



ROCKY MOUNT DOWNTOWN DEVELOPMENT INCENTIVE GRANT

POLICY GUIDELINES

Purpose

The purpose of the Rocky Mount Downtown Development Incentive Grant (DIG) is to encourage reinvestment in Downtown Rocky Mount. The program covers substantial rehabilitation¹ of older buildings and new infill development. The initiative covers the shaded area on the attached map, which is roughly bounded by Church Street, Goldleaf Street, Atlantic Avenue, South Washington Street and Hammond Street. Incentive grants are given yearly for five (5) years.

Grant Incentive

The grant is available over five years, representing a percentage of the difference of the parcel(s) improved assessed value and previous, unimproved assessed value. The Development Incentive Grant (DIG) amount per year will be a percentage of this formula as follows: Year 1: 100%, Year 2: 80%, Year 3: 60%, Year 4: 40% and Year 5: 20%. Where applicable, the amount paid for the Municipal Services District (MSD) of \$.20 per \$100 in property valuation is also included in the DIG. Since the tax rate and/or property valuation may change during the five year grant period, the base grant amount will be recalculated each year. The percentage of the base grant amount, which steps down from 100% to 20%, is fixed.

Nash County

For the 2018-19 Fiscal Year, the tax rate established by Nash County is \$0.67 per \$100 property valuation.

Rocky Mount

For the 2018-19 Fiscal Year, the tax rate established by the City of Rocky Mount is \$0.685 per \$100 property valuation, and \$0.20 per \$100 property valuation for the Municipal Service District (MSD,) where applicable.

¹ Substantial rehabilitation is defined as a rehabilitation that will cost at minimum \$40 per square foot, make habitable/usable at least one floor of the building and at least triple the predevelopment tax value.

Edgecombe County

For the 2018-19 Fiscal Year, the tax rate established by Edgecombe County is \$0.95 per \$100 property valuation.

Development Incentive Grant (DIG)

1. Proposed development/rehabilitation plans and a program pre-application are submitted to the City of Rocky Mount Downtown Development Manager. The Downtown Development Manager will circulate the plans and pre-application to other City departments, including the Planning Department and the City Manager's Office, for an initial review. Once the pre-application is conditionally approved, architectural and/or site plans and/or Historic Preservation Commission (HPC) Certificate of Appropriateness (COA) application must be submitted with all costs paid.
2. The appraised tax value of the site(s) or building(s) will be certified by the corresponding County's tax office. This is referred to as the "unimproved assessed value".
3. At the same time of issuance of the building permit by the City of Rocky Mount Inspections Division, the DIG application will be formally approved by way of a letter of acceptance into the program transmitted by the City for the City and the corresponding County.
4. Construction must be completed and a Certificate of Occupancy (CO) received within 24 months of the date of the building permit/program acceptance letter. Failure to receive the CO by this date will terminate program participation.
5. The appraised tax value of site or building is determined by the corresponding County's tax office after renovations/construction is completed. This is also referred to as the "improved assessed value".
6. Annually the developer/owner pays the full amount of the newly appraised tax value on the property/development. Payment must be received no later than January 6 of any given year. Failure to pay by this date will terminate program participation.
7. The corresponding County and the City will make Incentive Grant payments to the property owner for the tax amount paid, minus the original, predevelopment tax value. Development Incentive Grant checks will be issued within ninety (90) days of receipt of the full tax payment by the City and the corresponding County. One check will be made by the City and the other by the corresponding County.
8. In the event that there is a county property revaluation, as currently occurs every eight years, during a property's five year DIG period, the subsequent

years in the grant program will be increased or lowered according to the new tax value. The constant will continue to be the pre-development tax value.

9. On the sixth year, the owner will pay the full amount of the newly appraised tax value of the property without the benefit of the grant.
10. Program parameters will be revisited yearly and are subject to change for new participants in the program.

