



# Economic Development Strategic Plan - RCM2342AS

## Task 5 Report

prepared for:

**City of Cape Coral Office of Economic and  
Business Development.**

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## Task 5: Incentive Program

### 5.a – Review of Existing Programs

#### Cape Competes Incentive Programs

The use of incentives has been a traditional hallmark for economic development nationwide. There are criticisms, however, on the effectiveness of incentive use. The utilization of incentives, therefore, should be a measured practice that does not impose unrealizable financial burdens on the local issuer. The State of Florida offers many incentive programs as does Lee County. The City's Cape Competes incentives are more targeted for local investment. Many of these are new or proposed programs with limited or no application statistics available:

- Ad Valorem Tax Incentive Program
- Breaking Barriers to Business (B2B) Program
- Business Infrastructure Grant
- Cape Collaborates – Small Business Partner Program
- CreativeCape Arts Program
- Demolition Assistance Grant Program
- Enhanced Property Value Recapture Grant

#### Ad Valorem Tax Incentive Program

This incentive program offers a limited exemption from payment of municipal property taxes to qualified businesses/developers looking to invest and create new jobs. The exemption applies to the assessed value of new improvements and tangible personal property. The exemption will not be applicable to the land upon which the business is located.

The program has three tiers of incentives with varying wage thresholds and capital expenditure goals. These range from 100% to 125% of the average annual private sector wage, and from \$5 million to \$20 million in expenditures.

##### Tier 1: 5 year, 50% tax incentive

- 10 or more full-time manufacturing jobs
- 25 or more full-time jobs in businesses with less than 50% sales force

- 50 or more full-time jobs in office of new business

Tier 2: 7 year, 50% tax incentive

- 25 or more full-time manufacturing jobs
- 50 or more full-time jobs in businesses with less than 50% sales force
- 50 or more full-time jobs in office of new business

Tier 3: 10 year, 50% tax incentive

- 75 or more full-time manufacturing jobs
- 75 or more full-time jobs in businesses with less than 50% sales force
- 75 or more full-time jobs in office of new business

## Breaking Barriers to Business (B2B) Program

The Breaking Barriers to Business (B2B) program is intended to support economic development and growth in the South Cape area by providing financial assistance to businesses and developers who are committed to building, expanding, or renovating their facilities in compliance with the City's regulations. Through the B2B program, eligible businesses and developers can receive grant assistance to cover the costs associated with site development, building construction, renovation, and other related expenses.

Approximately \$250,000 has been made available under the program, which will act as a reimbursement-based program providing up to 20 percent of capital costs for eligible capital improvement projects.

Projects exceeding \$25,000 are eligible for a grant of 20 percent of capital costs, not exceeding \$50,000. To be eligible, projects must have a minimum capital investment of \$25,000. Land improvement and development costs including:

- On-site infrastructure design and construction
- Right-of-way improvements required by new construction or on-site improvements
- Landscaping and road beautification costs
- Water and sewer connection fees
- Telecommunication connection fees and costs
- Drainage facilities in conjunction with new construction or on-site improvements
- Construction of new curbs
- Curb cuts, medians, shoulders, and sidewalks

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- Relocating utilities to accommodate new construction or on-site improvements
- Other types of site development expenses that may be approved by the city
- Payment of impact, Contribution In Aid of Construction (CIAC), and special assessment fees assessed by the city

### Business Infrastructure Grant

The Business Infrastructure Grant Program encourages new non-residential construction, building/facility expansions or renovations for office; life sciences, healthcare, biotechnology, pharmaceuticals, and medical devices; information technology, telecommunications, communications and cybersecurity; financial and professional services, banking, insurance, securities and investments; corporate or regional headquarters; engineering, legal, accounting and consulting; manufacturing, logistics and distribution; marine-related industries and wholesale distribution and warehousing. The program provides incentives to developers to assist with site development costs.

Eligible expense include:

- Land improvement and development costs, including infrastructure design and construction, road improvements required by new construction or on-site improvement, landscaping and road beautification costs, water and sewer connection fees, telecommunication connection fees and costs, drainage, and other types of site development expenses that may be approved by the city.
- Payment of impact, permitting, licensing, and special assessment fees assessed by the city.

#### Award and Funding Limits

- Projects with a capital investment (excluding land) of \$1 million or less: 5 percent of eligible costs not to exceed \$50,000.
- Projects with a capital investment (excluding land) exceeding \$1 million: 10 percent of eligible costs not to exceed \$250,000.

### Cape Collaborates – Small Business Partner Program

This program will encourage new small business start-ups, expansion of existing businesses and relocation of out-of-market businesses to the city by providing eligible small businesses with increased access to capital through a zero-interest, five-year forgivable loan. The grants are for:



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- Capital improvements associated with new construction, renovation, or tenant improvements.
- Payment of impact, permitting, and special assessment fees assessed by the City or other public entity.
- Capital machinery, manufacturing equipment, furniture, and fixtures.
- Business advertising

To be eligible, businesses must be for-profit, privately held and in or relocating to, the City of Cape Coral with 10 full-time employees and average annual gross revenues of \$1 million or less per year for the last two years. Be engaged in the following industries, occupations, or services:

- Administrative services
- Construction trades
- Finance and insurance
- Health care services
- Information services technology, telecommunications, and communications
- Manufacturing
- Marine industries
- Professional services
- Technical services
- Veterinary services
- Warehousing and logistics
- Wholesale trade

### Award and Funding Limits

Minimum: \$5,000; Maximum: \$50,000

## CreativeCape Arts Program

The CreativeCape Arts Incentive Program seeks to foster cultural development in the city, but more specifically, within the City of Cape Coral Community Redevelopment Area. The City, and CRA should the CRA adopt this Program, may provide incentives to individuals, nonprofit cultural organizations, and other entities to support arts and culture businesses operating in or relocating to the city.

Applicants may be one of the following:

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- A for-profit business or non-profit organization primarily engaged in music, dance, drama, theater programs, films, festivals, creative writing, literature, painting, sculpture, folk arts, photography, crafts, public media, and the execution and exhibition of other cultural art forms
- A developer seeking to build or renovate buildings specifically designed to house businesses in the creative industries listed above

Eligible expenditures include:

- Acquisition, development, construction, renovation, expansion, or improvements of real property within the Community Redevelopment Area, including live/workspaces
- Assistance and support to individual artists and organizations with expenses associated with one or more specific cultural art programs, activities, events, or performances on a specified date(s) or time frame(s).

