

Virginia Enterprise Zone Program

Local Incentive Training
Thursday, July 17th at 10AM

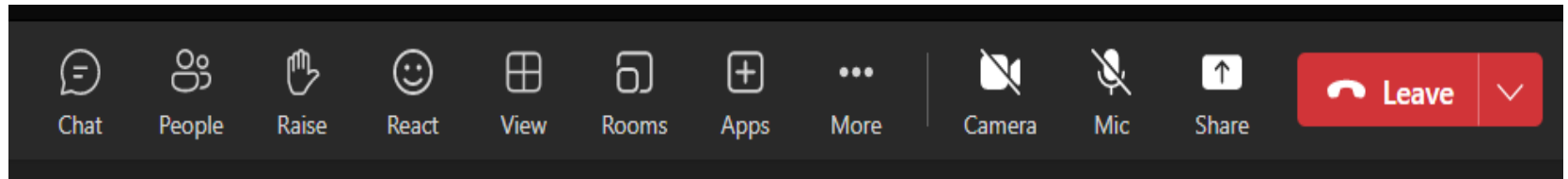


**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities



INTRODUCTION

- Please mute yourself and turn off your camera.
- The session is being recorded.
- There will be time for questions at the end of the presentation; **please do not submit questions during the presentation.**



Submit Questions
on Chat feature

Attendees

Turn camera
on or off

Turn microphone
on or off

AGENDA

Guidelines for Developing Local Incentives

Data: Local Incentives Offered by Localities

Conditions

Local Incentive Amendments

Case Study: City of Staunton

Discussion



GUIDELINES FOR DEVELOPING LOCAL INCENTIVES

Local Enterprise Zone incentives should:

- be tailored to both new and existing targeted business sectors; → Assist with business recruitment & attraction, as well as BRE
- be directly linked to actions that are consistent with local EZ revitalization and development goals; → Bring all stakeholders to the table
- offer a variety of financial and non-financial incentives; & → Non-financial: accelerated permit processing, job training; design assistance
- based on feedback from existing businesses that can identify industry priorities and obstacles to growth & be updated based on regular feedback from participating businesses.



GUIDELINES FOR DEVELOPING LOCAL INCENTIVES

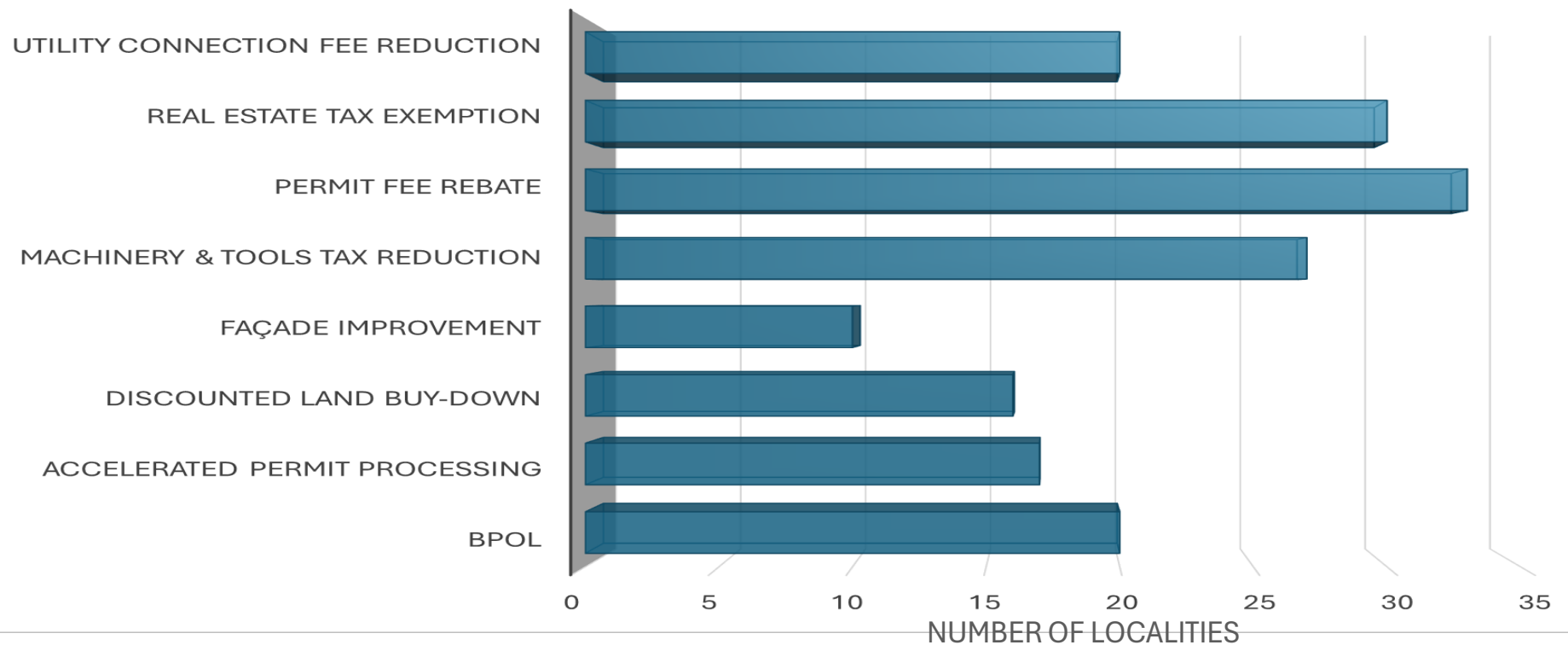
Local Enterprise Zone incentives should:

