



Benson, North Carolina Development Incentive Toolbox

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TOWN OF BENSON DEVELOPMENT INCENTIVE TOOLBOX

Executive Summary

During the early 21st century the economic development trends of suburban sprawl and urban renewal have met somewhere in the middle. The decrease in developable land within cities and the rise of the green movement have created an interesting dichotomy for land use planners and economic developers. These forces have led to a push for revitalization of existing communities and municipality development and expansion in others.

North Carolina is no exception to this current trend. The Triangle region has experienced some of the fastest growth in the entire United States. The increasing shortage of developable land coupled with the increasing demand for community development has given Johnston County a competitive advantage for the future. The county's close proximity to Raleigh as well as its proximity to Interstates 95 and 40 is the major reasons for this advantage. The Johnston County 2030 Comprehensive Plan has accepted this call and is working to steer development towards its already incorporated towns and cities. With several municipalities in the county now facing the immediate challenges of this growth it is a perfect time for the Town of Benson to fully prepare itself for a potential economic upturn.

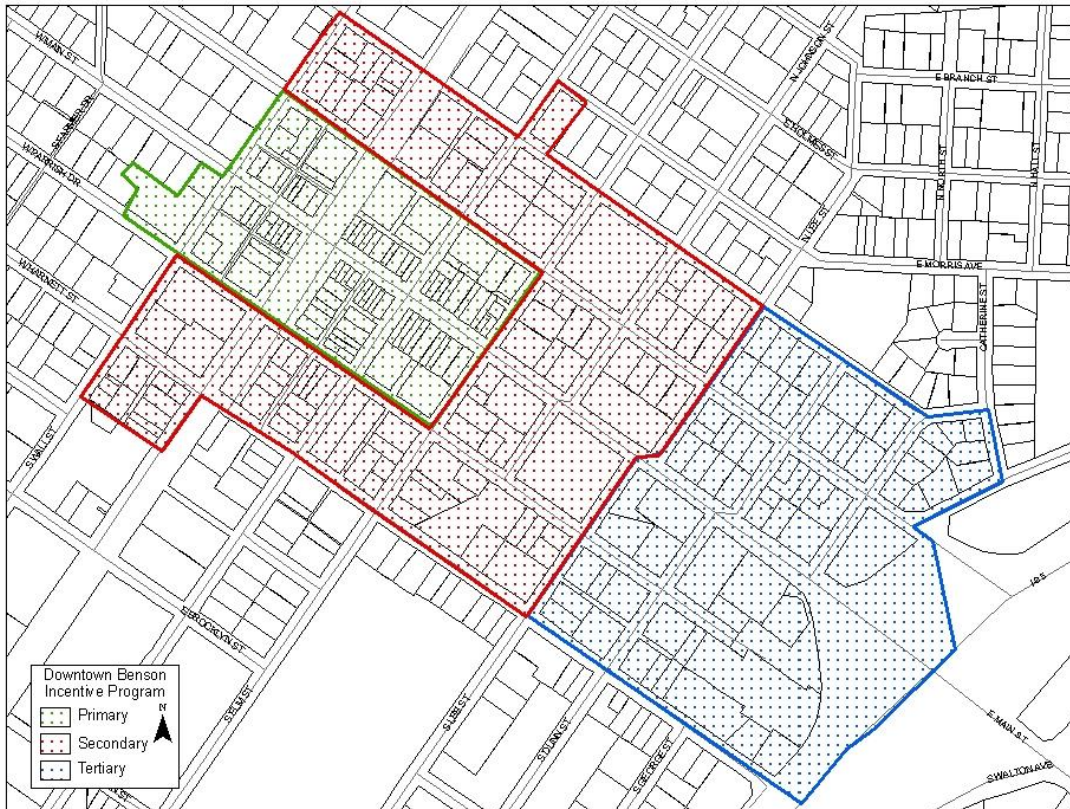
In order to do so it is necessary to not only highlight areas of economic opportunity but to also provide incentives to encourage future investment. The following report, Town of Benson Development Incentive Toolbox, is a proposed solution to this current need. Within this document are several possible resources the Town of Benson could use to entice development that: preserves the historic character of the downtown community; provides employment opportunities for its current and or future citizens; and creates more options for shopping, dining, playing and living. All applications and/or program specifics are available upon request. A formal resolution has been passed for the two tax incentive grants for downtown and industrial development. These resolutions are 25-2009 and 24-2009 respectively. Grants not requiring resolutions are subject to budget approval and may be reduced or increased in amount. The total proposed budgetary allocation for these programs is listed below.

