



VERMONT ECONOMIC PROGRESS COUNCIL

**MEETING MINUTES
OCTOBER 30, 2024
HYBRID
9:00 A.M. TO 3:00 P.M.**

Members Attending In-person: Chair John Russell, Michael Keane, Kim Gobeille, Sen. Wendy Harrison, Thad Richardson, Rachel Smith

Members Attending Virtually: Mike Donohue; Jamie Stewart; Rep. Heather Chase

Members Absent: Mark Nicholson; Rep. Stephanie Jerome

Staff Present: Jessica Hartleben, Executive Director; Ellie Beckett, Program Manager

Others Present in Person: Sam Anderson, Greater Burlington Industrial Corporation; Alex Demoly, Greater Burlington Industrial Corporation; Tim Smith, Franklin County Industrial Development Corporation; Bob Flint, Springfield Regional Development Corporation; Rep. Abbey Duke, House Commerce & Economic Development; Rep. Edye Graning, House Commerce & Economic Development; Joan Goldstein, Department of Economic Development; John Kessler, Agency of Commerce and Community Development; Hazel Brewster, Department of Economic Development; Jeff Car, Executive Branch Economist; Stephanie Clarke, White & Burke Real Estate Advisors; David White, White & Burke Real Estate Advisors; Rep. Carl Demrow, House Ways & Means Committee; Rep. Carol Ode, House Ways & Means Committee; Toby Rittner, Council for Finance Development Agencies; Price Finley, Bricker Graydon; Ted Brady, Vermont League of Cities and Towns; Jim Haff, Killington Selectboard

Others Present Virtually: Christine Hinkel Ianni, Agency of Commerce and Community Development; Fred Kenney, Addison County Economic Development Corporation; Adam Grinold, Brattleboro Development Credit Corporation; Carol Dawes, Town of Barre; Patrick Moreland, City of Brattleboro; Joe Turner, City of Burlington; Ashley Parker, City of Burlington; Joshua Jerome, City of Montpelier; Linda Sullivan, City of Newport; Jonathan DeLaBruere, City of Newport; Sean Adkins, City of St. Albans; David Austin, City of Vergennes; Melissa Bounty, Central Vermont Economic Development Corporation; Nick Grimley, Department of Economic Development; Brett Long, Department of Economic Development; Elisabeth Nance, Department of Economic Development; Veronique Beittel, Department of Economic Development; Jayme Bauer, Department of Housing and Community Development; Rep. Jim Masland, House Ways & Means Committee; Ted Barnett, Joint Fiscal Office; Chris Palermo, Morristown; David Snedeker, Northeast Vermont Development Association; Tanya Morehouse, State Auditor's Office; Irina Aylward, State Auditor's Office; Ron Rodjenski, Stone Shore Municipal Consulting; Tom Davis, Town of Northfield; Sarah Pelkey, Town of Poultney; Gary Fox, Town of Rockingham; Jeff Mobus, Town of Springfield; Matt Boulanger, Town of Williston; Josh Hanford, Vermont League of Cities and Towns

9:00 a.m. Introduction and Setting Expectations

Executive Director Jessica Hartleben called the meeting to order and provided introductory remarks. She thanked attendees and VEPC members for their commitment to VEPC and Vermont communities. She introduced the meeting facilitators, two national TIF experts, Toby Rittner from CDFA and Price Finley from Bricker Graydon. (See appendix A for full bios) She encouraged an open mind and a creative approach to this financial tool.

VEPC Chair John Russell welcomed legislators, other attendees, and the guests from CDFA and Bricker Graydon and all those present in person and online.

Toby welcomed the attendees, and indicated that his role is to move the group through the day. He gave brief remarks about CDFA's history. CDFA is a bipartisan advocacy and research organization focused on several federal financing tools. Price Finley discussed his background as a bond lawyer for Bricker Graydon LLP, based in Columbus Ohio. Toby reiterated that it's the job of all participants to take the information learned today and move it forward.

All the attendees in person introduced themselves and their organizations. Attendees online were invited to introduce themselves if they wished.

Ground rules were discussed; respect other attendees, no "yucking other's yum", practice a "pregnant pause" to allow more virtual participation, practice incremental steps, ask lots of questions, different perspectives encouraged, every rabbit hole can't be explored.

