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MEMORANDUM

TO: Margate Community Redevelopment Agency Board

FROM: Sam May, Executive Director

DATE: May 8, 2019

RE: Margate CRA Incentives Program

The staff has reviewed the various Margate CRA incentive programs and has identified a couple of deficiencies and weaknesses. Attached is a summary of the programs.

The Development Infrastructure Assistance Program, developed by RMA, has only been used once and is a cumbersome and difficult program to implement. In addition, there is no program that incentivizes new building construction.

Based on this, the staff recommends that the Development Infrastructure Assistance Program be eliminated and replaced with a new program, tentatively called New Commercial Building Grant Program. Conceptually, this program would be for the reimbursement of construction costs of a new building. For example, it could be a reimbursement of 5% of the eligible cost up to a maximum of \$500,000. To promote stability in the market and increase job opportunities, the grant could be conditioned to require that the business stay at the location for a minimum of five years and that the business employs a minimum of 15 full time equivalent jobs over the five years.

If the Board is interested in creating such a program, the staff has the following questions:

1. Should the program be limited to the construction of the building and have interior improvements be covered under the Business Incentive Grant Program? Or should the program include both building and interior buildout and the Business Incentive Grant Program be limited to existing buildings?

2. Should the program be available to all new construction including restaurants, retail, car dealers, auto repair, self-storage? Or should it be limited to a specific group such as restaurants, retail, and entertainment?
3. Should the program be limited to the construction of a completely new building, or does it include the expansion of an existing building.
4. Does “new construction” include buildings that are completed but not occupied, i.e., the building in front of Burger King? Does it include buildings that are currently under construction but have not received a final Certificate of Occupancy? Does it include buildings that have received a building permit but have not started construction? Does it include projects that have been approved by the DRC but have not received a building permit? Or is it limited to projects that have not have not started the permitting process?
5. Is the concept of the business being there for five years reasonable? In some cases, such as the proposed Culvers or Popeye’s, the building is for a specific business. But in others, such as the building in front of the Burger King, the building will be rented out to a tenant which could change periodically. If it is a building that is rented, should the applicant be required to not sell the property for a period of time, 5, 10, or other number of years so that the grant money is not used as a way to increase the profit on the building in order to flip the property?
6. What should be included in eligible costs? Is it strictly the brick and mortar and labor costs? Or does it included the design and permitting costs?
7. Is requiring a minimum number of jobs desirable? Should the jobs be tied to a living wage?
8. Should the Business Incentive Grant Program be revised to limit it to existing buildings?

As we go forward, it is expected that additional questions may come up.

Base on the Board direction, the staff will prepare a detailed description of the program.