

DRAFT 6/16/22 Neighborhood Empowerment Zone Recommended Incentives

Eligible Property Types*

Residential

- Owner-occupied single-family property – *rehabilitation*
- Investor-owned single-family property – *rehabilitation*
- Single family development project to be owner-occupied – *eligible for Chapter 380 agreement for rebate of municipal property tax, 10-year minimum, 3+ houses?*
- Duplex, townhome and condominium project to be owner or renter-occupied – *rehabilitation or new construction*
- Multiple-family apartment (3+ unit) project – *rehabilitation or new construction*
- Mixed use project – *rehabilitation or new construction*

Non-Residential

- Neighborhood Services, Retail, Office, Institutional related land uses – *rehabilitation or new construction.*
- Commercial uses directed to City's existing incentive policy.

*Neighborhoods may elect through a separate development guidelines document to limit the project types in their respective plan area.

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1) Development Fee Waivers

- Available to all certified projects, approved administratively. No investment minimum.

2) Property Tax Abatements

Residential – Single Family and Multi-Family

- Rehabilitation: 10 Years – 100% municipal property tax abatement
- New Construction: 5 Years – 100% municipal property tax abatement

Non-Residential – Mixed Use, Neighborhood Services, Retail & Institutional Uses

- Rehabilitation: 10 Years – 100% municipal property tax abatement
 - New Construction Projects: 5 Years – 100% municipal property tax abatement
- Investment minimum = 20% of PRAD taxable value on improvements (\$100,000 requires a \$20,000 investment)

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3) *Sales Tax Rebates*

Non-Residential – Neighborhood Services and Retail Uses

- 50% rebate/.5 cent (half of the 1% paid) for five years
- Minimum investment of 20% of PRAD taxable value on improvements (\$100,000 requires a \$20,000 investment)

DRAFT 6/16/22 Case Studies – Residential & Multifamily

Rehabilitation



PRAD Value: \$23,491

Investment: \$25,000

Process Fee incentive: \$355

(10-yr Abatement incentive: \$370)

New Single Family



PRAD Value: \$1000

Sale Price: \$175,000

Process Fee incentive: \$3,159

5-yr Abatement incentive: \$1,773

*Assumes PRAD valuations are less than capital investment.
Abatement calculated at 100% of improvement value, City property tax only.*

DRAFT 6/16/22 Case Studies – Commercial

6th Street Rehab Project

PRAD Value: \$40,000

Investment: \$25,000

Process Fee incentive: **\$355**

(10-yr Abatement incentive: **\$370**)

Coffee Shop Façade Improvements

Investment: \$25,000

Annual Sales: \$250,000

Yearly Sales Tax: \$5,000 (Coffee Shop)

Yearly Sales Tax rebate .5 cent: **\$1,250**

Also eligible for abatement?

North Heights Retail New Construction

PRAD Value: \$15,000

Investment in Property: \$300,000

Process Fee incentive: **\$3,672**

10-yr Abatement incentive: **\$3,325**

Restaurant Expansion

Investment: \$45,000

Annual Sales: \$1.5 million

Yearly Sales Tax: \$30,000 (restaurant)

Yearly Sales Tax rebate .5 cent: **\$7,500**

Also eligible for abatement?

DRAFT 6/16/22 Administration of Program

NEZ Certified Project

- Determined by Planning Department
- Must meet standards and development guidelines
- Grants fee waivers

Property Tax Abatement or Sales Tax Rebate

- Must be NEZ Certified Project
- Neighborhood Plan Oversight Committee review?
- Final determination by City Council
 - Consent Agenda

DRAFT 6/16/22 Next Steps

- Internal Meeting with affected departments. Building Safety, Utilities, CP&DE, etc. (main objective: fee waiver administration between departments)
- Draft Development Guidelines and limitations for different zones
 - Neighborhood Plan Goals
 - Project Types
 - Incentives Available
 - Primary Commercial Corridor Designations
 - Development standards
- Discuss adoption schedule - value in announcing the program in all plan areas at once?

DRAFT 6/16/22 Number of Zones and Sequence