### Award and Funding Limits

Minimum: \$5,000; Maximum: \$250,000, but in no event shall the incentive amount exceed 25 percent of total project

## Demolition Assistance Grant Program

The Demolition Assistance Grant Program is an initiative by the CRA designed to encourage the replacement of aging and blighted structures in the South Cape area. The purpose of this program is to provide grant assistance to property owners who are looking to invest or reinvest in the South Cape Community Redevelopment Area by replacing existing structures and to property owners who have an interest in making their properties available for development. The program seeks to accomplish the following goals:

- Revitalize underutilized and deteriorated areas and to eliminate slum and blight.
- Increase tax increment funding within the Community Redevelopment Agency (CRA) area of southeastern Cape Coral by promoting investment, economic growth, and the modernization of structures.
- Enhance the overall appearance of buildings to improve attractiveness to residents, visitors, and potential investors.



### Grant Award

The Demolition Grant Program will provide grants covering 100% of demolition costs up to \$50,000. Grants will be awarded to cover demolition costs exceeding \$50,000 using a formula that combines \$50,000 with 50% of expenses over \$50,000; the total grant amount shall not exceed \$75,000.

### Enhanced Property Value Recapture Grant

The Enhanced Property Value Recapture Grant is designed to attract larger-scale private capital investment and/or redevelopment into a mixed-use or nonresidential project site to achieve:

- Creation of a destination, town center or mixed-use development
- Redevelopment of properties within the Community Redevelopment Area
- Expansion of the tax base
- Generation of employment opportunities
- Attraction of targeted industries and businesses

Utilizing a “base year” assessed property value (from the Property Appraiser’s database) for the project, a percentage of the incremental increase in ad valorem taxes on real and/or tangible personal property paid by the Project above the base year amount is available as a grant to incentivize the project.

### Eligibility Criteria

Proposed projects must provide proof of a commitment by a financial institution or equity partner(s) financing the construction, equipping, furnishing and completion of the Project. The applicant/developer must invest a minimum of \$10 million in construction or renovation (excluding land). The following are eligible project requirements:

- New construction of non-residential or a mixture of uses containing a combination of residential dwellings with commercial retail, service, or office uses or any combination thereof that generate additional municipal ad valorem tax revenue.
- Mixed use projects located outside of the Community Redevelopment Area provided that the non-residential component, excluding fast food restaurants, gas stations, and public/outdoor storage, consists of a minimum of 20 percent of the square footage of the project
- Light industrial, industrial, warehousing and logistics developments



The incentive award applies only to taxes levied city-wide by the city unless the project is located within the CRA. The incentive award rebate shall not apply to taxes levied by the county (unless within the CRA), a municipal services taxing or benefit unit (MSTU/MSBU), special assessments levied by the City or other public entity, the Lee County School District, a water management district, or any other special district or to taxes levied for the payment of bonds or taxes authorized by a vote of the electors pursuant to Section 9(b) or 12, Article VII of the Constitution of the State of Florida.

A maximum of 20% of the total project cost, excluding property acquisition, will be supported by incentive revenues. Total project cost is the cost of development of the project including all, site development, and public infrastructure, and building and site amenity costs necessary to complete the project.

**Award Basis**

The table below identifies the maximum amount eligible as an incentive award and the associated incentive period based upon the projected taxable value following the project’s completion as determined by the Lee County Property Appraiser’s office.

Projected Taxable Value	Maximum Rebate %	Incentive Period
\$10,000,000-\$24,999,999	50%	10 years
\$25,000,000-\$44,999,999	75%	15 years
\$45,000,000 - \$99,999,999	90% - 95%	CRA – Remaining Life City - 20 Years
\$100,000,000 and beyond	95%	25 Years

## Comparison of Competing Incentive Programs

### City of Fort Lauderdale

#### **Non-residential facade improvement program (NRFIP)**

To eliminate slum and blight, remove deterioration; update exteriors of existing buildings in a manner that improves conditions of non-residential areas. Eligible locations in the CRA Area can receive up to 75% of costs not to exceed \$125,000.

#### **Property And Business Improvement Program (PBIP)**

Eliminate slum and blight, remove deterioration, retrofitting and rehabilitation of structures to remove undesirable uses, improve the “energy efficiency” of existing buildings in the CRA, or renovations designed to bring the structure into compliance with the current building codes. Eligible properties can receive up to 75% of costs not to exceed \$225,000.

#### **Streetscape Enhancement Program (SEP)**

To enhance the exterior public space beginning at the face of a building extending to the adjacent right-of-way (“streetscape”) with high quality urban and environmental design that creates a sense of place and eliminates slum and blight. Eligible properties can receive up to 70% of costs not to exceed \$500,000.

#### **Development Incentive Program (DIP)**

This program seeks to eliminate slum and blight by attracting new businesses to the CRA or existing businesses to expand within the CRA. The DIP award (with no minimum or maximum amount) will provide a forgivable loan or low interest loan to assist the eligible project.

#### **Property Tax Reimbursement (PTR)**

Eliminate slum and blight, remove deterioration, update existing buildings, and encourage new investment/development with an emphasis on enhancing the overall CRA, improving the quality of existing buildings within the CRA, and attracting new construction to the CRA. Eligible properties can receive reimbursement of ad valorem property taxes paid on a five-year descending schedules from 95% to 75%.

### **Affordable Housing Incentives**

- Expedited Review: Site Plan Level II (DRC), with City Commission Request for Review
- Up to a 200% density Increase: two additional increments of 50 dwelling units per acre, up to 200 dwelling units per acre.
- Building height allowance of between 110 to 150 feet.
- 30-year deed restriction
- Citywide incentive reducing parking requirements to one parking space per affordable housing unit.

### **Ad Valorem Tax Exemption (10-Year Tax Exemption)**

City of Fort Lauderdale Tax Exemption for Historic Commercial Properties for a fifty percent (50%) reduction in City property tax for designated historic resources that are used for commercial or non-profit purposes.

## **City of Orlando**

### **Small Business Façade, Site Improvement and Adaptive Reuse Program**

Provides a matching grant up to \$50,000 reimbursement of costs for facade, site and building improvements to underutilized properties located in the City of Orlando.

### **Business Assistance Program**

Provides a matching grant up to \$20,000 to off-set permit fees, impact fees and right of way infrastructure improvements for new and expanding businesses.

### **Targeted Site Revitalization Pilot Program**

Provides a 10-year, 50 percent real property tax refund on the city portion of the new tax increment generated by a qualifying project.

### **Orlando Technology Community Support Pilot Program**

Provides a matching grant up to \$10,000 for the development of tech focused events and programs that will unite the tech community and workforce. This program is administered by the Orlando Economic Partnership.

