



# Department of Community Investment

Update on TIF

November 27, 2018

# Today's Agenda

1. Policy Goals
2. TIF Overview and Uses
3. Revenue
4. Historic Expenditure Profile
5. Strategy Shift and 2019 Planned Projects
6. Overview of Development Areas



# Policy Goals

Growth of wages, gross municipal product, assessed value, population, etc.

- **Productivity**—dense, vibrant neighborhoods; workforce development and upskilling; entrepreneurship and business acceleration
- **Inclusion**—inclusive professional networks; access to affordable housing, childcare, transit options, etc.
- **Placemaking**—quality of place and culture that attracts and retains talent and jobs
- **Sustainability**—robust infrastructure; long term stewardship of resources



# WHAT IS TIF ?

- Tax Increment Financing or TIF is a financing mechanism that provides funding for economic development purposes within a designated area.
- TIF captures the growth in property taxes due to new, induced development.
- Redevelopment Statute / IC 36-7-14 (1975)



# PURPOSE & BENEFITS of TIF

Existing property assessed value is part of tax base for all overlapping taxing units

## Before

$$\text{Base NAV} \times \text{Tax Rate} = \text{Taxes}$$

- County
- Schools
- Library
- City



# PURPOSE & BENEFITS of TIF

Capture growth in real property assessed value

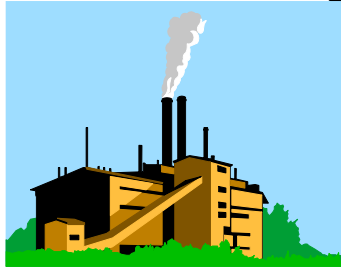
## After

**Incremental Assessed Value** x **Tax Rate** = **TIF Taxes**

→ **Redevelopment Commission Allocation Fund**

**Base Assessed Value** x **Tax Rate** = **Taxes**

→ **County**  
→ **School**  
→ **Library**  
→ **City/Town**



# PURPOSE & BENEFITS OF TIF

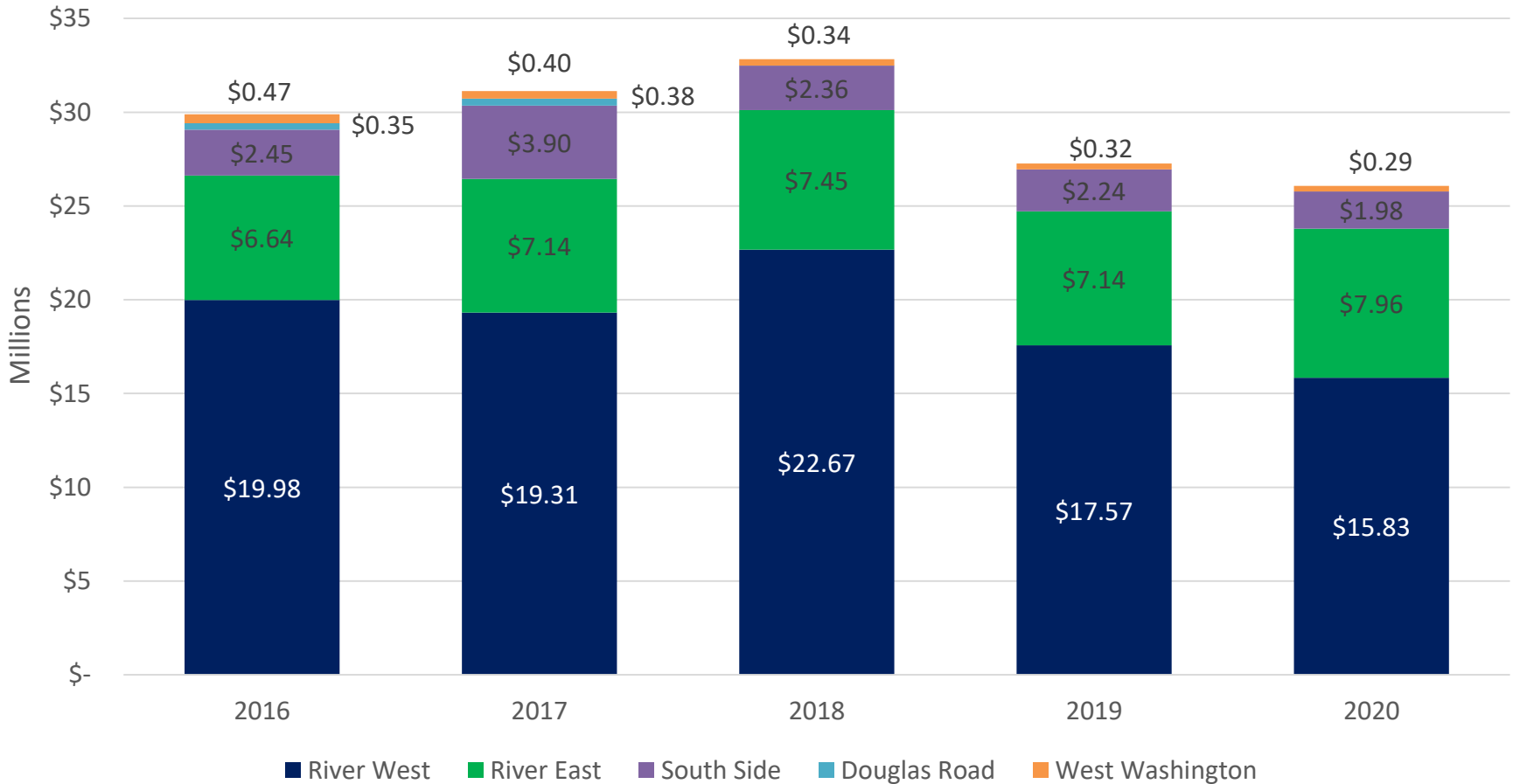
TIF Revenues are used to pay for local public improvements needed to induce private development, encourage job creation/retention or improve areas needing redevelopment.

