

## 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



- 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

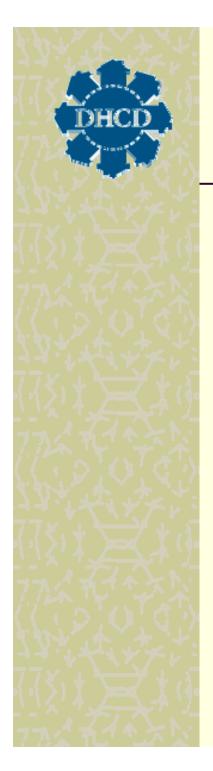


- 30 maximum number of zones per 2005 statute
- Currently 57 zones
- Zone competitions occur as existing zones expire
- 2015 anticipated to reach 30 zones
- Designation is for up to 10 years; two 5 year renewals



- 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



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



#### Real Property Investment Grant

#### Based on investment

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

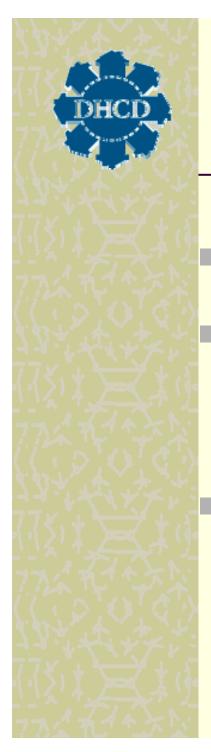
# Eligibility investment thresholds

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



#### 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



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