### **DTO Retail Program**

The DTO Retail Program activates spaces within the downtown Orlando Community Redevelopment Area and establish the Area within Downtown Orlando as a retail destination, to attract locals and visitors to visit downtown Orlando as well as attract new retail and encourage expansion of existing retail by reimbursing costs associated with interior buildout and rent of a newly leased property. Personal service businesses are eligible for \$50 per square foot up to \$150,000.

### **DTO Restaurant Program**

The DTO Restaurant Program activates spaces within the downtown Orlando Community Redevelopment Area and establish Downtown Orlando as a foodie destination, to attract locals and visitors to visit downtown Orlando as well as attract new restaurants and encourage expansion of existing restaurants by reimbursing costs associated with interior buildout and rent of a newly leased property. Eligible food service restaurants can receive up to \$25 per square foot with a not to exceed funding amount of \$100,000.

### **DTO Facade Program**

Commercial Buildings located within designated areas of the CRA shall be eligible for funding for façade improvements of up to \$100,000 or 50% of the total façade improvements, whichever is less.

### **Minority/ Women Entrepreneur Business Assistance Program – MEBA**

Provides up to \$40,000 financial assistance for expenses related to new, existing and expanding qualifying businesses located in the Business Assistance Area.

### **STRIVE Orlando Program**

The STRIVE Orlando Program's purpose is to create a new performance-based local job incentive program to assist in advancing broad-based prosperity in the City of Orlando and Greater Orlando region. A base, per job, incentive amount of up to \$500 is available to companies paying at or above 100% of the median wage.

### **Urban Job Tax Credit Program**

Provides up to \$2,000 for each new job created as a tax credit toward either Florida Corporate Income Tax or Florida Sales and Use Tax.

### **Orlando Economic Enhancement District - Brownfields Program**

Provides up to \$500,000 in tax credits and tax refunds for the cleanup and rehabilitation of sites potentially contaminated with hazardous materials.

### **Green Building Incentive Program**

The Green Building Incentive Program (GBIP) encourages developers to build sustainably through a City of Orlando property tax rebate. This 5-year pilot program provides a performance-based one-time rebate incentive at three levels:

- LEED Silver receives 50% tax increment rebate
- LEED Gold receives 75% tax increment rebate
- LEED Platinum receives 100% increment rebate

### **City of Orlando Historic Preservation Tax Exemption Program**

The City of Orlando provides a 10-year exemption for qualifying property owners who renovate historic landmarks or property in historic districts. The exemption is for the entire site, however at least \$2500 must be allocated for preservation or maintenance of the front facade.

## **City of Palm Bay**

### **Ad Valorem Tax Abatement**

New and expanding businesses: 50% or each year the exemption is claimed.

### **Building Permit Fee Reduction Program**

Businesses retaining or creating a minimum of ten (10) full-time jobs and constructs a new building, expands its existing building footprint, or makes interior renovations to an existing structure to accommodate business growth, is eligible for a seventy-five percent (75%) reduction of the building permit fee retained by the City of Palm Bay.

### **Commercial Property Enhancement Program (CPEP)**

The Commercial Property Enhancement Program (CPEP) is a performance-based reimbursement grant awarded to applicants to encourage private investment and improvements to the exterior frontage of commercial properties located within the city limits of Palm Bay. The Program requires

a minimum \$10,000 investment by the Grantee. The City will provide matching funds in an amount not to exceed \$10,000.

## City of Pompano Beach

### **Real Estate Development Accelerator (REDA)**

Projects in the City of Pompano Beach Community Redevelopment Agency (CRA) Northwest area may be eligible for a tax incentive. The REDA program will be available for a six-year period, on a descending scale for up to 80% of the costs associated with early-stage development activities.

### **Relocation and Development Incentive Program**

The program is designed to support difficult redevelopment projects that cannot be accommodated under other CRA programs. Funding initially will be TIF funds. Once plans are completed for the targeted areas, additional funding sources will be required including but not limited to CRA or other revenue sources. The program will help to re-utilize vacant buildings and lots, acquiring properties with absentee ownership, tenant relocation, and more.

### **Strategic Investment Program (SIP)**

The program is designed to enhance the pace, content and quality of commercial and retail development in the CRA area. The criteria for the final determination of projects approved for funding and the specific amount allocated to each project under the Strategic Investment Program follow a three-step process. The maximum amount allotted under this program is \$150,000.

### **Commercial Interior Build-Out Assistance Grant Program**

The program is designed to assist new or existing (less than 6 months) commercial, retail and restaurant businesses by providing assistance for capital improvements that stay with the building. The program is open to business owners operating within the following target areas within the Northwest CRA District. The CRA will provide a grant for 80% of the project cost up to a maximum CRA grant of \$25,000 for eligible projects.

### **Facade & Business Site Improvement**

The program encourages business owners and/or property owners in the Northwest CRA to enhance their existing business sites through exterior improvements. Approved applicants may receive reimbursement for 80 % of their eligible project costs, up to a maximum award of \$50,000 per address.

## City of Port St. Lucie

### **Expedited Site Plan Review and Fast Track Permitting**

Qualified companies are eligible for expedited site plan review and fast track permitting. Our Land Development Team will coordinate with your company to streamline the development review and permitting process to ensure your development is completed on schedule.

### **Impact Fee Mitigation**

The economic development impact fee mitigation program is to mitigate any real or perceived disadvantage occurring from the imposition of impact fees to certain Qualified Target Industry businesses. The program is intended to provide the City Council with the opportunity, in its sole discretion, to grant impact fee mitigation to Qualified Target Industry Businesses.

### **Job Growth Investment Grant (St. Lucie County)**

St Lucie County offers the Job Growth Investment Grant for new and existing businesses that are eligible under Florida’s Qualified Targeted Industries. The Board of County Commissioners may grant awards in the range of \$1,500 to \$3,000 per new job with a minimum of 10 new jobs created. A salary requirement of 107% of the County’s current hourly wage is also required to be eligible for this program.

## City of West Palm Beach

### **Relocation and Development Assistance Incentive Program**

The CRA may assist with relocation and development of certain uses to allow for a more desirable or upgraded use. This program provides the incentives necessary for redevelopment, including tenant relocation, acquisition, build-out and rehabilitation or renovation of existing properties.

### **Real Estate Development Accelerator Program (REDA)**

This program is designed to offer incentives to projects over \$5 million in the form of land mark-down, infrastructure improvements, Tax Increment Financing or any other type of incentive for development of large scale projects.

### **Housing Investment Program**

Developers of residential projects investing up to \$5 million may be eligible for development assistance.

### **Strategic Investment Streetscape Program (SISP)**

For commercial or mixed-use projects up to \$5 million, developers may be eligible for up to 50% of the cost of streetscape improvements.

