MRA-TIF Best Practices Guide

Metropolitan Redevelopment Agency – Albuquerque, NM

August 2024

Image Source: Google Earth

SBFRIEDMAN

VISION
ECONOMICS
STRATEGY
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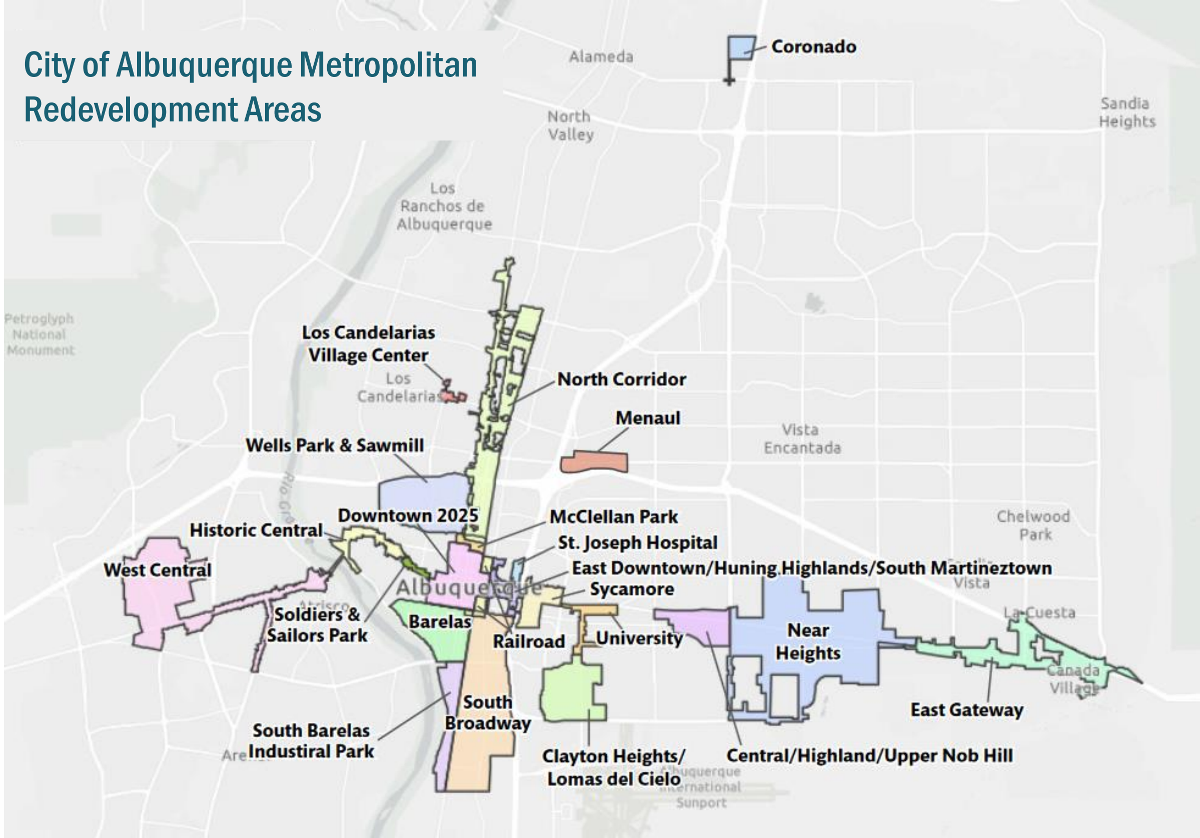
IMPLEMENTATION

TABLE OF CONTENTS

PURPOSE

SB Friedman examined case studies of TIF programs and strategies nationwide

- Effective July 1, 2024, the 2023 amendment to NM Stat § 3-60A-21 allows for the dedication of local and state gross receipts tax revenue in addition to property tax revenue to fund a metropolitan redevelopment project.
- The Albuquerque Metropolitan Redevelopment Agency (MRA) engaged SB Friedman to conduct national best practice case study research on TIF programs, their associated governance structures and transparency requirements.
- This briefing book includes our research, findings and best practice recommendations. The analysis is structured into the following sections:
  - **Negotiating TIF Contribution:** Approaches to negotiating the level of participation in TIFs between the city and other taxing agencies.
  - **Best Practices on Using TIF Funds and Governance Structure:** The different ways TIFs are used nationwide to achieve public policy goals and the associated government oversight and approval structures.
  - **Transparency:** Typical reporting requirements to ensure transparency and accountability on the use of TIF.



Source: City of Albuquerque

NEGOTIATING TIF CONTRIBUTION

NEGOTIATING TIF CONTRIBUTION

There are varying TIF participation requirements for taxing agencies nationwide

Typical Taxing Agencies TIF Contribution Requirements

Participation Required

- Taxing agencies contribute all respective increment
- Representatives from taxing agencies review TIF Plans and provide input but are required to participate once the municipality approves the TIF

Example State

Illinois – The incremental property tax from all taxing agencies is redirected to the TIF fund

- School and library districts are entitled to reimbursement if they experience cost increases from the development in a TIF

Participation Negotiated

- Taxing agencies negotiate the contribution of the share of their respective increment into the TIF fund with the municipality establishing the TIF

Example State

Texas – Taxing agencies can negotiate participation levels or opt out entirely

- If a taxing unit does not set their contribution, it defaults to 100%

No Participation

- The TIF law prohibits the use of incremental revenues from some or all taxing agencies other than the municipality

Example State

Arkansas – The contribution of the first 25 mills of a school districts tax revenue cannot be used for TIF

- 25 mills is the base property tax rate for school districts in Arkansas, which can increase via a vote

New Mexico – The county and state boards of finance, upon review of the applicable metropolitan redevelopment area (MRA) plan, can choose to dedicate up to 75% of their incremental gross receipts tax (state and county) and property tax (county only) if they find the MRA plan is reasonable and in their best interests. Due to the subjectivity involved in the decision to participate and the percentage of participation of incremental revenues, the participation approaches of taxing agencies in other states are reviewed in this section.

Source: Lincoln Institute of Land Policy, SB Friedman

PARTICIPATION NEGOTIATED – OHIO

The City of Dublin negotiated a reimbursement agreement with the local school district

In Dublin, Ohio, the City ensured the support of the Dublin City School District (DCS) for Community Reinvestment Areas (CRAs) within the Bridge Park neighborhood by engaging them in a **reimbursement agreement**.

In exchange for their participation in future tax incentive districts in the area, the City agreed to reimburse the DCS $50 million over 33 years:

