

City of Deltona Performance Based Incentives

Governments often use direct subsidies or tax credits as incentives to encourage investment and promote economic growth and other development objectives. Properly designed and implemented, using a Cost Benefit Analysis & Return on Investment Projections, these incentives can advance a wide range of policy objectives such as increasing employment, promoting sustainability, enhancing citizens' quality of life, and increasing economic equality, to name a few.

All incentives paid will be based upon proof of performance.

All grants and incentives are at the discretion of the Deltona City Commission and are approved on a case-by-case basis.

1. **Ad Valorem Tax and Impact Fee Reimbursement Incentive-** To encourage new construction of qualified businesses, the City of Deltona is willing to offer the following incentives.

Ad Valorem Property Tax Reimbursement- Reimburse the Ad Valorem taxes paid to the City on a graduated scale, over a five year period.

-Year 1 through 3- 100% of the City's Ad Valorem property taxes paid to the City may be refunded.

-Year 4 through 5- 50% of the City's Ad Valorem property taxes paid to the City may be refunded.

The **qualifications** for this incentive are as follows:

A. The application for the Job Creation Incentive must be submitted prior to making a location decision and this waiver may be a part of that application.

B. Be a **Primary Target Industry**, an industry with an average annual wage of at least 115% of the then (time of application) prevailing Volusia County average wage (example: VC Avg. Annual Wage is \$33,000, $\times .15 = \$4,950 + \$33,000 = \$37,950$). That wage and above is incentivized. This could also be Named Industries as targets for growth or exceptions for **Bulk Job Creation Numbers** to build inner-city jobs to spur specified area growth. See graph on Page 2, Graph 1)

Fire and police impact fee reimbursements- Businesses that qualify for the "Ad Valorem Tax Reimbursement (*listed above*)" may apply for waivers for City of Deltona's Fire and Police Impact Fees. The reimbursement can be applied for at any time, but will not be paid until after the project is completed.

Permit Fee Reimbursements- Businesses that qualify for the "Ad Valorem Tax Reimbursement (*listed above*)" may apply for waivers for City of Deltona permitting and inspection fees. The reimbursement can be applied for at any time, but will not be paid until after the project is completed.

Expedited Program Processing- The City of Deltona Expedited Processing Program offers processing based on expedited Plan Amendments, Zoning, Plan Review, and Permitting. This processing must conform to the State Fire Code and the State Building Code. Development dictates that there must be a "**PREDICTABLE PROCESS**".

Infrastructure Incentive Grants- The City of Deltona will consider, on an application-by-application basis, offering grants on a 50/50 basis, in limited dollar amounts, to businesses negatively impacted by lack of transportation or utility infrastructure features at and to the property to be developed. Additionally, the State of Florida offers Infrastructure Incentives such as the Economic Development Transportation Fund (EDTF). The EDTF, commonly referred to as the "Road Fund", is an incentive tool designed to help alleviate transportation problems that adversely impact specific location or expansion decisions, based on State allocation toward that fund. The award amount is based on the number of new and retained jobs and the eligible transportation project costs, up to a maximum of \$3 million. The award is made to the local government on behalf of a specific business and used for public transportation improvements. Again, these are State of Florida funds and the State must allocate funds for this program annually.

Land Assembly Initiatives- The City of Deltona recognizes that some residential areas are currently being re-designated to commercial zoning for commercial development. The City of Deltona supports this effort in the "approved redevelopment areas". In order to assist this lot assemblage, the City of Deltona may offer some or all of the incentives listed above. The City will consider an administrative waiver of fees for Annexations and land use/zoning amendments for assembled lots (1 acre or greater) seeking commercial, industrial and mixed use entitlements.

Go Green-The City of Deltona is an 'Environmentally Proud Community' which promotes environmental sustainability. The City offers basic incentives for a "green development" commercial project to used and qualifies for LEED (Leadership in Energy and Environmental Design) projects on a case-by-case basis.

The City offers assistance through fast-track processing of permits, site plan fee reduction, marketing, and award recognition, in addition to other qualified incentives presented in the City of Deltona's other incentives. In addition, the City of Deltona offers a "welcoming incentive package". This incentive package may consist of (a.) a ground breaking ceremony for new development, (b.) a ribbon cutting at the time of opening. (c.) notices posted in the City's social media, insert in water billing, notices on Deltona TV, (d.) flyers or posters prominently displayed in City facilities, (e.) etc.

2. **Job Creation Incentives**- To encourage "living-wage and quality of life based jobs" within the City of Deltona, the City of Deltona also offers the following Job Creation Incentives:

Minimum Job Numbers- The project must result in a minimum of ten new full- time jobs within the City of Deltona, within one year of project completion. The burden of proof is on the company prior to any funds being transferred.