- Acquisition of land, rights-of-way, and other property for redevelopment
- Buildings
- Capitalized interest and a debt service reserve for the bonds
- Improve infrastructure (streets, sidewalks, lighting)
- Parking facilities
- Personal property/equipment
- Professional service expenses related to economic/redevelopment activities or the issuance of bonds
- Public facilities
- Support (project-specific) training and workforce development programs



# Overview of Redevelopment Revenue

TIF REVENUES (\$m)





# Historic Investment Profile

- 50-60% on Jobs
- 20-30% Infrastructure
- 10% on Public Facilities
- 1-10% Remediation
- 2% Parks
- Up to 4% on Property Management



# Strategy Shift: Benefits of Tax Abatement versus TIF

Lower risk to the taxpayer

- Scales with new investment level and added assessed value, which can only be estimated in advance
- Only goes into effect if and when project investment occurs

Not limited by geography or in competition with other supported projects

Frees up TIF funds for other investments



# Overview of 2019 Plans for Redevelopment Funds

## **\$28.4 million expected revenue across redevelopment funds**

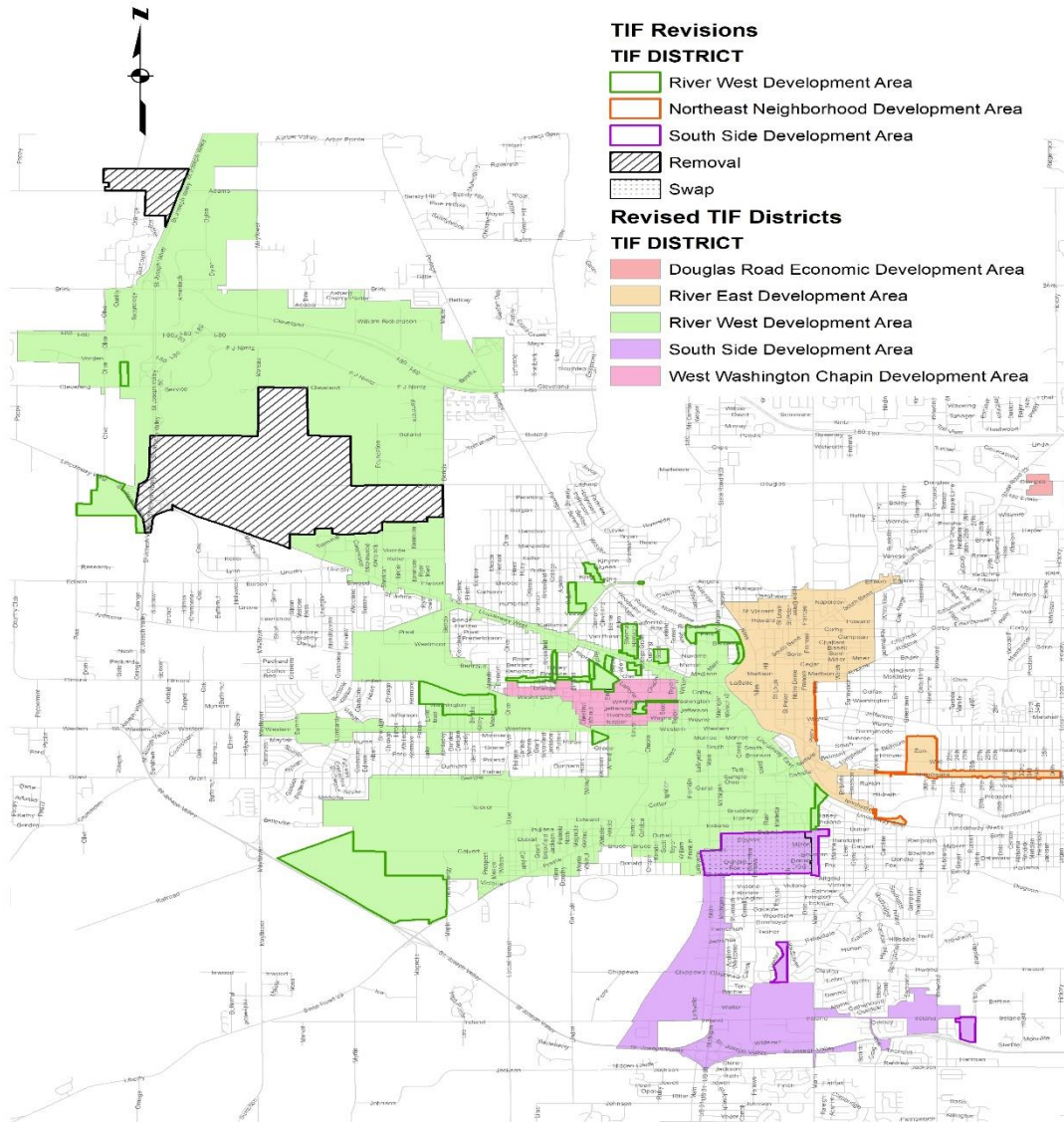
*\$13.3m for debt service leaves \$15.1m of 2019 funds*

