



  
120 Malabar Road SE  
Palm Bay, FL 32907  
(321) 952-3400  
[www.palmbayflorida.org](http://www.palmbayflorida.org)

**Mayor**  
ROB MEDINA  
**Deputy Mayor**  
KENNY JOHNSON  
**Councilmembers**  
JEFF BAILEY  
RANDY FOSTER  
DONNY FELIX

## **AGENDA**

### **Workshop Thursday**

**February 11, 2021 - 6:00 PM**

**Tony Rosa Community Center, Rooms A and B, 1502 Port Malabar Boulevard NE**

#### **CALL TO ORDER:**

#### **ROLL CALL:**

#### **BUSINESS**

1. Discussion of Incentives and Inducements for Development in the City.

#### **ADJOURNMENT:**

If an individual decides to appeal any decision made by the City Council with respect to any matter considered at this meeting, a record of the proceedings will be required, and the individual will need to ensure that a verbatim transcript of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based (FS 286.0105). Such person must provide a method for recording the proceedings verbatim.

In accordance with the Americans with Disabilities Act, persons needing special accommodations for this meeting shall, at least 48 hours prior to the meeting, contact the Office of the City Clerk at (321) 952-3414 or Florida Relay System at 711.

Pursuant to Council Policies and Procedures, members of the public wishing to use electronic media when addressing City Council must provide the electronic file to staff for screening no later than 2:00 P.M. on the day of the meeting; audio presentations must be submitted to the City Clerk at least twenty-four (24) hours prior to the meeting.

**THIS MEETING IS BROADCAST LIVE ON THE CITY'S WEBSITE AND TELEVISED ON THE SPACE COAST GOVERNMENT TV CHANNEL.**



## **LEGISLATIVE MEMORANDUM**

**DATE:** 2/11/2021

**RE:** Discussion of Incentives and Inducements for Development in the City.

**ATTACHMENTS:**

**Description**

**Staff Presentation**

# **ECONOMIC DEVELOPMENT INCENTIVES & INDUCEMENTS**

February 11, 2021



The role of economic development is to enhance the tax base and diversify the local economy by attracting new and retain existing private capital investment and jobs.

# INCENTIVES vs. INDUCEMENTS

- An incentive is a monetary contribution typically used to ***lure*** a new industry to a community
- An inducement provides ***favorable conditions*** that encourages new businesses to locate in a community or provides an environment for existing businesses to expand
  - (i.e. waivers, flexibilities, expedited site plan review and permitting)

# WHY INCENTIVIZE?

- Incentives are an economic development tool to **strategically** attract **favorable** commercial development and private **capital** investment to increase the **ad valorem tax revenue** to enhance the City's ability to sustain operations and fund infrastructure improvements.
- Facilitate the creation of new **quality** jobs for residents
- Retain **existing** industry and jobs

# BEST PRACTICES

- Develop a “tool box” of programs intended to address local community needs and provide a positive return on investment (ROI)
- Develop standard operating procedures for all applicants to be vetted, evaluated and approved
- Establish program guidelines that outline program intent, eligible applicants and qualifying criteria
- Execute incentive agreements with annual reporting and monitoring requirements and claw-back provisions
- Ensure programs are “but for” and performance-based

# Evaluate Return on Investment (ROI)

- Perform a cost-benefit analysis to identify the expected tax revenue stream with incentives vs. the current revenue stream without incentives to determine ROI.
- Compare expected benefits vs. expected costs:
  - Expected benefits
    - Jobs created or retained
    - Quality of jobs (wages above City's living wage, health insurance and other benefits)
    - New capital investment (tangible/taxable property)
    - Contribution to targeted industry or industry cluster
    - Increase in tax base and diversify the economy
  - Expected costs
    - Loss of revenue (incentives i.e. property taxes, general fund, building, permit, inspection, impact fees waivers)
    - Public service expenditures (police and fire protection)
    - Increased demand on schools
    - Impact on infrastructure (water, sewer, roads)



# Existing Programs

- Ad Valorem Tax (AVT) Abatement
  - Abatement of City **ad valorem taxes** on net assessed value of improvements in real property (new building construction, machinery and equipment)
  - Does **not** apply to other taxing districts (i.e. schools or County millage)
  - Abatement on the taxable value of **new** improvements
- Business Improvement District (BID)
- HUBZone\*
- New Markets Tax Credit (NMTC)\*
- Opportunity Zones\*

*\* Federal programs*

# Proposed Incentives & Inducements

- Revise AVT Abatement – graduated approach
- Commercial Façade Improvement Grant
- Fee waivers, reductions and rebates
- Leverage City/CRA-owned property
- Site development/readiness assistance programs
  - incentivizes site improvements which remain with the site despite end user (i.e. demolition, public infrastructure, land clearing)
- Overlay Districts and flexibilities

# AVT Abatement – Graduated

- Ad valorem taxes are abated at full approved value on Year 1 and reduced by ten percent each year thereafter.

| Current       | Proposed      |
|---------------|---------------|
| Year 1 – 50 % | Year 1 – 50 % |
| Year 2 – 50 % | Year 2 – 40 % |
| Year 3 – 50 % | Year 3 – 30 % |
| Year 4 – 50 % | Year 4 – 20 % |
| Year 5 – 50 % | Year 5 – 10 % |

