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Development Incentives

Lorain will use a broad toolbox of economic incentives and funding sources to spur economic growth and development, infrastructure construction, and business attraction and retention

CURRENT CONDITIONS

- Development incentives may not be used to their fullest potential
- Potential developers and businesses may not be aware of the development packages available

DESIRED OUTCOMES

- A menu of development incentives and funding sources are available to the City to spur growth and development
- Incentives options are offered communicated to the development community as a way to spur jobs economic activity

ACTION PLAN

- Identify specific projects already in planning that could correspond to specific funding mechanisms
- Create a “one-stop-shop” for incentives available through the City

Light industrial and office

- **Port authority financing** - Port Authorities in Ohio have the ability to sell tax-exempt and taxable bonds. Those bonds may be backed by a variety of revenue streams including long term leases, TIF revenue and other revenue, such as parking fees.
- **Ohio Job Creation Tax Credit** - The State of Ohio offers a 35%-55% refundable tax credit on State payroll tax for the creation of \$660k in new payroll, for non-retail operations.
- **JobsOhio Growth Fund Loan** - Low-interest loans for capital expansion projects

Financing for office, commercial & hospitality

- **SBA 504 Loans** - When businesses cannot afford to put more than 10% cash into a project, are less than 2 years old, are in a high risk industry or lack the ability to support project debt, USBA can provide funding up to 40% of commercial real-estate and equipment costs, below market-rate interest with lower down payments.

Job growth / general development

- **New Market Tax Credits** - The program is intended to attract investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in special financial institutions called Community Development Entities.
- **Jobs Ohio / DSA** - The State of Ohio offers economic incentives through the JobsOhio program offered for mid-size to large employers (25 employees or more), innovation initiatives and larger community development or brownfield projects.
- **EB-5** - A competitive financing program established in 1990 as a way to encourage foreigners to invest in the United States and create American jobs in exchange for a U.S. green card.

Downtown maintenance and preservation

- **Ohio Historic Preservation Tax Credit** - Developed by the state of Ohio to reduce the cost of renovating a historic building.
- **Federal Historic Preservation Tax Credit** - Similar to the Ohio Historic Preservation Tax Credit, but the Federal Program is not-competitive and accepts applications on a rolling basis.
- **Special Improvement District (SID)** - A district within which property owners pay an additional fee designated for specific services or improvements within the district's boundaries.
- **Downtown Redevelopment District (DRD)** - Funding tool to be used in the redevelopment of downtown and commercial business districts. They are similar in nature to TIF districts, but have more flexibility.

Brownfield/environmental cleanup

- **Clean Ohio Revitalization Fund** - Property owners can access state funds to help remediate designated brownfield sites. Grant money is available for site assessments, demolition, and other activities related to redeveloping contaminated commercial properties.
- **JobsOhio Revitalization Program** - Grants and loans geared toward site remediation

Financing public infrastructure

- **New Community Authority (NCA)** - An NCA is an area of land that levies a “community development charge” to pay for a development project. Community development charges may be based on real property, resident income, business profits and/or a parcel fee as long as the mechanism lies within the established boundary.
- **Tax Increment Financing (TIF)** - TIFs are a financing tool specifically designed to fund public infrastructure improvements. A TIF works by projecting the incremental increase in property tax over the period of the TIF. The projected revenue is used as a means for financing the capital improvements through a bond.

Incentivizing improvements

- **Community Reinvestment Area (CRA)** - An economic development tool administered by city and county governments aimed to incentivize property owners and developers to make real property investments in either building redevelopment or new construction.
- **Property Assessed Clean Energy (PACE)** - Property Assessed Clean Energy (PACE) laws allow property owners to borrow money through governmental loans or bonds to pay for energy improvements to their properties.

Community stabilization & infrastructure investment

- **Community Development Block Grant (CDBG)** - The CDBG program is a federal funding program, and administered by the Office of Community Development as part of the Ohio Development Services Agency. Eligible projects include public facilities, neighborhood revitalization, downtown revitalization, and critical infrastructure.



GROWTH

STABILITY

COMMUNITY

MOBILITY