- $1.5 million a year from 2014 – 2045
- $2 million in 2046

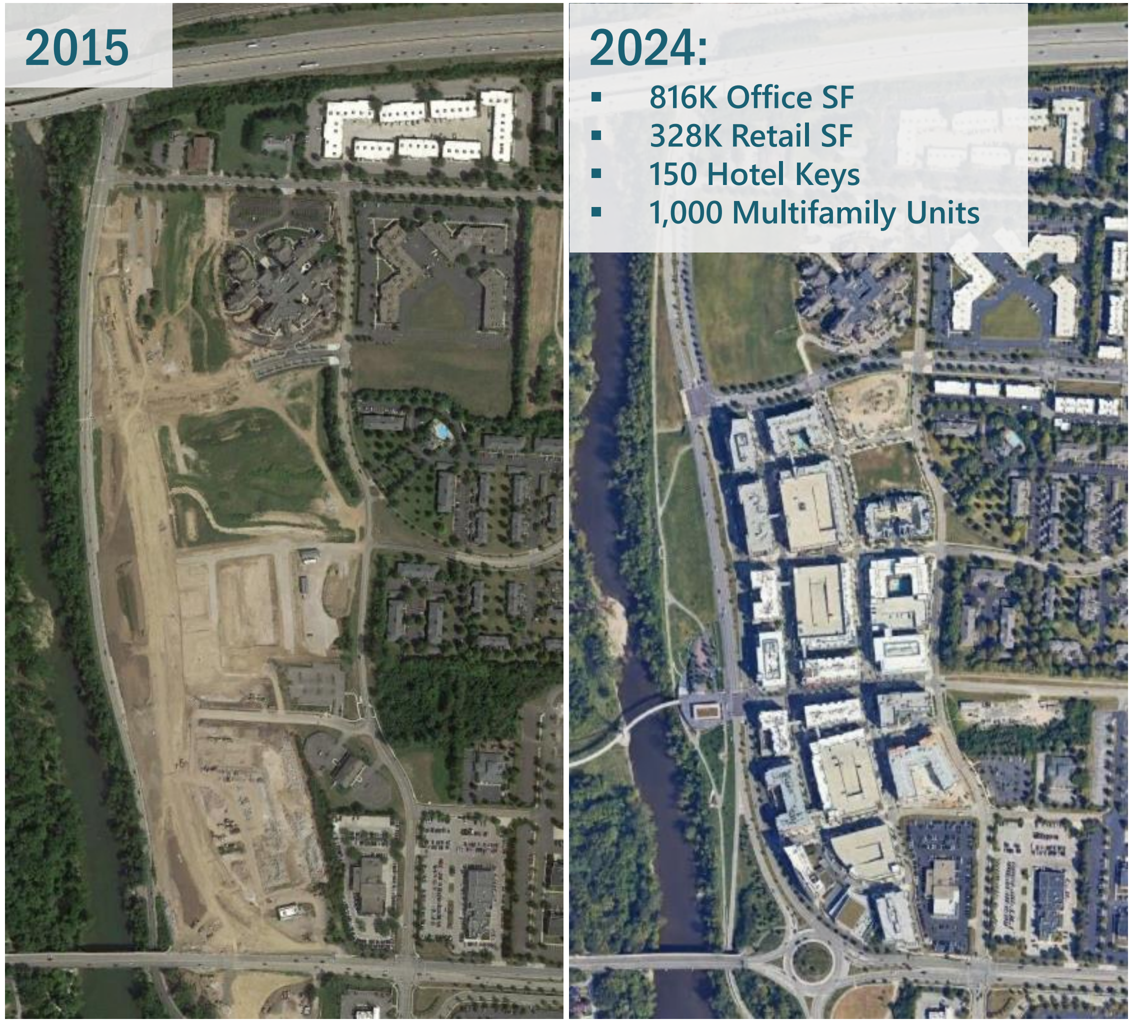
Per the agreement, the City is permitted to authorize TIFs with the following DCS participation structure:

- Years 1 – 15: DCS contributes 100% of incremental tax revenue
- Years 16 – 30: DCS receives 10% of incremental tax revenue

Property taxes increases in Ohio require voter approval. Redevelopment is one effective strategy to generate increased property taxes and increased tax revenues for taxing agencies.

The School District supported the agreement after research found that the proposed housing development would largely attract empty nesters and young professionals – residents without school-aged children.

Redevelopment within the Bridge Street District CRA



Source: City of Dublin

PARTICIPATION BASED ON RUBRIC – FLORIDA

Pinellas County incentivizes investment in predetermined policy areas

Pinellas County Community Reinvestment Area (CRA) Type Scoring

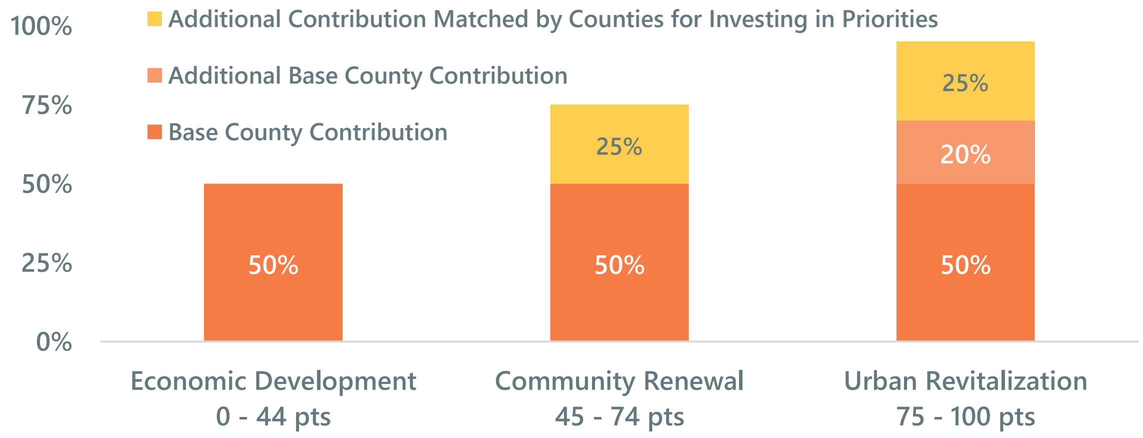
Scoring category	Max Points
Demonstrated Need (45 points)	
% of Households Below Poverty Level	10
Median Household Income	15
% of area qualified for CDBG	5
Demonstrated Blight Factors (163.340(8), F.S.)	10
% of area within a Coastal High Hazard Area	5
Employment & Economic Development (25 points)	
Employment Density	5
Unemployment (Civilian Population)	10
Property Tax Value Trend	5
Activity Center *or* Target Employment Area	5
Housing Affordability (25 points)	
% of households that are housing cost burdened	10
Median Residential Values	15
Mobility (5 points)	
Location w/in ¼ mile of Premium, Primary, and Secondary corridors	5
Maximum Points	100

In Pinellas County, CRA-forming entities (Cities, Redevelopment Agencies, etc.) are incentivized to designate districts that address issues identified by the County. Designating areas with features that meet the County's policy-driven criteria ensure the capture of the maximum allowable increment contribution.

Pinellas County negotiates its TIF increment contribution to any TIF Area established by any entity:

- The County must contribute at least 50% of its TIF increment to any new CRA per statute;
- Contribution of additional increment depends on the Area's performance on the **CRA scoring matrix**, and the amount budgeted for County-identified priority issues in the **CRA budget**;
- The additional match amount is adjusted at the CRA's midpoint evaluation based on actual expenditures and alignment to policy commitments.

Pinellas County CRA Contribution by Score and CRA Type



Sources: Pinellas County, SB Friedman

TAKEAWAYS

NEGOTIATING BEST PRACTICES

- Eliminate uncertainty inherent in ad hoc negotiations and create an objective framework for taxing agency participation
- Encourage taxing agencies to outline their priorities and establish a scoring rubric based on them
- At the point of designation, establish plan goals and budget to closely align with stakeholder goals

Best Practices of using TIF Funds and Governance Structure

FUNDING PURPOSE TYPES

There are four typical uses of TIF funds found nationwide

TIF-Funded Programs

Purpose
Direct business assistance and building improvement

Financing Tools
- Grants
- Loans

Approval Process
- Council/committee approval of program, funds disbursed by staff or third-party