- reward firms that make a commitment to invest in a zone by creating new jobs &/or investment;
- fill in the gaps of state incentives; &
- have measurable outcomes to track development; & represent sound fiscal policy and not provide an excessive level of benefit that would be inappropriate from an economic point of view.

Local incentives should **NOT** be available throughout the entire locality unless special actions are taken to encourage greater utilization of the incentive within the EZ or a greater benefit is provided within the EZ
(ex. lower qualification threshold or larger grant amount).



LOCAL INCENTIVES



LOCAL INCENTIVES



Business development grant for vacant properties

City of Winchester | Vanessa Santiago

Grant equaling between 25% to 65% of qualifying business taxes over a five-year term based on square footage for projects that substantially rehabilitate eligible vacant properties that result in an increase in the assessed value by at least 75%

LOCAL INCENTIVES



Offsite improvement grant for draining, water & sewer, extending broadband, & construction or replacement of sidewalks

Henrico Co. | Claire Parkey

Grants up to the lesser of 33% of the cost or \$15,000 for off-site drainage, water, sewer, broadband, sidewalk, and bus stop improvements. Must invest minimum of \$250,000 in a new building or \$50,000 in exterior improvements to an existing building. Business must agree to create one job for a previously low-income person for each \$10,000 received.

LOCAL INCENTIVES

Business Security Grant

City of Roanoke

Alicia Cundiff

Qualified projects that have successfully completed the Police Department's Business Watch Program and enacted security measures recommended by the Police Department may receive a reimbursement of their investment in security measures up to 50% of the cost capped at \$500.



LOCAL INCENTIVES



Scott County
ECONOMIC DEVELOPMENT

CPA Fee Refund for Attestation

Scott County

John Kilgore

Qualified applicants that apply for the Virginia Enterprise Zone state grant may be reimbursed up to \$500 in CPA attestation costs.

LOCAL INCENTIVES

Landfill Rebate Fee

Accomack County

Tom Brockenbrough



Rebate of landfill tipping fee for removal of derelict buildings. Up to \$500 per structure. Applies to certain derelict structures (building only, no content). Debris must be type normally allowed at County landfill. Entire structure must be removed.

CONDITIONS OF LOCAL INCENTIVES

Strategically tailoring local incentive conditions and eligibility criteria is a way localities can encourage investment and job creation within the zone.

Conditions may be placed on:

- the period of time the incentive is made available (ex: during the first five years of zone operation)
- the period of time in which a zone business can qualify to receive an incentive (ex: a three-year exemption)
- eligibility criteria to receive incentives (ex: investment and/or job creation thresholds).



CONDITIONS OF LOCAL INCENTIVES

Eligibility requirements can be a key tool to guide development.

Eligibility requirements can be used to target incentives for:

- particular business sectors
(ex: tourism, technology)
- specific business locations
(ex: industrial park, Main Street, commercial district)

Businesses/investors should not be required to qualify for state incentives to be eligible for local incentives.



INCENTIVE AMENDMENTS



- A locality may amend boundaries and/or local incentives **once every twelve months** from the date of the last amendment.
- Local annual reports must be current** for DHCD to approve an amendment application.
- Once DHCD approves an amendment, the modifications to the zone are **retroactive back to January 1st** of the calendar year in which the amendment was approved.
- Amendments **are accepted on a rolling basis** throughout the year, but to be considered for the current calendar year, amendment applications should be submitted in CAMS by **November 1st** of that calendar year.

INCENTIVE AMENDMENT REQUIREMENTS



Meeting with DHCD staff **BEFORE** public hearing to approve incentives

- ☐ 2x Advertisements for public hearing (submit proof of publication)
- ☐ Public Hearing (submit official minutes & comments from meeting)
- ☐ Resolution (passed by local governing body, certified, & submitted)
- ☐ Local Assurances (completed, signed, & submitted)
- ☐ Incentive Chart (incentive amendment only) (submitted in CAMS)
- ☐ Joint Amendment Agreement (if in joint zone)



CASE STUDY | CITY OF STAUNTON



AGENDA

Overview of Program & State Grant Incentives

Review Current Local Incentives

Data Analysis

Proposed Incentives



Proposed Incentives



Large Business Investment Incentive

Target: Manufacturing and Larger Businesses

Benefits:

- 3-year graduated tax rebate on machinery/tools and business personal property
- Year 1: 50% rebate on increased tax
- Year 2: 40% rebate
- Year 3: 30% rebate
- 2 additional years (20% each) for \$5M+ investments