TOTAL BUDGET: \$83,000 per fiscal year
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The following document is broken into two sections: Section One – Downtown Revitalization Program; Section Two – Industrial Development Program. In order to qualify, grant applicants cannot have any outstanding debt owed to the Town of Benson (fees, bills, taxes, property, etc.) or be involved in any legal proceedings involving the Town of Benson.

SECTION ONE: DOWNTOWN REVITALIZATION INCENTIVE PROGRAM

The Town of Benson takes great pride in its historic downtown and recognizes that it is one of its many vital economic resources. As it stands, Downtown Benson serves as the Town's central business district providing citizens and visitors with a multitude of opportunities to live, work, shop, dine and play. While the occupancy rate remains strong at nearly 90%, the 2009 Downtown Market Analysis has indicated a leakage of over \$25 million in sales within 5 miles of the City Center. These leakages indicate the need for additional opportunities within the Downtown area. In order to attract these needs it is necessary that the Town of Benson provide incentives for downtown investment. The following is a list of grants that can be used to make Downtown Benson a more vibrant commercial center in the coming years. Only those areas identified in the map below are eligible for these programs. The map is divided into three zones: primary, secondary and tertiary. Projects within the primary zone will receive award priority. Business needs identified in the 2009 Market Analysis will also receive priority.



Downtown Benson Façade Improvement Grant

The *Downtown Benson Façade Improvement Grant* is an incentive-based measure intended to encourage and provide an economic incentive for the:

- Renovation of building facades in the Benson Greater Downtown Area;
- Implementation of appropriate design standards for the rehabilitation of historic buildings and;
- Preservation of the unique architectural character of Historic Downtown Benson.

Any property owner or business owner in the greater downtown area is eligible to apply. The Façade Improvement Grant will consist of a \$500 grant award paired with a 1:1 dollar match for approved façade projects up to a ceiling amount of \$1,500.

Example: Total project cost is \$2,500
Town contributes \$500 in a grant
Remaining cost is \$2,000
Property owner contributes \$1,000
Town contributes an additional \$1,000

The total budget for this program is \$7,500. Grants will be awarded until all grant funds have been disbursed. The Town of Benson Board of Commissioners must approve the application before work can begin. This is a reimbursement grant. All work must be completed and accompanied by paid bill receipts of actual costs before the final award can be given. All projects must follow the Secretary of Interior's Standards for Rehabilitation as well as Town of Benson Building Code. To assure approval, all applicants are eligible for free design assistance from either the Downtown Development Coordinator or the North Carolina Small Town Main Street Eastern Designer.

<i>TOTAL BUDGET: \$7,500 per fiscal year</i>
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NOTE: This grant program was passed by the Board of Commissioners in September of 2008. The highlighted portion is a proposed change for the remainder of this fiscal year as well as future years to come.

SOURCES: City of Greenville, Concord Downtown Development Corporation, City of Charlotte, City of Lenoir, North Carolina Small Town Main Street Program

Downtown Benson Redevelopment Incentive Grant – Resolution 25-2009

The purpose of this incentive is to encourage and or promote infill growth as well as building rehabilitation throughout Benson’s Greater Downtown Area. Any owner of a commercial building and/or vacant property within the Greater Downtown Area is to apply. Residential projects are eligible only in the creation of upper floor units (condo or rental apartment) in an existing commercial structure with a commercial use on the street level; or as part of a new mixed-use project with the residential component on upper floors. This incentive is in the form of a reimbursement grant based on the appraised tax value of the potential site or building. The *Downtown Benson Redevelopment Incentive Grant* will be disbursed according to the following formula:

1. Appraised tax value of site or building is determined before construction begins.
2. Appraised tax value of site or building is determined after construction or rehabilitation is completed upon the issuance of a certificate of occupancy.
3. Grant amount is determined by calculating the difference between the property taxes due based on pre-construction tax value and the property taxes due based on post-construction value as determined by the Johnston County Tax Administrator.
4. Owner pays full amount of newly appraised tax value of property to both Johnston County and the Town of Benson.
5. Grant will be disbursed over the course of five years:
Year 1 – 90% of taxes due and paid; Year 2 – 90% of taxes due and paid, Year 3 – 75% of taxes due and paid; Year 4 – 50% of taxes due and paid and Year 5 – 25% of taxes due and paid.