### Major Projects

1. \$4.4m for public works projects, including North Station Filtration Plant, water mains, and booster stations
2. \$1.5m in Parks projects (in addition to TIF bond debt service)
3. \$2m for Western streetscape, Falcon to Dundee
4. \$800,000 local match to federal funds for coal line trail project
5. \$450,000 for technology resource center operations and programming
6. \$750,000 for Portage-Elwood streetscape
7. \$800,000 for Sherman-Harrison infrastructure/public space
8. \$550,000 for city cemetery entrance (RW TIF)
9. \$500,000 for engineering and design of 2020 WSMS implementation
10. \$385,000 for redevelopment professional services (legal, engineering, TIF management)
11. \$500,000 for Washington Colfax apartments (half of existing commitment, other half in 2018)
12. \$400,000 in West Washington area improvements



# Overview of Areas



## TIF Area Amendment Process (Approximately 3 Months)

- Redevelopment Commission Declaratory Resolution
- Approval by Area Plan Commission
- Approval by Common Council
- Redevelopment Commission Confirming Resolution



# River East\*

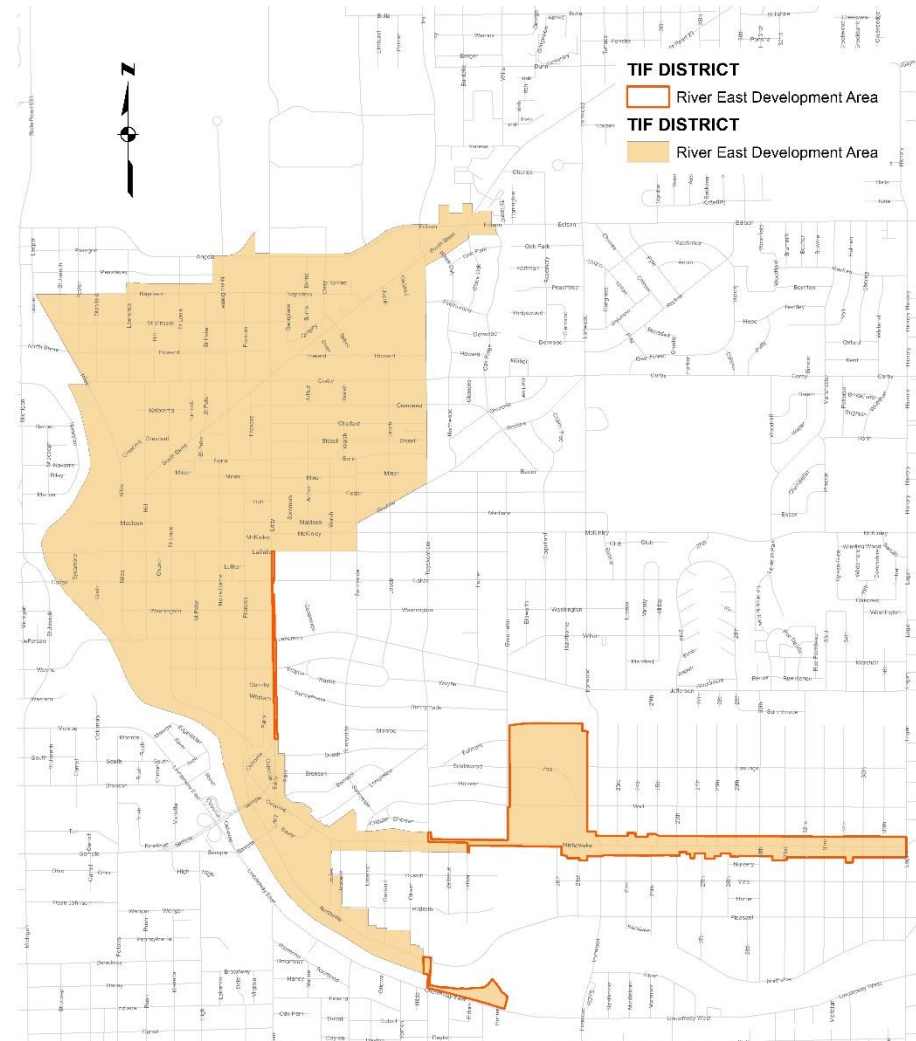
## 2018

- \$8.8m Cash Carry Forward
- \$3.1m revenue (\$1.46m in December)
- \$12m committed

## Priorities

- NE and Mishawaka Corridors and cloverleaf
- Cascades and Commerce Center projects
- Continuing East Bank momentum

River East Development Area (REDA)



# River West

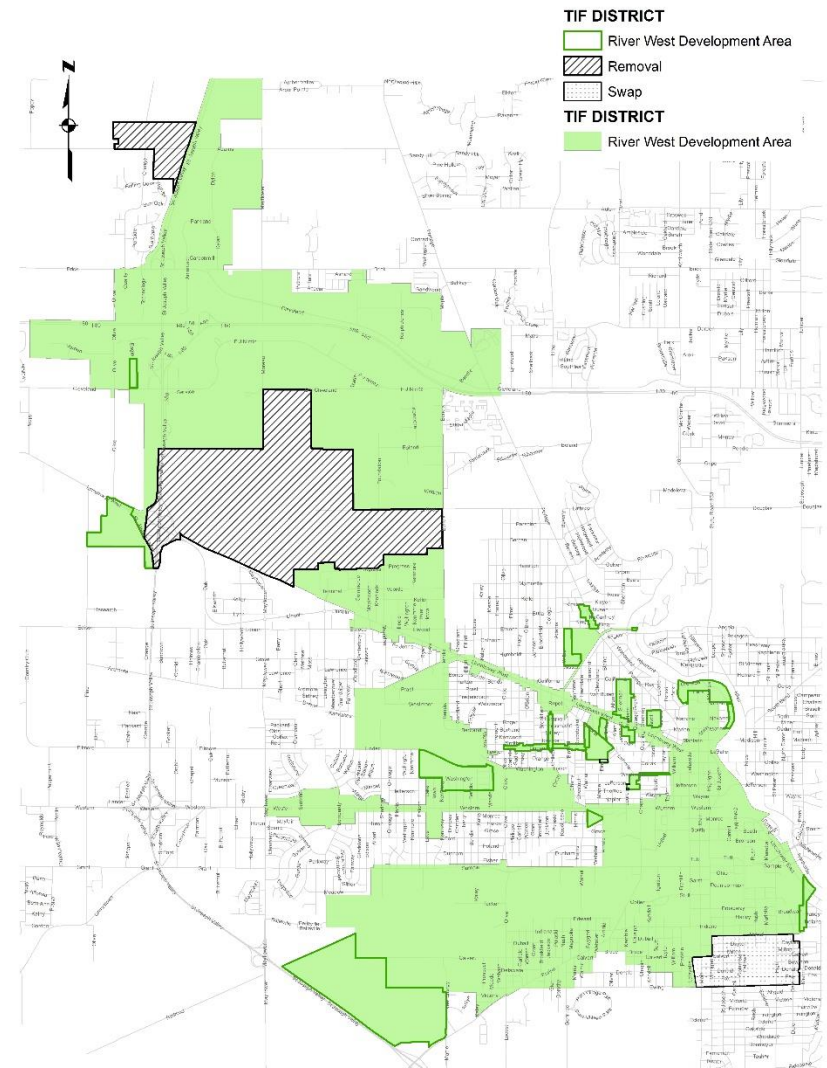
## 2018

- \$33.5m Cash Carry Forward
- \$23.3m revenue (\$6.7m in December; \$4.1m from INDOT)
- \$8.6m debt service
- \$38m committed