DIG Program Requirements

The following requirements apply to the program:

1. The property must be within the DIG Area as defined on the attached map.
2. Any residential, commercial or mixed-use property within the project area is eligible to apply.
3. The applicant must be the property owner and taxpayer for the property.
4. Projects must undergo substantial rehabilitation: *Defined as rehabilitation that will cost at minimum \$40 per square foot, make habitable/usable at least one floor of the building and at least triple the predevelopment tax value.*
5. The grant is also available for new construction deemed to be in character and consistent with requirements in the City of Rocky Mount Land Development Code (LDC) and with the approval of the HPC if located within the Central City Local Historic District.
6. Any project that has not already received a building permit will be eligible to make application to the City of Rocky Mount to participate in the DIG program once adopted.
7. Structures must meet North Carolina and local building codes as approved by the local building inspector and obtain out all required permits from the City of Rocky Mount Inspections Division.
8. To receive the DIG, the property must be current on both City and County taxes from the time that the pre-application is made until all grant funds are paid. If any tax payments are missed or received late (after January 6, when interest begins) for the property, program participation will be terminated.
9. Applications will be administered by the City of Rocky Mount and must be in full compliance with the requirements of the DIG.

10. The project must be completed and receive a Certificate of Occupancy (CO) within 24 months of approval/acceptance into the program. If it is not completed within this timeframe, program participation will be terminated.
11. If the property is sold, in order to receive the remaining years of incentive grants in the program, per the original agreement, the new owner must submit in writing to the Downtown Development Manager to request the remaining grant payments. The new owner must also include the following with the request letter: a current list of owners/partners; a copy of the deed of sale and the settlement statement (HUD 1) from the closing.
12. Note: the term of the grant will not restart. The new owner is entitled to grant payments for the balance of years as approved for the property in the original application.
13. The DIG amount will be recalculated yearly and will reflect any valuation changes to the property through damage, further improvement and/or areawide re-assessment. The constants of the program will remain the term and percentage of the base grant amount and the preconstruction unimproved assessed value.
14. If the property is located in Nash County and the owner pays the County portion of the taxes before September 1st., and receives the 1% discount for paying early, the grant amount will be formulated by using the actual amount paid, not the full amount due after September 1st.

DIG Example

Note: Below tax rates and amounts represent 2018-19 figures. The tax rate, and consequently the yearly tax amount, may change in future years. The constant will be the pre-development tax value. After Year 1, regardless of the change in valuation, the DIG amount will be a percentage (80%, 60%, 40% and 20%) of the current tax payment less the pre-development tax amount.

Example: Located in Nash County and in the Municipal Services District (MSD), an unrenovated two story building with a \$50,000 tax value:

\$0.670 =\$335.00 annual county tax

\$0.685 =\$342.50 annual city tax

\$0.200 =\$100.00 annual MSD tax

\$777.50 Total Annual Tax (Before Development)

Proposed development – Construction/Development – \$350,000 Tax Value

\$0.670 =\$2,345.00 annual county tax

\$0.685 =\$2,397.50 annual city tax

\$0.200 =\$ 700.00 annual MSD tax

\$5,442.50 Total Annual Tax (After Development)

Grant Formula, Example

Under above example, owner pays \$5,442.50 annually in both City and County Taxes and owner is given a Year One grant of \$4,665.00.

\$5,442.50 new tax amount

- \$777.50 pre-development tax amount

\$4,665.00 Year One Incentive Grant Amount



The grant is available over five years, representing a percentage of the difference of the property's improved assessed value and previous, unimproved assessed value. The property tax incentive grant amount would be as follows: Year 1: 100% or \$4,665.00; Year 2: 80% or \$3,732.00; Year 3: 60% or \$2,799.00; Year 4: 40% or \$1,866.00, and Year 5: 20% or \$931.00.