For example:

1. Appraised tax value before project (\$100,000) x Town of Benson tax rate (\$0.53 per \$100) = \$530
2. Appraised tax value after project (\$200,000) x Town of Benson tax rate (\$0.53 per \$100) = \$1,060
3. Reimbursement formula: (Taxes paid after project (\$1,060) – Taxes paid before project (\$530) = \$530
4. Appraised tax value before project (\$100,000) x Johnston County tax rate (\$0.78 per \$100) = \$780
5. Appraised tax value after project (\$200,000) x Johnston County tax rate (\$0.78 per \$100) = \$1,560
6. Reimbursement Formula: Taxes paid after project (\$1,560) – Taxes paid before project (\$780) = \$780
7. Total amount reimbursed: Year 1 (\$1,310 x .90 = \$1,179) Year 2 (\$1,310 x .90 = \$1,179)
Year 3 (\$1,310 x .75 = \$1,061) Year 4 (\$1,310 x .50 = \$655)
Year 5 (\$1,310 x .25 = \$327.50) TOTAL REIMBURSEMENT (\$4,401.60)

NOTE: The Johnston County Board of Commissioners must approve the County portion of this incentive and will be administered by the Johnston County Tax Office. The County has participated in similar programs with the Town of Clayton and the Town of Smithfield.

SOURCES: Town of Smithfield, Town of Clayton, North Carolina Small Town Main Street Program

Downtown Benson Business Loan Fund

With the current economic situation at the national and local level it is getting more difficult for property and business owners to secure financial assistance from banking institutions. However, the Town recently received a \$60,000 Rural Business Enterprise Grant from USDA Economic Development to offer small businesses with more financial lending options. The following two proposals are engineered to spur building rehabilitation and new business start-up in the Benson Greater Downtown Area. All new businesses and/or property owners in the identified boundaries established by the Town of Benson Main Street Committee are eligible to apply.

Building Rehabilitation Loan

To encourage the development of commercial and residential uses in the Benson Greater Downtown Area, the Town of Benson offers loans at a fixed interest rate of $\frac{3}{4}$ prime amortized over 20-40 years. Each loan has a five year balloon payment or call. The lower interest rates and longer terms will reduce the owner's monthly debt service and will enable an owner to offer the units for monthly rents that are affordable for potential leasing entities.

The main goal of this loan fund is to encourage the restoration of the historic character of Downtown Benson as well as the revitalization of its commercial center. Business needs identified in the 2009 Market Analysis will receive first priority for lending. In order to create space for these commercial needs upper story office and residential uses should be promoted. Upper Story residential projects may be eligible for two times the maximum loan amount.

The loan for this program should be no more than \$25,000.

Retail/Commercial Loan

This program is for leasehold improvements only. Building owners and lessees will not qualify unless they are up-fitting the building for their own small business use. The loan program shall provide up to 100% of up-fit for projects not exceeding \$10,000.

Operating Loan

Loans for inventory, furniture, fixtures, signage and equipment are eligible for this program. Salaries, rent and building related expenses (phone bills, electricity, etc.) are not included in this

program. The maximum loan will not exceed \$5,000. Only new businesses are eligible to apply.

Application Requirements

All applicants for the Downtown Benson Business Loan Program must provide the following:

- Loan application form
- Business plan
- Receipts of purchase (property, inventory, furniture, fixtures or equipment)
- Cost of purchase of building or property
- Copy of renovation plans
- Cost bids for renovation work
- Copy of lease (if applicable)
- Personal financial statement
- Proof of ownership/control

Terms and Conditions

All approved loans will require a promissory note, a deed of trust and/or security agreement, along with our standard loan agreement. Approved loans should be locked in at a rate of ¾ prime at the time of commitment.

TOTAL BUDGET: \$60,000 per fiscal year
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NOTE: If approved the Downtown Benson Business Loan Program administration could be handled by the Town's Finance Director with the help of the Downtown Development Coordinator or the Town's Banking institution, Four Oaks Bank and Trust.

SOURCES: City of Wilmington, North Carolina Small Town Main Street Program

Downtown Benson Public Utility Grant

In regards to attracting new business, Benson's position as a public power provider serves as a double edged sword. While we offer a high level of local service, our rates are often higher than our competitors. In order to encourage new business the Town is offering a Public Utility

Grant to counter this difference. The grant will be a reimbursement of 25% of each month's utility bill for the period of one year. This grant is available for any new business in the Greater Downtown Area only. Grant should be subject to credit approval before any contributions are decided. These grant funds should be used to attract business needs as indicated by the 2009 Market Analysis. All other businesses are subject to approval by the Downtown Development Coordinator. Only new businesses are eligible for this program.

