

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 used a variety of tools to manage balanced growth. To work towards the City's growth management goals, financial incentives have provided 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. The Development/Growth Management Incentives policy seeks to help bridge the gap in development projects that may not occur without a local incentive and that support the City's long-term growth goals

Financial Incentives

Financial incentives may be awarded to projects which are burdened by adverse market conditions, extraordinary costs and/or other factors that impact the financial feasibility of a project. City Council has full discretion as to which projects will qualify based on City Council's development goals.

These incentives may be used to offset the following expenses:

1. Water, Sewer and/or Fire Impact Fees
2. Water Meter Set Fees
3. Sewer Meter Set 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.

A 50% reimbursement of eligible expenses will be the starting point for the consideration of potential incentive awards. City Council will have the ability to provide an incentive which is higher or lower than 50% (0% to 100%) based on its consideration of the Incentive Evaluation Criteria. This incentive is completely discretionary.

Incentive Evaluation Criteria

In granting these incentives, the City will evaluate potential projects based on the following four 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. Employment-related uses in business parks, including Knowledge Park, 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. Affordable, workforce or mixed income housing projects of a type and quality that are consistent with the City’s housing development goals.
 - e. 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, other brownfield 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.

In addition, development projects which provide workforce/affordable housing shall be eligible for assistance. Eligible workforce/affordable housing projects can be located anywhere in the city. Workforce/affordable housing shall be defined as offering residential units that will be sold or rented to individuals or families consistent with workforce/affordable housing goals and policies established and updated from time to time by the City of Rock Hill.

Staff has developed a list of appropriate uses. These appropriate uses will specifically *exclude*:

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| mobile homes or parks | bowling alleys |
| modular construction | billiard halls |
| halfway house/mainstreaming facilities | agricultural facilities |
| group homes | adult entertainment/uses |
| behavioral/confinement institutions | automotive wrecker services |
| correctional or penal facilities | bars |
| churches | nightclubs |
| social, fraternal clubs or lodges | convenience stores |
| vehicle maintenance facilities | cemeteries/columbariums |
| property maintenance facilities | rooming houses |
| public and semi-public facilities | motor vehicle sales or rental |
| sanitary landfills | mobile home sales |
| skating rinks | auto body repair/painting shops |
| | gas stations |
| | car washes |

flea markets
body piercing/tattoo parlor
drive-thru service restaurants
automobile parking lots
outdoor storage/equipment parking
mini-warehouses
salvage yards
motor vehicle racing

horseback riding
package liquor stores
pawn shops
check cashing businesses
gambling/gaming establishments
extractive industries
any other uses deemed unacceptable
by City Council

In general, distribution centers and other large warehouse uses shall not be eligible for this incentive. The excluded distribution center/warehouse uses are generally characterized by low jobs/building square foot ratios (for example any distribution project that provides less than 1 job per 1,000 square feet of building area is probably excluded from consideration for this incentive), average wages of less than the York County average wage and high volumes of truck traffic. In special cases a distribution center/warehouse use may be considered for an incentive, but the project must demonstrate that it is significantly different in character from the distribution center/warehouses uses described above and that the project offers significant benefits to the community – well beyond that of a typical distribution center/warehouse use – in order to be considered for an incentive.

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.
4. **Benefits of the Project:** The potential awarding of incentives will take the following project impacts into consideration:
 1. Number of net new jobs created
 2. Wages to be provided at jobs associated with the project and the degree to which the project meets living wage goals
 3. How the project addresses current City and/or Knowledge Park economic development goals
 4. Unique benefits offered by the project (e.g. a unique use is created, a community need is met, a blighted property is redeveloped, etc.)
 5. Amount of investment
 6. Why the incentive is necessary? Will the project not proceed without the City's assistance?

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 awarding 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. Payment of incentive funds will occur only after a Certificate of Occupancy has been issued unless otherwise stated in writing (such as within a development agreement).

Revised: 9/12/05; 9/26/05; 2/27/06; 8/14/06; 9/24/18; 5/13/19; 9/23/2019; 12/9/2019

Exhibit A Old Town Area Map

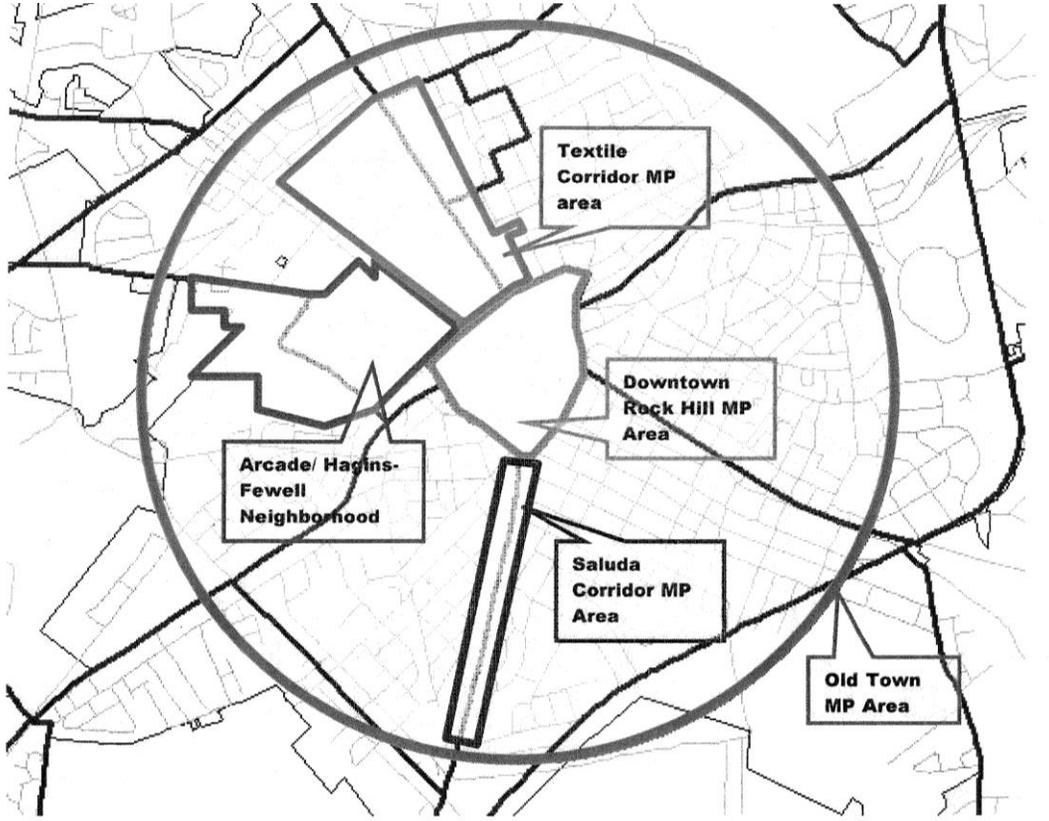


Exhibit B Opportunity Zones