Investment Levels

Gap Financing for Private Real Estate

Purpose
Subsidize extraordinary development costs

Financing Tools
- Bonds/developer notes
- Loans

Approval Process
- Council/committee approval project-by-project

Investment Levels

Strategic Acquisition and Facilitation of Redevelopment

Purpose
Advance site-specific redevelopment

Financing Tools
- Bonds
- Cash outlay

Approval Process
- Staff approval

Investment Levels

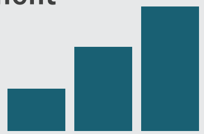
Public Infrastructure

Purpose
Improve the right-of-way, utilities, public transit

Financing Tools
- Bonds
- Cash outlay

Approval Process
- Depends on scale of project

Investment Levels

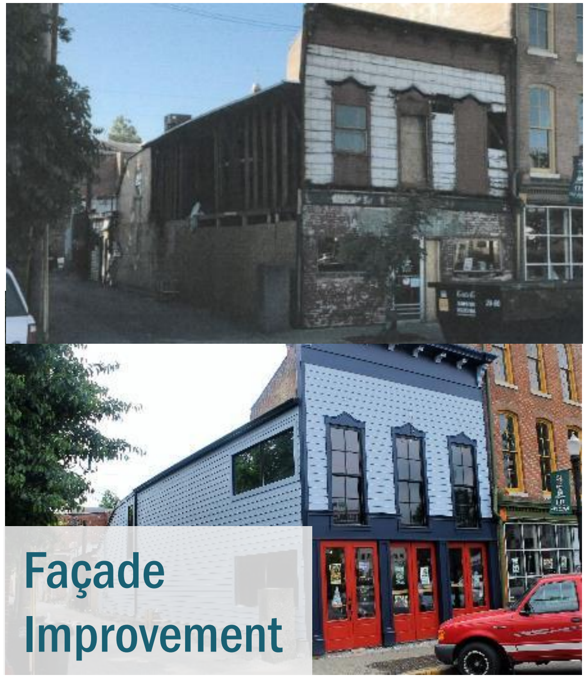


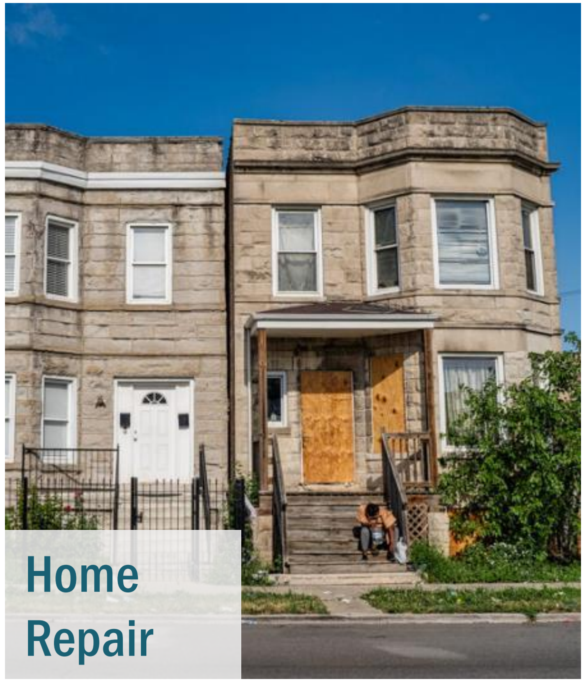
TYPICAL TIF-FUNDED PROGRAMS

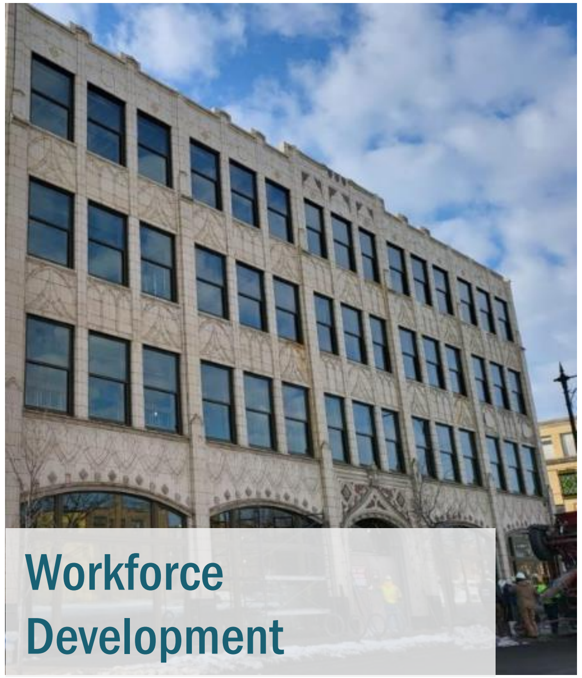
Policy driven TIF-funded programs are an effective form of targeted investment

Cities establish policy driven TIF-funded programs to spur economic development across established TIF districts. These programs typically disburse funds in the form of grants. TIF-funded programs set objective eligibility requirements and cap grant assistance based on the features of the proposed project. Typically, these programs receive municipal approval for an initial budget allocation. Then, a municipal department (at times in conjunction with a local non-profit organization) facilitates the program – reviewing applications, approving proposed projects, and managing the disbursement of funds.

Common economic development programs that utilize TIF funds include:







SMALL BUSINESS DEVELOPMENT – CHICAGO, IL

A third-party non-profit facilitates the small business development program in Chicago

Program Goals – Chicago's Small Business Improvement Fund (SBIF) is a TIF-funded program that provides grant funding to small businesses for permanent building improvements and repairs. The goal is to promote local economic development in communities.

Eligibility – Eligible projects must be located within a SBIF-TIF District. Requirements vary by business type, and include:

- Industrial businesses – have 200 or fewer employees
- Commercial businesses – have average gross sales under $9M

Governance – The City Council approves the initial disbursement of TIF funds to the program. A third-party **non-profit Certified Development Company** administers the program in conjunction with the Chicago Department of Planning and Development (DPD).

In 2023, the average amount of funding granted per project was approximately $74,000. Historically, SBIF grants have ranged from $300 – $255,000.

Policy Focus – The Certified Development Company selects applicants by lottery. Priority is given to applications located within under-invested commercial corridors specially identified by DPD.

SBIF Grant Example: Platt Cases

A $99,700 SBIF grant supported the installation of new roofing, a new HVAC system, and a new sprinkler system for Platt Cases at their Southwest Side headquarters, which employs more than three dozen union workers.

Source: City of Chicago, Chicago Data Portal, SomerCor

FAÇADE IMPROVEMENT – WACO, TX

The City of Waco reimburses private improvements only after expenditures

Program Goals – The City of Waco's Façade Improvement Grant Program assists smaller projects to restore, stabilize, repair and improve the appearance of dilapidated buildings within their first Tax Increment Reinvestment Zone (TIRZ, i.e., TIF District) along the Brazos River.

Eligibility – Eligible projects must be located within the Waco TIF District Number One and must show private investment.

Governance – The City of Waco designated City Center Waco (CCW), a local non-profit, to operate the program. CCW reviews and approves projects on a first-come first-serve basis.

TIF reimbursements range from \$0.10 to \$0.50 for every \$1.00 spent by the project owner on eligible improvements. Each project can receive a maximum of \$45,000 per building for **any construction or aesthetic alteration** made to the street-facing side, including signage, painting, landscaping in the right-of-way, or exterior lighting.

Policy Focus – The Waco TIF District Number One is the oldest TIF District in the city – established in 1982 – and encompasses the core downtown of Waco.

Façade Improvement Grant Example: Mary Ave Market Building Renovation

A Façade Improvement TIF Grant supported the exterior renovation of a 1984 historical warehouse to help create a retail space accommodating six businesses, including a restaurant.

