

 Holly Springs, N.C.	P-033.03 Downtown Investment Grant Program	
	Prepared By:	Daniel Weeks, Irena Krstanovic, Anna Murphy, Tyler Garner
	Department:	Administration, Economic Development
Policy & Procedure Statements of the Holly Springs Town Council	Date Approved by Council:	October 15, 2024
	Effective Date:	November 1, 2024
	Supersedes Old #:	P-033 & P-033.01 & P-033.02
	Old Effective Date:	September 15, 2020

1. **PREAMBLE:**

The Town of Holly Springs (the “Town”) Town Council (the “Council”), has determined that the general welfare of the residents of the Town is directly benefited by a vibrant and growing geographic center of the Town, defined by the Town as the “Downtown” as specified in the Town’s Comprehensive Plan, Vision Holly Springs, Section 1, Land Use & Character Plan, Small Area Plans, Downtown Area Plan. The Council understands that stimulating private sector investment, economic growth, and job creation in the Downtown is essential to the economic vitality of the Town as a whole. This policy supports the Council’s 2024-2025 Strategic Plan priority areas:

- a. Community Safety
- b. Growth Management & Economic Vitality
- c. Organizational Excellence
- d. Vibrant Community

The Council further determines that it may be necessary to encourage or stimulate certain development in the Downtown because of challenges to development or limiting real estate market forces. To this end, for projects located within the Downtown, the Town will consider, on a case by case basis, to award specific Downtown Investment Grants (DIG) through which the Town may share in the expenses related to public infrastructure (i.e. necessary public streets, on-street public parking, off-street public parking, sidewalks or side paths,

greenways, street furnishings, undergrounding of power lines, water lines, sanitary sewer lines, and/or stormwater control measures) or assist in cost of tenant construction upfit, approved reasonable physical improvements and/ or reimbursement of Town development fees to stimulate development and small business growth in the Downtown.

2. POLICY PURPOSE:

The purpose of this Policy is to establish a structured and consistent means for the DIG Committee to determine disbursement of DIG funds. Such proposals must have a significant and positive effect on the economic vitality of the community and be in compliance with sound public policy principles which, at a minimum, meet the following criteria:

- a. Provide for an increase and diversification in the existing tax base of the Town, with a target objective of delivering a satisfactory return on the Town's investment, taking into account investment, new jobs created, and intangible contributions to the Downtown.
- b. Are memorialized by written contractual agreements with the Applicant involved, binding it to minimum levels of performance described in this policy.
- c. Are compliant with existing laws, such as those laws governing economic development incentive grants under N.C.G.S. § 158-7.1 and provide for openness and transparency to the extent possible.

3. DIG COMMITTEE:

This policy creates a DIG Committee ("Committee"), made up of the following members: Two Assistant Town Managers and Directors/Assistant Directors of the following Departments: Development Services, Economic Development, Parks & Recreation, and Utilities & Infrastructure. The Committee shall perform the following minimum activities which are managed by the Economic Development department: advertise the program and its benefits to the community, screen applicants based on the criteria established by this policy, recommend to the Town Manager those Applicants meeting the criteria (the "Applicants"), formulate and recommend to Council agreements with such successful Applicants (New Construction / Renovation of Existing Building projects between \$50K & \$100K) , execute agreements approved by the Town Manager or Town Council, and monitor compliance.

4. DIG PROGRAM PARAMETERS:

4.1 Method for Determining Eligibility

In determining whether to award a DIG, the Committee will first evaluate if the project is located within the Downtown Area Plan Boundary according to

the Downtown Area Plan (as shown on pg. 12 of the plan). Applicable projects include:

- a. Commercial construction
- b. Office development
- c. Mixed-use projects
- d. Residential development with ground floor retail

OR

- e. Tenant within one of these developments

The Committee will then assess if the Applicant is part of one or more of the following required DIG target industries that the Town wishes to attract to the Downtown:

