



# Economic Development Program Modernization and Priority Redevelopment Areas

*City Council Work Session  
May 4, 2026*

## Commercial Loan, Façade Grants, Technical Assistance

- Current programs:
  - 25 yr old CDBG funded Façade and Loan
  - Limited by City policy (not HUD or State Law)
  - 6 yr old locally funded Facade
  - Not aligned with priority areas for redevelopment
  - **Aggressive compared to other cities**
- 1 grant funded FTE and ~30% of Director's time
- Discuss Policy and budgetary changes to:
  - Engage in more impactful projects
  - Strengthen our redevelopment efforts
  - Increase partnerships with other organizations



- Small Business Survey
- Current and Proposed Programs
  - Section 108 and TIG
  - Loan
  - Façade
  - Small Façade
  - Other Tools Available but not formalized
- Other Opportunities and Resource Needs
- Priority Area Framing



- *Small Business Growth and Needs Assessment Survey*
  - Open from August to November
  - Advertised in a variety of outlets
  - 33 local businesses responded
- Need for business development support and financing of reinvestment
- Programs that help sustain existing growth

The City has two current policies to enable powerful redevelopment tools for commercial properties:

- Tax Increment Grant (TIG) – 50% to 75% of City taxes based on eligible costs associated with public benefits such as infrastructure, amenities, demolition, remediation, and others
- Section 108 loan - HUD backed secondary financing up to 5 times the City's annual CDBG allocation (est. \$8M) for projects that create job opportunities for low- and moderate-income residents

- Policy allows the max of HUD and State law
- Program for normal transactions
- Budget may not allow for large projects on demand, require advanced planning
- Smaller risk = Staff committee (ECD, Development Services, Real Estate)
- Larger risk = Higher authority

**City Council Review and Approval**  
(Highest level of support allowed by HUD regulations and State law)

**City Manager Review and Approval**  
(Impactful medium sized projects within the policy)

**Economic and Community  
Development Staff and Committee**  
(Normal day-to-day program offerings)

## Current

### Business Assistance Program

Subordinate (mezzanine) loans

- Max loan amount \$125,000 (\$200,000 Downtown)
- Fixed 5% Citywide (3% Downtown)
- Owner-occupied existing buildings

## Proposed

### Can Do BOOST Loan Program\*

Business Oppportunity for Ownership  
Stability and Transformation

- Max loan subject to available funds
- Interest rates tied to treasury
  - City-wide eligibility: 10-year note + 2%
  - Priority Areas: 10-year note
- Building owner w/qualifying tenant and or eligible business owner
- Existing Building and New Construction

\* Loans of a substantial amount move to Section 108 (Subject to max)

- Program for normal transactions
- Budget may not allow for large projects on demand, require advanced planning
- Smaller risk = Staff committee (ECD, Development Services, Real Estate)
- Larger risk = Higher authority

**City Council Review and Approval**  
(Owner/Tenant Occupied, New Construction, Above \$200k, will likely require advanced budgeting or Section 108)

**City Manager Review and Approval**  
(Owner/Tenant Occupied, New Construction, Up to \$200k)

**Economic and Community  
Development Staff and Committee**  
(Owner Occupied, Existing Building,  
Up to \$125k)

## Current

### Commercial Exterior Grant

50/50 match to improve façade

- **Grant: \$5k - \$25k**
- Only Low/Mod Census Areas
- Once per business
- Reimbursement to business
- One year to complete project
- Only for a business owner

## Proposed

### Can Do EDGE Grant

Exterior Design and Gateway Enhancements

- **Grant: \$7.5k – Max subject to approval**
  - City-wide eligibility: \$7.5k - \$25k approved
  - Priority Areas: \$7.5k - \$50k approved
- Twice per property
- Can pay the contractor directly
- 6 mo. to begin, one year to complete
- Eligible business owner or owner w/qualifying tenant

- Smaller amounts may qualify for local funding
- Program for normal transactions
- Budget may not allow for large projects on demand, require advanced planning
- Smaller risk = Staff committee (ECD, Development Services, Real Estate)
- Larger risk = Higher authority

**City Council Review and Approval**  
(Owner/Tenant Occupied, Total Project above \$100k, will likely require advanced budgeting)

**City Manager Review and Approval**  
(Owner/Tenant Occupied, \$50k Min. - \$100k Max. Total Project)

**Economic and Community Development Staff and Committee**  
(Business Occupied,  
Max Total Project:  
Citywide- \$15k - \$50k Total  
Priority Area - \$15k - \$100k Total)

## Current

### Corridor Improvement Grant

50/50 match to improve façade

- **Grant: \$5k - \$25k**
- Only in select corridors
- Once per business
- Reimbursement to business
- One year to complete project
- Only for a business owner

## Proposed

### Can Do CORE Grant

Corridor Oppportunity Revitalization for  
Exteriors

- **Grant: \$1k - \$7.5k**
- Only in Priority Redevelopment Areas
- Twice per property
- Can pay the contractor directly
- 6 mo. to begin, one year to complete
- Eligible business owner or owner w/qualifying tenant

- Citywide eligibility with Priority Area bonuses or automatic approvals
- More flexible programs to take on a wider scope of projects
- Increased the types of businesses that qualify

