

 Holly Springs, N.C.	P-033.02	
	Downtown Investment Grant Program	
Policy & Procedure Statements of the Holly Springs Town Council	Prepared By:	Daniel Weeks, Irena Krstanovic, Anna Murphy, Sean Ryan, Rachel Jones
	Department:	Administration, Economic Development, Planning & Development Services, Utilities & Infrastructure Services
	Date Approved by Council:	September 15, 2020
	Effective Date:	September 15, 2020
	Supersedes Old #:	P-033 & P-033.01
	Old Effective Date:	January 28, 2013

1. PREAMBLE:

The Town of Holly Springs (the “Town”) Town Council (the “Council”), have determined that the general welfare of the residents of the Town is directly benefited by a vibrant and growing geographic center of the Town, defined by the Town as the “Downtown Village District” as specified in the Town’s Comprehensive Plan, Vision Holly Springs, Section 1, Land Use & Character, Village District Area Plan. The Council understands that stimulating private sector investment, economic growth, and job creation in the Downtown Village District is essential to the economic vitality of the Town as a whole. This policy supports the Council’s 2020-2021 Strategic Plan goals which include the following:

- a. Economic Prosperity & Diversity:
 - Enhance, attract, and engage diverse economic development opportunities
 - Create a vibrant downtown center
 - Seek partnerships to drive economic development

- b. Responsible & Balanced Growth
 - Plan, maintain, and invest in infrastructure
 - Support land use planning and policies that provide for sustainable and economic growth while balancing small town characteristics
 - Promote sustainability initiatives to protect natural resources and preserve community historical and environmental assets

The Council further determines that it may be necessary to encourage or stimulate certain development in the Downtown Village District because of challenges to development or limiting real estate market forces. To this end, for projects located within the Downtown Village District, the Town will consider, on a case by case basis, specific Downtown Investment Grants (DIG) through which the Town may share in the expenses related to public infrastructure (i.e. necessary roads, on-street parking, sidewalks, street furnishings, water lines, sanitary sewer lines and/or stormwater features) and/or reimburse certain fees associated with development to stimulate development and small business growth in the Downtown Village District.

2. POLICY PURPOSE:

The purpose of this Policy is to establish a structured and consistent means for the provision of DIG through Town investment. Such proposals must have a significant and positive effect on the economic health of the community and be in compliance with sound public policy principles which, at a minimum, meet the following criteria:

- a. Provide for an increase and diversification in the existing tax base of the Town, with a target objective of delivering a satisfactory return on the Town's investment, taking into account investment, new jobs created and intangible contributions to the Downtown Village District.
- b. Are memorialized by written contractual agreements with the Applicant involved, binding it to minimum levels of performance described in this policy.
- c. Are compliant with existing laws and provide for openness and transparency to the extent possible, such as those laws governing economic development incentive grants under N.C.G.S. §158-7.1.

3. DIG COMMITTEE:

This policy creates a DIG Committee ("Committee") made up of the following members: Town Manager, two Assistant Town Managers and Directors of the following Departments: Planning & Development Services, Economic Development, Parks & Recreation, Utilities & Infrastructure Services, and an at-large member, the Small Business Program Manager. The Committee shall perform the following minimum activities which are managed by the Small Business Program Manager: advertise the program and its benefits to the community, screen applicants based on the criteria established by this policy, recommend to the Council those Applicants meeting the criteria (the "Applicants"), formulate and recommend to Council agreements with such successful Applicants, execute agreements approved by Council, and monitor compliance.

4. DIG PROGRAM PARAMETERS:

4.1 Method for Determining Eligibility

In determining whether to award a DIG the Committee will first evaluate if the project is located within the boundaries of the Downtown Village District. The Committee will then assess if the Applicant is part of one or more of the following required DIG target industries, as described further in the application, the Town wishes to attract to the Downtown Village District:

- a. Information Technology
- b. Innovation & Entrepreneurship
- c. Tourism, Hospitality, Arts & Culture
- d. Healthcare

4.2 Criteria used to Determine Grant Amount

For projects meeting the minimum criteria, the amount of DIG, if provided, will be recommended by the Committee, and determined by the Council in its sole discretion, with consideration of the following criteria:

- a. Job Creation
- b. Private Investment
- c. Historic Preservation & Environmental Sustainability & Public Art

4.3 Breakdown of Town Investment

DIG shall be limited to the following Town investment, which is determined based upon how the project meets performance criteria utilizing the guidelines specified in this Policy and adopted by the Council.

- a. New Construction:
 - Reimbursement of Town Development Fees

- b. Residential to Commercial Conversion:
 - Reimbursement of Town Development Fees

 - and/or...

 - 50% of public infrastructure costs or \$25,000, whichever is less (contingent on available budgeted funds)

4.3.1 Fee Reimbursement Breakdown

Job Creation Breakdown: up to 40%

New Jobs Created	% Fee Reimbursement
1 - 5 employees	10%
6 - 10 employees	20%
11 - 15 employees	30%
16+ employees	40%

For a job to be considered in the calculation, it must generate a wage above the Wake County average wage. Number of jobs created to be determined after receipt of Certificate of Occupancy (CO). Job creation and average wage amount to be calculated at the time of request for reimbursement which should come in writing to the Town within 6 months of receipt of CO.

Private Investment Breakdown: up to 30%

Percentage Change in Value	% Fee Reimbursement
100% - 199%	10%
200% - 299%	20%
300%+	30%

This value will be determined by taking the assessed value at the time of the application (property and/or building) and calculating the percentage change using assessed value and the private capital investment for the project. Private capital investment will be determined and confirmed by sealed engineering estimates provided to the Committee by the Applicant at the time of application submittal.

