CITY OF HIGH POINT
AGENDA ITEM

Title: **Targeted Downtown Office Incentive Policy**

From: President Loren Hill and
Exec. V.P. Sandy Dunbeck
High Point Economic Development Corporation

Meeting Date: July 20, 2020

Advertising Date: n/a

Public hearing: n/a

Advertised by: n/a

Attachments: Proposed policy
Map of Downtown Municipal Service District

PURPOSE:
The High Point City Council is asked to adopt the "Targeted Downtown Office Incentive Policy."

PROJECT & BACKGROUND:
- The City of High Point currently has two performance-based incentives policies: a job-creation policy and a capital investment policy. This new policy would be an addition to those current policies.
- This new policy would encourage office projects to locate and grow in the City's "Downtown Municipal Service District". [map attached]
- This Targeted Downtown Office Incentives Policy would go into effect on the date of its adoption by the High Point City Council and would expire (for companies applying for consideration) on July 31, 2021.
- The Council's Prosperity and Livability Committee voted unanimously on July 15, 2020, to recommend the policy to the full Council for adoption.

BUDGET IMPACT:
The adoption of this performance-based incentive policy would cause no immediate budget impact. Any budget impact would only occur when incentives under this policy might be approved by the City Council after a public hearing is held.

The source of any incentive funding under this policy would be the same as with the City's other incentives policies – the City's Economic Development Incentive Fund, which is funded by general and electric revenues.

RECOMMENDATION / ACTION REQUESTED:
The High Point City Council's Prosperity and Livability Committee and the High Point EDC staff request that the City Council adopt the "Targeted Downtown Office Incentive Policy."

Downtown Municipal Service District

(bounded generally by Hamilton Street to the east;
Ray Avenue, North Elm and Westwood Avenue to the north,
Lindsay Street and Oak Street to the west; and Green Drive to the south)

CITY OF HIGH POINT
Targeted Downtown Office
INCENTIVES POLICY

Adopted: 7/20/2020

For additional information on this policy and other assistance that can be provided, contact the High Point Economic Development Corporation at hpedc@highpointnc.gov or 336-883-3116.

Section 1 Policy Adopted

The City of High Point adopts this Targeted Downtown Office Incentives Policy for the purposes and reasons stated below. This policy is in effect from the date of its adoption by the High Point City Council and expires on July 31, 2021, for companies applying for consideration.

Section 2 Policy Statement

Section 2.1 Relationship with Other Economic Development Policies

The City of High Point has previously adopted job creation and capital investment policies for the recruitment and expansion of new and existing office, industrial, manufacturing, warehouse and logistics businesses for the purposes of expanding the city's tax base, generating tax revenue and increasing jobs. For a particular project, this Targeted Downtown Office Policy may be utilized in addition to the other economic development policies.

Section 2.2 Purpose and Background

The City of High Point wishes to increase employment opportunities and continue the redevelopment of the Downtown area. This Policy is adopted to lower the barriers for businesses leasing office space to enter the downtown market by lowering entry costs and providing inducements.

Section 3 Targeted Downtown Office Districts

Section 3.1 Geographic Limitation

This policy applies to new construction or Major Renovation of real property for office development and leasing located in the Downtown Municipal Service District as it exists on the day of the adoption of this policy. The term Major Renovation shall mean a renovation of the real property which constitutes an increase in value in an amount at least 50% greater than the Guilford County tax value of the real property and improvements prior to renovation. Notwithstanding any language to the contrary contained herein, this policy shall not apply to:

a. Real property owned or operated by a non-profit business entity, or
b. Leases where the owner/developer of the real property owns a controlling interest in a proposed incentivized tenant.

Section 4 Types of Incentives

Section 4.1 Capital Improvements

Applicants may receive Office Incentives up to 50% of total upfit expenditures not to exceed $50,000 to make internal capital improvements for better use, new use or adaptive use of the structure.

Section 4.2 Rent Assistance

Applicants may receive a cash grant to assist in payment of rents for up to four years.

- In Year 1, the cash grant could be up to 80% of market rate rents.
- In Year 2, the cash grant could be up to 60% of the previously determined market rate.
- In Year 3, the cash grant could be up to 40% of the previously determined market rate.
- In Year 4, the cash grant could be up to 20% of the previously determined market rate.
- The High Point Economic Development staff, after consulting with local real estate representatives, will determine the market rental rate.

Section 4.3 Job Creation

The City already has a separate job-creation incentives policy. For projects in this targeted district, the minimum number of jobs created shall be at least 10. The incentive amount per job could be up to $3,000/job. ***(Note to Council members: The current south High Point threshold is at least 25 jobs and up to $1,000/job)***

Section 5 Application Process

Section 5.1 Intent

It is the city's intent that the application and decision-making process shall be simple, flexible and contain minimal steps.

Section 5.2 Conference with EDC staff

All applications shall be initiated through a meeting with the EDC staff who shall provide forms, as necessary, to assist in the transmittal of information from the applicant to the City Council.

Section 5.3 Presentation to the City Council

The application shall be presented to City Council as soon as practical and consistent with all applicable laws regarding notice and open meetings. The High Point Economic Development staff will recommend to the City Council the proposed dollars amounts that any office project in this targeted area may qualify for under this and other City economic development incentives policies.

Section 6 Source of Incentive Funds

Section 6.1 Funding Sources

In its discretion, the city may elect to fund incentives from its general fund, electric fund or any other source allowed by law.

Section 7 Process

Section 7.1 Payment Process

The city manager or his designee shall develop a system and publish guidelines for incentive payments that requires proof of expenditures described in the application.

Section 7.2 Performance Agreement

Applicants receiving funds shall enter into a Performance Agreement with the city that includes reporting requirements and performance benchmarks.

Section 7.3 Coordination with Other Policies

This policy may, at City Council's discretion, be used by itself for a project or in combination with other incentives policies the City has.

Section 7.4 Eligibility and Council Approval

A company being eligible for financial incentives does not guarantee that it will receive the incentives: any such incentives are granted only after a public hearing before the High Point City Council and an affirmative vote in support.