



125th STREET PILOT RETAIL INCENTIVE PROGRAM

The “125th Street Pilot Retail Incentive Program,” is a response by the Upper Manhattan Empowerment Zone (“UMEZ”) to create a focused response to certain externalities that may result from the Rezoning of 125th Street. This response targets only those businesses that have been adversely affected by the proposed rezoning of 125th Street or entrepreneurs seeking to take advantage of newly created retail opportunities within a defined portion of 125th Street.

INITIATIVES:

1) “On the Street”

To provide an incentive to established retailers¹ seeking to expand their businesses to 125th Street between Fifth Avenue and Frederick Douglass Boulevard. In doing so, independently-owned retailers can participate in the 5% set-aside that may result from the anticipated re-zoning of 125th Street.² This will contribute to the diversification of the 125th Street commercial corridor in the midst of national franchise retailers moving to the area. Existing local art and entertainment businesses such as art galleries, music stores and television studios are especially encouraged to apply. (See list of eligible businesses.)

2) “On the Ave”

To provide incentives to retailers that are relocating their retail businesses to the avenues intersecting 125th Street (including 5th Avenue, Lenox Avenue, Adam Clayton Powell Boulevard and Frederick Douglas Boulevard from West 116th Street to West 135th Street). Independently-owned retail businesses on 125th Street that are unable to sustain operation due to rent increases will be encouraged to relocate to the nearby avenues. Additionally, this incentive will enable small/local businesses to participate in the surrounding business environment that is cultivated as a result of 125th Street zoning changes.

PROGRAM:

UMEZ will offer no interest, forgivable loans to qualified entrepreneurs as an incentive for them to relocate or expand businesses in the abovementioned targeted locations. The total loan pool for the “On the Street” incentive is \$250,000, and the total loan pool for the “On the Ave” incentive is \$500,000. The program will end July 31, 2009.

Loan funds will be available on a first come first serve basis.

LOAN STRUCTURE:

- 0% interest
- Loan size will be the **lesser** of: (i) \$20 per square foot of gross retail space or (ii) \$50,000
- Loans will be structured as two-year forgivable loans, where:
 - (i) 40% is forgiven one year after: (a) date of initial disbursement or (b) date Certificate of Occupancy is obtained (whichever is later); and
 - (ii) the remaining 60% is forgiven two years after: (a) date of initial disbursement or (b) date Certificate of Occupancy is obtained (whichever is later)

In both cases, certain documentary and other requirements will apply as specified below

- After the second year, any unforgiven amount will be amortized over three (3) years
- Loans will be secured by: (i) unconditional personal guaranties from all principals and (ii) first position security liens against all equipment or other assets purchased with the loan proceeds. If the business has just one principal, then he/she must meet additional personal net worth criteria
- Loan is to be used by applicant for business purposes only

APPLICATION PROCESS:

- Applicants must submit a completed loan application and the following additional information:
 - Certificate of Good Standing
 - Copy of executed lease with initial lease period of at least five (5) years
 - Copy of individual and corporate federal tax returns for prior three (3) years (as applicable)
 - Copy of commercial liability and property casualty insurance
 - Submission and approval of VENDEX form
 - Completion and submission of IRS Form 4506-T (Request for Transcript of Tax Returns filed)
 - Brief site visit by UMEZ Staff
- Must meet eligibility criteria and loan approval requirements (as described below)

ELIGIBILITY CRITERIA:

Businesses Applying for “On the Street” Incentive :

- Entertainment/retail uses such as art galleries, art supply stores, auditoriums, clubs, dance halls, eating/drinking establishments, production studios, museums, music stores, record stores, theatres and ticket sales are encouraged to apply
- Must not be a service establishment and/or service provider (e.g. hair salons, cleaning services, tax preparation business)
- Must provide evidence showing capacity to generate at least four times (4x)³ the annual rent amount
- Must not be a retail arms dealer, retail wine or liquor store or an adult entertainment product retailer
- Must not be publicly-traded
- Must not be a franchise as listed on Entrepreneur.com, Franchise.com, Opportunities.franchise.org, Franchisegator.com, Franchiseadvantage.com, Franchisedirect.com, Franchisefetch.com, or other related sites
- Must not be a retail establishment with similar name or logo as a business currently operating on 125th Street
- Must have been in operation for at least one (1) year⁴