### **Strategic Investment Program (SIP)**

Based on a formula that considers the amount of tax increment generated from each project, commercial and mixed-use projects up to \$5 million may be eligible for development assistance.

### **Contributing Structure Rehabilitation Grant Program**

This grant provides 85% of a contributing structure rehabilitation project up to \$75,000 in the historic Northwest district.

### **Merchant Assistance Program**

The Program is available to restaurant and retail businesses that have been located in the Northwest Target Area for three (3) years or more. The CRA will provide a grant of up to \$15,000 per business inclusive of a consultant's time for training and for minor aesthetic improvements to the interior of a business.



## Lee County Incentive Programs

### Industrial Development Revenue Bonds

Industrial Development Revenue Bonds (IDRBs) are long-term, tax-exempt, low-rate financing of capital requirements for new and expanding manufacturing facilities in Lee County. IDRBs pay \$3 million to \$10 million, and the borrower is solely responsible for principal and interest repayment.

### Gold Key Grant Program

The Lee County EDO and Lee County Industrial Development Authority offers financial assistance to small businesses leveraging in the US Commercial Services Gold Key Matching service. For businesses that seek overseas agents, distributors, sales representatives and business partners, the Gold Key Matching Service can arrange connections with pre-screened trade partners and help with travel, accommodations, interpreters, and clerical service.

### Develop North Fort Myers

The North Fort Myers Pilot Program is a reimbursement-based incentive program that is paid after the completion of the qualified project. For those developing in the North Fort Myers mixed-use overlay area and producing a significant increase in building value, the following incentives may be available:

- Reduced permit, impact, and water/sewer connection fees
- Reimbursement of up to 50% of demolition costs
- Reimbursement of up to 50% of eligible infrastructure improvements (stormwater retention, water/sewer, landscaping, irrigation, sidewalks, exterior lighting)
- Reimbursement of up to 50% of eligible flood-proofing costs (water-sealing building openings)
- Reimbursement of up to 50% of building exterior/façade improvements
- Keystone grants of up to 20% of eligible costs for large projects

## State of Florida Incentive Programs

The State of Florida currently has **63** incentive programs in eight categories as show below:

Program Category	# of Programs
Energy	5
Film and Production	1
Insurers and HMOs	3

<b>Investment in Florida</b>	<b>33</b>
<b>Jobs</b>	<b>7</b>
Machinery and Equipment	9
Other Assessments Paid	4
Other Taxes Paid	1
<b>Total</b>	<b>63</b>

Of the eight categories, the two that are of them most relevant to Cape Coral at this point would be: (1) Investment in Florida; and (2) Jobs. Some of the key incentive programs in these two groups are as follows:

**Investment in Florida**

Capital Investment Tax Credit

This credit is available to businesses in a designated high-impact sector (e.g., silicon technology, transportation industries, or solar panel manufacturing facilities). The business must establish a qualified project which results in a cumulative capital investment of at least \$25 million. The project must be certified by the Florida Department Commerce. An annual credit may be claimed for up to 20 years in an annual amount up to 5% of the eligible capital costs generated by a qualifying project.

Community Contribution Tax Credit

A credit of 50% of a qualified community contribution (cash, property, or goods) to an eligible sponsor for a project, as defined in Section 220.03(1)(t), F.S., is allowable. The annual amount granted is up to \$200,000 per business. The credit may be carried over for five years.

Entertainment Industry Tax Credit

This credit is available but must be approved by the Florida Department of Commerce. The credit may be carried forward for five years.

Live Local Program Tax Credit

Taxpayers may make contributions to the Florida Housing Finance Corporation and receive a dollar-for-dollar credit against corporate income tax or insurance premium tax.

New Markets Tax Credit

A credit equal to 39% of the purchase price of a qualified investment may be taken. The credit may be carried forward for five years.

### Research and Development Tax Credit

Florida provides a corporate income tax credit to eligible businesses for certain qualified research expenses.

### Scholarship-Funding Organizations – Tax Credits for Contributions

The Florida Tax Credit Scholarship Program allows taxpayers to make private, voluntary contributions to nonprofit scholarship-funding organizations and receive a dollar-for-dollar credit against specific Florida taxes, including the corporate income tax. For more information,

### State Housing Tax Credit

This credit is available to private corporations that build low-income housing projects in urban areas. A credit of up to 9% is allowed of the eligible basis of any designated project for each year of the credit period for a taxable year.

## **Jobs**

### Experiential Learning Tax Credit Program

The Experiential Learning Tax Credit Program provides an incentive to qualified businesses for employing apprentices, pre-apprentices, and student interns for taxable years that begin within calendar years 2022-2025. The tax credit is \$2,000 per apprentice, pre-apprentice, or student intern. The maximum tax credit per year is \$10,000 (five apprentices, pre-apprentices, or student interns x \$2,000 each). \$2.5 million is available for each year of the program. The credit may be carried forwarded up to two taxable years.

### Urban High-Crime Area Job Tax Credit

The Urban Job Credit Program provides an incentive for eligible businesses, located within designated urban areas, to create new jobs. The credit can range from \$500 to \$2,000 per qualified employee. The credit may be carried forward for five years.

### Subtraction for Florida Employees Included in Calculation of Federal Employment Credits

This is a deduction for the amount of wages and salaries paid to Florida employees for the taxable year for which no deduction is allowed under Section 280C(a), Internal Revenue Code, relating to credit for employment of certain new employees.

## Federal Incentive Programs

### Federal Historic Preservation Tax Incentives Program

A 20 percent income tax credit is available for the rehabilitation of historic, income-producing buildings that are to be “certified historic structures”.

### New Market Tax Credits

The taxpayer is eligible to claim a tax credit equal to 5 percent of its equity investment in the COE for each of the first three years and a 6 percent credit for each of the next four years (39 percent total).

### Historically Underutilized Business (HUB) Zone

The HUB Zone Empowerment Contracting program provides federal contracting and sub-contracting opportunities for qualified small businesses located in designated areas.

The government limits competition for certain contracts to businesses in historically underutilized business zones. It also gives preferential consideration to those businesses in full and open competition. Joining the HUBZone program makes your business eligible to compete for the program’s set-aside contracts. HUBZone-certified businesses also get a 10% price evaluation preference in full and open contract competitions. HUBZone-certified businesses can still compete for contract awards under other socio-economic programs they qualify for.