Source: City of Waco, Specific Space

RESIDENTIAL HOME REPAIR – MIAMI BEACH, FL

Miami Beach invests TIF funds in maintaining affordable and workforce housing

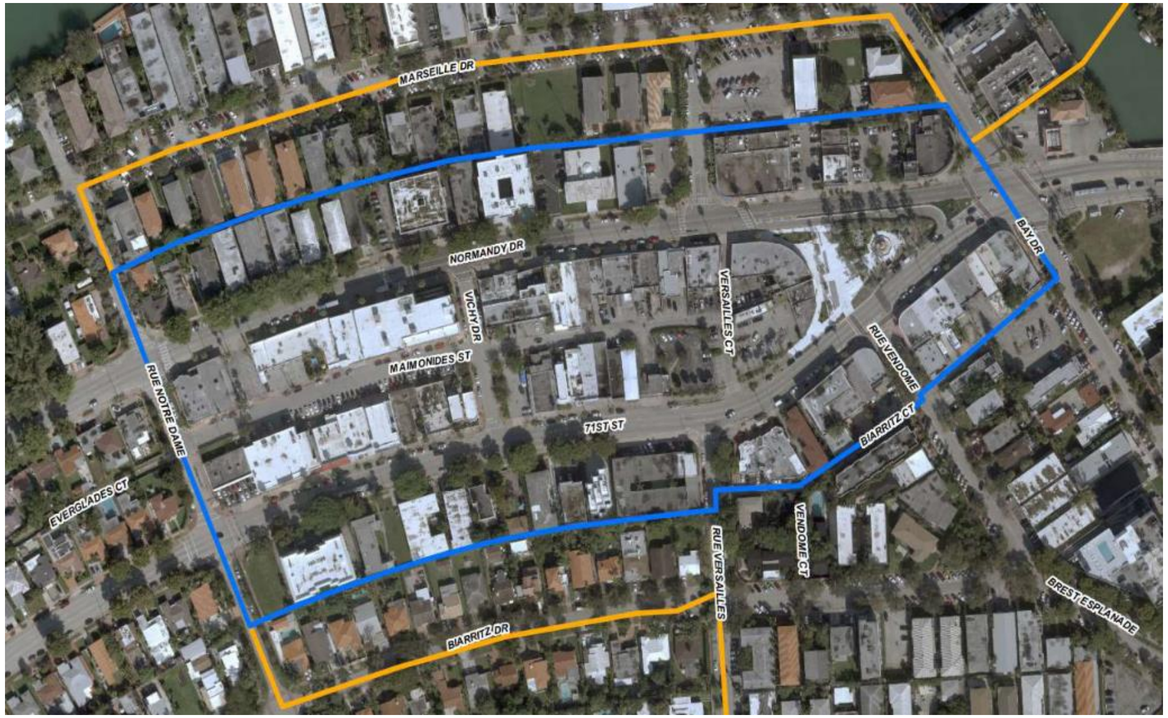
Program Goals – The City of Miami Beach's Residential Property Improvement Program (RPIP) is a matching grant program for multifamily property owners. The Program is available to residential buildings in the North Beach Normandy Fountain/Vendome Plaza neighborhood to help pay costs of physical improvements to their buildings.

Eligibility – The RPIP is designed to support households with an annual income **at or below 140% Area Median Income**. Eligible properties include street facing multifamily and mixed-use buildings with tenants below the income threshold.

Governance – North Beach Community Redevelopment Agency (CRA) staff review applications and make preliminary recommendations. After a meeting with the applicant, the North Beach CRA Board authorizes awards pursuant to adoption of a resolution.

Program funding awards consist of matching grants for up to 70% of the cost of eligible work and are capped at $20,000.

Policy Focus – The RPIP focuses on improving neighborhood character by repairing older residential buildings that provide affordable and workforce housing for lower-income residents.



Residential Home Repair Grant Program Boundary Map

Source: Miami Beach Economic Development, Miami Herald

WORKFORCE DEVELOPMENT – CHICAGO, IL

Chicago reimburses workforce training costs for industrial businesses in TIF districts

Program Goals – The City of Chicago's TIFWorks Program funds workforce-training costs for companies located in TIF districts, including the training of current employees and/or new hires.

The program strives to help businesses develop and expand product lines, adapt to new technologies and equipment, and expand into new markets.

Eligibility – The program is targeted at manufacturing or industrial businesses. Eligible businesses must be located in an authorized TIF district.

Governance – TIFWorks is a reimbursement grant that covers up to 75% of eligible training costs. The maximum single grant award is up to $50,000. The grant is administered by approved Local Industrial Retention Initiative (LIRI) organizations – not-for-profit agencies selected by the City to assist industrial businesses in the City's Industrial Corridors.

Policy Focus – Since 2008, TIFWorks has provided $21 million in TIF funds to 511 businesses for the training of 10,000 employees and the hiring of 1,100 new employees.

TIFWorks Eligible Training Activities

- *New or additional product lines*
- *New machinery or equipment*
- *New or changing technology being introduced into the workplace*
- *Businesses expanding into new markets*
- *Occupationally- or industry-mandated training related to regulatory compliance*
- *Curriculum customized for a particular employer or group of employers*
- *Work-based basic and/or remedial training designed to improve specific job performance*
- *Work-based English-as-a Second Language (ESL) instruction to improve communication and performance of employees, and*
- *Workplace skills gap assessments only when included with or followed by training resulting directly from those assessments*

Source: City of Chicago

TIF-FUNDED PROGRAMS – TAKEAWAYS

TIF-FUNDED PROGRAMS BEST PRACTICE

- Set strong policy goals to address communities or neighborhoods in need
- Establish monetary tiers to categorize program applicants and set appropriate eligibility requirements
- Consider enlisting a third-party non-profit to help operate programs outside the MRA's capacity

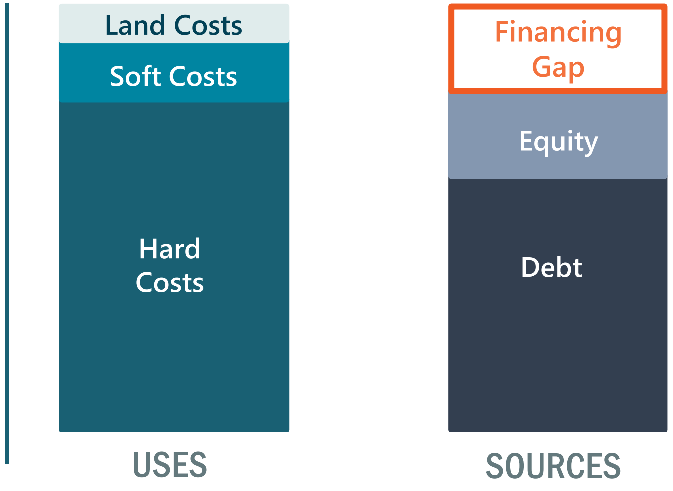
GAP FINANCING FOR PRIVATE REAL ESTATE

Municipalities must consider when and how to assist proposed projects facing a financing gap

Reasons to Provide Public Assistance:

- Fund public infrastructure needed for private development
- Fund extraordinary private development costs such as environmental remediation or deep affordable housing
- Subsidize a proposed project that is “above market,” (for which the market is not yet established) to obtain higher quality development than the market will generate on its own
- Incentivize development to attract or retain investment in a strategic area

Hypothetical Project Capital Stack – Project Needing Assistance



Forms of Public Assistance:

- Free or discounted publicly owned land
- Use of TIF revenues
  - In-PIN increment (incremental revenues from project itself)
  - Area-wide increment (incremental revenues from other properties in TIF district)
- Full or partial permit/impact fee waivers
- Village-funded infrastructure and/or utilities
- Grants and/or loans from general Village revenues

BEST PRACTICES IN TIF PROJECT SELECTION AND FUNDING

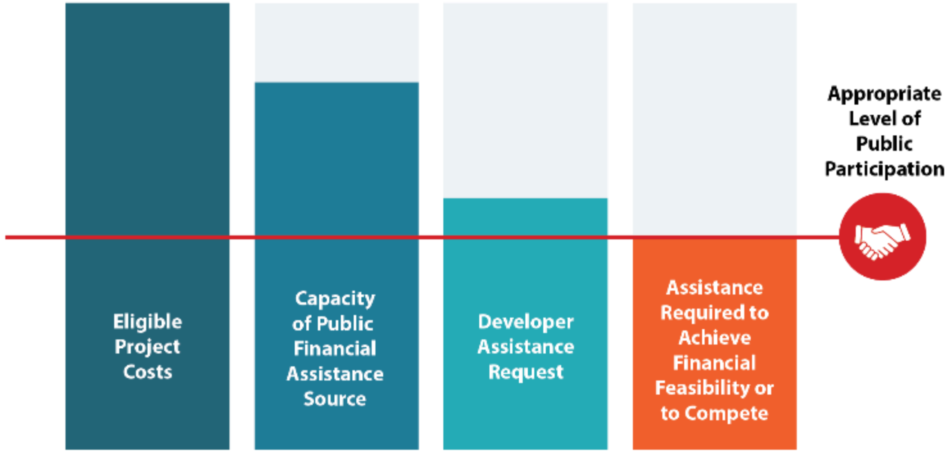
Look at the financial gap, “but for”, fiscal and other analyses

When selecting a project for TIF funding:

- Articulate the case for (or against) and demonstrate that TIF is being used judiciously
- Analyze project returns to identify the amount of public subsidy required
- Guard against over-subsidizing projects by only providing the assistance required for the project to achieve financial feasibility or to compete in the local market

When evaluating a proposed TIF project, consider:

- Does the project contribute to important public policy goals?
- Are the project goals economically feasible with assistance?
- Would the project not proceed as desired “but for” the assistance?
- Will the project pay for itself through generated revenues or justify the investment via economic/community impacts?



