

Major Mixed-use Development Incentive (MMDI)

PURPOSE

This incentive provides public financing, in whole or in part, for infrastructure that benefits or supports a commercial or mixed-used development with private investment of at least \$5 million. The public financing incentive would generally be sized such that related debt service can be supported by between 35% and 65% of net new taxes paid to the City resulting from the development, all as set forth a development agreement (Appendix A) between the developer and the City of Winchester Economic Development Authority (EDA), with the concurrence of the City of Winchester Common Council (Common Council).

The public financing incentive for adaptive re-use projects located in a Neighborhood Design District with a minimum investment of \$25 million may receive may be sized such that related debt service can be supported by up to 100% of net new taxes paid to the City as a result of the development.

The policies and procedures contained within this document set forth the criteria by which the EDA may determine which economic development activities may be supported with funds made available through the EDA's Major Mixed-use Development Incentive (MMDI).

TERMS AND CONDITIONS

Any incentive approved by and to be administered through the Winchester Economic Development Authority (EDA) that affects revenue collection for the City's General Fund must also be approved by the Common Council. In both cases, the EDA and the Common Council must make findings that the proposed incentive is in furtherance of their respective public purposes and will provide economic benefits (such as increased tax revenues, increased employment, elimination of blight, etc.) to the City and its residents.

To be eligible for consideration under the MMDI, the applicant must make a private investment of at least \$5 million in a "mixed-use" development/project.

*"Mixed-use" is defined as building incorporating residential uses in which a minimum of 35% of the usable floor space is devoted to commercial, office, or industrial purposes.

For new construction with a minimum private investment of \$5 million, the value of the incentive will be guided by the percentage of commercial space incorporated into the mixed-use development as follows:

- 35-39.99% Commercial – up to 35% of net new taxes paid
- 40-44.99% Commercial – up to 40% of net new taxes paid
- 45-49.99% Commercial – up to 45% of net new taxes paid
- 50-54.99% Commercial – up to 50% of net new taxes paid
- 55-59.99% Commercial – up to 55% of net new taxes paid
- 60-64.99% Commercial – up to 60% of net new taxes paid
- Greater than 65% Commercial – up to 65% of net new taxes paid

For adaptive re-use projects, including urban infill, with a minimum private investment of \$25 million and that are located in one of the City's Neighborhood Design Districts, the particular percentage of net new taxes, up to 100%, to support debt service on the public financing incentive will be evaluated on a case-by-case basis.

Qualifying taxes that form the basis of the MMDI calculation may include:

- Real estate taxes
- Business personal property taxes
- Business license fees
- Local option sales tax
- Meals taxes
- Lodging taxes and/or
- Admission taxes

Any such public financing incentive may be based on a term of up to twenty (20) years but no fewer than ten (10) years. The EDA may require third-party market analysis, at the expense of the applicant, to ascertain incremental tax revenue projections to evaluate the viability of the public financing portion of the proposed project.

This public financing incentive may be offered in the form of, but is not limited to:

- Direct financing and public ownership, with or without a leaseback provision;
- Tax increment financing;
- New Markets Tax Credits financing;
- Business improvement district (BID) financing;
- Historic Tax Credit financing;
- Direct contributions to the developer or purchase of the improvements from the developer (developer undertakes construction); and
- Combinations of the above

Specification of the infrastructure improvements eligible for financing by the MMDI, include but are not limited to:

- Parking structures
- Plazas, fountains, sidewalks, and other hardscape
- Parks
- Public green spaces
- Public art
- Public facilities (e.g. conference center)
- Internal streets
- Utilities; and
- Demolition

All plans for properties located within the Primary or Secondary Districts must be approved by the Board of Architectural Review to ensure consistency with the architectural theme.

APPLICATION PROCESS

The applicant must initiate the MMDI process prior to beginning any qualifying work on the property.

A current assessed valuation of the property, to be provided by the Commissioner of the Revenue (CoR), is required before qualifying work can begin on the improvement project. This assessment will serve as the baseline for incentive calculation and is a required attachment to the MMDI application. The base value will generally coincide with the assessed value effective the year the application is made devoid of any changes to the structure(s) located on the property. An increased assessment due to a change in value (e.g. reassessment) will not affect the baseline assessment value.

Applicants should be aware that the CoR may assess a fee to provide such current property assessment valuation. Questions regarding the fee and assessment process can be directed to the CoR, (540) 667-1815.