The attendees were asked why they were there. Answers included:

- Rep. Ode expressed she would like to leave with an understanding of who is responsible for what going forward.
- Rep. Graning expressed she would like to learn what needs to be done to update TIF; what are we missing? What can we do better to encourage growth and use this tool better?
- Tim Smith said he was there to advocate as a representative of a successful VT TIF (St. Albans) to encourage legislators to be more open to the tool.
- Sam Anderson (GBIC) expressed that TIFs can be daunting; is there an iteration of a TIF (such as a project based TIF) that could be applied to smaller municipalities with less capacity?
- Gary Fox hopes to learn for Rockingham if the pieces are appropriate for a TIF district for implementation of their area wide plan.

Toby asked, what's the public perception of TIF?

- Rep. Ode suggested that compliance is difficult for towns

- Tim Smith offers that detractors say is that the development would have happened anyway. As a representative (Mayor) of St. Albans, he attests that it absolutely would not have happened without TIF “not even close”
- Sam Anderson discussed the state’s needs for education, housing, workforce, and from an economic development standpoint, Vermont did not keep the ball rolling in the more organic way preferred by TIF opponents. “We must move forward with purpose.”

What’s the positive side?

- Tim: In St. Albans, the amounts added to the grand list have helped mitigate some of the recent tax increases.
- Rep Ode: Burlington could not have done what it has done without it
- Stephanie Clarke: It’s generative, it creates momentum and brings in other funding sources

Toby reminded the crowd that Vermont’s challenges are not unique.

David White explained the primary opposing viewpoint, which is the tension with the Education Fund. Opponents believe that the development would happen anyway, which means TIF steals from the Education Fund and as a result, other taxpayers have to subsidize those districts.

On the positive side, he brought up the St. Albans example. The grand list in St. Albans was growing slower than inflation for the 30 years prior to their TIF, in effect losing value. In the 10 subsequent years, 70% has been added to the grand list within the TIF district.

Stephanie Clarke noted that Vermont’s “but-for” also captures development that would have happened anyway, but would happen in a significantly different and less desirable manner. A large part of Vermont’s appeal is it’s concentration of development in town/city centers, which is an important consideration in discussing TIF. A hotel in a TIF/town center is significantly more desirable than at a highway interchange.

Toby asked what the crowd’s biggest TIF concerns are:

- Chair John Russell shared that his concern is that the state’s current education funding shortfall will cause legislators to pull the plug on TIF. If we don’t provide tools for municipalities to invest in infrastructure, we’ll continue to see declining grand lists and make the education funding situation worse.
- The room agreed that that fear is shared.

Jim Haff volunteered that the TIF was critical in getting their project to move forward. He thinks that people spend too much time talking about the negatives of TIF. He thinks the education issue is a spending problem rather than a funding problem. He urged folks to

consider secondary or tertiary benefits that aren't necessarily captured in TIF reporting and ROI calculations.

Jeff Carr discussed the precursor for the state's TIF program, as a result of the Brigham decision, representatives in the legislature specifically went to DED because they were concerned there would be no incentive for a municipality to put up with the cost of economic development if they weren't going to see some of the benefits from it. He thinks that if you don't think TIF has been effective in steering development to the downtowns and city centers where we want it, you haven't looked at the TIF program objectively. Vermont runs it in a way where we do the best we can with the but-for. You can't prove the double negative, so we need to come to a middle ground, and we need to communicate those trade-offs and choices to try to maximize the benefit. Without these programs (TIF and VEGI) we have very little to offer anyone considering investing in Vermont.

Rep. Demrow asked if a proposed TIF district has ever been denied. While no TIF has been presented for approval and rejected, there are many steps, checks, and approvals to get to the point where a District is proposed to VEPC. Many potential TIFs are stopped at the consultant or municipal levels after a determination that it lacks feasibility.

Toby discussed how TIFs are a democratic tool, and Special Assessment Districts may be another tool (less democratic) but that can be layered with TIF to increase security.

10:00 a.m. Setting the Stage

Price Finley gave an overview of the topics below. Please see appendix B for the slides that provide more detail. Slides for this section start on page 6-34 of 125.