Appropriate Level of Public Participation

GAP FINANCING – BOISE, ID

The City of Boise assisted a new mixed-use development and purchased its parking deck

Project Goals – The Fowler is a mixed-use development in Downtown Boise featuring 163 apartment units, 189 structured parking spaces, and 4,000 square feet of first-floor retail space. Proposed in 2015, the project aimed to increase high-quality residential opportunities in an urban setting.

Eligibility – The project is located within the Capital City Development Board's (CCDC) River Myrtle-Old Boise Urban Renewal Area (URA, i.e., TIF District), whose Area Plan indicated a growing interest in downtown living despite there being limited newer apartment development in Downtown Boise.

Governance – The developer requested $630,000 in public assistance for streetscaping and public improvements, and $2.6 million for the CCDC to purchase the first-floor parking deck to operate as public parking. The $3.2 million of requested assistance would account for approximately 12% of the $27.4 million total project cost.

The CCDC Board approved the project as a 'Type 3 Transformative Assistance Participation' project in 2015.

Outcome – The project was completed in 2018 and became the first new constructional rental residential project in over 10 years.

The Fowler

- *163 residential units*
- *4,000 SF of first-floor retail*
- *189 parking spaces*

Source: City of Boise, Capital City Development Board, SB Friedman

GAP FINANCING – BOISE, ID

The CCDC uses a policy guide that accommodates different types of projects requiring assistance

Approved by the CCDC Board in 2013, the Participation Program is the development assistance policy that guides CCDC's approval process for private-public partnership projects in its downtown URAs. The Program is designed to advance economic development in Downtown Boise, as well as goals for the downtown that are identified in the City's comprehensive plan. The Participation Program identifies five approaches to public-private participation:

Type 1: One Time Assistance

Provides resources up to $200,000 for public improvements and is intended to assist smaller projects. The funding is based on a dollar-for-dollar match to private investment.

Type 2: General Assistance

Provides general assistance for public improvements and is intended to assist larger projects. Type 2 is especially tuned to assist Affordable and Workforce/Mixed-Income Housing projects. Utilizes the Scorecard.

Type 3: Transformative Assistance

Provides assistance to large public or private projects that the Board deems to be transformative in nature and of benefit to the community. A Type 3 project is of higher value and may include the construction of a significant public facility.

Type 4: Capital Improvement Project Coordination

Coordinates CCDC-initiated Capital Improvement Plan (CIP) activities with construction activities of private development or other public agencies.

Type 5: Property Disposition (CCDC-Owned Property)

Type 5 participation is the disposition of CCDC-owned property for a development purpose. The disposition process is governed by state statute and differentiates between disposition to a for-profit, to a non-profit, and to a governmental body.

In addition to the Program guidelines, the CCDC utilizes a Scorecard that assess projects ability to advance urban design goals in key areas like economic development, infrastructure, mobility, place-making and special projects.

Source: City of Boise, Capital City Development Board

GAP FINANCING – KANSAS CITY, MO

Kansas City is assisting a redevelopment project with a combination of TIF funds and tax abatements

Project Goals – The West Bottoms Redevelopment Project is a $500 million, five-phase project consisting of five new construction multifamily buildings, four adaptive re-use multifamily buildings, one adaptive re-use hotel, and three adaptive re-use commercial properties.

Eligibility – The project faced a high risk level associated with the unproven market for large-scale new and adaptive re-use development in West Bottoms, Kansas City. Extraordinary development costs were driven by historic preservation and remediation of blighted buildings. Additionally, infrastructure repair and the construction of of-site parking was anticipated to cost $58 million.

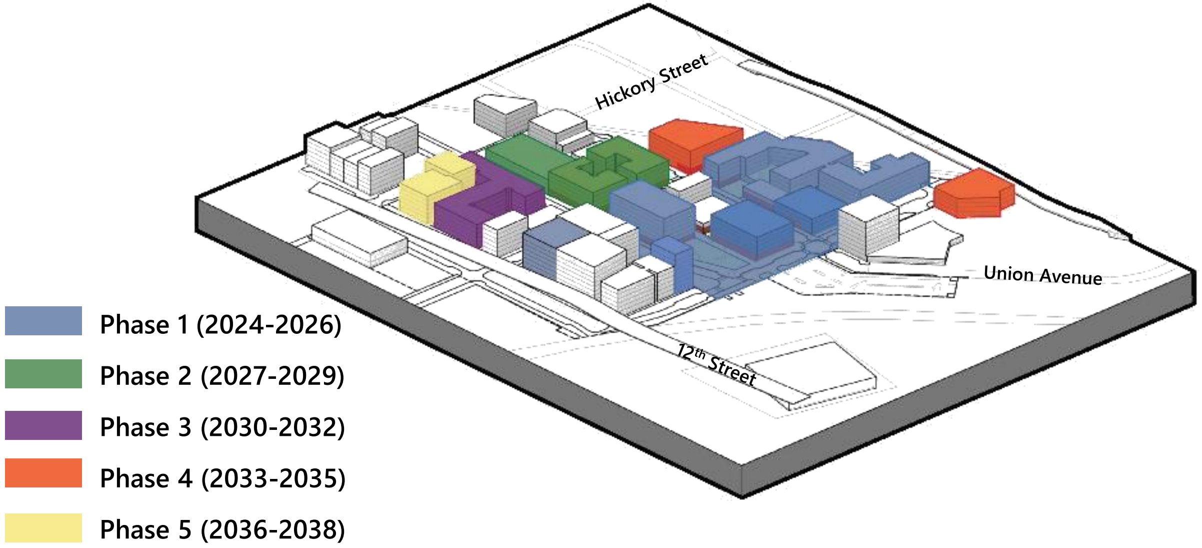
Governance – In 2023, the City approved the following tax abatement:

- Phases 1 and 2: 90% for 10 years, 70% for the remaining 10 years
- Phases 3 – 5: 70% for 10 years, 30% for the remaining 5 years

In 2024, the City approved a TIF plan for the area which included $42.3 million meant for public infrastructure and green space improvements to serve both the development site and surrounding sites.

Outcome – The project is currently under development, with demolitions clearing the way for Phase I. The infrastructure & public space improvements, and first three projects of Phase I are expected to be delivered by spring 2026.

West Bottoms Proposed Site Plan Renderings and Phasing



Source: Kansas City, SB Friedman

CASE STUDY

NON-CONTIGUOUS TIFS – DALLAS, TX

Dallas is using an innovative strategy to leverage funds from a high-value area to a disinvested area

Project Goals – University Hills is a multi-phase, mixed-use development in southern Dallas, Texas, conceived as a mixed-use neighborhood near the University of North Texas and its Dallas Area Rapid Transit (DART) station.