NOTE: This would not be a budgetary item as it is based on an account addition. The 25% is the estimated mark-up established by the Town of Benson.

SOURCES: Uptown Shelby

Downtown Benson New Business Start-Up Incentive Grant

One of the many hurdles in small business is the cost associated with business start-up. There are numerous small business loan programs available for new businesses including the previous proposal from the Town of Benson. However these loans are not always available to individual business owners and can sometimes establish lengthy pay-back periods. One way to help such individuals is to provide them with a new business incentive grant.

This grant should be a contribution of no more than \$1,500 as a 1:1 match per grant. The goal of this grant is to encourage new business start-up without the need to establish another loan. Any new business within the Benson Greater Downtown Area is eligible to apply. Businesses are required to submit an application as well as a business plan including estimated start-up cost to the Downtown Development Coordinator for approval. Business needs identified by the 2009 Market Analysis will receive priority in grant disbursement.

TOTAL BUDGET: \$3,000 per fiscal year

SOURCES: Uptown Shelby, Concord Downtown Development Corporation, City of Monroe

Downtown Benson New Business Rental Assistance Grant

Many of our downtown buildings are not owner occupied. This trend is likely to continue as much of our building inventory is under long-term ownership. Therefore many of our future businesses will be subject to lease agreements unless building ownership is attained. One way

to assist new leasehold businesses is to provide a rental subsidy. Grant amounts shall be 25% of the rental price for a period of 12 months. The maximum contribution will be established by an annual market assessment of downtown rental properties but in no case shall the contribution exceed \$300 per month. Applicants must submit a grant application along with a copy of the lease agreement and business plan. A lease of no shorter than 2 years is required. If the landlord will not offer a 2 year lease, a contract establishing a 2 year agreement with the Town of Benson must be signed by the business owner. Any business breaking the 2 year stipulation must pay grant funds back to the Town of Benson. Business needs identified by the 2009 Market Analysis will receive priority in grant disbursement. Only new businesses are eligible for this grant.

TOTAL BUDGET: \$5,000 per fiscal year

SOURCES: Uptown Shelby

Downtown Benson Residential Incentive Grant

Many of the buildings in downtown have multiple stories that are often underutilized. The recommended use for such opportunity is residential. Upper story residential opportunities do two things for the downtown community: initially it provides the downtown with permanent residents that will utilize the downtown businesses on a day to day basis; secondly it supplies an opportunity for rental property that is both attractive and affordable for a younger demographic. In addition to rehabilitation loans, tax credits and outside grant opportunities many municipalities offer a onetime grant. This grant should have a \$2,500 maximum amount and should be used for up-fitting the upper floor(s) of any downtown commercial building for a residential tenant. This will be a 1:1 matching grant program. This grant may not be used for any other ground floor or upper floor use.

TOTAL BUDGET: \$5,000 per fiscal year

SOURCES: Concord Downtown Development Corporation, North Carolina Small Town Main Street Program

Downtown Benson Marketing Assistance Grant

Most small businesses are forced to operate with very tight budgets, especially in the startup phase. Often the first thing to be cut in a time of need is marketing and promotion. While many businesses may not think of marketing as a necessity it remains the third most important budgetary item to inventory and salary. Without proper marketing and promotion a business is destined to fail. There are three different approaches to help facilitate this necessary effort:

1. Business Plan Development – The Downtown Development Coordinator with the help of the North Carolina Main Street Program may assist the business with the development of a proper business plan. Any current business plan and all business expenses and revenues must be provided. There is no amount for this grant as the assistance is free of charge.
2. Building Signage – A 1:1 matching grant up to \$350 may be allocated for the design or development of new or additional building signage. All signage must conform to Town of Benson Building Code and be approved by the Downtown Development Coordinator. Grant application must be accompanied with if applicable: current logo/business card, photo of current signage and/or design of proposed signage.
3. Marketing Plan Development and Implementation – The Downtown Development Coordinator may assist the business owner with the development and implementation of a marketing plan. This may include logo development, advertising, branding and/or website design. A 1:1 matching grant up to \$1,000 per business may be used for this program. A grant application must be accompanied by documentation listing all marketing related expenses and efforts.