- History of Tax Increment Finance (TIF)
- Mechanics of TIF
- Financing Variations
- Building Community Buy-in

In a discussion of community buy in and the types of projects that typically receive local support, Jeff Carr (playing devil's advocate) countered that from the perspective of the State of Vermont's return on investment (a statewide view), if a hotel is built by the highway, in town, or in a different town, it doesn't make a difference where it is from the education fund's perspective. In fact, valuation may be higher elsewhere. This is one of the tensions for building buy-in. It's a local economic development tool AND a state revenue generating tool. It could be seen as a loss to the education fund if a city effectively gets an abatement for a development that would have otherwise occurred in a different area.

At the same time, John Russell reminded the group that grand lists are declining, and this tool works to counter that.

Rep. Ode, from a legislative perspective, voiced that there is value beyond just the state's economic benefits when considering TIFs. She is in favor of TIF but wants districts to be easier. She stated we all do better when everyone does better. We need a value structure that's sustainable.

John Kessler discussed the state's resistance to sprawl, and the value of smart land use planning. All we can do is to try to make development more attractive in the places that we want it to be, and TIF can help with that.

Price emphasized that the state's economic development plan and land uses plan should be aligned, and that's how TIFs can be most effective.

Sam Anderson explained the status and attempts for creating a statewide economic development plan over the years. There is not a statewide plan, however, there are regional economic development plans, and they will likely be even more utilized in the implementation of the recent Act 250 changes.

David White expressed that the Waterfront TIF district is largely retiring soon, and the education fund will experience a huge boost when that occurs. He also discussed the current state of development projects, emphasizing that only high-end single-family housing, individual buildings for individual businesses where it's not the real estate that's making the profit, and subsidized housing are the only projects currently being built. Nothing else is being built in the state right now. The numbers don't add up to do anything else, it's not a matter of projects on the highway or in town; things aren't getting built anywhere. The but-for right now in the state is *very* real.

Bob Flint noted that if projects can't pencil out in Chittenden County or St. Albans right now, they surely can't pencil out in smaller places like Springfield.

Price Finlay discussed that Vermont is unique in requiring public approval process. Most states say, "create the revenue stream and then determine how to leverage it." Establish the TIF and then determine how to use that 20-year revenue stream to fund infrastructure improvements. Pay-as-you-go structures are common.

Vermont only allows 2 years of capitalized interests, which may be overly restrictive. David White explained that this was a compromise – previously it wasn't allowed at all.

Should all projects be backed by full faith and credit of the local community? This is different than most other states' districts. Other states take the TIF revenue and assign it to a conduit issuer, so there's no pressure on the debt of the local community.

Toby asked what layer of the stress around TIF in VT is related to the risk? David White responded that generally this hasn't been an issue based on the rigorous feasibility work done ahead of time and communication with voters.

Stephanie Clarke noted that no TIF bond vote has ever failed to gain voter approval.

Price noted that other states are more sensitive to moving at the speed of business – education, voter approval, and bond bank schedules all add additional time.

Price asked the group to consider: are we allowing perfect to be the enemy of good? Are we moving at the speed of business? Are we putting too much of a burden on the local community when the developer/development could bare more of the risk?

Chris Palermo asked what happens when the revenue doesn't meet the projections? A Special Assessment District would cater to the more risk-averse approach.

It doesn't generally happen that the projections aren't met. David White explained instances where the development agreement will take additional measures to mitigate risk. Jeff Carr also explained that the financial plan generally utilizes a conservative approach.

Senator Harrison asked if each of these steps/protections provide an ability to get a lower interest rate, but we should look into the financial benefit of each of these layers of protection and if they're all necessary.

Revenue bonds with layers of mitigated risk may be worth having Vermont consider.

Jim Haff explained that there's a \$10M/year gap for Vermont municipalities to borrow at a reduced interest rate, which is challenging when the town may need to borrow for an emergency situation (example – floods).

Price reiterated that TIF not "taking" money from anyone, it's using a revenue stream that would not otherwise exist.

John Russell asked if you could do a special assessment on a tax exempt property – like a school. Price said, yes potentially.

