

DEVELOPMENT/GROWTH MANAGEMENT INCENTIVES

The City has undertaken several initiatives (e.g. focal point plans, strategic area plans, tax increment districts, business parks, etc.) to encourage development within certain strategic areas of the City. The consideration of financial incentives for urban in-fill projects would focus new projects into these areas. A suitable mix of projects, in turn, could serve as catalysts for additional investment in these critical areas.

Rock Hill has shown tremendous success in attracting industrial and commercial employment uses to the City - despite many competitive obstacles. The biggest obstacle is South Carolina's disproportionately high property tax assessment for manufacturing and commercial properties. Manufacturing property in South Carolina is assessed at 10.5% of fair market value, more than 2.5 times the rate of single family housing and almost twice the rate of commercial development. In comparison, North Carolina taxes all properties at a uniform rate.

Impact fees are one tool suggested in the Comprehensive Plan to manage growth. Since the State's impact fee legislation does not allow the use of impact fees to serve this goal, City Council has indicated an interest in exploring other options to direct growth. The Zoning Ordinance can serve as one tool in the definition of good development practices in Rock Hill. While this and other tools should be considered to accomplish our overall growth management goals, financial incentives would provide the most immediate and direct enticement to offset the effect of impact fee collection and foster in-fill development. Financial incentives are important because land within the City often has higher costs for development (i.e. higher land costs and brown fields) and face additional risks (i.e. greater crime risks and deteriorated surrounding neighborhoods) than suburban locations. Incentives could eliminate some of these barriers to development to achieve a sustainable growth pattern.

Financial Incentives

Financial incentives shall be primarily allocated to new construction or to redevelopment projects which do not substantially benefit from impact fee redevelopment credits.

These incentives may be used to offset the following expenses:

1. Impact Fees
2. Water Tap Fees
3. Sewer Tap Fees
4. Building Permit Fees (**Grading and erosion control permit fees are not considered reimbursable under the Development/Growth Management Incentives Policy.**)

Incentives paid under the policy are reimbursements for fees paid to the City only. Most water and sewer taps for commercial projects are made by private contractors and there are no charges by the City for this work (a permit fee may apply). Such expenses are not reimbursable through this incentive program.

Incentive Evaluation Criteria

In granting these incentives, the City will evaluate potential projects based on the following three considerations:

1. **Targeted Areas:** Growth management incentives should be limited to specific areas of the city and should be used – primarily - to attract development into the Old Town area or to attract development into areas with redevelopment plans in place. These areas are to include the following:

- a. The Old Town area (see Exhibit A) and other urban core areas with Focal Point Plans or Master Plans
- b. Business Parks which follow quality development standards and restrictive covenants.
- c. Designated Opportunity Zones (see Exhibit B) which include U.S. Census tracts 45091060501, 45091060401, 45091060300 and 45091060200.
- d. Any other development that City Council may decide to qualify for incentives – with particular attention given to projects of the Rock Hill Housing Development Corporation, redevelopment of former textile mill sites, tax increment districts, and other projects in the Old Town area that may be located in areas without existing Focal Point/Master plans.

2. **Targeted Goals and Land Uses:** New industrial, commercial, and even residential projects suitable for incentives would meet the goals of the City-conducted studies of that area. For example, a grocery store would be eligible on Saluda Street, but a convenience store would not. Recognizing the interest that the City has in these projects, consideration will also be given to the type of development. Staff has developed a list of appropriate uses. These appropriate uses will specifically **exclude**:

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| mobile homes or parks | cemeteries/columbariums |
| modular construction | rooming houses |
| halfway house/mainstreaming facilities | motor vehicle sales or rental |
| group homes | mobile home sales |
| behavioral/confinement institutions | auto body repair/painting shops |
| correctional or penal facilities | gas stations |
| churches | car washes |
| social, fraternal clubs or lodges | flea markets |
| vehicle maintenance facilities | body piercing/tattoo parlor |
| property maintenance facilities | drive-thru service restaurants |
| public and semi-public facilities | automobile parking lots |
| sanitary landfills | outdoor storage/equipment parking |
| skating rinks | mini-warehouses |
| bowling alleys | salvage yards |
| billiard halls | motor vehicle racing |
| agricultural facilities | horseback riding |
| adult entertainment/uses | package liquor stores |
| automotive wrecker services | pawn shops |
| bars | check cashing businesses |
| nightclubs | gambling/gaming establishments |
| convenience stores | extractive industries |
| | any other uses deemed unacceptable by City Council |

While distribution uses are eligible for assistance, City Council will consider applications which include distribution functions on a case-by-case basis to determine if incentives shall be granted or denied.