- a. Retail
- b. Restaurant
- c. Technology & Innovation
- d. Arts/Entertainment/Hospitality
- e. Wellness & Healthy Lifestyle
- f. Small Business Headquarters

4.2 Criteria Used to Determine Grant Eligibility

For projects meeting the above, grant eligibility will be recommended by the Committee, and approved by either the Town Manager or the Council at its sole discretion, taking into consideration that an applicant must fulfill at least 3 of the following criteria:

- a. Job Creation
- b. Private Investment
- c. Public Art
- d. Diversity of product in relation to existing market
- e. Establishment that promotes foot traffic
- f. Improvement of the quality of place/community character
- g. Inclusion of green space/gathering space
- h. Intangible contributions that add to the quality of the product and are deemed relevant by the Town Manager or Council in its discretion.

4.3 Options for Town Investment

DIG awards shall be limited to the following Town investment, which is determined based upon how the project meets performance criteria utilizing the guidelines specified in this policy and adopted by the Council.

a. New Construction / Renovation of Existing Building:

Up to \$100,000 of public infrastructure cost (contingent on available budgeted funds)

OR

b. Tenant Leasing Within Existing Building:

Up to \$15,000 towards tenant construction upfit cost, approved reasonable physical improvements and/or reimbursed development fees (contingent on available budgeted funds)

Any grant shall be awarded at the sole discretion of the Town Manager or Council. The Town Manager and Council shall endeavor to support uses that align with its strategic vision and enhance areas of its comprehensive plans and is otherwise compliant with its authority under North Carolina economic development law. In the event of any modification, amendment, or termination of these guidelines, any DIG to which the Town previously committed will not be affected.

5. PROCEDURE FOR GRANT CONSIDERATION:

The following procedure will be utilized in considering a project for a DIG:

- a. The Applicant requesting a DIG shall submit a DIG application and supporting documentation to the Economic Development department via the Town of Holly Springs website or in-person in concurrence with submission of final set of plans or during the fit up permit process (for tenant) with Development Services.
- b. The Economic Development department shall review application for completeness and notify applicants of acceptance and next steps or need for further documentation before acceptance.
- c. Following acceptance, the Economic Development department shall notify the Committee with considerable notice (minimum 2 weeks before meeting), share the application and place this on the agenda for the first Development Review Committee meeting following the acceptance of the application. Based on the timing of the project, special meetings can be called if deemed necessary by the Committee.
- d. The Committee shall review the information submitted, hold a formal meeting, and provide written recommendation to the Town Manager for or against the request for DIG based upon the project's plans to fulfill the performance criteria outlined in this policy.
- e. The Town Manager shall review the information submitted by the Applicant and the written recommendation from the Committee and respond with his/her recommendation for approval during a follow-up

- meeting with the Economic Development department and Economic Development Director.
- f. When the Committee recommends a DIG award amount less than \$50,000, the Town Manager has final approval authority. For recommended DIG amounts \$50,000 or more, Town Council approval is necessary. A diagram of the approval process is shown on Exhibit A of this policy.
 - g. If there is a recommendation for DIG to be awarded, the Economic Development Department shall notify the Town Attorney. The Town Attorney shall review the request for conformance with this policy and all state and/or other regulations regarding such and prepare a draft agreement that includes performance criteria that must be met in order to receive DIG.
 - h. The Economic Development department will provide the final draft agreement to the applicant for review.
 - i. For New Construction / Renovation of Existing Building Applicants & Tenant Leasing within Existing Building (if applicable): Upon completion of the terms of the final agreement by the Town Attorney and Committee, and at a time agreeable to the Applicant, given its confidentiality concerns, the Economic Development department shall provide public notice and schedule the public hearing regarding the proposed incentives in accordance with the requirements of N.C. Gen. Stat. §158-7.1.
 - j. For New Construction / Renovation of Existing Building Applicants & Tenant Leasing within Existing Building (if applicable): The Economic Development department shall add the agreement as an agenda item for the following Town Council Meeting with respect to the public hearing. The Council will make a decision as to whether to approve the terms of the DIG agreement, modify the terms, or deny the DIG by way of vote at this meeting.
 - k. Upon Council or Town Manager approval, a DIG agreement will be executed which contractually binds the Town to make the investment, provides that the Applicant meets the performance criteria to which they mutually agreed in a manner agreed to between the Town and the Applicant, and provides for default mechanisms for the Applicant's failure to meet criteria.
 - l. The Applicant will provide periodic verification of its compliance with the requirements to which it has agreed. Periodic verification shall be a written letter sent to the Economic Development department, reporting the status of the project at a time period of 3, 6, and 12 months (as applicable) after signing of the Agreement, and/or upon completion of all public infrastructure projects shown by acceptance of this public infrastructure by the Town, and at the receipt of Certification of Occupancy (CO). Staff will inform Council of the final closeout of the project through a Friday Briefing Memo.