**Say “Yes”, with appropriate approval review**

- **Improve marketing**
- Quarterly application periods to generate interest and predictable timelines

(February 15, May 15, August 15, and November 15)

- With additional staff, the City could expand efforts:
  - Additional CD specialist – Interior upfit program with CDBG
  - Downtown Sr. Specialist – Downtown specific programming like business recruitment and expansion/stabilization
- Retail strategies – recruitment and marketing firm
- With additional investment, the City could bring on additional partnerships with community development lenders
  - Carolina Small Business Development Fund
  - Specialized small business technical support

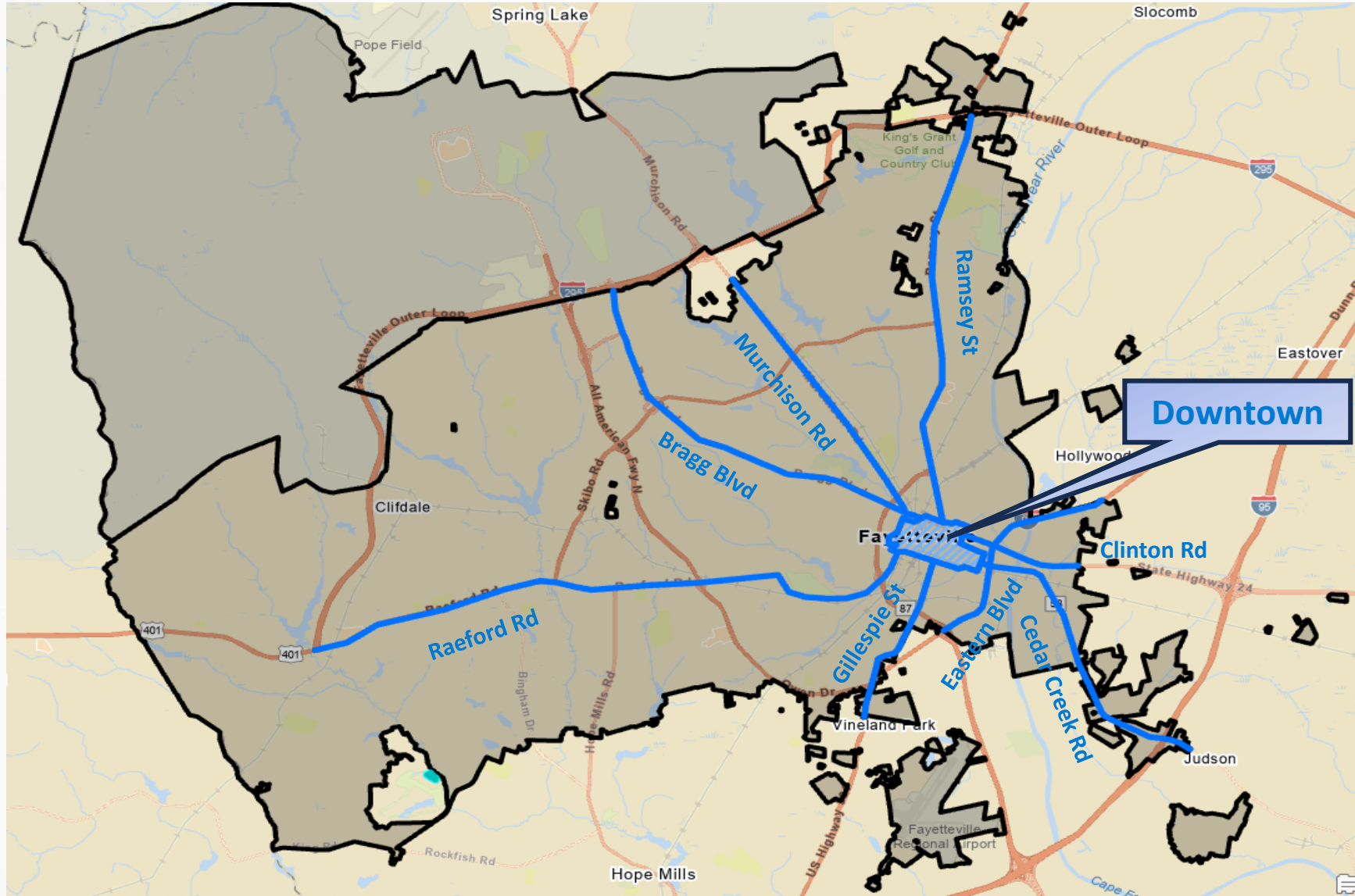
Staff reviewed multiple data sets to select areas:

- Major entryways that lead from critical arteries (I-95, I-95 Business, I-295) to downtown Fayetteville
- High average daily traffic counts
- Areas selected due to need for redevelopment of aging commercial stock

Changes recommended:

- Programs tailored to offer enhanced benefits (higher grant thresholds and/or lower interest rates) within areas
- Our existing Tax Increment Grant (TIG) would be revised to target these areas

# Priority Redevelopment Areas



Receive the updated information and provide consensus to adjust the Economic Development Programs and Priority Areas.

Upon receiving consensus approval staff will:

1. Revise programs, procedures, and applications;
2. Develop legal documents;
3. Update online application portal.

The goal will be to launch this on July 1, 2026.

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