## Leading Examples of Innovative Incentives

### Remote Workers

#### Tulsa Remote

Tulsa Remote (Oklahoma) is a private foundation working in partnership with the City of Tulsa to encourage remote workers to relocate to Tulsa. For home-based employees of companies who will continue operating from their homes, a one-time award of \$10,000 is offered. To date, the Tulsa Remote has sponsored 165 new residents and generated over \$300 million in direct employment income to the Tulsa economy<sup>1</sup>.

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<sup>1</sup> Tulas Remote; “Building a Knowledge Economy, Pone Worker at a Time”; <https://23811891.fs1.hubspotusercontent-na1.net/hubfs/23811891/Tulsa%20Remote%20Economic%20Impact%20Report.pdf>

### **Remote Shoals**

Located in Northwest Alabama, Remote Shoals awards participants \$10,000 cash. Payments are based on an initial 25% to help cover moving expenses, 25% after six months residency, and the final 50% after one year.

### **Savannah (GA) Technology Workforce Incentive**

Established in 2020, employees (or the self-employed) who may have more geographical freedom can apply for reimbursement of moving expenses up to \$2,000 after relocating to Chatham County.

### **Ascend West Virginia**

Accepted applicants receive \$12,000 for moving to West Virginia —\$10,000 in monthly payments over the first year and \$2,000 during the second year of residence. Other inducements include one free year of outdoor recreation (including free outdoor gear rentals!), access to free coworking spaces, and professional and social development opportunities.

## **Green and Sustainable Practices**

### **Portland Percent for Green Grants**

The Portland, OR Percent for Green grant program is open to community groups who would like to complete large-scale green infrastructure projects that provide broad benefits for watershed health and the community. Grants range from \$20,000 to \$150,000. Projects usually take about two years to complete.

### **South Carolina Solar Tax Credit**

is one of the most generous out there. It offers a tax credit of 25% of the cost of a solar panel system, up to \$35,000 or 50% of the taxpayer's tax liability for the year.

### **Self-Generation Incentive Program (CA)**

This is a statewide California rebate made available to all solar customers who couple their panels with solar batteries. The rebate is for \$200 per kWh of battery storage installed.

### **South Carolina Solar Energy Tax Credit**

One of the largest state tax credits for solar in the entire country. It provides a tax credit in the amount of 25% of the system up to a maximum of \$35,000 over ten years.

### **Jacksonville (FL) Battery Incentive Program**

This program offers an upfront rebate of \$2,000 to JEA customers—both residential and commercial—to help decrease the cost of installing a solar-plus-storage system.

### **St. Lucie County PACE Financing**

A SELF Loan Program alternative financing solution to overcome the upfront costs of implementing energy-saving, renewable energy, and resilience projects in St. Lucie County, FL. Based on the Property Assessed Clean Energy (PACE) model, financing is secured by an assessment lien and is repaid as a line item on the property tax bill. This allows property owners to invest in longer-term, clean energy improvements that can generate positive cash flow and environmental benefits.

### **Investment Tax Credit (US)**

The federal investment tax credit (ITC) is far and away the best solar incentive, providing 30% of solar project costs as a credit towards federal income taxes.

### **Portland, OR Ecoroofs**

As part of the city’s Grey to Green Initiative, the program has been developed with the goal of establishing 43 acres of ecoroofs, which are essentially lightweight, low-maintenance green roofs

### **Onondaga County, NY Green Improvement Fund**

The Green Improvement Fund provides grant funding to commercial properties that install green infrastructure practices as part of a larger Combined Sewer Overflow (CSO) abatement program that seeks to eliminate 250 million gallons from the County system.

### **Montgomery County, MD RainScapes**

The Montgomery County, MD RainScapes Rewards coordinates a rebate program used to meet part of its municipal separate storm sewer system (MS4) permit goals.

### **Philadelphia, PA Fee Discount**

Philadelphia’s Stormwater Fee System is a new program that offers a stormwater fee discount up to 80% of the impervious area charge or gross area charge, or both for customers who reduce impervious cover with green infrastructure practices. If retrofitted with green infrastructure, the Philadelphia Water Department will recalculate that property’s stormwater fee.

### **Develop North Fort Myers Pilot Program (Lee County, FL)**

This program in North Fort Myers offers up to 50% reduction in permit fees for items that include storm water retention and flood-proofing.

## **Healthcare & Life Sciences**

### **Biotechnology Investment Incentive Tax Credit (MD)**

IITC provides an income tax credit equal to 33% of an eligible investment in a Qualified Maryland Biotechnology Company (QMBC) up to \$250,000 in tax credits, or 50% of an eligible investment in a QMBC up to \$500,000 in tax credits if the QMBC is located in Allegany, Dorchester, Garrett or Somerset County.

### **Life Sciences Research and Development Tax Credit Program (NY)**

Qualified life sciences companies may be eligible to receive a fully refundable credit based on qualified research and development expenditures incurred in New York State (NYS). The credit is 15% for a company that employs 10 or more persons and 20% for a company that employs fewer than 10 persons. The credit is capped at \$500,000 per year for a lifetime cap of \$1.5 million.

### **Texas Enterprise Fund (TEF)**

The TEF has been created as a cash grants “deal closing” program to attract businesses and new technology jobs to Texas. Since its inception, TEF has awarded more than \$118 million to life science-related companies, which have committed to create 13,706 jobs in Texas, or about \$8,600 per job.

## Summary

The Cape Competes list of incentives is a good example of how municipalities can recognize problems and implement solutions toward their improvement. Probably the most effective programs are the Ad Valorem Tax Incentive Program and the Enhanced Property Value Recapture Grant. These two programs focus on exempting the incremental property tax increase for new development.

While untested now, there may be some difficulties ahead in implementation of property tax exemptions as the Lee County Appraiser’s Office is not yet prepared to adjust the value of improved properties. Florida Statute 196.1995 provides that *“the governing authority of the municipality, at its discretion, by ordinance may exempt from ad valorem taxation up to 100 percent of the assessed value of all improvements to real property...<sup>2</sup>”* which requires passage of referendum and adoption of ordinance.

The OEBD has indicated that the requirements have been enacted for the incentive. Lee County has suggested that rather than processing an adjusted valuation by use of the incentive, that Cape Coral utilize the General Fund to rebate the value of the incentive directly to the applicant. The Appraiser also suggested that the same mechanism be applied to the Enhanced Property Value Recapture which is already considered as a cash grant rather than an exemption.