3. **Targeted Standards:** Projects within the City would be eligible if they meet specific criteria that are appropriate to these areas. These standards would be designed to meet specified community objectives. Projects that would add significantly to the employment base or that occupy a strategic location to inspire additional development may be given priority consideration. In short, standards for development will be required for anyone applying for financial resources. This will include a level of staff review and an approval process from

the City Council (areas owned by the City and areas included in an historic district or having been designated as a local historic property per the City's Zoning Code are exempt from these standards). Design criteria will be taken from the Zoning Code, particularly Article 6, "Development and Design Standards," and any other standards determined by City Council.

Incentive Review Process

The City will review requests and proposals for financial assistance through a two-part process. The following outlines this process:

1. ***Incentive Review Committee***: An incentive review committee shall be established by the City Manager to evaluate proposals for a qualifying financial incentive. The benefit of the project to the City shall be an important factor in this process. This committee will make recommendations on each project to the City Council based on a completed application. Applications for assistance must be submitted to the City prior to the issuance of any building permit.
2. The final decision for the payment of any incentive shall rest with the City Council. Availability of funding for these incentives shall be limited to an annual appropriation by the City Council. Due to limited financial resources – City Council may not be able to completely fund all eligible projects. As a result, eligible projects may be funded in total or only in part. The City Council may ratify the recommendation of the Incentive Review Committee; return it to the Committee for further review; or reject the recommendation.
3. The award of any financial incentive by City Council automatically expires one (1) year after action by City Council to provide the incentive unless the term of the award is extended in writing by the City Manager.

Revised: 9/12/05; 9/26/05; 2/27/06; 8/14/06

Exhibit A Old Town Area Map

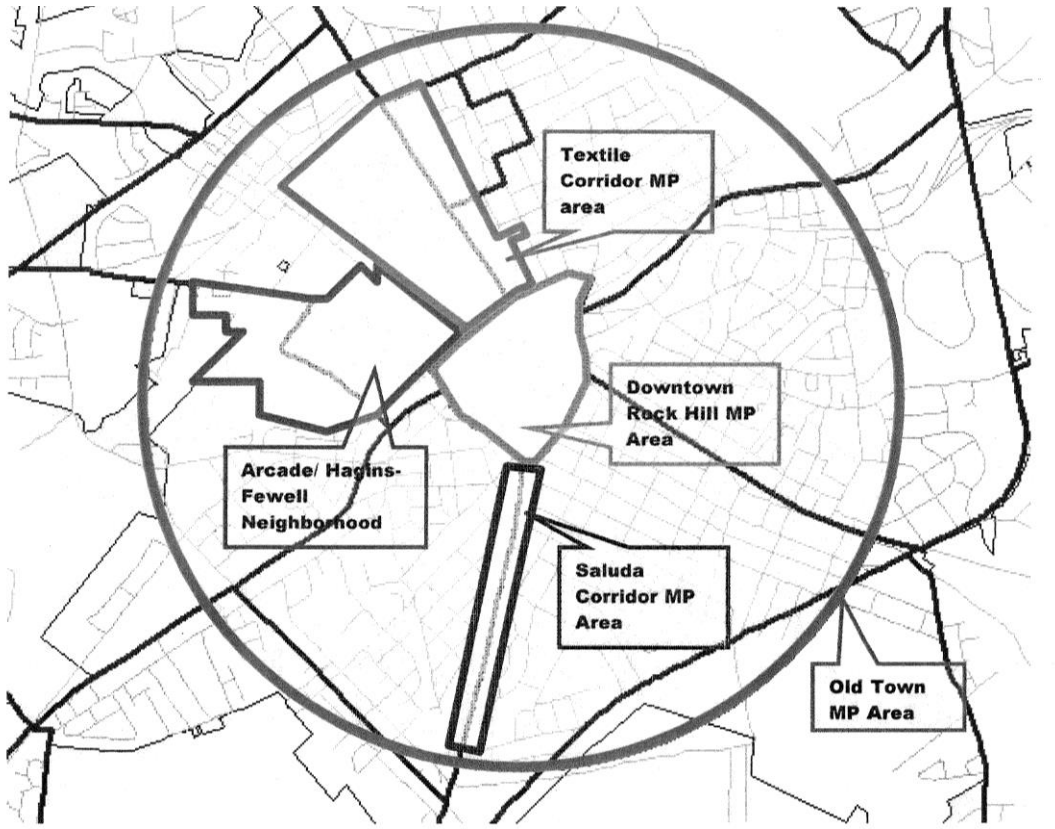


Exhibit B Opportunity Zones