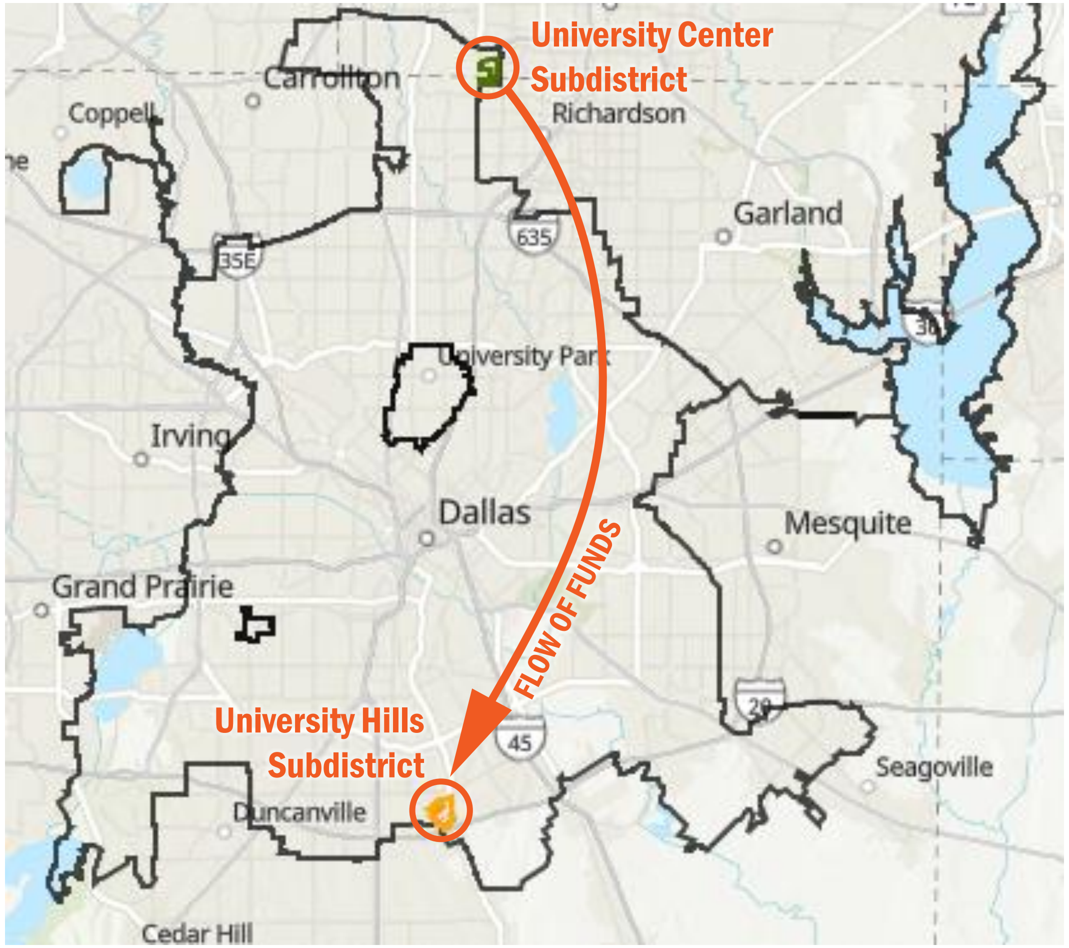
Eligibility – The project is located within the southern subdistrict of a two-part, non-contiguous TIF district.

In 2023, the City of Dallas adopted a new Economic Development Incentive Policy that focuses on incentivizing investment in Southern Dallas and other distressed or low- and moderate-income areas. The Policy allows for increment sharing between stronger market areas of a district to specified areas identified in the district plan where catalytic investment is needed. Increment sharing can take the form of non-contiguous of contiguous sub-districts.

Governance – Phase I of the University Hills development was estimated to cost $63.2 million. In 2022, Council approved $31.4 million in TIF assistance for the first phase of development, which previously called for 250 multifamily units, more than 500 single-family homes, and nearly 200,000 square feet of commercial space including retail and office.

Outcome – In 2024, Dallas City Plan Commission voted in favor of a subdivision request that included plans for 571 residential lots, 33 common areas and commercial sections of roughly 17 acres and 21 acres for future development.

Dallas University TIF District



Source: City of Dallas

ASSISTANCE APPROVAL STRUCTURES – ALBUQUERQUE, NM

There are existing governance structures in Albuquerque that can be leveraged for the TIF program

Albuquerque's **Redevelopment Tax Abatement** (RTA) program is a seven-year property tax abatement on incremental property taxes aimed at attracting private investment and revitalizing divested portions of the city.

Eligible projects must be located within a MRA and achieve at least 100 points on the **community benefits matrix**, which awards points for meeting requirements relating to:

- Sustainability
- Economic Impact
- Placemaking
- Diverse and/or Locally-owned Development Team

The City Council has final determination on RTA approval. A similar approvals structure to the RTA program can be adapted to work with proposed TIF-funded projects.

Strong policy goals and clear programmatic guidelines like the Tax Abatement Program has can be effective in informing the TIF funding decision-making process.

MRA Community Benefit Matrix Section

Economic Impact		Maximum Points Available per Subcategory
Generates Gross Receipts Taxes. Small pockets of retail can be especially impactful. Retail space will trigger occupancy requirements within the first years of completion in the lease agreement.		**15**
At least 1,000 square feet of interior retail space (for rent to commercial user and not to be used as residential leasing or amenity space)	15	
Creates missing-middle development. Medium-size infill projects create an exciting texture to the urban core. Small sized projects get a boost in the scoring system and are not expected to provide the same level of amenities as larger project.	*can only get points in one line item*	**25**
Estimated Project Construction Cost		
$8M - $11.99M	15	
$4M- $7.99M	20	
$1M- $3.99M	25	
Adds Density. Projects in MRA are in areas of change. MRTA projects areas should maximize the allowable density to create vibrant urban districts	*can only get points in one line item*	**35**
Mixed Use and Residential Projects		
15-19.99 dwelling units/acre	15	
20-49.99 dwelling units/acre	20	
50-99.99 dwelling units/acre	25	
100+ dwelling units/acre	35	
Projects without Residential Uses		
Floor Area Ratio > 2	25	
Floor Area Ratio > 3	35	
Subtotal		**60**

Source: Metropolitan Redevelopment Agency

TYPICAL GOVERNANCE STRUCTURE FOR GAP FINANCING

Typically, projects are reviewed and approved by a board, affected taxing agencies, and Council

1. Internal Project Evaluation
A local economic development agency (EDA) evaluates the application for public assistance and proposed development project.

2. External Project Evaluation
The EDA enlists a third-party consultant to evaluate the application for assistance and proposed development project. The consultant reports back to the EDA.

3. Meeting with Taxing Agencies
The affected taxing agencies review the memorandum and sit for an informational presentation by the developer.

4. Public Hearing
City Council is briefed. A public hearing is held where the developer presents the proposal to residents, discusses potential community impacts and listens to residents' feedback.

5. EDA Project Approval
The EDA Board conducts an internal vote to approval the application for assistance and proposed development project.

Projects below a certain dollar threshold of assistance request (e.g. $1 M) could potentially bypass steps 2-4, leading to a more streamlined process

6. City Council Project Approval
After the EDA Board's approval, the City Council votes to approve the proposed project at a public hearing.

GAP FINANCING – TAKEAWAYS

GAP FINANCING BEST PRACTICES

- Conduct financial gap analyses to guard against over-subsidizing projects
- Demonstrate that public resources are being used fairly and judiciously
- Help articulate the case for (or against) assistance for a specific project
- Establish an approval process for reviewing gap financing requests and streamline/fast-track requests below a dollar threshold

STRATEGIC ACQUISITON AND FACILITATION OF REDEVELOPMENT

Municipalities can take action to prepare sites for redevelopment

Cities can facilitate redevelopment by proactively acquiring underutilized land and setting policy outlining the desired development outcomes. Underutilized land can include vacant lots, vacant buildings, excessive surface parking, and more.

