

Town of Warsaw Development Incentive Program

APPROVED MARCH 9TH, 2020

Application:

This program applies to all business owners located within identified incentive zones (the Central Business and Highway Business zones) of the Town of Warsaw. Eligible properties must be within the corporate limits of the Town of Warsaw or have been petitioned for voluntary annexation within the Town of Warsaw.

Purpose:

The purpose of the Warsaw Development Incentive Program is to encourage investment in key business areas of the Town by using local tax incentives and applicable state grants when said grants are available and apply.

Overview:

The program is a delayed taxing or deferment program. When buildings and site improvements are made, the value of said property increases and at times these improvements can and do result in sizeable increases on the tax burden to the property owner. The argument is sometimes made that redevelopers and or property owners are penalized for improving their property to the extent that in some cases it may not seem economically feasible to redevelop the property. This is especially true in those areas that are in blighted and/or stagnant condition in terms of commercial investment.

When structural and site improvements are made within the incentive zones, the Town will reimburse the town taxes based on the improved tax value amount to the approved applicant for a predetermined period of years, dependent upon meeting certain requirements.

The applicant must agree to perform improvements that would total at least twenty percent (20%) of the total value of the property being redeveloped (building only or building plus property). For example, if the applicant desires to redevelop an existing building only and make no additional site improvements, then the total improvements must be at least twenty percent (20%) of the building's tax value. If an applicant desires to make improvements to a building and the site, then the improvements must total twenty percent (20%) of the total tax value of the building and property. All proposed projects must be tied to improvements to an existing building located on the property, or the construction of a new building on the property.

When an incentive application is granted approval by the Warsaw Board of Commissioners, an assessment of the current value of the property will then be made prior to improvements. When improvements to the site are complete, another assessment or appraisal will be made to

determine the difference in tax value due to the applicant's reinvestment in the property. The

improved tax value amount would be reimbursed to the property owner. A summary of the program particulars is listed below:

- Program only available for properties within the corporate limits of Warsaw, or for those properties that have petitioned for annexation into the corporate limits of Warsaw.
- Appraised tax value of site and building before construction/renovations begin is determined by County Tax Office assessments.
- Assessed tax value of site and building is determined after construction/improvements are completed upon issuance of a certificate of occupancy.
- Grant amount is based on the difference between the pre-construction tax value and the post-construction tax value as determined by Duplin County Tax Office assessment. Guidelines include:
 - Projects that increase the assessed tax value by **\$249,999.99 or less** will receive the subject incentive for a period of time not to exceed five (5) years.
 - Projects that increase assessed tax value by **\$250,000.00 or more** will receive the subject incentive for a period of time not to exceed three (3) years.

Example 1. \$300,000 building at first assessment prior to construction and \$360,000 valuation after. Incentive reimbursements would be based on the improvement difference. (In this case, \$60,000). The increased town taxes based on the \$60,000 improvements would be reimbursed on an annual basis as funding permitted upon payment of the full tax amount by property owner. In this scenario, with \$60,000 in additional value, the annual town tax reimbursement to the property owner will be \$330 based on the Town's current tax rate of \$0.55 per \$100 valuation. The incentive would be available for up to a five (5) year period.

Example 2. \$500,000 building at first assessment prior to construction and \$1,250,000 valuation after. Incentive reimbursements would be based on the improvement difference. (In this case, \$750,000). The increased town taxes based on the \$750,000 improvements would be reimbursed on an annual basis as funding permitted upon payment of the full tax amount by property owner. In this scenario, with \$750,000 in additional value, the annual town tax reimbursement to the property owner will be \$4,125 based on the Town's current tax rate of \$0.55 per \$100 valuation. The incentive would be available for up to a three (3) year period.

- Eligible projects must provide improvements totaling at least twenty percent (20%) of building value or building plus site value, depending on proposed improvements. Example, a \$100,000 building would need to do at least an estimated \$20,000 of improvements to qualify for the program.
- At least part of the improvements would have to be tied to a building structure in order to qualify. For example, simply creating a new parking lot or repaving an existing one would not.
- Town staff processes all applications to determine eligibility; however, all applicants require final approval by the Warsaw Board of Commissioners.
- All grant awardees must ensure continuous compliance with all Town codes, laws, requirements and regulations. If a property is found to be in violation of any ordinances during the incentive period, the Town retains the option of discontinuing the grant prior to the expiration of the incentive period. Upon notice, applicant will have three months to comply.
- The incentive cannot be combined with any other incentive program offered by the Town.

TOWN OF WARSAW DEVELOPMENT INCENTIVE PROGRAM

Information

Application Date: _____

Property Owner Name: _____

Business Name (if different): _____

Phone Number: _____

Email Address: _____

Street Address: _____

Mailing Address: _____

Use of Building

Current Use of Building: _____

Proposed Use of Building
(if different from current): _____

Description of Proposed Project (Attach drawings, sketches or photos illustrating proposed renovations. Specify changes of the building). Use additional sheets if necessary.

Total Estimated Cost of Project (Lowest responsive bid quote. Attach additional quotes):

Checklist for Completion of Application (All items must be checked).

1. I have read and understand (or have asked questions about) the Development Incentive. _____
2. Property owner's written permission is included. _____
3. Approved Warsaw Zoning Permit and Duplin County building permits included. _____
4. Project invoices will be provided to Warsaw, when requested. _____

I understand the Town of Warsaw Development Incentive Program must be used in the manner described in the program summary. Additionally, I acknowledge that the application must be reviewed and approved by the Warsaw Board of Commissioners prior to commencement of any project. I understand that failure to comply with all requirements of an approved application may result in my project being deemed ineligible for reimbursement.

Property Owner Name: _____

Property Owner Signature: _____ Date: _____

Applicant Name: _____

Applicant Signature: _____ Date: _____