

Economic Development Tools

Tax Increment Financing

Bridge Street District

Dublin City Council

March 23, 2015

Examples of Economic Development Tools Available to Municipalities

Tax Increment Financing (TIF) 24 active TIF districts; 4 additional TIFs recently created

Payroll Incentives & Grants Over 40 companies have active EDA in place

Community Reinvestment Areas (CRA) Britton Parkway and Tuttle Crossing CRAs established in the mid 1990's

New Community Authorities (NCA)



Bridge Park Development

Anticipated Components of the Bridge Park Development (Crawford Hoying)

Establishment of the following districts and entities to fund parking structures and other community facilities at Bridge Park:

- Tax Increment Financing District(s) (TIF)
 - 5709.40 and 5709.41
- Community Reinvestment Area (CRA)
- New Community Authority (NCA)

Economic Development Agreement – define overall business terms of the public-private partnership; provide framework for utilization of TIFs, CRA, NCA for the implementation of Bridge Park.

If the EDA is not executed, the other proposed tools will ultimately not be implemented

Each will require legislative action by City Council (district/entity creation, EDA)



Tax Increment Financing (TIF)

Economic development tool used to generate revenue to fund public and private infrastructure improvements

Ohio Revised Code Sections 5709.40 to 5709.43 (the TIF Statutes)

- Legislative authority can declare the improvements to certain parcels of real property within the municipal corporation to be a public purpose and exempt from taxation
- Existing taxes at time of TIF implementation continue to be distributed to taxing subdivisions as if there is no TIF
- Requires owners of each parcel to make service payments in lieu of the incremental increase in taxes (PILOTs), based on the increased assessed value of the improvements
 - The PILOTs can be distributed in different manners
- Establishes a fund for the deposit of those service payments
 - Service payments can serve as a source of revenue to pay debt service, reimburse up-front development costs, or fund projects on a 'pay as you go' basis



Economic Development Tools

Tax Increment Financing (TIF)

City currently has 24 active commercial TIF Districts

- 21 Non-Schools TIFs (School districts are made whole)
- Three Straight TIFs (City receives 100% of applicable real estate taxes on the improvements)
 - Perimeter West (est. 1994)
 - Bridge & High (est. 2008)
 - Historic Dublin Parking (est. 2001)

Four TIFs recently created

- Non-School – Innovation, West Innovation
- Under BSD Agreement – Vrable, Tuller

\$620 million in private improvements within TIF Areas is expected to generate in 2015:

- \$10 million in revenue to DCS
- \$7.1 million in revenue to City of Dublin

Through 2014, \$124.3 million in public infrastructure improvements funded by the City

- Development likely would not have occurred without the public infrastructure investment



Bridge Street District Cooperative Agreement

Agreement between Dublin City Schools (DCS) and the City

Approved by City Council April 14, 2014 (Ordinance 20-14)

Approved by Dublin City Schools April 14, 2014

For each incentive authorized (including TIFs):

- Years 1 – 15 – DCS agrees to forego 100% of the applicable real estate taxes in respect of the improvements to any particular parcel
- Years 16 -30 – DCS will receive 10% of what it would have received if the applicable incentive had not been in place

In exchange, City will remit \$50 million to DCS through 2046

- \$1.5 million annually 2014 – 2045
- \$2.0 million in 2046



Tax Increment Financing - Commercial Property

5709.40

- Improvements to a parcel are considered a public purpose; Service payments generated on improvements are permitted to be used to finance public improvements

5709.41

- Improvements to a parcel are considered a public purpose; Service payments generated on improvements are permitted to be used to finance public and private improvements
 - Municipal corporation has been in the chain of title
 - Redevelopment of the parcel must occur
 - Must be in an urban area
- Tuller TIF approved January 5, 2015 (Ordinance No. 118-14)
 - Former Byers site



Tax Increment Financing – Residential Property

5709.40(C)

- Referred to as an Incentive District – Only TIF that can be used to capture incremental value from owner-occupied housing
- Improvements to a parcel are considered a public purpose; Service payments generated on improvements are permitted to be used to finance public improvements
- More complex process with Franklin County involvement
- Ordinance must identify one or more specific projects within the district that place additional demand on the public infrastructure improvement designated in the Ordinance
- Tartan West Incentive District approved March 14, 2004

111 condominiums currently proposed within the Bridge Park Development

- 41 units on the West side
- 70 units on the East side



Tax Increment Financing – Residential Property

Process to establish an Incentive District (5709.40(C))

Notice provided to the real property owner whose property is located within the boundaries of the Incentive District, which includes the date of a Public Hearing

- Notices sent March 12, 2015 via first class mail
 - COTA
 - Crawford Hoying
 - City of Dublin

Public Hearing - April 13, 2015 at 6:30pm

Council consideration of an Ordinance to create the Incentive District

- 1st Reading – May 4, 2015
- 2nd Reading – May 18, 2015



Tax Increment Financing – Residential Property

Process to establish an Incentive District (5709.40(C))

Notice may be provided to the Board of County Commissioners (Franklin County) of intent to adopt an Ordinance creating an Incentive District

- Franklin County Commissioners, by resolution, may object to the TIF Ordinance to preserve opportunities for compensation payments
- If the Commissioners do not object within 30 days after receipt of the notice, the City can adopt the ordinance and no additional compensation shall be provided to the County (although some property tax levies still remain protected by statute)



Tax Increment Financing – Residential Property

Process to establish an Incentive District (5709.40(C)) (continued)

- If the Commissioners objects, they may negotiate a mutually acceptable compensation agreement with the City

- If the Commissioners object and together with the City fail to negotiate a mutually acceptable compensation agreement, the Ordinance adopted shall provide to the Board:
 - Compensation in years 11-30 of the exemption period equal in value to not more than 50% of the taxes that would be payable to the County; or

 - If the objection is to the exemption percentage in excess of 75%, compensation will be equal in value to not more than 50% of the taxes that would be payable to the County, on the portion of the improvement in excess of 75%, were that portion to be subject to taxation



Tax Increment Financing – Residential Property

Process to establish an Incentive District (5709.40(C)) (continued)

Protected levies

- Service payments attributable to renewal levies or replacement levies approved after January 1, 2006 must be distributed to the appropriate taxing authorities
 - MRDD
 - Senior Services
 - ADMH
 - Library
 - Children's Services
 - Zoo

- Impact could be reduced revenue in years 16-30 depending on levy renewals



Tax Increment Financing – Residential Property

Process to establish an Incentive District (5709.40(C)) (continued)

City has initiated discussions with Franklin County Officials regarding a compensation agreement.

Any compensation due to Franklin County would be paid from TIF Revenue or NCA charges, not from City general funds

Developer is running sensitivity analysis to take into consideration various levels of revenue sharing with Franklin County to gauge impact on the project



Tax Increment Financing for Bridge Park

Proposal includes the layering of two TIF districts on the entire development site

Entire project area would have a 5709.41 TIF as well as a 5709.40(C) TIF

- While the Incentive District (5709.40(C)) would only apply to owner-occupied residential properties, it preserves the ability for Developer to convert multi-family units into owner-occupied condos in the future
 - Subject to provisions within the Development Agreement



Tax Increment Financing for Bridge Park

Upcoming Steps:

- Public hearing on the creation of the Incentive District TIF
 - April 13, 2015 – 6:30

- Negotiations with Franklin County Commissioners
 - Any compensation agreement will be brought to City Council for review and consideration

- TIF Ordinances (5709.40(C), 5709.41)
 - 1st reading – May 4, 2015 (estimated)
 - 2nd reading – May 18, 2015 (estimated)

