



Department of Housing and Community Development

**Overview of the
Virginia Enterprise Zone Program
for the
Joint Subcommittee Studying Local
Incentives to Private Businesses for
Economic Development**

June 23, 2008



Virginia Enterprise Zone Program

- Means to stimulate job creation, private investment, and revitalization
- Geographical area of county or city
- Governor designates based on a **competitive** application
- Combination of state and local incentives are offered



Virginia Enterprise Zone Program

- 30 maximum number of zones per 2005 statute
- Currently 57 zones
- Zone competitions occur as existing zones expire
- 2015 anticipated to reach 30 zones
- Designation is for up to 10 years; two 5 year renewals



Virginia Enterprise Zone Program

- Designation competitions are open to any locality, even those whose zones expired
- Designations targeted to distressed localities
- 50 percent of score is based on three-year averages:
 - unemployment rate
 - median adjusted gross income
 - percentage of public school students receiving free or reduced price lunches
- Also consider impact of designation & implementation



Virginia Enterprise Zone Program

- 2005 transitioned from tax credits to grants:
 - Job Creation Grant
 - Real Property Investment Grant
- Subject to annual appropriation
- Pro-ration



Virginia Enterprise Zone Program

Real Property Investment Grant

- Based on investment
 - Less than \$5 million = 20%, up to \$125,000
 - \$5 million or more = \$250,000 maximum

- Eligibility investment thresholds
 - \$50,000 for rehab or expansion
 - \$250,000 for new construction



Virginia Enterprise Zone Program

Job Creation Grants

- Based on wages and provision of health benefits
 - \$800 per position -- 200 % of federal minimum wage
 - \$500 per position -- 175% of federal minimum wage
- Maximum grant over 5 years = \$1.4 million
- Positions in retail, personal service and food and beverage **NOT** eligible



Virginia Enterprise Zone Program

- Benefits large **and** small businesses
- Real Property Investment Grants
 - 1/3 of applicants had investments less than \$250,000
 - 13 % were less than \$100,000
- Job Creation Grants
 - 2/3 of applicants have less than 100 employees
 - 1/3 have less than 25