## Priorities

- Coal Line Trail
- Ignition Park
- City Cemetery Plan
- West Side Main Streets Plan
- Portage-Elwood
- South Shore
- Library
- Parking
- Infrastructure, Parks, and Other Support

River West Development Area (RWDA)



# South Side

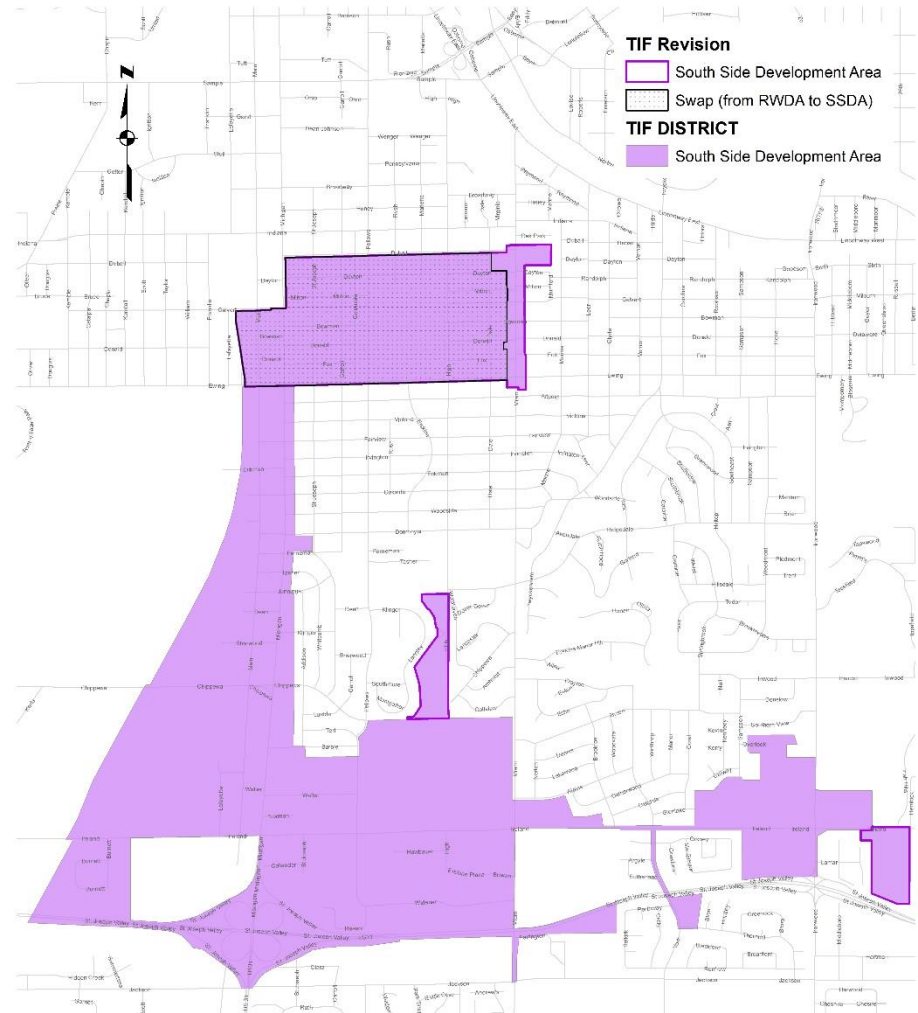
## 2018

- \$7.8m Cash Carry Forward
- \$1.7m revenue (\$1m in December)
- \$7.3m committed
- \$1m pending

## Priorities

- Water Capital
- Drainage
- Parks, including O'Brien and Scottsdale Pool
- SE Master Plan and Miami Hills Apartment (if realignment approved)

## South Side Development Area (SSDA)



# West Washington

## West Washington Chapin Development Area (WWCDA)

### 2018

- \$2.3m Cash Carry Forward
- \$0.3m revenue (\$0.15m in Dec.)
- \$2.3m committed
- \$0.3m pending

### Priorities

- City Cemetery Master Plan
- Kizer
- Washington-Colfax
- Infrastructure and Connection to Downtown