### Comparative Analysis of Competing Cities

From review of the incentive offerings by the six competing Florida cities, a total of **38** programs were identified. These incentive programs are grouped into 11 categories as shown below:

Incentive	# of Prgms
Property Improvement	12
Development Assistance	9
Property Tax Exemptions	3
Fee Reduction	3
<b>Job Creation</b>	<b>3</b>
Historic Preservation	2
Affordable Housing	2
Brownfields Remediation	1
Fast Track Permitting	1
Green Building	1

<sup>2</sup> Florida Senate; 2023 Statutes; <https://m.flsenate.gov/Statutes/196.1995>



Tech Development	1
<b>Total</b>	<b>38</b>

Many incentives focus on property improvement, development assistance, tax abatement, and permitting expediting. But an important take away from this review is the limited number of job creation programs. Only two cities offer an incentive dedicated to job growth: Orlando (2 programs); and, Port St. Lucie (1 program administered in conjunction with St. Lucie County).

In previous years, Cape Coral offered a different group of incentives shown below:

- Small Business Incentive Fund
- Cash Incentive Program (\$1,500 per job for targeted businesses)
- Impact Fee Deferral Program (10-year deferral for roads and utilities)
- Shell Building Impact Fee Deferral – 36-month deferral for speculative buildings

In our view, these were also viable as inducements for new investment in the City. We believe that while incentivizing property owners and real estate developers is a good course of action, it must also be accompanied by supportive measures to attract prospective employers. One of the most effective incentive programs offered by the State of Florida was the Qualified Target Industry Incentive (QTI) which was ended in 2023. This program offered generous tax refunds for new company entry into Florida and was sunsetted by the Legislature after Florida’s dynamic economic growth suggested that the incentive was superfluous.

## Proposed Incentives

### Target Industry Job Creation Grant

We would recommend that the former Cash Incentive Program be reinstated as the Target Industry Job Creation Grant. This would be a performance-based incentive with multiple tiers of cash awards. The incentive must be applicable to both new incoming businesses and existing business in targeted sectors. The goals of the new program would be as follows:

- For up to 25 new employees: **\$1,500** per job
- For 25 or more new employees: **\$2,500** per job
- Bonus add-ons:
  - **\$1,000** per job for businesses paying at least **110%** of the prevailing Cape Coral average annual wage
  - **\$2,000** per job for businesses paying at least **125%** of the prevailing average annual

The incentives would be paid to employers who can demonstrate sustainability of employment and achievement of promised hiring goals. The cash award would be paid in a three-year installment after submittal by the grantor that employment and compensation levels were met.

### Cape Blue Incentive

The thirst for sustainable Infrastructure that addresses resiliency is a common thread nationally. Cape Coral should lead Southwest Florida by instituting incentives that protect canals and water resources as its first priority. Water conservation is obviously a major need in the area as water levels are falling due to lack of adequate rainfall. It is reported that a 40-square mile section of North Cape Coral is sinking at the rate of one inch per year from over-pumping the aquifers for household water supply<sup>3</sup>. States like California have taken serious steps toward water conservation from years of drought conditions. Some interesting incentive program developed in Western States include:

- Turf replacement rebate programs -- turf replacement programs are designed to incentivize citizens to replace lawn grass with water-efficient native plants and landscaping. Desert states like Arizona encourage citizens to xeriscape<sup>4</sup> their homes for maximum water conservation and offer turf replacement incentives of up to \$3,000.
- Rain barrels and rainwater harvesting rebates – The City of Austin, TX offers a rebate of up to \$5,000 for the equipment used in setting up rainwater harvesting system, which includes rain barrels. Not all municipalities allow rainwater systems to provide your household with drinking water, but this may be possible for gray water non-potable systems in Florida.



We propose a new Cape Blue incentive that will specifically promote water saving and storm water runoff control through bio-retention measures such as rain gardens, rainwater harvesting, stormwater gardens, tree boxes, xeriscaping, and permeable pavement. The Cape Blue program will encourage businesses and homeowners to reduce water usage and to mitigate storm water runoff. This is a 5-year incentive that will provide a cash grant at two levels:

<sup>3</sup> WGPU; <https://news.wgcu.org/section/environment/2023-12-18/journal-north-cape-coral-slowly-sinking-due-to-over-pumping-for-citys-water-desalinization-plant>

<sup>4</sup> Xeriscape - a style of landscape design requiring little or no irrigation or other maintenance, used in arid regions.

- **25%** reduction in water use OR **25%** stormwater run-off mitigation – starting at **\$3,000** for the first year and decreasing to **\$1,000** in the final year. Total payments will not exceed **\$10,000**.
- **50%** reduction in water use OR **50%** stormwater run-off mitigation – starting at **\$6,000** for the first year and decreasing to **\$1,000** in the final year. Total payments will not exceed **\$17,500**.

### Strategic Site Assemblage Tax Credit

We believe that reinstating the retired Impact Fee Deferral program as the Strategic Site Assemblages Impact Fee Tax Credit is warranted. We see the use of a site assemblage credit as particularly valuable in Cape Coral as small, platted properties continue to encourage sprawl in favor a denser urban fabric. Among the most important objective of the incentives is the promotion of affordable housing solutions. The program will defer impact fees for road and utility capital expenses on sites that assemble at least three pre-platted housing lots for development of affordable housing.

## 5.b – Economic Impact Analysis

The Economic Impact Analysis EIA utilizes industry standard input-output modeling software (IMPLAN<sup>5</sup>) and a Net Present Value (NPV) calculation. The IMPLAN model is a Lee County-based system, distilled down to 5-digit zip code tabulation areas (ZCTA's) level of analysis, and then combined into overall economic impact for the City of Cape Coral.

### Key Terminology

*Direct Effects* – the set of expenditures applied to the predictive model (i.e., I/O multipliers) for impact analysis. It is a series (or single) of production changes or expenditures made by producers/consumers as a result of an activity or policy. These initial changes are determined by an analyst to be a result of this activity or policy.

*Indirect Effects* – the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money leaks from the local economy, either through imports or by payments to value added.

*Induced Effects* – The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. This money is recirculated through the household spending patterns causing further local economic activity.

*Labor Income* – all forms of employment income, including Employee Compensation (wages and benefits) and Proprietor Income.

*Value Added* – the difference between an industry's or an establishment's total output and the cost of its intermediate inputs. It equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). Value added consists of compensation of employees, taxes on production and imports less subsidies and gross operating surplus.

*Output* – represents the value of industry production. In IMPLAN these are annual production estimates for the year of the data set and are in producer prices. For manufacturers this would be sales plus/minus change in inventory. For service sectors production = sales. For Retail and wholesale trade, output = gross margin and not gross sales.

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<sup>5</sup> IMPLAN (*IMpacts for PLANning*; Version 3.1.1001.12, Minnesota Implan Group, Inc. 2013)

*Net Present Value* -- is a measurement of the profitability of an undertaking that is calculated by subtracting the present values (PV) of cash outflows (including initial cost) from the present values of cash inflows over a period of time. Incoming and outgoing cash flows can also be described as benefit and cost cash flows, respectively.