Vacant Lots

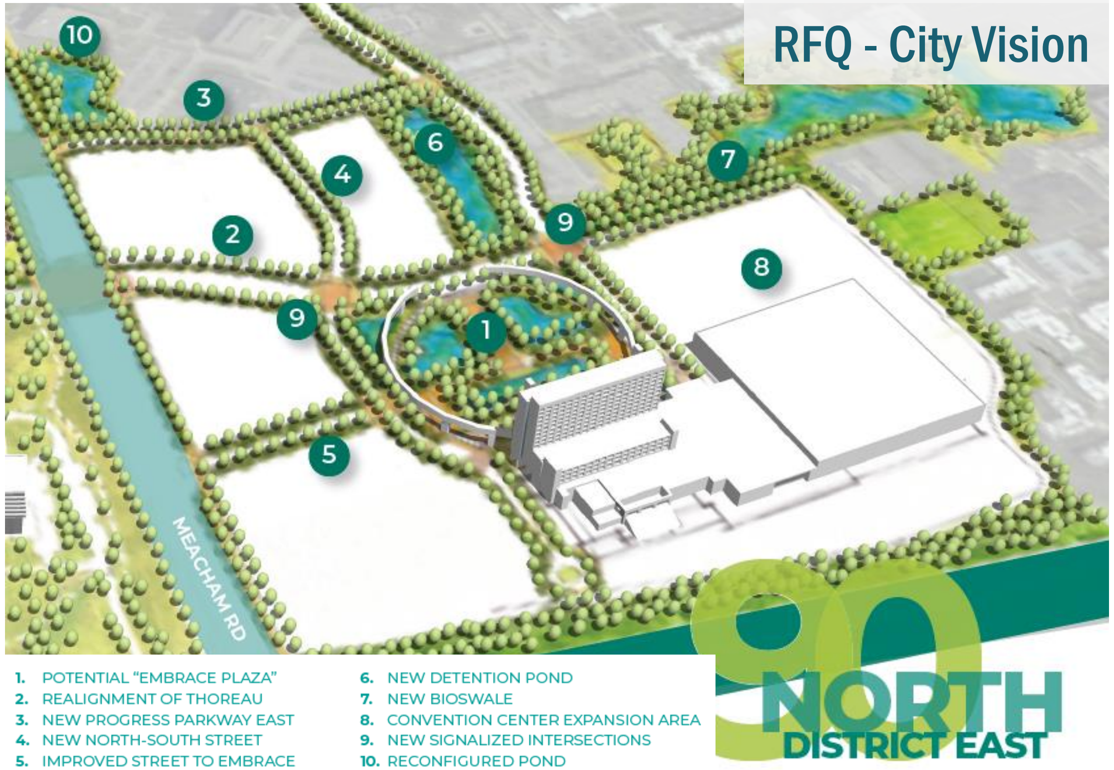
Vacant Buildings

Underutilized Land

FACILITATED DEVELOPMENT – SCHAUMBURG, IL

The Village acquired and planned for additional land as part of their redevelopment vision

Redevelopment Goals – The Village of Schaumburg sought to create a mixed-use entertainment district adjacent to their existing convention center and headquarter hotel. To realize their vision the Village acquired a single-story office park, relocated tenants, and combined the acquired property with existing surface parking lots already owned. The Village then issued a Request for Qualifications (RFQ) for a master developer to redevelop the assembled 23-acre property into a mixed-use entertainment district.



1. POTENTIAL "EMBRACE PLAZA"
2. REALIGNMENT OF THOREAU
3. NEW PROGRESS PARKWAY EAST
4. NEW NORTH-SOUTH STREET
5. IMPROVED STREET TO EMBRACE
6. NEW DETENTION POND
7. NEW BIOSWALE
8. CONVENTION CENTER EXPANSION AREA
9. NEW SIGNALIZED INTERSECTIONS
10. RECONFIGURED POND

Source: City of Schaumburg, SB Friedman

CASE STUDY

FACILITATED DEVELOPMENT – SCHAUMBURG, IL

The Village will transfer property only when development is imminent

Eligibility – The Village of Schaumburg selected a developer with a proven track record and financial capacity to deliver the envisioned mixed-use entertainment district. The Village and the developer secured Andretti - an indoor racing and gaming facility with dining to anchor the district. The developer intends to break ground on the facility and is working to secure additional entertainment tenants.

Property Transfer – Through a Master Development Agreement (MDA), the Village offered the right to purchase or ground lease the land in accordance with the MDA. The MDA dictates that property disposition will occur only when there is evidence that a proposed development is imminent.

Outcome – A 2025 opening is planned for an 89,000 square feet entertainment venue featuring a multilevel indoor go-kart track, bowling alley, laser tag room, restaurant and event space.

A six-level public parking deck will accompany the venue as part of the first phase of development around the existing convention center and hotel. Future entertainment and restaurant announcements are imminent.

Developer Concept Design

Source: City of Schaumburg, SB Friedman

STRATEGIC ACQUISITION – TAKEAWAYS

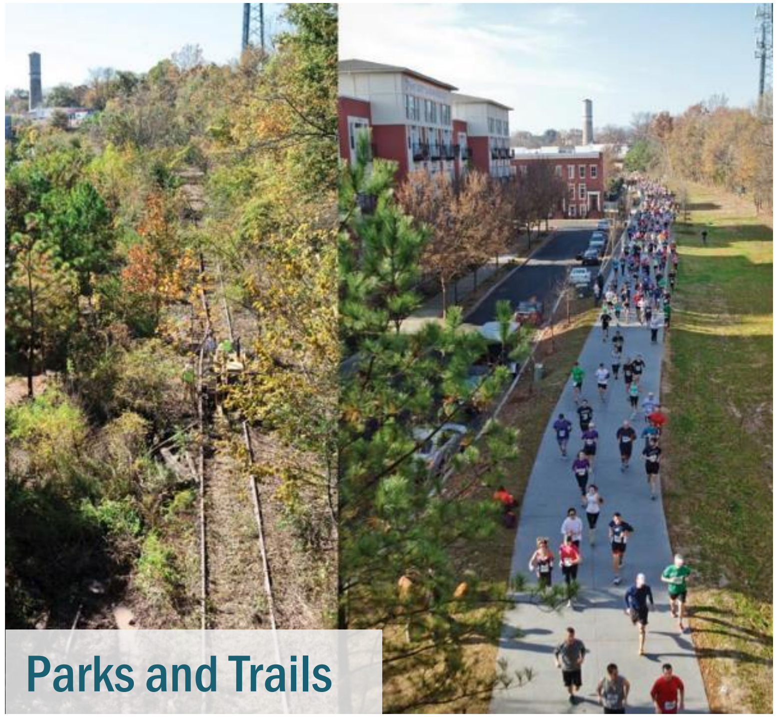
STRATEGIC ACQUISITION AND FACILIATION OF DEVELOPMENT – BEST PRACTICES

- Be judicious and strategic in the acquisition of public properties
- Conduct property due diligence prior to acquisition (Phase 1 and 2 environmental studies, soils and utility assessments, etc.)
- Ensure there is a clear public purpose with acquired property such as area revitalization or a plan to build affordable housing
- Dispose public property through competitive processes such as developer RFQ/Ps to maximize the potential of achieving public sector goals

PUBLIC INFRASTRUCTURE

Public infrastructure investments can range significantly in cost

TIF can fund the construction or rehabilitation of infrastructure, schools, parks, transit, and municipal facilities. Infrastructure investments can include improvements in the public right-of-way, including the design and construction of streets, sidewalks, alleys, lighting, and utility improvements. TIF is often used in conjunction with other state and federal funds and can be a key component of the capital stack.


Parks and Trails


Transportation


School Improvements

PUBLIC INFRASTRUCTURE INVESTMENT – ATLANTA, GA

TIF is funding a major park, trail and transit project in Atlanta

Improvement Goals – The Atlanta BeltLine is a sustainable redevelopment project providing a network of public parks, multi-use trails and transit by re-using 22 miles of historic railroad corridors circling downtown and connecting 45 neighborhoods.

Eligibility – Initially a proposal from a graduate student at Georgia Tech, the idea of the BeltLine gained grassroots support in the early 2000's. A steering committee study found that a tax allocation district (TAD) could cover 60% of project costs without a tax increase.

Governance – In 2004, the Atlanta BeltLine TAD was approved by city council with the support of the mayor. In 2006, the Atlanta Beltline Inc. was formed by the city to oversee the project. In 2013, their board of directors approved the 2030 Strategic Implementation Plan (SIP) which phased the project: trails and parks were to be developed first using bond money to stimulate development and the tax increment necessary to then pay for transit projects.

Disbursement – From 2006 – 2011, $337 million was expended – about **35%** of which came from tax increment. Another 44% came from city funds, with the remainder from federal funds, philanthropies, or other sources. The Atlanta Beltline Inc. handles the formation of annual budgets and guides the use of TIF funds.