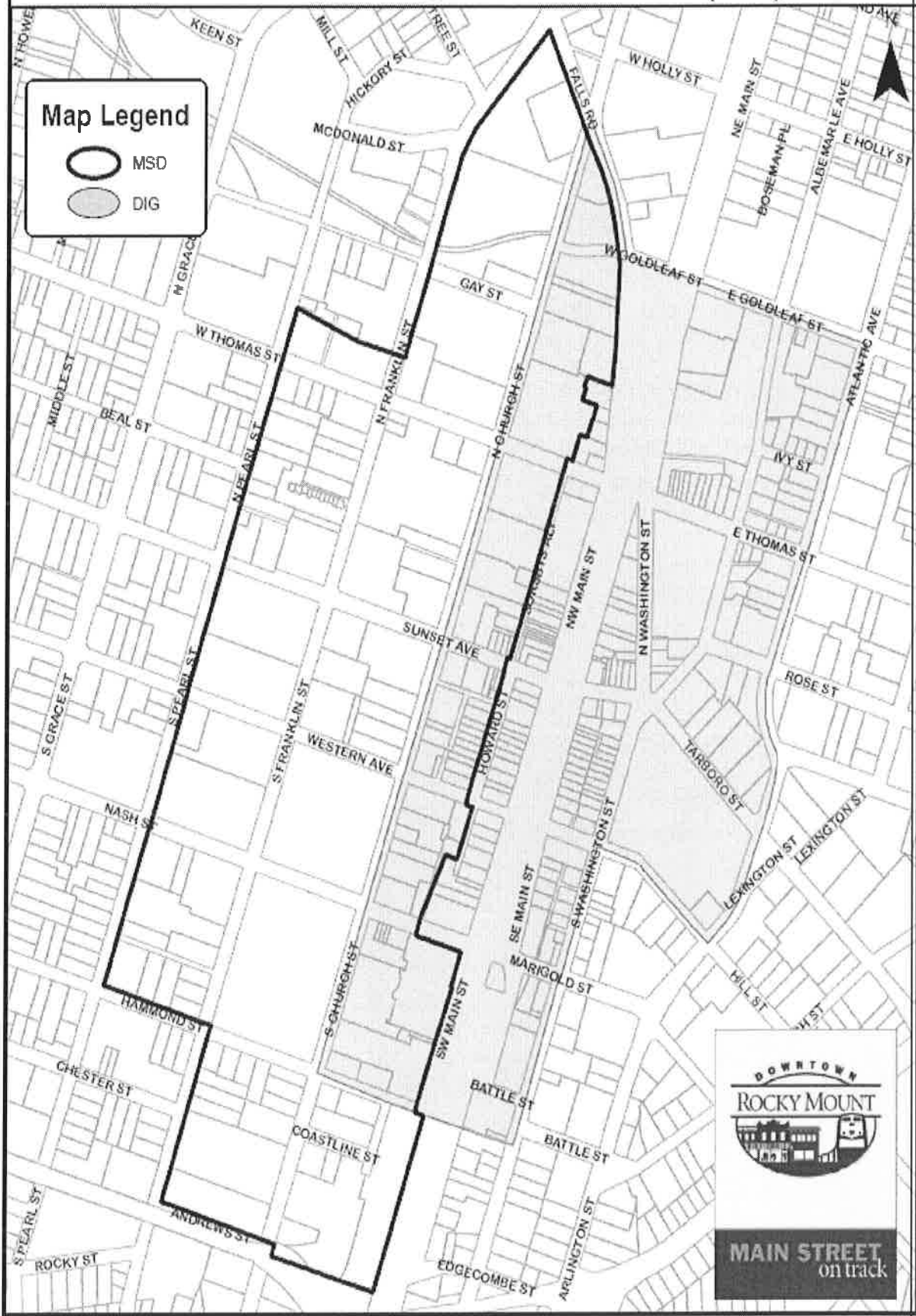
Program Benefits to the City of Rocky Mount and Twin Counties:

- Immediate Water/Sewer/Electric/Gas sales
- Reducing "White Elephant" buildings or blight
- Supporting locally owned businesses/citizens
- Supporting "Smart Growth"
- Utilizing existing Infrastructure
- Increased property values of neighboring buildings
- Counties and Cities commonly have this available for industrial development

DEVELOPMENT INCENTIVE GRANT (DIG)

Map Legend

-  MSD
-  DIG



**DOWNTOWN
ROCKY MOUNT**

**MAIN STREET
on track**