

City of Norfolk Local Tourism Zone Incentives

Background

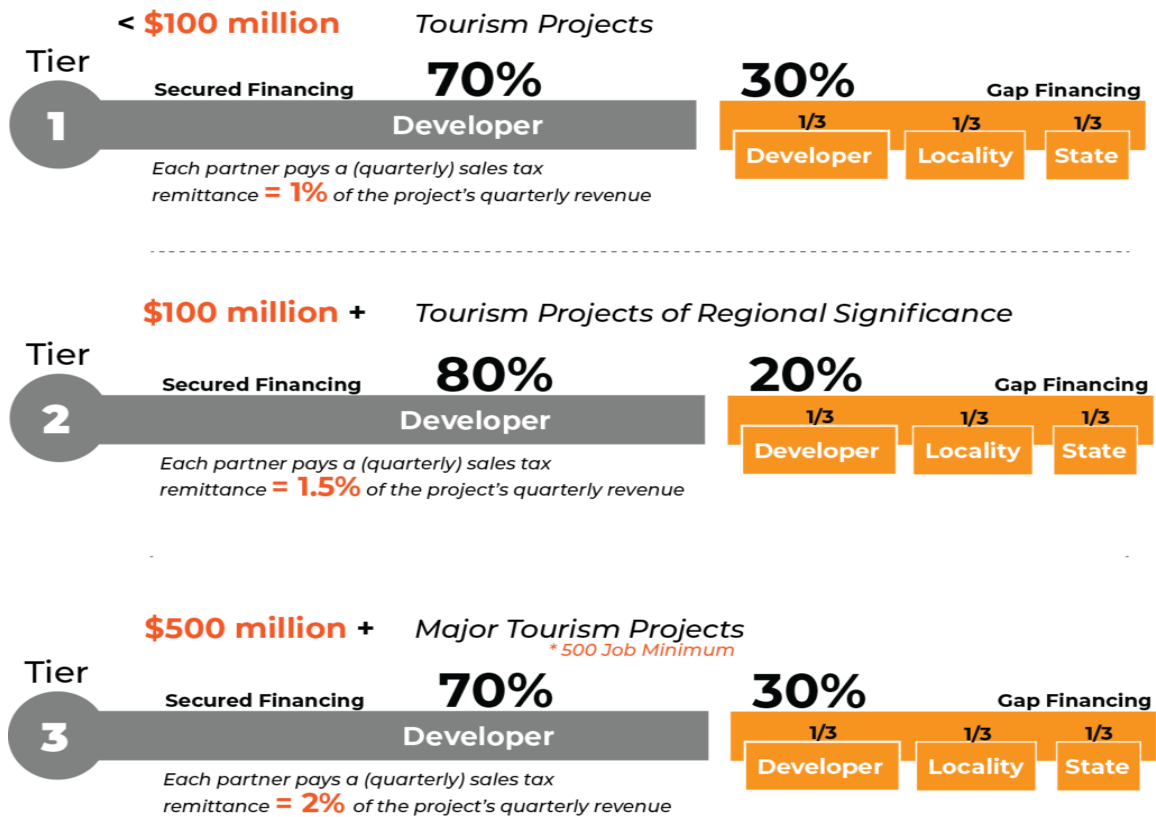
The Tourism Development Financing Program (TDFP) administered by the Virginia Tourism Corporation was established to provide a gap financing mechanism for projects that cannot, otherwise, find 100% funding or lending for a project.

In the TDFP program, the *Locality is the Applicant, not the Developer.*

If a Locality’s deficiency is proven, the Developer must secure all the lending required to finance the project, with the agreement that the State, Locality and Developer will each pay an equal third of the Developer’s gap financing loan to the gap Lender.

