

Chapel Hill, North Carolina
Economic Incentive Guidelines

Guiding Principles:

A strong, vibrant community attracts economic investment.

Quality of life and economic development are interdependent community priorities. Achieving one cannot be at the expense of the other.

Outcome-driven economic investment results in long-range financial returns, as well as community benefits that improve quality of life.

Economic development investments must achieve measurable outcomes to improve the quality of life for all residents and secure Chapel Hill's future as a vital, livable and sustainable place.

Economic Incentive Goals:

- Create quality jobs
- Strengthen the economy and build community wealth
- Sustain a high quality of life
- Promote stewardship of the Community's resources
- Maintain and develop affordable, quality housing opportunities
- Promote comprehensive opportunities for education, skills development and lifelong learning

Examples of Desired Outcomes of Economic Incentives:

- An increase in human capital development such as education, job skills, and childcare access;
- An increase in financial capital development, such as job growth, small business development and access to credit;
- The protection of natural capital, including natural and physical resources;
- The betterment of the community, such as blight reduction, poverty reduction, crime reduction and increased recreational opportunities.

Achieving these outcomes consistently requires a clear vision; specific tools for evaluation, decision-making and monitoring individual projects, supported by strong partnerships; creative leadership; and political will.

Targets:

Chapel Hill's target business types are:

- Research and Development
- Applied Sciences, and
- Technology.

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Under certain circumstances, retail facilities may be considered for incentives. If a retailer provides strong sales or tax base potential, provides unusual employment opportunities or contribute to our community in a unique way and/or pay a majority of employees a Living Wage¹, it may be considered.

These target areas may be updated or amended as needed.

Qualifying for an Incentive:

The Town will consider incentives for job creation, tax base growth and helping companies grow and stay in the Town. Incentives are targeted toward job creation and investment in business sectors that add to our tax base. Qualifying jobs may be incented on a scale of \$1,000-\$3,000 per job, up to a total incentive amount equal to 50% of the net new taxes that are on the tax rolls after the improvement.

Applications for Development Incentives may be considered in circumstances that do not meet minimum criteria if an exception is disclosed and proof of reasonable benefit to the Town can be provided.

Projects that receive incentives from Orange County or the State of North Carolina will be given priority consideration by the Town of Chapel Hill.

The Town of Chapel Hill reserves the right to modify or amend this policy as necessitated by changing economic conditions.

Examples of Desirable Proposals:

These examples illustrate the type of proposals that are most desirable to the Town of Chapel Hill. Since market conditions can change quickly, we encourage early conversation with the Town's Economic Development Officer to determine whether a proposal may be considered for an incentive.

Building New Space: Development Incentives may be awarded for creating spaces to host businesses in the future. They also may be calculated based on tax base impact while preserving a revenue stream for local governments.

New Capital Investment Scenario: (A minimum of \$2.5 million in investment for 35% Grant. Investments exceeding \$10 million may qualify for 50% Grant.)

1. New business
2. Existing business expansion
3. Businesses locating or expanding

¹ There is an inherent difficulty in measuring wages so whether it is "prioritize or guarantee" the measurement may be difficult.

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Job Creation Scenarios: Full-time equivalency may be considered if the sector or wages meet local target/interest goals. Job creation is typically accomplished in 5 years or less. Jobs are retained at least two years beyond the Incentive Period.

1. New Business — A minimum of 20 net new jobs within 36 months
2. Existing Business Expansion — Minimum of 20 net new jobs created or retained within 36 months, plus retention of currently existing jobs.
3. At least 70% of employees work at the Chapel Hill facility for at least 60% of the time.
4. Preference is given to companies that pay a higher wage to the greatest number of new hires. (Perhaps \$50,000 and over)

Assistance Level -	<u>Potential award</u>	<u>Minimum Jobs</u>
	\$3,000 per job	100
	\$2,000 per job	75
	\$1,000 per job	50
	\$ 750 per job	20

Normal Return on Investment from net-new property taxes is generally within five (5) years; however the Elected Boards, as deemed appropriate, may extend the payback period up to a maximum of 10 years as permitted by N.C.G.S. 158-7.1. (Generally grant request should not be greater than 50% of the net-new property taxes generated.)

Location, retention or expansion of targeted businesses: Location, retention, or expansion of targeted office users including but not limited to technology-based businesses, advanced manufacturing or start-up business. (Type of business, number of employees, square feet occupancy may all be used to determine eligibility of this category.)

Incentive Request Approval Process:

The process for considering requests may vary depending on a project's specific needs. These steps are for general information.

1. Site visit with the Town Economic Officer.
2. Fact sheet/application and supporting documentation submittal by the applicant company. The Town reserves the right to request additional relevant supporting documentation to ensure minimum eligibility criteria are met as detailed in this policy.
3. The Economic Development Officer reviews application and determine level of eligibility and report to Town Manager.
4. All requests will require approval by the Town Council.