*Start-ups will be considered under special circumstances

Businesses Applying for “On the Ave” Incentive:

- Retail and service businesses are encouraged to apply
- Must not be a retail arms dealer, retail wine or liquor store or an adult entertainment product retailer
- Must not be publicly-traded
- Must not be a franchise as listed on Entrepreneur.com, Franchise.com, Opportunities.franchise.org, Franchisegator.com, Franchiseadvantage.com, Franchisedirect.com, Franchisefetch.com, or other related sites

LOAN APPROVAL REQUIREMENTS FOR BOTH “ON THE STREET” AND “ON THE AVE” APPLICANTS:

- Two (2) written recommendations (one of which must be from existing landlord(s)⁵). No personal or familial recommendations accepted

- Personal credit scores equal to, or greater than, 600 for all guarantors
- Detailed project budget (including documentary evidence for construction, equipment and inventory costs) and explanation of sources and uses of funds⁵
- Proof of sufficient financing to cover detailed project budget (anticipated UMEZ funds can be included as working capital)
- One page executive summary including an overview the company’s management team qualifications and products/services offered
- Two (2) year monthly financial projection of Income Statement⁵
- No liens or judgments for unpaid taxes
- Unconditional guaranties by all principals. If business has just one principal then he/she must meet additional personal net worth criteria of \$50,000
- No outstanding loan balance with UMEZ or BRISC

CRITERIA FOR LOAN FORGIVENESS:

Year 1 – Forgiveness of 40% of Loan	Year 2 – Forgiveness of Remaining 60% of Loan
<ul style="list-style-type: none"> – One (1) year of operation from issuance of Certificate of Occupancy or date of disbursement (whichever is later) – Proof of payment of all necessary sales and payroll taxes – Certified copy of first year federal tax return – Site visit by UMEZ – Submission of annual revenues – Submission of UMEZ job creation/retention form – No lien or judgment for unpaid taxes 	<ul style="list-style-type: none"> – Two (2) years of operation from issuance of Certificate of Occupancy or date of disbursement (whichever is later) – Proof of payment of all necessary sales and payroll taxes – Certified copy of second year federal tax return – Site visit by UMEZ – Submission of annual revenues – Submission of UMEZ job creation/retention form – No lien or judgment for unpaid taxes

Notes

¹ Retailers are taken to mean any locally based small business that is not a franchise, a part of a retail chain, part of a core group of businesses that is the basis for a partnership or is publicly traded.

² Within the Arts and Entertainment Core Subdistrict new developments with 60,000 square feet of floor area or more would be required to have five percent of their total floor area reserved for and developed with qualifying arts and entertainment-related uses as listed below. Such arts and entertainment uses could be located anywhere within the new development but would be required to be accessible from 125th Street. The uses listed below would qualify as art and entertainment-related uses within the proposed Special District:

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| <ul style="list-style-type: none"> ▪ Art galleries ▪ Bookstores ▪ Bowling alleys ▪ Commercial clubs ▪ Public dance halls ▪ Eating or drinking establishments (with table service only) ▪ Historical exhibits | <ul style="list-style-type: none"> ▪ Museums ▪ Music or record stores ▪ Performance spaces ▪ Studios (art, music, dancing or theatrical, radio, television or motion picture) ▪ Theaters |
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(The preceding was taken from the New York City’s Department of City Planning’s Final Scope of Work for the 125th Street Corridor Rezoning and Related Actions, Environmental Impact Statement, CEQR No. 07DC030M, ULURP Nos. Pending - Prepared by Urbitran Associates. August 31, 2007)

³ Capacity to generate revenues of at least four times (4x) the annual rent amount that the business is paying at its current location.

⁴ Start-ups will be considered under special circumstances and only as they relate to the Arts and Entertainment Core Subdistrict new development set-a-sides.

⁵ UMEZ will provide a template/form needed by the applicant.