Incentive

Incentive	Eligibility	Type
Tourism Development Financing Program (TDFP)	Be located in one of the Norfolk Tourism Zones, and meet the state’s TDFP Eligibility requirements.	Eligible projects with a total cost of less than \$100 million fall into Tier (1), eligible projects with a total cost of \$100 million or more fall into Tier (2); while Tier (3) projects have a capital investment of \$500+ million.



THE PROCESS

- Below is a brief outline for an *Applicant / Locality* to apply for TDFP | Gap Financing certification
- These (10) steps must be completed in order
- An application is only complete once Steps ① - ⑦ have been completed, in order

Local Government	① LOCAL TOURISM INVESTMENT + SUBSTANTIATE DEFICIENCY	<ul style="list-style-type: none"> ○ Share Locality's current tourism investment in staff, infrastructure, development & marketing ○ The Locality (<i>Applicant</i>) submits local <i>Comprehensive Community Plans, Community Development Plans & Market Studies</i> explicitly identifying & substantiating a tourism <i>Deficiency</i> in their local, tourism economy
	1. IDENTIFY PROJECT + SUBMIT TOURISM DEVELOPMENT PLAN	<ul style="list-style-type: none"> ○ The Locality identifies a <i>Developer</i> partner and <i>Project</i> which fills this <i>Deficiency</i>
	2. DEVELOPER SUBMITS A LETTER OF NEED	<ul style="list-style-type: none"> ○ The Locality completes the <i>Tourism Development Plan</i> supplied by VTC
	③ DEFICIENCY & PROJECT REVIEW	<ul style="list-style-type: none"> ○ The Developer submits a <i>Letter of Need</i> stating that but for the TDFP, the project cannot proceed with its current funding
	④ VERIFY FINANCING + FINALIZE PERFORMANCE AGREEMENT	<ul style="list-style-type: none"> ○ Initial review of data and research collected with (3) outcomes: <ol style="list-style-type: none"> 1. The <i>Deficiency</i> is not met, and not eligible for TDFP 2. There are areas of improvement before reviewing again 3. <i>Deficiency</i> is met, and the project can proceed with applying ○ Work with <i>Virginia Resources Authority</i> to verify committed financing, debt structuring & gap reimbursement
	⑤ CREATE & VERIFY TOURISM ZONE ORDINANCE	<ul style="list-style-type: none"> ○ The <i>Developer</i> is sole owner of all debt with <i>Lenders</i> and secures all financing, including the <i>gap financing</i>, prior to applying for TDFP <i>gap financing</i>
	⑥ ADOPT A PROJECT ORDINANCE	<ul style="list-style-type: none"> ○ Pass a <i>Local Ordinance</i> creating a "<i>Tourism Zone</i>" in which the project's footprint must be located ○ Must be completed AFTER Steps ① through ⑤ are completed and reviewed by VTC ○ Pass a <i>Local Ordinance</i> adopting Steps ① through ⑤ ○ including the specific development project by name & commitment to financing ○ The <i>Final Application</i> is the documentation from the completed, previous steps
	⑦ PAY APPLICATION FEE	<ul style="list-style-type: none"> ○ Submit \$500 application & processing fee paid by either <i>Developer</i> or <i>Locality</i>
	⑧ APPLICATION REVIEW BY STATE COMPTROLLER	<ul style="list-style-type: none"> ○ Only when Steps (1) through (6) are deemed complete by VTC is the <i>Application</i> completed ○ The <i>State Comptroller</i> reviews <i>Final Application</i> ○ Review period, including possible requests for more data ○ Sends <i>Certification Letter</i> if certification is approved
	⑨ ANNOUNCE TDFP CERTIFICATION	<ul style="list-style-type: none"> ○ VTC coordinates with <i>Locality</i> a <i>Media Release</i> from the Governor's + <i>Announcement Event</i> if requested
⑩ DEBT SERVICE > After business opening	<ul style="list-style-type: none"> ○ VTC provides <i>Locality</i> with <i>VA Dept. of Tax Contact</i> to arrange partner payments for duration of financing debt 	