Applicants should submit the MMDI application to the EDA together with verification from the CoR of the current assessment attached on the last page of this application. The applicant shall provide photos of the property prior to rehabilitation at this time. All improvements must occur within a time frame set forth in the development agreement between the applicant and the EDA.

Applications with all required materials will be forwarded to the Finance Committee of the EDA for preliminary review prior to a full board vote for approval. Incentive approval and final award amounts are at the discretion of the EDA Board. Incentives of any particular amounts are not guaranteed.

Any information submitted by the applicant that is intended to remain confidential shall be noted with specificity. The EDA shall determine (with advice from legal counsel if needed) whether any such information qualifies for confidential treatment under applicable Virginia law. Any questions regarding confidential treatment should be discussed with the EDA prior to the submission of any information requested by the applicant to remain confidential.

If an application is approved by the EDA, the parties will negotiate the terms of a memorandum of understanding/development agreement (generally in the form attached hereto as Appendix A) setting forth the calculation and use of the incentive. Once the EDA approves granting an incentive to an applicant, use of the MMDI and the existence of a development agreement must be added to the project's site plan and/or planned unit development (PUD) application and receive approval from the Common Council.

The Applicant shall not commence work on the project until after receiving the current assessment valuation from the Commissioner of the Revenue (CoR), obtaining all required permits and approvals, and receiving approvals from both the Common Council and the EDA as to the terms of the incentive as reflected in the provisions of a final development agreement. After the project is completed, the property will be reassessed by the CoR and the administration of the MMDI will commence as governed by the terms of the final development agreement.

Only one application may be approved per physical address, as determined by tax map ID, within the ten to twenty-year life of the incentive. Subsequent applications outside of this interval may be considered if the proposed mixed-use development differs substantially from the previously approved development.

ELIGIBLE AREA

The incentive is only available for properties located within the Enterprise Zone (EZ).

ELIGIBLE APPLICANTS

Any property owner of a commercial, mixed-use*, and/or industrial property within the City of Winchester is eligible to apply. Only one MMDI agreement will be awarded per physical address. Non-profit organizations are ineligible for EDA incentives.

In order to receive incentives from the EDA, applicants must be in good standing with or otherwise recognized by the State Corporation Commission as eligible to transact business in Virginia, as well as recognized by the CoR and Treasurer for the City of Winchester as eligible to transact business in the City, in possession of a current business license to operate in the City (as applicable) and not be delinquent in paying any prior taxes.

The EDA shall not discriminate on the basis of race, religion, sex, color, age, sexual orientation or national origin in reviewing and approving applications and administering the incentive program.

INELIGIBLE APPLICANTS

Non-profits organizations, banks, savings and loan associations, non-independently owned gas stations, used car lots, adult entertainment establishments, check cashing outlets, vape, tobacco and furniture and appliance rental shops are ineligible for EDA incentives.

MMDI APPLICATION

Name of Applicant	
Legal Name of Company	
E-mail Address	
Telephone Number	
Business Address	
Mailing Address	
Web Address	
Tax Parcel Number	

OWNERSHIP

Proprietor, partners, key personnel, officers, directors and all shareholders 100% ownership must be shown. Use separate sheet if necessary.

Name:	Title:	# of Years with Business:
Address:		% Owned:
Telephone #:	Email:	
Name:	Title:	# of Years with Business:
Address:		% Owned:
Telephone #:	Email:	
Name:	Title:	# of Years with Business:
Address:		% Owned:
Telephone #:	Email:	

PROJECT

Describe the overall project to be completed. *If more space is needed, please continue on a separate sheet.*

PROJECT TIMELINE

When will the project begin? When will the project be completed? If the project will be carried out in stages, please list the estimated completion date of each stage.

FINANCIAL COMMITMENT

Please attach detailed invoices relating to the amount of capital investment that you will leverage for the project.

CERTIFICATION

I certify the above information and statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of receiving a grant. I authorize the Economic Development Authority of the City of Winchester to make inquiries as necessary to verify the accuracy of the statements made and to determine grant worthiness.

I give my consent for the Commissioner of the Revenue to divulge and the City Manager and his/her designee(s) to receive any and all information pertaining to the assessment, payment and/or collection of taxes paid by the applicant, such information to be used for the sole purpose of administering this incentive.

