

CITY OF WICKLIFFE BUSINESS FINANCIAL INCENTIVES

- 1.) Community Reinvestment Area (CRA) - A designated area in which property owners can receive tax incentives for investing in real property improvements along Euclid Avenue. The minimum investment in exterior remodeling must be \$20,000 to qualify. New construction must be at least \$200,000. Terms and percentage of tax exemptions granted to qualified applicants will be negotiated based on the applicant's conformity to the overall objectives and vision of the Euclid Avenue Strategic Redevelopment Plan. **The Wickliffe City School Board must approve any CRA which offers tax relief in excess of 50%.**

- 2.) Linked Deposit Program - This is a local program designed to enable Wickliffe businesses to obtain financing up to 3 percentage points below the normal lending rate. The maximum loan principle available to a business is \$100,000. **This program has no effect on the Wickliffe City Schools.**

- 3.) Wickliffe Tax Incentive Grant Program - A City operated job creation program which is designed to encourage retention of existing businesses as well as attraction of new businesses. The amount of the grant is based on the increase in annual payroll brought about by job creation. **This program has no effect on the Wickliffe City Schools.**

- 4.) Tax Abatement - An Enterprise Zone program which provides property tax relief for businesses who invest in property through acquisition or new construction. **It is the policy of the City of Wickliffe to compensate the Wickliffe City Schools for any property taxes abated.**



EUCLID AVENUE COMMUNITY REINVESTMENT AREA (CRA) Fact Sheet

The Euclid Avenue Community Reinvestment Area is a designated area in which property owners can receive tax incentives for investing in real property improvements. Wickliffe has designated all of EUCLID AVENUE as a CRA to encourage revitalization of the existing building stock and the development of new structures.

Any property owner meeting the requirements set forth and our planning to undertake a Real Property improvement can apply to the City of Wickliffe and the Department of Economic Development for consideration.

REQUIREMENTS

All residential, commercial and industrial properties consistent with the applicable zoning regulations within the designated CRA are eligible for exemptions under this program.

The CRA Program is a public/private partnership intended to promote and expand conforming uses in the designated area.

The percentage of tax exemption on the increase in assessed valuation from improvements to commercial and industrial property and the term of those exemptions is negotiated on a case-by-case basis in advance of construction or remodeling occurring. The results of the negotiation will be set forth in writing in a City of Wickliffe CRA Agreement.

Term and percentage of tax exemptions granted to qualified applicants will be negotiated based on the applicants' conformity to the overall objectives and vision of the ***Euclid Avenue Strategic Redevelopment Plan*** adopted as a guideline by Wickliffe City Council.

QUICK FACTS

Q. *How do I know if my property is in the CRA?*

A. All property that has a Euclid Avenue street address located in the City of Wickliffe is part of the CRA.

Q. *What is the minimum dollar amount for improvements required for my building?*

A. If you own a family dwelling of one or two units, the minimum cost of REMODELING must be at least \$10,000.

If you own a commercial, industrial, or multi-unit residential structure the minimum cost of REMODELING must be at least \$20,000.

If you plan NEW CONSTRUCTION of a commercial, industrial or multi-unit family dwelling the minimum project cost must be at least \$200,000.

Q. If I improve my real property, how much will my taxes be reduced?

A. **Zero!** The property tax exemption is limited to a percentage of the increase tax amount assessed due to the increased value of the property. Current taxes are not reduced.

Q. How do I know if the renovation I plan to make will increase my properties taxable value?

A. The Lake County Auditor's Office has a pamphlet which lists repairs that may be made to a dwelling or commercial building that will NOT increase the assessed value. Or call the City of Wickliffe Economic Development office and ask about your specific planned improvement. (Note: an actual improvement must be made, replacements do not qualify for CRA.)

Q. How long will the CRA application and approval process take?

A. The application time is dependent on your response time and successfully fulfilling all city requirements. In most cases, expect the process to take 4 – 6 weeks.

Q. Where do I obtain an application?

A. Obtain CRA Applications at Wickliffe City Hall, Monday-Friday, during normal business hours 8:00am to 4:30pm.

Q. What is involved in the application process?

A. Fill out the entire application form.

Verification of the application and an on site review of the application will be conducted by the Economic Development Department.

If the application meets City guidelines, the application will be submitted to Wickliffe City Council for approval.

Approval will be granted in writing to proceed with any proposed project. ONLY after City Council passes an Ordinance accepting a proposed project.

Annual inspections will be made by the Wickliffe Economic & Building Department to ensure property is being developed and maintained properly to continue tax exemption status.

Q. Who can I call with additional questions?

A. Please call:

Martin J. Germ
Director of Finance
City of Wickliffe
(440) 943-7117
mgerm@cityofwickliffe.com



Linked Deposit Loan Program

PROGRAM

A Linked Deposit Loan Program provides low interest loan opportunities to businesses and property owners who are willing to make real property improvements. The City of Wickliffe, in partnership with local depositories, will buy down current commercial interest rates for qualified applicants, by forgoing certain predetermined investment income.

GOALS

- To provide a redevelopment incentive to property and business owners in Wickliffe.
- Project must meet at least one City criteria.

CRITERIA

- Project must help revitalize an under-utilized or vacant building for the purposes of attracting new businesses.
- Project must redevelop a building or site that historically has been neglected and would not have been redeveloped without this program's help.
- Projects that include façade, parking lot, landscaping, and/or other site improvements that constitute a visible aesthetic improvement.
- New signage or updating inappropriate signage to meet new Euclid Avenue sign guidelines.