# Commercial Façade Improvement

- 50/50 **matching** grant (capped) for eligible exterior improvements to **existing commercial buildings** located on **key commercial corridors**
- Reimbursement grant / performance-based grant
- Requires **for-profit businesses or property owners** to have skin in the game
- Optional: Forgivable 5-year lien on property
- Improves attraction of corridors/gateways to the City and serves as a catalyst for redevelopment
- Increases the taxable value of the property

# Fee Waivers, Reductions & Rebates

- Building Permit fees for commercial property improvement (applicable to MEPs only)
- Rezoning and Future Land Use fees (only applicable when rezoning to commercial use)
- Site Plan review fees
- Inspection fees on commercial properties
- Does **not** apply to any impact fees
- Rebated following issuance of Certificate of Occupancy

# Leverage City-owned property

- For favorable commercial development
  - Write-downs on sale
  - Land lease (value of land less taxable value than improvements on the property)
  - Land donations
  - ***All would require final approval by City Council***
- Improvements to City property to make it more marketable and reduce time to get C.O. (i.e. land clearing, rezoning)

# Site Development/Readiness

- 50/50 matching grant to facilitate site improvements which remain with the site despite end user
  - Building demolition costs
  - Public infrastructure improvements costs
  - Land clearing costs
- Increases value of the land
- Improvements and investment remains with the land
- Reimbursement and performance-based

# Overlay District / Flexibilities

- Establish overlay districts for commercial corridors and implement flexibilities/variances
  - Height above 35 feet
  - Reduced setback requirements
  - Increased density
  - Signage requirements
- Malabar Road, Palm Bay Road, Babcock Road, U.S. 1, Robert J. Conlan Blvd.



# Palm Bay is *Open for Business*.

- Project Liaison
  - Serve as a liaison to all regulatory agencies (internal and external) to ensure smooth process and timeliness; ensure community support in seeing project to fruition
- Maintain a data “tool box”
  - Know and make available city demographics, available sites and infrastructure, programs, familiarity with external resources
  - Department website serves as a one-stop-shop providing up-to-date data on demographics, How to Start a Business guide, programs and initiatives, development projects, resource partners, etc.
- Site Selection process
  - Ability to respond quickly to requests on community data, site availability and readiness, existing utilities/infrastructure
- Relationships with local resource partners
  - Maintain relationships with local partners agencies and remain informed on their respective programs and resources available to businesses/developers; offer introduction or referral
- Coordination amongst internal departments, leadership changes, changes in processes

# Marketing & Attraction Efforts

- Release timely and frequent updates on development projects and City-led initiatives
  - press releases, news items, social media, quarterly newsletter, earned media
- Leverage and promote community assets
  - City's location, workforce, undeveloped land, available utilities and infrastructure, community amenities and quality of life aspects
- Promote City's favorable business climate and efforts to reduce the cost of doing business
- Established relationships with commercial property owners and brokers for joint-promotion efforts

# Retention & Expansion Efforts

- Maintain relationships with key personnel
- Regular site visits and meetings
- Celebrate wins/joint press releases and ribbon cutting events
- Serve as liaison to City departments when assistance is required
- Serve as a partner and provide community support
- Serve as a resource and make introductions to partner agencies

# Economic Base Analysis

- In the FY 2021 budget, City Council approved \$100,000 to commission an Economic Base Analysis
  - East Central Florida Regional Planning Council
  - Government-to-government service
  - Formal RFP not required
  - Less costly
  - Inclusion in regional Comprehensive Economic Development Strategy (CEDS)
- Business Improvement Corridor Plan

# Partners/Resource Agencies

*The City should maintain relationships and leverage available resources through partners agencies to provide full range of services and technical assistance to local business community.*

- Chambers of Commerce
- EDC of Florida's Space Coast
- Space Coast Office of Tourism/TDC
- Space Coast Association of Realtors (SCAR)
- SBA (SBDC, SCORE, weVenture)
- Educational Institutions (universities, colleges, technical schools)
- CareerSource Brevard
- Major employers (locally and regionally)
- Financial Institutions (traditional, non-traditional)
- Regulatory Agencies (Brevard County, FDOT, FDEP, SJRWMD, EPA, etc.)
- Industry Associations
- Major economic engines (port, airport, rail, utility)
- Real Estate Brokers regionally and nationwide
- Developers and contractors
- Engineering and architecture firms
- Media outlets
- Elected Officials and State Legislators

# Incentives are **not** “one-size-fits-all”

- Know your community
  - Key industries, major employers, workforce demographics, household income, etc.
- Collect and maintain data
  - Coordination between BTR, building and permitting, planning and zoning
  - Pull data from trusted sources (ESRI)
- Know the cost of doing business in your City
- Availability and readiness of key sites and facilities
- Understand needs and challenges of the local business community
- Monitor and evaluate the City’s ability to help sustain, retain, grow existing, and attract new business/industry

# Other considerations...

- Affordable Housing
- The Compound
- Palm Bay's unique challenges
  - Lack of downtown
  - Major economic drivers like port, airport, tourism
  - Zoning/land use hurdles



QUESTIONS?