer/principals
- Financial statements within last 12 months on project principals and global cash flow statement on R/E holdings
- Latest market feasibility study/feasibility study showing demand for new use



- Proof of recent Phase II environmental study
- Proof of property zoning/re-zoning or specific timeline by which that will be accomplished
- Letters of interest/term sheets from primary funder(s)
- Property Appraisal or other documentation of purchase price/property value
- Documentation of procurement process followed to select developer (if developer is an entity other than locality applying for grant)
- Locality’s procurement guidelines (if developer is an entity other than locality applying for grant)

## SCORING

Funds will be allocated through a competitive process that will give greater priority to projects leading to the efficient and immediate redevelopment and/or reuse of abandoned “industrial” structures. Applications will be evaluated according to a scoring system and projects will be selected for funding on the basis of the higher scores in descending order until all funds are allocated. Scoring criteria and point allocation will be as follows:

Relationship to Economic Development Strategy	10%
Readiness	30%
End Use Plans	15%
Economic Impact	25%
Distress	15%
Match	5%
<b>TOTAL</b>	<b>100%</b>

A strong application will be able to document that the project is **ready-to-go, but could not be finished without the injection of the IRF funds.**

### Performance Agreements & Contractual Obligations

**Successful applicants** will be **required to sign a contract/performance agreement** committing them to the economic outcomes, property use, fund use and match outlined in approved application and any pre-contract/performance agreement negotiations.

All applications, contracts and performance agreements are subject to negotiation with DHCD. All projects will be required to have a deed covenant/restriction or a lien for a period of 10-years that requires 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 10-year period, DHCD may require a pro-rated repayment of the IRF funds based on the number of years of the deed restriction remaining.

All approved projects will be committed to a project completion date of 18 months from contract execution/loan closing, by which all activities must be completed and drawdown requests/loan disbursements submitted to DHCD/VCC. Any project that receives funding and does not use all of its designated funds by the project completion date specified in its contract/loan award may lose the remaining fund balance.

### Substantial Project Changes after Application Submittal

DHCD reserves the right to rescind the funding offer if substantial changes to the project scope and/or financing needs occur after application submittal. DHCD will be concerned of the impact of such on project cash flow, project timing, need for IRF funding, intent of the IRF program, and projected outcomes as outlined in the original application. To maintain consideration for IRF funding, substantial changes to project scope and/or budget will require applicants to provide DHCD with an updated description of the project including:



- Description of changes
- Updated sources & uses of funds
- Updated pro-forma
- Additional letters of interest
- Project-related commitments
- Updated management plans & operation agreements

## TIMELINE

### How-to-Apply Workshops

DHCD will offer a virtual How-to-Apply Workshop on December 15, 2020 at 10AM, which will be recorded and saved. Prospective applicants are also encouraged to reach out the DHCD staff as soon as possible to discuss any projects in development. Registration for the workshop will be available on the DHCD Website at [www.dhcd.virginia.gov/industrial-revitalization-fund-IRF](http://www.dhcd.virginia.gov/industrial-revitalization-fund-IRF)

<b>Register your Organization in CAMS</b>	<b>ASAP</b>
<b>Application Submittal Deadline</b>	July 30, 2021
<b>Application Review</b>	Aug/Sept 2021
<b>Anticipated Award Announcement</b>	Oct/Nov 2021



## CONTACT

For more information on the IRF program please contact:



### Virginia Department of Housing and Community Development

600 East Main Street, Suite 300

Richmond, Virginia 23219

(804) 371-7171

[cro@dhcd.virginia.gov](mailto:cro@dhcd.virginia.gov)



## APPENDIX A: PROJECT SUMMARY SHEET

### PROJECT SUMMARY SHEET

Project Name	
Locality Applying	
Property Address	
Year Built	
Original Use of Property	
Property Size SF	
Vacant Since	
Owner	
Developer	
End User	
Total Project Budget	
IRF Request (\$600,000 Max)	
Intended Use of IRF Funds	
Intended Use of Property	
Potential # of Jobs to be Created	
Current Condition of Property	

**APPENDIX B: PROJECT STATUS SHEET**

**PROJECT STATUS SHEET**

<p>Activities Completed <b>So Far</b> to Prepare for Development</p>	
<p>Current <b>Zoning</b> &amp; Any Needed Changes</p>	
<p>Will <b>New Market or Historic Tax Credits</b> Be Used? If so, please provide the status</p>	
<p>Does the Project Require <b>Financing</b>? Please provide summary and status if so.</p>	
<p>Is the <b>Project Design</b> Finalized? What steps remain?</p>	