The EIA allows us to forecast direct, indirect, and induced impacts from labor and investment in projects, including numbers of jobs created and tax revenue. For any incentive proposed or evaluated, the Net present Value allows us to determine its viability for the City. Working with the City, we will establish benchmark guidelines of acceptable economic impacts/ incentives costs ratios.

## Evaluation of Incentives

### An Office Development Scenario

As a study example, a new corporate employer has decided to establish operations in Cape Coral. The Board of Directors feels that is in the company's best interest to purchase land and erect a new facility rather than rent. The program is for a **250-seat** call center which coincidentally meets the requirement of a Cape Coral target industry. To accommodate the use, a 6.9-acre site assembly in the Pine Island Road area has been chosen.

Total development and construction are scheduled for two years, with 60% of construction work employment occurring in the first year, and 40% in the second. Office occupancy will begin in the third Project year (Occupancy year 1) at 50% occupancy, increasing to 75%, 90%, and finally 100% in the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> year of occupancy, respectively. Property taxes in the first year will cost **\$35,700** which will inflate to **\$202,048** by the completion of construction.

The development program is for a maximum buildout of **57,500 sf** of professional office space in low-rise building with on-site parking for **288** cars. The Floor-Area-Ratio is calculated at **.18 FAR**. Building construction is projected to create **97** new construction jobs over a two-year period. Office operations are projected to create **125** jobs in the first year of operation (yr. 3) and then fill to the 250-seat capacity by the fourth operational year (yr. 6). Construction will also contribute the creation of **3** other support jobs and the office occupancy will generate **6** support positions.

Staffing for the new project would is shown below. From the table, 35 positions would qualify for the 110% wage bonus and 10 would meet the 120% threshold.

Position	Staff	Hrly Wage \$	Percent of Local Wage	>110%	>125%
General and Operations Managers	10	\$51.54	203%		Y
Training and Development Specialists	4	\$30.52	120%	Y	
Business Operations Specialists, All Other	4	\$31.00	122%	Y	
Computer User Support Specialists	5	\$27.26	107%		
Counter and Rental Clerks	6	\$16.44	65%		
Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel	11	\$29.47	116%	Y	
Telemarketers	29	\$16.95	67%		
First-Line Supervisors of Office and Administrative Support Workers	17	\$30.29	119%	Y	
Bill and Account Collectors	24	\$20.16	79%		
Customer Service Representatives	126	\$18.46	73%		
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	3	\$18.53	73%		
Mail Clerks and Mail Machine Operators, Except Postal Service	5	\$16.71	66%		
Office Clerks, General	6	\$19.43	76%		
<b>Total</b>	<b>250</b>				
Mean Cape Coral-Fort Myers Avg. Annual Hrly. Wage		<b>\$25.45</b>			

**Economic Impacts**

Exhibit 5.a (below) illustrates the components of the EIA. The 6.9-acre parcel is valued at **\$2.2 million** and the building construction cost is estimated at **\$10.4 million**.

Construction Period

In the first two years of construction, Labor Income will total **\$5.4 million**, Value-Added will total **\$5.700 million**, and Total Economic Impact (Output) will total **\$10.8 million**.

Office Occupancy

By the operational year 4 (Project year 6) of the call center, Labor Income will be **\$9.4 million**, Value-Added will be **\$8.4 million**, and Total Economic Impact (Output) will generate **\$17.7 million** each year afterward.

Exhibit 5.a – Office Development Scenario				
Total Assemblage GIS Acres		Total Assemblage 2016 Taxes		Total Assemblage Just Appraisal (Market Value)
6.9		\$35,000		\$2,218,000
Lot SF	Ratio of Parking Space/1,000 SF	Land Area per Parking Space (SF)	Assumed Open Space	Number of Stories
302,600	5	350	40%	2
Building Total SF	# of Parking Spaces	Total Parking Area SF	Footprint SF	FAR
57,500	288	100,600	28,750	0.18
Economic Impact - Office Construction - Project Yr. 2				
Total Construction costs (not including land)				\$10,432,963
Impact Type	Employment (local)	Labor Income	Value Added	Output
Direct Effect	97	\$5,347,507	\$5,496,166	\$10,432,963
Indirect Effect	2	\$59,937	\$100,398	\$211,449
Induced Effect	2	\$37,015	\$100,988	\$152,324
<b>Total Effect</b>	<b>100</b>	<b>\$5,444,459</b>	<b>\$5,697,552</b>	<b>\$10,796,736</b>
Economic Impact - Office Occupancy - Project Yr 6; Operations Yr 4				
Office Jobs				250
Impact Type	Employment (local)	Labor Income	Value Added	Output
Direct Effect	250	\$9,136,534	\$7,894,247	\$16,787,712
Indirect Effect	5	\$233,994	\$332,234	\$660,336
Induced Effect	1	\$64,136	\$172,937	\$263,030
<b>Total Effect</b>	<b>256</b>	<b>\$9,434,664</b>	<b>\$8,399,418</b>	<b>\$17,711,078</b>

**Ad Valorem Tax Incentive**

Since this is an Office project with employment over 75 jobs, the Ad Valorem Tax Incentive of 50% reduction for 10 years will apply. Property taxes are estimated at the current milage rate of **\$15.7911** assumed to gain by an annual rate of **2.1%** for inflation<sup>6</sup>. In total, the incentive is valued at **\$906,107**, as shown in the table below:

<sup>6</sup> Projected Annual Inflation Rate in the United States from 2010-2028; Statista; <https://www.statista.com/statistics/244983/projected-inflation-rate-in-the-united-states/>

Project Time	Property Tax - Land	Property Tax - Imprvmnts	Property Tax Total	Incentive Increment	Net Property Taxes Paid	Value of Ad Valorem Tax Credit Incentive
Year 1 - Office Constr. Year 1	\$35,700	\$0	\$35,700	0%	\$35,700	\$0
Year 2 - Office Constr. Year 2	\$36,500	\$0	\$36,500	0%	\$36,500	\$0
Year 3 - Office Occup. Year 1	\$37,300	\$164,748	\$202,048	50%	\$119,674	\$82,374
Year 4 - Office Occup. Year 2	\$38,000	\$168,208	\$206,208	50%	\$122,104	\$84,104
Year 5 - Office Occup. Year 3	\$38,800	\$171,740	\$210,540	50%	\$124,670	\$85,870
Year 6 - Office Occup. Year 4	\$39,600	\$175,347	\$214,947	50%	\$127,273	\$87,673
Year 7 - Office Occup. Year 5	\$40,500	\$179,029	\$219,529	50%	\$130,014	\$89,514
Year 8 - Office Occup. Year 6	\$41,300	\$182,788	\$224,088	50%	\$132,694	\$91,394
Year 9 - Office Occup. Year 7	\$42,200	\$186,627	\$228,827	50%	\$135,514	\$93,314
Year 10 - Office Occup. Year 8	\$43,100	\$190,546	\$233,646	50%	\$138,373	\$95,273
Year 11 - Office Occup. Year 9	\$44,000	\$194,548	\$238,548	50%	\$141,274	\$97,274
Year 12 - Office Occup. Year 10	\$44,900	\$198,633	\$243,533	50%	\$144,217	\$99,317
<b>Totals</b>	<b>\$481,900</b>	<b>\$1,812,213</b>	<b>\$2,294,113</b>		<b>\$1,388,007</b>	<b>\$906,107</b>