PROCESS FOR LOAN APPLICATIONS

Referrals:

Banks, City Administration, Chamber of Commerce.

Application Procedure:

1. Lending institution makes initial loan decision based upon banking criteria. If the bank does NOT ACCEPT applicant for appropriate reasons the application procedure has ended and no further action will be taken.
2. APPROVED LOANS are sent to the (EDT) Economic Development Team (Economic Development Coordinator, Finance Director, Mayor) for Linked Deposit criteria approval.
3. The Economic Development Team will review the application for the following:
 - A. Outstanding orders, fines, permit fees, income or property taxes due;
 - B. Project meets City criteria;
 - C. Funds are available;
 - D. Any special circumstances that may exist.
4. The Finance Director will report the EDT's decision to the bank. Review of application will be completed within five business days.
5. The bank takes appropriate action.

LINKED DEPOSIT LOAN PROGRAM DEFINITIONS

Interest Rate: Fixed, one-user rate at least 3 basis points (3.00%) below bank's lending rate applicable to the borrower at the time of the deposit of City funds with the bank. Rate may not exceed 3% below bank's lending rate per Section 135.90 of the Ohio Revised Code.

Period of Loan: Three to five years.

Use of Proceeds: For any for profit business or commercial property owner making real property improvements, renovation of façade, landscaping improvements and signage updating.

Collateral: Determined by the bank.

Fees: None

Loan Amount: Maximum Possible Loan = \$100,000.00
(Annual funding will be determined by Wickliffe City Council during normal budgetary procedures)

Borrower's Limits: No more than one loan to a particular business entity during any five-year period, unless all prior loans are paid in full. However, an investor or owner of a business entity may have ownership interest in multiple separate businesses. This regulation is not intended to limit an individual's ability to apply for the program, providing that the business project is independent from other uses of the program that the individual has employed.

Compliance: Loan compliance is defined as substantially meeting the commitments made in the initial loan application for property investment and improvements; completing all reporting requirements as requested, and meeting all program requirements during program participation.

Prohibited Uses: The use of working capital, receivables financing, or for the acquisition of tangible property not tied to a documented revitalization, remodeling, exterior building improvement, or façade improvement.

The City cannot authorize funds to be used if the following situations exist: the firm exhibits non-compliance with reporting, tax filings, permit requirements, zoning laws, or the City's lending criteria: the City can refuse to authorize the loan application in the event of non-compliance or in the event that the firm's loan application was shown to be invalid. However, this does not preclude the applicant from completing a loan with the bank at market rates.

Standards: All projects submitted to the City must be credit-worthy, bank-approved, and include a statement regarding equal employment opportunities.

CITY FUNDS

Deposit of City Funds: Each linked deposit placed by the City with the bank will consist of consecutive 6-month terms with a predetermined interest rate agreed upon by all parties involved. At the beginning of each 6-month term, the principal amount of the time deposit will be adjusted to equal the principal amount then outstanding on the linked loan. Interest will be paid at the end of each 6-month term.

Interest Rate of City Deposit: The interest rate paid by the bank to the City will be determined by the City's Director of Finance, and will depend on current rates at the time of the linked loan.

Collateralization: The City's time deposit will be collateralized in the manner prescribed by the City's legislated investment and deposit policy.

CITY OF WICKLIFFE INCENTIVE GRANT GUIDELINES

This is a performance based incentive program designed to encourage retention of existing businesses as well as the attraction of new businesses. The program is as an alternative to the Ohio Enterprise Zone Program that provides for real and personal property tax abatement. The grant can be used in combination with the Community Reinvestment Area Program, SBA loans or State loans and incentives.

In order to qualify a company must make an investment in building and/or machinery and equipment and must maintain a payroll at an agreed upon level. The grant agreement will specify the starting payroll, estimated annual payroll increases, percentages used to calculate the grant and the term of the grant. The term of the grant will be determined by the level of investment being made.

Grant Term

In order to qualify, an existing Wickliffe company must propose a level of investment consisting of an extended or new property lease, real property investment and personal property investment linked to new job creation. A company relocating to Wickliffe must demonstrate a similar level of investment and job creation. The term of the grant is based upon the level of initial investment. Terms can range from three to ten years.

Table 1

<u>Investment</u>	<u>Factors</u>
Real Property	Value of building (land value excluded)
Property Lease	Term and value of lease, value of leasehold improvements (note: term of grant not to exceed lease term)
Personal Property	Value of new or relocated M&E, additional immediate investment, and inventory

<u>Value of Investment</u>	<u>Term of Grant</u>
\$ 500,000	3 years
\$ 750,000	4 years
\$1,000,000	5 years
\$1,500,000	6 years
\$2,000,000	7 years
\$2,500,000	8 years
\$3,000,000	9 years
\$4,000,000	10 years

AMOUNT OF GRANT

The amount of the grant is determined by the company's initial payroll resulting from the project.

<u>Payroll</u>	<u>Credit Amount</u>
\$ 525,000 - \$ 876,000	0.2% of payroll, 10% of taxes paid
\$ 876,001 - \$1,750,000	0.4% of payroll, 20% of taxes paid
\$1,750,001 - \$2,625,000	0.6% of payroll, 30% of taxes paid
\$2,625,001 - \$3,500,000	0.8% of payroll, 40% of taxes paid
\$3,500,001 - +	1.0% of payroll, 50% of taxes paid

TERMINATION PROVISION (claw-back)

An initial payroll number is agreed upon as the starting threshold of the grant. Should the company fail to achieve the threshold as determined by the Director of Finance, the grant is subject to renegotiation or cancellation.