6. FORM OF TOWN INVESTMENT:

The Town of Holly Springs DIG program does not consist of a standard set of grants or credits. Each fiscal year, the DIG program may receive funds obligated from the Town's general fund. These funds are not guaranteed and change each year based on the budget needs of the Town. On a case-by-case basis, the Town will consider contributions to qualifying projects, as funds are available, for required public infrastructure (i.e. necessary public streets, on-street public parking, off-street public parking, sidewalks or side paths, greenways, street furnishings, undergrounding of power lines, water lines, sanitary sewer lines, and/or stormwater control measures) or to assist in covering required tenant construction upfit costs, approved reasonable physical improvements and/ or reimbursement of Town development fees.

7. PROCEDURE FOR GRANT DISBURSEMENT:

Upon Council or Town Manager approval, a DIG agreement will be executed which contractually binds the Town to make the investment, provided that the Applicant meets the performance criteria to which they mutually agreed in a manner agreed to between the Town and the Applicant and provides for default mechanisms for the Applicant's failure to meet criteria.

The agreed upon grant amount shall be paid to the Applicant, upon written demand by the Applicant, within 30 days of such demand, after such time as the public infrastructure is installed and accepted by the Town or a Certificate of Occupancy has been given. For New Construction or Renovation of Existing Building the grant amount shall be equal to or less than actual construction costs, no more than \$100,000, and is not to exceed what was agreed to in the DIG agreement based on the cost estimate provided at the time of the Committee meeting and during the DIG agreement being written. For Tenant Leasing in Existing Building the grant amount shall be up to or equal to \$15,000, and is not to exceed what was agreed to in the DIG agreement based on the cost estimate provided at the time of the Committee meeting and during the DIG agreement being written. Upon request of the grant funds, the Applicant shall supply all documentation necessary to substantiate the Actual Construction Cost (the real cost incurred for completing the work up to finalization) of the installed public infrastructure or construction upfit to the Director of Economic Development, who shall verify the costs. For New Construction or Renovation of Existing Building the applicant must include a signed and sealed engineers estimate of all costs associated with the project. This includes every expense incurred during the planning, development, and execution phases. Adjustments should be made if the actual cost comes in under the agreed upon amount. In the event the Actual Construction Cost comes in lower than estimated and shared with the Committee at the time of the application submittal this will become the new amount awarded to the grantee.

8. **CONCLUSION:**

All DIG will be considered on a project-by-project basis, pursuant to these guidelines. By adopting these guidelines, the Town Manager or Council is not obligated to grant any DIG. These guidelines are not retroactive to any project which has been announced prior to the adoption of these guidelines. These guidelines are effective upon adoption by the Council.

End of Policy Statement No. P033.03

I, Linda McKinney, Town Clerk of the Town of Holly Springs, certify that this is a true and accurate copy of a policy statement adopted by the Holly Springs Town Council on October 15, 2024, following a motion by Council member Deshazor, a second by Council member Forrest and a carrying vote of 5-0.

Linda C. McKinney



Exhibit A – Approval Process

