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## Important Information for Localities Considering Enterprise Zone Designation

### To all Cities and Counties:

DHCD is hosting two How-to-Apply workshops in preparation for the availability of **four** zone designations resulting from the expiration of three existing zones as of January 1, 2008: Galax, Halifax/South Boston and Waynesboro and the termination of the Wise County zone. The application process is competitive and open to any city and/or county in Virginia.

These workshops will be held:

July 24, 2007 in Roanoke at the Higher Education Center  
July 25, 2007 in Richmond at DHCD

The Virginia Enterprise Zone Program is committed to encouraging economic growth and revitalization throughout the Commonwealth by supporting the businesses and investors that make it happen. Established by the General Assembly in 1982, the Virginia Enterprise Zone Program is a partnership between state and local governments that stimulates job creation and private investment within designated areas throughout Virginia. Currently, Virginia has more than 50 enterprise zones.

Below are some important factors to consider prior to the application workshops.

### Application Process:

#### *Distress Factor Ranking (50 percent):*

Per our Statute, 50 percent of the scoring of an application is based on an applicant's ranking of three locality-wide distress factors: 1) the **average unemployment rate** for the locality over the most recent three-year period; 2) the **average median adjusted gross income** for the locality over the most recent three-year period; and 3) the average percentage of **public school** students within the locality receiving **free or reduced price lunches** over the most recent three-year period. The distress scores based on ranking in these three factors have been calculated for every city and county. [Click here](#) to view these:

#### *Competitive Application (50 percent):*

*Applications will be due October 1, 2007.*

The remaining 50 percent of the scoring is based on the submission of a competitive application. At the workshop DHCD will walk interested localities through the application process. A strong application is one that is comprehensive and strategic where a locality (joint localities) have identified economic development barriers and quantified those barriers. In addition, strong applications illustrate how zone boundaries and selected local zone incentives are strategically positioned to enable the locality(ies) to address those barriers or build on existing opportunities through the enterprise zone program. Lastly, such applications demonstrate clear and specific implementation processes and impact – roles and responsibilities ranging from marketing to local incentive implementation have been delineated and the outcomes of these efforts are measurable.

Local incentives **must be provided** as a part of the application. Zones are designated for a period of 10 years, and may be renewed for up to two five-year renewal periods

Prior to attending the workshop, interested localities should think about their ability to address the above. Again, designation is not just based on need, but also on impact and the strategic implementation of a local zone program in addressing barriers and building on economic development opportunities.

**Zone Configurations:**

Each locality can have up to three enterprise zones and each zone can consist of up to three non-contiguous geographic areas.

There are two types of zones, single and joint, which are described below

*Single Zone* - An enterprise zone located entirely within a single jurisdiction (city or county). In cases where a county's zone boundaries include incorporated town limits as part of the county's zone acreage this does not constitute a joint zone, but rather a single zone application submitted by a county. The town is not required to offer local incentives because the town acreage is considered part of the county's zone area.

*Joint Zone* - An enterprise zone in two or more jurisdictions (cities and counties). Two or more adjacent jurisdictions (cities and counties) can submit a joint application. Joint zones must demonstrate a regional need for a zone designation and a regional impact that could not be achieved through designation of a single zone. Applicants must be able to explain what mechanisms will be used to ensure that economic benefits of a joint zone are shared among the applicant localities.

<p style="text-align: center;"><b>Size Limits for Zones in Towns and Cities</b></p> <p><u>Minimum:</u> one-quarter (1/4) square mile (160 acres).  <u>Maximum:</u> one square mile (640 acres).  <u>Exception:</u> may be larger than one square mile provided it does not exceed seven percent of the locality's land area or it does not encompass more than seven percent of the locality's total population.</p>	<p style="text-align: center;"><b>Size Limits for Zones in Unincorporated Areas of Counties</b></p> <p><u>Minimum:</u> one-half (1/2) square mile (320 acres).  <u>Maximum:</u> six square miles (approximately 3,840 acres).</p> <p style="text-align: center;"><b>Size Limits for Zones in Consolidated Cities</b></p> <p>Zones in cities where the present boundaries have been created through the consolidation of a city and county (Chesapeake, Hampton, Newport News, and Virginia Beach) or the consolidation of two cities (Suffolk and Richmond), must use the minimum and maximum size guidelines for zones in unincorporated areas of counties described above.</p>
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The VEZ program has two state incentives:

1. **Enterprise zone job creation grants** - grants awarded for jobs created above a four-job threshold; amount of grant is based on wages paid in relation to the Federal minimum wage rate. Jobs created in retail, personal service or food and beverage service would not be eligible for job creation grants. A business could receive grants for up to a maximum of 350 positions in a given year.
2. **Enterprise zone real property investment grants** - grants to enterprise zone investors meeting the following minimum investment thresholds: \$50,000 for a rehabilitation or expansion project; \$250,000 for a new construction project. Projects involving up to \$5 million in qualified investments could receive a grant equal to 20 percent of the amount of the qualified investments not to exceed \$125,000. Projects involving \$5 million or more in qualified investment could receive a grant of \$250,000. Maximum amounts are per building or facility within a five year period.