**Target Industry Job Creation Grant**

Falling within the Business & Financial Services cluster, the Target Industry Job Creation\_Grant program would be applicable. Incentives for new job creation are paid over 3-year periods matching incremental jobs growth. New jobs are paid at **\$2,500** per position; **35** bonus jobs (110% level) are paid at **\$1,000** each; **10** bonus jobs (120%+ level) are paid at **\$2,000** each. Total cost for the Target Industry Job Creation Grant IS **\$700,000**, as shown in the table below:

Project Time	Constr. Jobs	Office Jobs	New Jobs Grant	110% Bonus Grant	120% Bonus Grant	Value of Total Jobs Grant
Year 1 - Office Constr. Year 1	58	0	\$0	\$0	\$0	\$0
Year 2 - Office Constr. Year 2	39	0	\$0	\$0	\$0	\$0
Year 3 - Office Occup. Year 1	0	125	\$104,167	\$6,000	\$13,333	\$123,500
Year 4 - Office Occup. Year 2	0	188	\$156,250	\$8,667	\$8,667	\$173,583
Year 5 - Office Occup. Year 3	0	225	\$187,500	\$10,333	\$10,000	\$207,833
Year 6 - Office Occup. Year 4	0	250	\$104,167	\$5,667	\$5,333	\$115,167
Year 7 - Office Occup. Year 5	0	250	\$52,083	\$3,000	\$2,000	\$57,083



Year 8 - Office Occup. Year 6	0	250	\$20,833	\$1,333	\$667	\$22,833
Year 9 - Office Occup. Year 7	0	250	\$0	\$0	\$0	\$0
Year 10 - Office Occup. Year 8	0	250	\$0	\$0	\$0	\$0
Year 11 - Office Occup. Year 9	0	250	\$0	\$0	\$0	\$0
Year 12 - Office Occup. Year 10	0	250	\$0	\$0	\$0	\$0
<b>Totals</b>	<b>97</b>	<b>250</b>	<b>\$625,000</b>	<b>\$35,000</b>	<b>\$40,000</b>	<b>\$700,000</b>

**Total Impacts and Net Present Values**

The Total Economic Impact after two years of construction and ten years of call center operation is calculated at **\$173.4 million**, or a NPV of **\$118.3 million** today. The Total Economic Impact Ratio (total economic impacts/ total incentive cost) is a healthy **102.9**, resulting in an outstanding value for Cape Coral, in that for every **\$1.00** offered in incentives, a return to the Cape Coral in economic activity generates **\$102.90** in economic benefit.

Project Time	Total Economic Impacts	Value of Ad Valorem Tax Credit Incentive	Total Jobs Grant Incentive	Total All Incentives
Year 1 - Office Construction Year 1	\$6,476,809	\$0	\$0	\$0
Year 2 - Office Construction Year 2	\$4,319,927	\$0	\$0	\$0
Year 3 - Office Occupancy Year 1	\$9,042,388	\$82,374	\$123,500	\$205,874
Year 4 - Office Occupancy Year 2	\$15,301,145	\$84,104	\$173,583	\$257,687
Year 5 - Office Occupancy Year 3	\$16,051,070	\$85,870	\$207,833	\$293,703
Year 6 - Office Occupancy Year 4	\$17,711,078	\$87,673	\$115,167	\$202,840
Year 7 - Office Occupancy Year 5	\$17,588,759	\$89,514	\$57,083	\$146,598
Year 8 - Office Occupancy Year 6	\$17,467,574	\$91,394	\$22,833	\$114,228
Year 9 - Office Occupancy Year 7	\$17,425,563	\$93,314	\$0	\$93,314
Year 10 - Office Occupancy Year 8	\$17,383,658	\$95,273	\$0	\$95,273
Year 11 - Office Occupancy Year 9	\$17,341,858	\$97,274	\$0	\$97,274
Year 12 - Office Occupancy Year 10	\$17,300,164	\$99,317	\$0	\$99,317
<b>Totals</b>	<b>\$173,409,994</b>			
<b>Ad Valorem Tax Incentive</b>		<b>\$906,107</b>		
<b>Jobs Grant Incentive</b>			<b>\$700,000</b>	
<b>Total Incentives</b>				<b>\$1,606,107</b>
<b>NPV (5.5% discount)</b>	<b>\$118,333,697</b>			<b>\$1,149,999</b>
<b>Economic Impact Ratio (total impacts/total cost)</b>				<b>102.9</b>

## Conclusions

The formation of new incentive programs should be considered and employed judiciously where their overall performance is positive. We would urge the OEBD to utilize the Economic Impact Analysis methodology on all future project recommendations. The EIA outcomes can serve as backstops against the risk of over incentivizing private or even municipal investments or capital expenditures. While each analysis is distinct and without direct application to another project, we would recommend that the City maintain at least **10.0** target ratio its deliberations. This would result in a **\$10** return in total economic impact to every **\$1** of incentive offering.

Arising from the Target Industry analysis, we are keenly aware of Cape Coral's weaknesses in key sectors such as Professional & Business Services, Transportation & Warehousing, and Education & Healthcare. These are vital drivers for economic growth in any market, as they instill major capital expenditures. Cape Coral currently has limited Class A office space, distribution-size warehouses, or medical /higher education institutional investments. To attract the attention of national leaders in these industries who can appreciate the value of a growing and yet untapped labor market, there will need to be commitments made, or at least provisions for, appropriate facility development to house these new employers. It is the role of strategically created incentives to serve both the real estate developer as well as the end user to make Cape Coral a more dynamic urban destination.

## 5.c – Task 5 Progress Report/video conference

We conducted a video conference with the Project Review Committee on April 20, 2024. Work product to date was discussed and the materials covered were previously uploaded to the website.