Historic Preservation & Environmental Sustainability & Public Art: up to 30%

Historic Preservation & Environmental Sustainability & Public Art	% Fee Reimbursement
<ul style="list-style-type: none"> A. Preservation of historical artifacts or materials that relate directly to the site and/or B. Preservation of historical landscapes that relate directly to the site (i.e. Rare plant species, specimen trees as defined in the UDO, and/or a unique natural feature) and/or C. Outdoor public art that directly relates to historical elements of the site or Town or celebrates the cultural heritage OR creation of new art that contributes to the Downtown Village District character and/or D. A unique building design element 	10% (atleast 2)
<ul style="list-style-type: none"> A. Rehab/preservation of a historic structure that has no intent of pursuing a National Historic Register or Historic Landmark designation (must be guaranteed through a façade easement) and/or B. Environmental site design i.e. storm water management, low impact development, native landscaping 	20%
<ul style="list-style-type: none"> A. Rehab/preservation of a historic structure with the intent of National Historic Register designation or Historic Landmark designation (must be guaranteed through a façade easement) and/or 	30%

B. Inclusion of Green building design (LEED, Energy Star, etc.)	
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Each project will be considered separately and individually utilizing the guidelines specified in this Policy and adopted by the Council. These guidelines shall be subject to periodic review and may be modified, amended or terminated, due to changed economic conditions, competitive considerations, or other reasons at the Council’s discretion. In the event of any modification, amendment, or termination of these guidelines, any DIG to which the Town previously committed will not be affected.

5. FORM OF TOWN INVESTMENT:

The Town of Holly Springs DIG program does not consist of a standard set of grants or credits. Each fiscal year, the DIG program may receive funds obligated from the Town’s general fund. These funds are not guaranteed and change each year based on the budget needs of the Town. On a case by case basis, the Town will consider contributions to qualifying projects, as funds are available, for required infrastructure such as roads, on-street parking, sidewalks, street furnishings, water lines, sanitary sewer lines and/or stormwater features, and/or reimbursement of certain Town development fees such as:

- a. Planning & Development Services Fees
- b. Utilities and Infrastructure Fees
- c. Parks & Recreation Fees

6. PROCEDURE FOR GRANT CONSIDERATION:

The following procedure will be utilized in considering a project for a DIG:

- a. The Applicant requesting DIG shall, after receiving Council approval of development plans, submit a request on the forms specified by the Committee to the Small Business Program Manager.
- b. The Small Business Program Manager shall notify the Committee and schedule a meeting to review the request during a subsequent Development Team meeting. The Applicant may attend to present their case if they so choose.
- c. If the Applicant expresses interest to attend the Committee meeting, the Small Business Program Manager shall notify the Applicant of the date and time of the Committee meeting and notify the Committee.
- d. The Committee shall review the information submitted, interview the Applicant, upon the Applicant’s request, and recommend to the Town Manager for or against the request for DIG and their recommended performance criteria for the recipient to meet.
- e. The Town Manager shall review the information submitted by the Applicant and the written recommendation from the Committee and respond with his/her recommendation during a follow up meeting with the Small Business Program Manager and Assistant Town Managers.

- f. If the Town Manager recommends providing DIG, then the Small Business Program Manager shall notify the Town Attorney.
- g. The Town Attorney shall review the request for conformance with this policy and all state and/or other regulations regarding such and prepare a draft agreement including recommended performance criteria which shall ensure the timely completion of the project and protect the Town's investment for the Committee to review.
- h. The Committee shall negotiate the terms of such agreement with the Applicant. Such discussions are negotiations only, inasmuch as the Council has the sole discretion and authority to finally agree to such DIG as determined during the negotiation phase or modify the offer at their discretion.
- i. If the DIG involves a reimbursement of Town development fees or expenditure of Town funds, then at a time agreeable to the applicant, given its confidentiality concerns, the Small Business Program Manager shall provide public notice and schedule the public hearing regarding the proposed incentives in accordance with the requirements of N.C. Gen. Stat. §158-7.1. Otherwise, the DIG will be considered by the Council at a public meeting.
- j. Upon completion of the terms of the DIG and draft agreement by the Town Attorney and Committee, the Small Business Program Manager shall submit the request draft agreement including the performance criteria and recommendation to the Council. The Council will make a decision as to whether to approve the terms of the DIG agreement, modify the terms or deny the DIG.
- k. Upon Council approval, a DIG agreement will be executed which contractually binds the Town to make the investment, provides that the Applicant meets the performance criteria to which they mutually agreed in a manner agreed to between the Town and the Applicant, and provides for default mechanisms for the Applicant's failure to meet criteria.
- l. The Applicant will provide periodic verification of its compliance with the requirements to which it has agreed. Periodic verification shall be a written letter sent to the Small Business Program Manager, reporting the status of the project at a time period of 3, 6, and 12 months after signing of the Agreement, and/or upon completion of all public infrastructure projects, and at the receipt of CO. Staff will inform Council of the final closeout of the project.

7. **CONCLUSION:**

All DIGs will be considered on a project-by-project basis, pursuant to these guidelines. By adopting these guidelines, the Council is not obligated to grant any DIG. These guidelines are not retroactive to any project which has been announced prior to the adoption of these guidelines. These guidelines are effective upon adoption by the Council.

End of Policy Statement No. P033.02

I, Linda McKinney, Town Clerk of the Town of Holly Springs, certify that this is a true and accurate copy of a policy statement adopted by the Holly Springs Town

Council on September 15, 2020, following a motion by Councilwoman Kelly, a second by Councilman Villadsen and a carrying vote of 5-0.

Leida C. McKinney

