

2016 ED Policy Revisions

City Commission Study Session: 10-11-2016

- **Presentation Overview:**
 - Meeting History Recap
 - Recommendations
 - Direction from Commission on next steps

Meeting History Recap

- **City Commission**

- Study Session: 6-9-15
- CC meeting: 7-7-15
- Study Session: 1-12-16
- CC Meeting: 4-19-16
 - Referred to PIRC, JEDC, County and AHAB for recommendations

Meeting History Recap

- **PIRC:**

- Series of 5 meetings held May-Aug 2016

- **JEDC:**

- Series of 4 meetings held May-July 2016

- **County Commission:**

- Reviewed 5-18-16

- **AHAB:**

- Reviewed affordable housing provision 6-6-16 & 10-10-16

Recommendations

- **Affordable Housing Provision:**

| Only for projects with residential units | |
|--|--|
| JEDC | Cautions against counter effects, if requirement is too high. |
| AHAB | Would rather see less set aside % & longer holding period, partner with non-profit to administer, consider redirection of proceeds after incentives expire |
| PIRC | Set aside of 10%, only during incentive period. Projects having less than 10 units would not be affected. |
| County | A 35% set aside requirement may put community at a competitive disadvantage |
| Staff | 4-49 units: 10% set aside; 50 or more units: 15% set aside. Set aside requirement only during incentives duration. |

Recommendations

• Affordable Housing Provision:

| Additional AHAB Input (from 10-10-2016 meeting) | |
|---|---|
| 1 | Target rental units to tenants at 60% or below of HUD area median income (AMI). |
| | Target ownership units to buyers qualifying at 80% or below of HUD AMI. Income levels below 60% AMI are preferred in order to provide units to those most in need. Preference will also be given to developing units that are larger than one bedroom. |
| | Income levels below 60% AMI are preferred. |
| | Preference given to 2 or more bedroom units. |
| 2 | Performance agreements to require verification of low/moderate income occupancy of affordable housing units. |
| | Applicants are highly encouraged to partner with local non-profit agencies to screen and verify income for affordable housing units to meet the ongoing performance agreement requirements. |
| 3 | Universal design standards encouraged. |
| 4 | Energy efficient design highly encouraged. |
| 5 | Provide affordable housing units with approximate base finishes of other standard units. |
| | Units to meet or exceed all City code requirements. |
| 6 | Maintain affordable housing provisions throughout the entire duration of the incentive period. |
| | Strongly encourage maintaining affordability of the units beyond the required timeframe. |

Recommendations

- **Affordable Housing Provision:**

| AHAB Caveats (from 10-10-2016 meeting) |
|--|
| Recommendations only apply to the City's economic development policies, not to the City's Affordable Housing Trust Funds. |
| Recommend City Commission include the ability of a developer to make a payment to the Affordable Housing Trust Fund in lieu of developing affordable housing units with their project. |

Recommendations

- **Application Fees:**

| Incentives Application Fees | |
|-----------------------------|---|
| JEDC | Application fees should not be arbitrarily imposed |
| AHAB | none |
| PIRC | \$100 for projects with capital investment under \$1M; |
| County | none |
| Staff | Impose NRA application fees based on project capital investment: \$250 for under \$1M; \$3500 for \$1M-\$10M; \$5000 over \$10M |

Recommendations

- **Incentives Application:**

| Incentives Application Other | |
|------------------------------|--|
| PIRC | Add cost-recovery language on potential additional applicant expenses |
| Other-Public Official | Add benefits checklist at front; Enhanced ownership disclosure details |

Recommendations

- **“But For” Requirement:**

| "But For" Requirement | |
|-----------------------|---|
| JEDC | Recommend no changes be made to current policy |
| AHAB | none |
| PIRC | Do not require "but for" on IRBs |
| County | none |
| Staff | Require "but for" test for projects unrelated to primary job creation or affordable housing when NRA, TDD, or CID is requested. |
| | No "but for" requirement on tax abatements or IRB requests. Charge IRB origination fee (on stand-alone IRBs) to be used for ED public purpose. (Origination Fee for Sales Tax Exemption IRBs takes the place of a PILOT for funding ED goals such as affordable housing.) |

Recommendations

- **IRB/Tax Abatement:**

| IRB/Tax Abatements | |
|----------------------|--|
| Healthcare provision | No changes suggested by reviewing entities |
| Origination Fee | Staff: Charge origination fee based on the par amount of bonds being issued on behalf of a for-profit company, unless the project will create primary jobs or add affordable housing to the community. |

Recommendations

- **IRB Origination Fee:**

| Rate | Amount (up to)* |
|---------------------|-----------------|
| 0.004 | First \$10M |
| $\$40,000 + 0.0020$ | 2nd \$10M |
| $\$60,000 + 0.001$ | Over \$20M |

Example:

IRB Issue Amount

Origination Fee

\$10,000,000

\$40,000

\$20,000,000

$\$40,000 + \$20,000 = \$60,000$

\$30,000,000

$\$60,000 + \$10,000 = \$70,000$

\$40,000,000

$\$60,000 + \$20,000 = \$80,000$

*Maximum fee is \$100,000

Recommendations

- **NRA:**

| NRA Rebate Level and Duration | |
|-------------------------------|---|
| JEDC | No cap: Make no changes to current NRA policy |
| AHAB | none |
| PIRC | No cap: Open up the cap on analyzing NRAs beyond the 10 year/50% level to allow the pros and cons of an individual project to be examined on its merits. |
| County | none |
| Staff | No cap: Consider NRA rebate percentage and duration based on the merits of each project, including evaluation of need as shown through gap (but for) analysis and fiscal impacts to the taxing jurisdictions through a cost-benefit analysis. |

Recommendations

- **NRA:**

| NRA-Other | |
|------------------------|--|
| Neighborhood-wide NRAs | County would like to consider opening incentives up to home owners in distressed areas |
| Policy Review | Staff suggests periodic review of NRA policy. |

- **Next Steps**

- **Requested City Commission Action:**

- Provide input on changes to economic development policies, application changes, and fees.
 - Staff to draft policy revision language based on City Commission input.
 - Staff to then present revised economic development policies at regular City Commission meeting for action.

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Thank you!