Timing of Incentive- This incentive will be paid annually over a four year period, based on one-fourth paid annually. Incentives are based on the then prevailing Volusia County average wage. The prevailing wage changes every year and the recipient company will need to meet the then current wage. Applicant must provide agreed to proof of jobs and wages at time of annual payment request.

Qualifying companies are eligible for the following average annual wage at the time of the annual application);

(EXAMPLE GRAPH 1)

<u>Average Volusia County Annual Wage</u>	<u>New Job Incentive (per job)</u>
(If wages are) 115%	\$2,000 (divided by 4 years)
(If wages are) 125%	\$3,000 (divided by 4 years)
(If wages are) 150%	\$4,000 (divided by 4 years)
(If wages are) 200%	\$5,000 (divided by 4 years)

This incentive program can be used for qualifying businesses either relocating or expanding to the City of Deltona, or by businesses currently residing within the City of Deltona, for business expansion and retention.

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3. Additional incentives to encourage investment in current property: To better utilize the existing commercial properties within the City of Deltona, the following incentives are offered:

- Rehabilitation Incentive- A business purchasing, renovating, or expanding an existing commercial property may apply all the above incentives listed under other incentives;
- Demolition Assistance Program- This incentive is based on a limited 50/50 grant match for the demolition costs and a reimbursement of the demolition application fee if building being demolished is a "City of Deltona Targeted Blight Reduction Building";
- Beautification Grants- These potential grants would be based on a grant match. Grants for commercial beautification of buildings within certain targeted areas (example: *Southwest Deltona CRA*) may be ranked higher than grant applications for businesses outside certain targeted areas.

Only properties owned by the applicant at the time of application may be considered for incentives. Retail plaza (property) owners may make application, but applications from individual tenants will not be accepted.

4. Non-Monetary and Non-City Incentives: Not all incentives are monetary.

The City of Deltona welcomes businesses to the City with ground breaking ceremonies, grand opening ceremonies, public announcements that allow our citizens to recognize the economic growth within the City. This can be in many forms, from television (via Deltona TV), to the City's social media communications, or by inserts in conventional, non-electric communications. Also, expedited permitting, inspections, and processing (per the "Open for Business" certification) are offered.

There are certain State and County incentives and grants which may be available. The City of Deltona, and the City's economic development partners, will work with any company qualifying for these grants and incentives toward the receipt and utilization for a development located within the City of Deltona or on a parcel of land that qualifies for annexation by the City of Deltona.

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-----**PURPOSE OF CASE STUDY**-----

To illustrate the financial impact of a property tax incentive over a 5 year period, with a 100% property tax credit for the first 3 years and 50% property tax credit for the remaining 2 years.

The following example provides for a 5 year tax credit as mentioned above and is based on a 10 acre non-improved, commercial land parcel valued at \$1,000,000.

Total Land Valuation:	\$1,000,000
Number of Acres	10
Valuation per Acre	\$100,000
Current City Millage	0.00795 (millage may vary)
Tax per Acre / Per Year with no Increase in Value:	\$795

“ A Tax Relief / No Tax Relief Comparison”

	<u>Proposed Credit</u>	<u>No Tax Credit</u>	<u>Credit / Acre</u>	<u>Total Credit-10 ac.</u>
Year 1	\$ -	\$ 795.00	\$ 795.00	\$ 7,960.00
Year 2	-	795.00	795.00	7,960.00
Year 3	-	795.00	795.00	7,960.00
Year 4 @ 50%	398.00	795.00	398.00	3,960.00
Year 5 @ 50%	398.00	795.00	398.00	3,960.00
5 Year Total	<u>\$ 796.00</u>	<u>\$ 3,975.00</u>	<u>\$ 3,181.00</u>	<u>\$ 31,800.00</u>
	Per Acre	Per Acre	Per Acre	Per 10 Acre Parcel

The City will have had the benefit of job/workforce creation for improved quality of life and in-City job creation as an accelerator to justify providing businesses (restaurants, service companies, retail, etc.) tax credits for the 5 year period. After year 5, the amount of property tax the City would collect would be based on the full taxable value of the improved property multiplied by the City's current millage.

As an example, if the improved property resulted in a \$5,000,000 taxable value in year 6, assuming a 7.95 millage rate, the annual property tax on the improved land would be \$39,950 in year 6; the City would have provided total tax credit of \$31,960 over the previous 5 years. Therefore, the City's break-even point for the tax credit granted would be approximately 9.6 months of full tax, versus the property remaining undeveloped.