## APPENDIX C: MATCH FUNDING CHART

### MATCH FUNDING CHART

Source of Match Funding	Amount of Funding	Status of Funding
<b>TOTAL</b>		

## APPENDIX D: DISTRESS SCORES FOR CITIES & TOWNS

### 2022 Pre-calculated Distress Scores for Cities and Counties

Highly Distressed = 150 Application Points			
Bristol City	Galax City	Lynchburg City	Richmond City
Brunswick County	Greensville County	Martinsville City	Roanoke City
Buchanan County	Hampton City	Newport News City	Sussex County
Covington City	Harrisonburg City	Norfolk City	Williamsburg City
Danville City	Henry County	Norton City	Wise County
Dickenson County	Hopewell City	Petersburg City	
Emporia City	Lee County	Portsmouth County	
Franklin City	Lexington City	Radford City	
Above Average = 100 Application Points			
Accomack County	Charlottesville City	Mecklenburg County	Smyth County
Alleghany County	Colonial Heights City	Montgomery County	Southampton County
Amherst County	Cumberland County	Northampton County	Staunton City
Appomattox County	Dinwiddie County	Nottoway County	Suffolk City
Bland County	Essex County	Page County	Tazewell County
Buckingham County	Fredericksburg City	Patrick County	Washington County
Buena Vista City	Giles County	Pittsylvania County	Waynesboro City
Campbell County	Grayson County	Prince Edward County	Westmoreland County
Carroll County	Halifax County	Pulaski County	Winchester City
Charles City County	Lunenburg County	Russell County	Wythe County
Charlotte County	Manassas Park City	Scott County	
At Risk = 50 Application Points			
Albemarle County	Fairfax County	King William County	Roanoke County
Alexandria City	Floyd County	Lancaster County	Rockbridge County
Amelia County	Fluvanna County	Louisa County	Rockingham County
Augusta County	Franklin County	Madison County	Salem City
Bath County	Frederick County	Manassas City	Shenandoah County
Bedford County	Gloucester County	Mathews County	Spotsylvania County
Botetourt County	Greene County	Middlesex County	Stafford County
Caroline County	Henrico County	Nelson County	Surry County
Chesapeake City	Highland County	Northumberland County	Virginia Beach City
Chesterfield County	Isle of Wight County	Orange County	Warren County
Craig County	James City County	Prince George County	York County
Culpeper County	King and Queen County	Prince William County	
Fairfax City	King George County	Richmond County	
Not Distressed = 0 Application Points			
Arlington County	Fauquier County	Loudoun County	Powhatan County
Clarke County	Goochland County	New Kent County	Rappahannock County
Falls Church City	Hanover County	Poquoson City	

## Calculations by Census Tract for Towns

Towns may opt to use the distress score of their county or choose to calculate their score themselves. If you are a Town that wishes to calculate a distress score that is different from the County, contact DHCD for a calculator, upon request.



## APPENDIX E: EXTRA CREDIT SHEET

### EXTRA CREDIT SHEET

<p>Is this project in a revenue sharing district and/or has it been cited in a formal regional development strategy? Please describe.</p>	
<p>Is this project eligible for local real property tax abatement or other local incentives to encourage property reinvestment? Please describe.</p>	
<p>Is this project located within an Enterprise Zone?</p>	
<p>Is this project located in a current CDBG project area?</p>	
<p>Is this project located within a special district? Special districts include: Designated Main Street districts; local, state or federal historic districts; redevelopment or blight removal districts; technology zones; tourism zones; opportunity zones; etc.</p>	
<p>Does your project have committed leverage funding in excess of a 1:1 match? What is the ratio of committed leverage funding to IRF request (total commitment divided by IRF request)?</p>	
<p>Is your project committed to including SWAM certified contractors/sub-contractors through solicitation during the bidding &amp; procurement process?</p>	

## APPENDIX F: SAMPLE LOCAL CERTIFICATION AND RESOLUTION

### SAMPLE LOCAL CERTIFICATION

The applicant hereby assures and certifies that:

- (a) It possesses legal authority to apply for the IRF program and to execute the proposed program.
- (b) The property for which the application is made meets the definition of “blighted property” according to the Code of Virginia § 36-3.
- (c) Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the filing of the application including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- (d) That the information contained in the IRF application is true and correct.

Chief Administrative Official:

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Date

### SAMPLE LOCAL RESOLUTION

Be it resolved that, LOCALITY NAME wishes to apply for AMOUNT of Industrial Revitalization Funds for PROJECT TITLE for PROPOSED END USE.

Whereas LIST AMOUNTS AND SOURCES OF OTHER FUNDS will also be expended on this project, it is projected that NUMBER AND TYPE OF BENEFICIARIES will result from the implementation of the project.

Be it further resolved that CHIEF ADMINISTRATIVE OFFICIAL is hereby authorized to sign and submit appropriate documents for the submittal of this Industrial Revitalization Fund proposal.

Adopted, DATE.

Signed:  
CHIEF ELECTED OFFICIAL

Attest:  
CLERK