All current and/or new retail businesses are eligible to apply.

TOTAL BUDGET: \$2,500 per fiscal year

SOURCES: City of Monroe

SECTION TWO: INDUSTRIAL DEVELOPMENT INCENTIVE PROGRAM

Due to the availability of land and ideal location, the Town of Benson has a very realistic opportunity to attract significant industrial development. The need for this development can be viewed in three manners:

One is to provide current Benson citizens with the opportunity to work closer to home. A significant amount of the Town's population travels outside of the ETJ and even the county for employment. Having these people working within the Town decreases their time away from family and therefore increases their quality of life. It also helps stimulate the local economy. They will now have the opportunity to eat, shop and get gas within the Town limits.

Bringing in new industry increases the current job base for those who are currently unemployed. By providing this sector of the population with employment opportunities improves their quality of life in addition to stimulating the local economy.

The third benefit is the potential increase in population. By supplying jobs you can attract new residents which will in turn pay property taxes and spend money in the local economy. You are also developing a stronger sense of community by increasing the pool in which volunteers and committee members are drawn from. These new voices can provide new energy and fresh ideas.

While these benefits seem attractive they do not happen overnight. Availability of land and location are not the only factors that encourage industrial development. Competition has steadily increased as every town, county and state seeks to better the lives of their constituency. In order to compete it is necessary to consider offering development incentives that are much larger in scope than current commercial development measures. The following are ideas that may increase the Town's competitive advantage in recruiting such development.

Town of Benson Industrial Incentive Grant – Resolution 24-2009

The Town of Benson and the County of Johnston entered into an agreement in 2007 to provide an incentive grant to Chicopee, Inc (now Polymer Group, Inc.) for an expansion of their Benson, North Carolina manufacturing facility. This agreement called for a matching grant from both the Town and the County based on the difference in ad valorem tax base before and after the

expansion. The grant will provide the company with a grant equal to 50% of the new ad valorem taxes, over and above the existing company's tax base resulting from the estimated \$15-\$20 million expansion in 2008 and extending five consecutive years.

The County of Johnston has this agreement with any municipality in Johnston County for the development or expansion of industrial facilities. It is recommended that the above agreement with PGI be made available for any new industrial development or expansion that meets similar job creation and investment criteria. Please refer to the attached copy of the aforementioned agreement for a detailed explanation.

Town of Benson Schedule of Fees

The Town of Benson currently charges a number of fees for services provided by the Planning, Zoning and Inspections Department. While these fees provide reimbursement for the work done by this department they can serve as an incentive measure in the future. Approved commercial and industrial projects should have their fees reduced by no less than 50%. Projects of significance may be eligible for a larger waiver. All fee waivers and amounts are subject to approval by Town of Benson Administration. Any amount over 50% is subject to approval from the Town of Benson Board of Commissioners.

Infrastructure Improvements

Industrial development requiring infrastructure improvements such as road extension and water/sewer line extension may receive assistance at the local, county and state level upon request.

SOURCES: State of North Carolina County of Johnston Incentive Grant Agreement, Town of Benson Planning Zoning and Inspections Schedule of Fees, County of Johnston

TOWN OF BENSON DEVELOPMENT INCENTIVE TOOLBOX APPLICATION

Date of Application: _____

Information

Specific Grant(s) Applying for _____
Property Owner Name _____
Business Owner Name (if different) _____
Business Name _____
Phone # _____
Email Address _____
Street Address _____
Business Mailing Address _____

Use of Building

Current use of building: _____

Proposed use of building: _____

Description of Proposed Project (Attach drawing, sketch, or photo of proposed renovations, specifically identifying changes and paint color for each detail of the building, along with a **copy of a current business plan**):

Total Estimated Cost of Project (lowest bid quote, attach additional quotes and invoices):

Checklist for Complete Application

- 1) I have read the Town of Benson Development Incentive Toolbox and fully understand the agreement.
- 2) The owner's written permission is attached, if applicable.
- 3) All necessary documentation is attached. (depends on the grant applied for)
- 4) At least two itemized project invoices are attached. (depends on the grant applied for)

I understand the Town of Benson Development Incentive Toolbox must be used in the manner described in this application, and the application must be reviewed and approved by the Benson Town Board of Commissioners prior to commencement of any project. I understand that failure to comply with the approved application may result in a forfeiture of all grant funds.

Property Owner Signature (if applicable): _____ Date: _____

Applicant Signature: _____ Date: _____