I authorize the EDA to investigate the applicant's and affiliated companies' credit and financial records including bank records. As part of the investigation, I authorize the EDA to request and obtain consumer credit reports on the applicant and affiliated companies' in connection with the opening, monitoring, renewal, and extension of this other grant requests with the EDA. I understand that the EDA may ask for additional information not listed as they deem necessary to complete my application.

Funds will not be disbursed if improvements do not comply with the project as approved. Applicant agrees to terms as set forth above and agrees to abide by grant policies.

Signed: _____

Title: _____

Date: _____

Applications can be submitted in person, by mail, or electronically to the Economic Development Authority located at 117 E. Piccadilly St., Ste. 301, Winchester, VA 22601. Applications may also be emailed to econ.dev@winchesterva.gov.

NECESSARY DOCUMENTS

Application Checklist	Check Off When Completed	For Office-Use Only
A written business plan including a brief Company history detailing when it started or is to start, legal structure, management, markets, and products		
An initial assessment of the property value performed by the Office of the Commissioner of the Revenue prior to the beginning of the project.		
A description of the proposed amount of capital investment for the project and a timeline of the investment schedule.		
Financial Commitment. (A document detailing how much capital investment you will be leveraging for the project.)		
List of new jobs to be created and the average wage or salary level of those jobs. Please include a timeline of when jobs will be created.		
A copy of your lease agreement or a proposed lease agreement. Prior to closing, a fully executed lease agreement and landlord's waiver will be required. (if applicable)		
If applicable, details if you, or your business, is involved in any lawsuits, pending or otherwise.		
If applicable, details regarding any insurance claims for the work performed.		
If applicable, letters from all interested parties (if the building is under lease or contract) agreeing to the scope of the work.		

APPENDIX A: Development Agreement Components

The development agreement shall include, but not be limited to, the following components:

- a. A description of the proposed mixed-use development and a recitation of the proposed amount of capital investment including a proposed timeline of the project with an agreed upon date of project completion to maintain MMDI fund eligibility;
- b. Definitions of all defined terms used in the development agreement;
- c. A statement of the minimum qualification requirements for the MMDI and a provision for the termination of the development agreement and the repayment of any grants received by the Qualified Recipient or moneys expended on behalf of the Qualified Recipient if the minimum qualification requirements for the MMDI are not met or the terms of the development agreement are breached;
- d. Specification of the infrastructure improvements to be financed by the MMDI, which may include, but are not limited to:
 - i. Parking structures;
 - ii. Plazas, fountains, sidewalks and other hardscape;
 - iii. Public art;
 - iv. Public facilities (e.g., conference center)
 - v. Internal streets; and
 - vi. Utilities
 - vii. Demolition
- e. Specification of the form in which public financing will take place, which may include but are not limited to:
 - i. Direct financing and public ownership, with or without a leaseback provision;
 - ii. Tax increment financing;
 - iii. New Markets Tax Credits financing;
 - iv. Business improvement district (BID) financing;
 - v. Historic Tax Credit financing;
 - vi. Direct contributions to the developer or purchase of the improvements from the developer (developer undertakes construction); and
 - vii. Combinations of the above
- f. Specification of the form, amount and terms of any developer contributions(s);
- g. Projections of tax revenues to be used to calculate the amount of MMDI;
- h. The percentage or percentage range of the ratio of the amount of the MMDI to new taxes received by the City from the mixed-use development;
- i. The roles and responsibilities of each and all parties to the development agreement;
- j. An authorization for the Commissioner of the Revenue and the City Manager and their designee(s) to receive any and all information pertaining to the assessment, payment and/or collection of taxes paid by the applicant, such information to be used for the sole purpose of administering the MMDI

- k. A process and procedure for recovery from the developer of any grants or other public expenditures and/or for additional developer contributions if the projected new taxes received by the City from the mixed-use development fail to equal the minimum amount of new tax generation pledged by the developer in the development agreement or are otherwise insufficient to cover the public obligations incurred through the MMDI, as formulaically specified in the development agreement

INTERNAL USE ONLY

Amount requested:
Amount suggested after review:
Approval by EDA (Y/N, amount, date):
Check issued (date):
Comments:

COMMISSIONER OF THE REVENUE:

(Revenue Code 111-0000-313.03-31)

Account No: _____ Tax Map No: _____

Application Fee Received on Date: _____

Initial Assessment:

\$ _____ by _____ Date: _____

Commissioner Signature: _____