



Creative Solutions FOR Thriving Communities

CENTRALINA COUNCIL OF GOVERNMENTS

REGIONAL CONFERENCE

City of Gastonia **IDEAL Downtown Economic Incentive Program**



GROWING Jobs and Our Economy | CONTROLLING Cost of Government | IMPROVING Quality of Life

City of Gastonia

The IDEAL Downtown Incentive Program

- Gastonia's program crafted from Rock Hill model; initiated in 2009
- IDEAL: Investment in Downtown Economic Assistance & Livability
- Funded from Municipal Service District (MSD) tax revenue (add'l. \$0.10 per \$100 valuation)
- Tax generates approximately \$115,000 annually with only about \$20,000 allotted for IDEAL program currently (amount has decreased as other downtown priorities required funding)

Lessons Learned

Program budget generated by special tax paid solely by downtown property owners can limit public/taxpayer criticism of and resistance to program.

City of Gastonia

The IDEAL Downtown Incentive Program

- Reimbursement program: ½ of expenses up to a maximum based on square footage x amount set by program guidelines
- Maximums & multipliers vary based on type of business: restaurants & entertainment venues have higher multipliers than retail & office/service
- New business applicants must have secured lease agreement before application is considered

Application Process

- Written application: includes cash flow & profit & loss worksheets, business plan questionnaire, contractor estimates, conceptual drawings
- Staff review of application & associated documents
- City Council subcommittee review & recommendation to full Council
- Full Council approval

Lessons Learned

Comprehensive application & review process & requirement to secure lease prior to grant consideration vets new businesses with best chance for success.

Program Evolution

- Originally offered grants for rent subsidy & up-fit to these new, for-profit downtown businesses: restaurants, pubs, entertainment venues, retail
- Later added architectural services & façade improvement
- Application deadline extended from prior to business opening to up to 6 months after business opening

(cont.)

Program Evolution (cont.)

- Eligible businesses expanded to include: existing downtown businesses, property owners, residential developers, service providers (insurance, attorney, salons, etc.), non-profit organizations
- Rent subsidies discontinued
- Maximum grant amounts have been adjusted several times

Lessons Learned

Program should evolve to reflect changing downtown development goals and interests.

How successful has the program been?

...depends on how you measure success...

- Each year the program has been in existence, the success rate closely tracked the national success rate of new businesses
- Overall, about 64% of businesses that have received grants are still in business
- Interesting data on successful grant recipients:
 - The two oldest surviving businesses (6+ years) are a restaurant and a pub
 - Other older surviving businesses (3-5+ years): an art studio, two retail, one service (insurance office)
 - Newer surviving businesses (1+ years): two service (insurance & nail salon); 1 art retail
 - Existing businesses receiving grants: all are services or property owners

Lessons Learned

With a comprehensive application review & vetting process, program success can, at least, track the national average success rate for new businesses.

Other types of downtown economic incentives offered

- Tax Rebates (first downtown hotel; new boutique hotel in historic multi-story building)
- Utility Rebates
- Special financing arrangements (Webb Custom Kitchen, new up-scale downtown restaurant)
- Rent-free or reduced rent use of City-owned downtown buildings (Arts on Main)
- Unique grant sources & opportunities (Marietta St. apts., Carriage House condos, Nick's Steak House)

Lessons Learned

Where possible, incentives should include assistance for larger projects as well as small businesses.

These incentives can be developed from sources other than general fund dollars.

Session Take-Aways

- Program budget generated by special tax paid solely by downtown property owners can limit public/taxpayer criticism of and resistance to program.
- Comprehensive application & review process & requirement to secure lease vets new businesses with best chance for success.
- Program should evolve to reflect changing downtown development goals and interests.

Session Take-Aways

- With a comprehensive application review & vetting process, program success can, at least, track the national average success rate for new businesses.
- Where possible, incentives should include assistance for larger projects as well as small businesses.
- These incentives can be developed from sources other than general fund dollars.

Comments and Questions?