

***City of Chanhassen  
Business Subsidy Guidelines***



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# **CITY OF CHANHASSEN**

## **BUSINESS SUBSIDY GUIDELINES**

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### **GENERAL PURPOSE**

Economic development incentives are financial tools that enable the City of Chanhassen to provide opportunities and benefits for its businesses and residents. Incentives can take a variety of forms, including, but not limited to: grants, tax increment financing, tax abatement, and sewer access credits. The City of Chanhassen provides economic development incentives in order to achieve its long-range vision of creating a diverse and sustainable economic base. This is achieved in part through the creation and retention of quality, high paying jobs. A diverse and sustainable economy offers opportunity for improved quality of life for the residents of Chanhassen. Economic development projects may also achieve other worthwhile goals. For instance, some projects provide value to the community in the forms of infrastructure improvements, stabilization of business districts or neighborhoods, or concentration of selected industries.

The City of Chanhassen reserves the right to approve or reject subsidies for projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project. Meeting the guidelines in this document does not guarantee the award of business assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City of Chanhassen can deviate from these guidelines for projects that supersede the objectives identified herein. Any applicant who is not in good standing with the City, in regards to licenses, fees or other specific charges, will not be considered for business subsidies.

### **OBJECTIVES**

The City of Chanhassen may consider offering a business subsidy or incentive in order for a project to achieve one or more of the following objectives:

- To increase the City's tax base.
- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits. Preference will be given to higher paying jobs that also provide benefits such as health care coverage.
- To support projects that provide value in the forms of needed transportation and other utility infrastructure improvements that would be completed in conjunction with the project.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.
- To facilitate the development process and to achieve development on sites which would not otherwise be developed but for the use of a business subsidy.
- To remove blight and/or encourage redevelopment of commercial and industrial areas that will result in high-quality redevelopment and private reinvestment.

- To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.
- To create opportunities for a diversification of housing stock available within the community.
- To support a project that will improve the quality of life in the City by providing a desirable good or service and addressing an unmet demand in the community.
- To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of energy conservation, and decreasing capital and/or operating costs of local government.
- To support the retention and/or adaptive re-use of buildings of historical or architectural significance.

### **ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS**

The application and subsequent use of these programs is at the discretion of the Chanhassen City Council, and may include additional applications, policies, and procedures.

- 1) **Tax Abatement:** The City of Chanhassen is granted the power to utilize tax abatement by the State of Minnesota. The fundamental purpose of tax abatement is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through the tax abatement. The City utilizes “Pay-As-You-Go” Tax Abatement, which relies on the developer to pay for the up-front project costs with reimbursement from tax abatement.
- 2) **Tax Increment Financing:** The City of Chanhassen is granted the power to utilize tax increment financing (TIF) by the State of Minnesota. The fundamental purpose of TIF is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF. The City utilizes “Pay-As-You-Go” TIF, which relies on the developer to pay for the up-front project costs with reimbursement from tax increment.
- 3) **MN DEED Programs:** There are a variety of programs available through the State of Minnesota DEED division. They include the Job Creation Fund and Minnesota Investment Fund, among others. In order for a business to utilize these programs it is typical for MN DEED to ask for support and cooperation from the city. Chanhassen has worked with MN DEED in the past on projects and would consider the use of these programs in the future on a case-by-case basis.

### **APPLICATION PROCESS**

1. The City reserves the right to:
  - a) Request additional information.
  - b) Deny any application.
  - c) Select a third party administrator to assist in the management of the process.

2. Applicant should retain and be assisted by qualified financial consultants and/or underwriters, and legal counsel.
3. Construction of the project shall not be commenced until the City has given preliminary approval to the application for financing. Any advanced planning or construction completed will be done at the sole risk of the applicant.
4. Applicants should complete the appropriate planning application, and include a plans and/or narratives that outline the following:
  - a) The specific request (program, amount)
  - b) The reasoning and need for assistance
  - c) Description of the company
  - d) A concept plan and description of the project
  - e) The number of jobs created and total compensation (breakdown of wages and benefits)
  - f) Impact to the tax base
  - g) Other impacts to the community
  - h) Traffic demands
  - i) Infrastructure demands and/or needs
  - j) Any additional information that would be helpful to staff and City Council
5. Development must be of the highest quality with high quality building materials and landscaping as agreed between the City and the Developer.
6. If establishing a TIF district, the developer must pay all costs of establishing the district unless the City agrees to allow costs to come out of the district.
7. All projects must be consistent with Chanhassen's Comprehensive Plan and any other similar plan or guide for development of the community.

#### **ADDITIONAL INFORMATION**

1. City staff will review the data and make preliminary recommendations to the City Council as to compliance of the application and proposed project with City objectives, and business subsidy criteria, and Comp Plan.
2. After evaluation of the formal recommendation, the City Council will consider approval of the establishment of the Business Subsidy and hold the appropriate hearings.
3. All applications and supporting materials and documents shall become the property of the City.