Most recently, the organization approved a $172 million budget for the fiscal year 2025. Nine segments of the mainline trail are currently under construction, representing 85% of the project either completed or under construction

Atlanta BeltLine Trail Rendering

Source: City of Atlanta, Lincoln Institute of Land Policy

PUBLIC INFRASTRUCTURE – TAKEAWAYS

PUBLIC INFRASTRUCTURE – BEST PRACTICES

- Combine TIF funding with other sources (federal, philanthropic, etc.) to maximize the infrastructure project's budget
- Create intergovernmental agreements to fund public improvements with TIF that are managed by non-municipal agencies
- Ensure community buy-in related to the public project to demonstrate the judicial use of TIF

TRANSPARENCY

TRANSPARENCY ON TIF USAGE

Cities overlay additional reporting requirements over state mandates to increase transparency

Typical State Mandated Annual Reporting Requirements:

- Annual TIF reports
- Annual TIF audits

Typical Additional Local Requirements:

- Eligible expenditures compliance documentation
- District narrative reports for communication to public
- Project-by-project informational documents for communication to the public

New Mexico

As of 2019, New Mexico law requires districts receiving a distribution of gross receipts tax increment to submit a report to the state board of finance and the legislative finance committee that includes:

- Estimated capital investment in the district
- Estimated total net new jobs and new full-time economic base jobs created in the district
- Total revenues distributed to the district in each fiscal year.

No other reporting, auditing or statutory performance requirements exist - there are no penalty or clawback provisions that exist for local governments to enforce agreed-upon expectations.

Source: CDFA

TRANSPARENCY IN IDAHO

Requires reporting for both fiscal and annual years

Idaho Mandated Annual Requirements:

- Annual TIF Audit and Financial Report (fiscal year) to be submitted to the Idaho Legislative Services Office (ILSO)
- TIF Entity information – most recent budget, unaudited budget vs actual expenditures, and most recent audit submitted to the ILSO Audit Division

Additional Capital City Development Corporation Requirements:

- Annual TIF Audit and Financial Report (fiscal year) submitted to the City
- TIF Entity information – most recent budget, unaudited budget vs actual expenditures, and most recent audit submitted to the Local Governing Registry online portal
- TIF budget (fiscal year) submitted to the City of Boise
- Annual Report (calendar year) submitted to the City

Source: Capital City Development Corporation

TRANSPARENCY IN KANSAS CITY, MISSOURI

Missouri holds redevelopment projects to their agreed-upon terms in meeting every five years

Missouri Mandated Annual Reporting Requirements:

- Annual TIF Report to be submitted to the Missouri Department of Economic Development, including details on each redevelopment plan and project
- Statement to be published in a local newspaper, showing:
  - Payments in lieu of taxes received and expended
  - Status of redevelopment plan and projects
  - Amount of outstanding bonded indebtedness
- Every five years, a municipality must hold a public hearing to determine if the redevelopment project is making satisfactory progress under the proposed time schedule agreed upon in the redevelopment agreement.

edc KC ECONOMIC DEVELOPMENT CORPORATION

Additional Economic Development Corporation of Kansas City Requirements:

- Monthly bond proceeds report to be submitted to the TIF Commission
- Annual reports and audits to be posted online

Source: CDFA, Economic Development Corporation, Kansas City

CASE STUDY

TRANSPARENCY IN CHICAGO, ILLINOIS

A Joint Review Board, consisting of representatives from local taxing agencies, meets annually

Illinois Mandated Annual Reporting Requirements:

- Annual TIF Report to be submitted to the Illinois Office of the Comptroller
  - For “Housing Impact TIFs”, interested party registrants must be notified annually of the availability of the annual report
- Municipal audit to be completed
- Joint Review Board (JRB) to meet annually and review the annual TIF report
- Comparison to be made between the original projected increment and jobs for the TIF district, the actual amount of increment and jobs created to date, and an update on the stated rate of return for a development and the debt service on any notes issued

Additional City of Chicago Requirements:

- Certified audited financial report to be conducted for special tax allocation funds that have accumulated over $100,000 in incremental tax revenue
- A letter from Auditor to be submitted indicating compliance or noncompliance pertaining to eligible expenditures
- A brief activity statement to be made that summarizes fiscal year activities undertaken to further Plan goals and objectives
- TIF administrator must attest to completeness and accuracy of TIF Report. Municipal chief executive officer must write certification of compliance letter. Opinion by legal counsel to be submitted that municipality has complied with the TIF act

Source: City of Chicago

TRANSPARENCY IN CHICAGO, IL

The TIF Sunshine Ordinance, passed in 2009, requires the availability of TIF-related documents

In 2009, the Chicago City Council passed the **TIF Sunshine Ordinance** which requires the Department of Planning and Development (DPD) to make certain TIF-related documents available for the public for both TIF districts and TIF-funded projects, including:

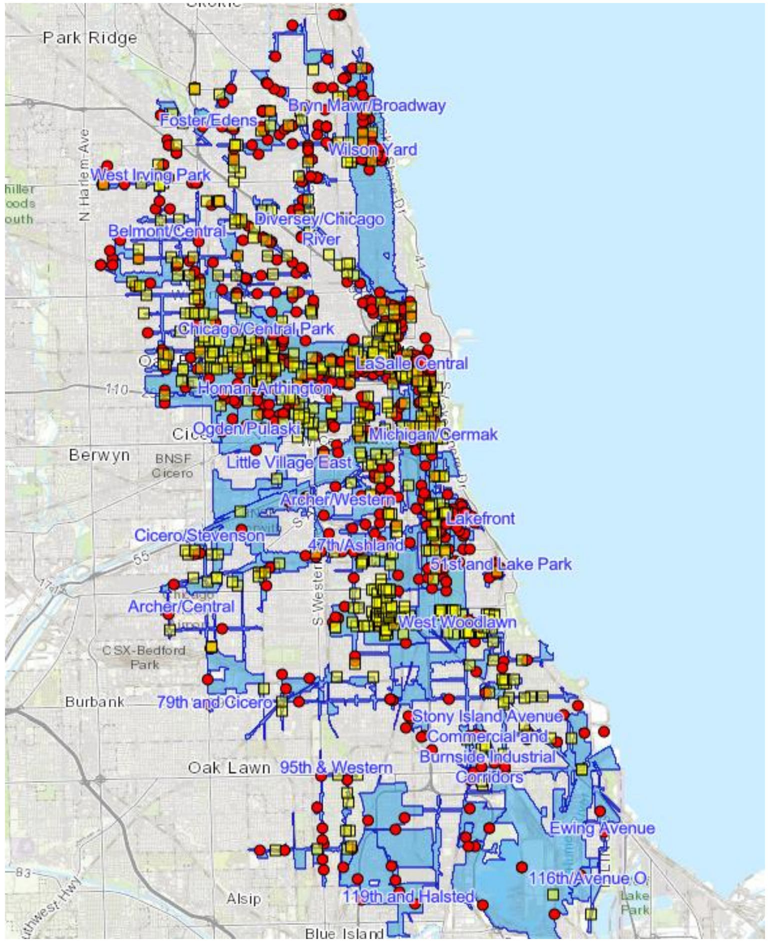
- TIF Redevelopment Plans and amendments
- TIF Redevelopment Agreements and amendments
- Community Development Commission Staff Reports
- Certificates of Completion

The City maintains an online data portal and interactive map for public access to information on all TIF-funded projects. Projects with a redevelopment agreement also have information regarding job creation, compliance status, and property tax information.

In addition to this project-specific data, the City also provides a set of comprehensive balance sheets for all TIF districts, including annual and ten-year reports.

The **DPD Monitoring and Compliance** group is responsible for monitoring all private redevelopment projects receiving TIF funding.

Chicago TIF Portal: Map of all TIF Districts and Projects



Source: City of Chicago

TRANSPARENCY – TAKEAWAYS

TRANSPARENCY– BEST PRACTICES

- The minimum standard is adhering to reporting requirements mandated by the state TIF law
- Overlay additional reporting requirements for TIF districts and projects approved to receive TIF funding at the municipal level if state requirements are considered insufficient
- Set up a user-friendly online database and map to showcase TIF funded projects and report on the uses of TIF

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