Requirements:

- \$750K+ in machinery/tools OR \$400K+ in business personal property
- 10+ new full-time jobs (150% of minimum wage)
- 5-year operation commitment

Addresses:

- Capital investment barriers
- Equipment modernization needs
- Manufacturing sector competitiveness
- Job creation for larger employers

Loan Interest Buy-Down Program

Target: Businesses seeking capital for growth

Benefits:

- Up to \$5,000 interest reimbursement
- Priority for working capital loans
- Additional 1% subsidy for vacant storefronts

Requirements:

- Located within Enterprise Zone
- Loan minimum of \$10,000
- 12+ month loan term
- Application before or within 30 days of loan closing
- Business remains in zone for 24+ months after disbursement
- Current on all city taxes and fees

Addresses:

- Capital access challenges
- Financing cost barriers
- Vacant storefront activation
- Working capital shortages

Proposed Incentives



Marketing Support

Target: New businesses and business expansions

Benefits:

- Up to \$2,500 for marketing activities
- 50% reimbursement standard, 100% for Staunton providers
- Supports both digital and traditional marketing

Requirements:

- Located within Enterprise Zone
- Must be either a new business or an existing business undertaking expansion or launching new products/services
- Completed within 12 months of approval date
- Applications must be approved BEFORE marketing expenses are incurred

Addresses:

- Helps establish market presence
- Supports customer acquisition efforts
- Builds business-to-business relationships
- Strengthens local economic ecosystem
- Provide assistance with capital costs alternative to accessing capital (interest buy down)

Proposed Incentives

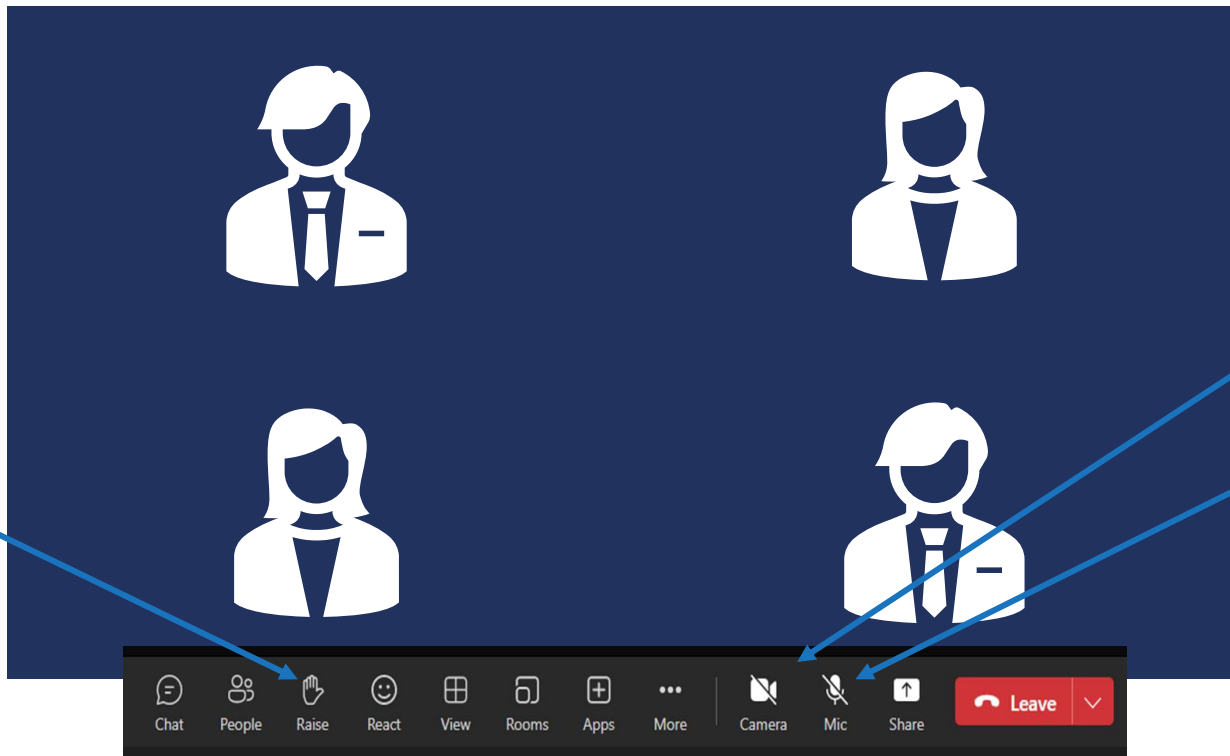


DISCUSSION

Raise Hand

Camera

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STATEWIDE ANNUAL REPORT

GY2023 State Annual Report
to the General Assembly



VEZ VIRGINIA
ENTERPRISE ZONE
GY2023 ANNUAL REPORT

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THANK YOU



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AND COMMUNITY DEVELOPMENT**
Partners for Better Communities

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