Toby's initial takeaway was that in most places where he discusses TIF, the risk is the number one issue people want to talk about. Here, the elephant in the room is where the taxes are derived from.

12:00 p.m. Interactive Lunch

- TIF Legislative Landscape (5-7 state evaluations)

Toby and Price spent some time over lunch talking through examples of TIF in other states. See Appendix B slides 35-45.

- Ohio – locally driven
- Tennessee – several statutes. All local control. All is handled at the development finance agency level and none of it is voted on. They do PILOTS rather than TIFs, because it's a bit easier to administer. All non-recourse. Very prescriptive about where TIF goes.
- Michigan – Hyper-local through Downtown Development Authorities (DDA). DDAs have the ability to go to the bond market. DDA creates the district, but they can only use value if they have an approved plan. Focused on Brownfields and housing.

In a brief conversation around technical assistance, David White expressed that his firm is the only one providing it in Vermont. They are working to create a TIF conference next year to train their competition and developing a list-serv to connect interested stakeholders. Administrative management is a current challenge for TIFs. There's also a gap with good attorneys who understands development agreements.

Some participants voiced the challenge of comparing these states to Vermont's policies due to its unique education funding structure. Additionally, in other states schools are worried about additional children creating an increased burden on school systems without increased tax revenue, but in Vermont the school age population is declining, and many schools would welcome additional students to run more efficiently.

1:15 p.m. TIF Best Practices

Price discussed how TIF and capital stacks work together.

See slides 77-91 in Appendix B.

2:00 p.m. Reviewing Vermont's TIF Statute

Toby asked the participants to discuss Burlington's existing districts. See Appendix B slide 117-125.

David White discussed the shape of the Burlington Waterfront and Downtown Districts. Downtown has issued its final debt paying mainly for the Main Streets Great Streets project. Developments that are generating revenue are already contracted in place and they are confident in cash flow going forward. They expect to come back to VEPC to reduce the increment retained due to the anticipated excess increment generated.

Stephanie Clark and Carol Dawes discussed the Barre District. The district was set up around 2012 and it has gotten a couple extensions due to flooding and the pandemic. They've done a few projects and are hoping to do at least one more soon. It's a small district with \$2.2mm of projects completed so far. The \$2.2mm has leveraged around \$6mm of work. March of 2026 is when they can incur their last debt. The needs have changed in the city from parking to housing since the district was approved, and they'll need to put forward a Substantial Change Request to VEPC before moving forward. It has been successful so far with development that would not have occurred without the TIF investments.

Stephanie and Carol explained the process for a Substantial Change Request and that the districts must show VEPC that their plan is still financially viable if it materially changes.

Stephanie discussed metrics of success; seeing improvement and acceleration of their grand list increase, passing audits and state supervision with success, not defaulting on their debt.

Sam Anderson discussed the Milton North/South District – it is an industrial park that GBIC wanted to develop from a speedway. It has been successful, there are only two lots left. There's a great variety of business parks there.

David White discussed Newport. It's also considered a success, though it's much smaller. It's reminiscent of a project-based TIF

Tim Smith discussed the St. Albans TIF District. There are around 10 different projects, many Brownfields, total bond vote was in March. Housing, retail, parking, and hotel are all part of the projects. It has been successful and they would probably do another one if allowed. John Russell added that it was pointed out that the grand list in the TIF District in St. Albans was shrinking, the numbers look great but they should be even higher. The downtown has been reset for the next 50-75 years. David also noted that there was one large building in the district whose valuation has gone way down after the state stopped leasing it, so the good numbers are net of that. The gross amount of value is higher and that huge gap that the one building created has been covered and then some.

Jim Haff discussed the new Killington TIF. TIF triggered a \$63M property sale and generated significant additional funding sources (\$25M Raise Grant) to bring water to the top of the mountain and transportation improvements. Additional houses are being built, and while there is controversy about the type of housing being built, even second homes bring significant tax revenue to the state.

Toby and Price offered their observations. Toby first asked where one starts.

Senator Harrison offered that her initial challenge as a town administrator thinking about TIF was the capacity needed to develop the financial plan.

Representative Ode told a story of her initial introduction to TIF and the general misinformation and perceptions around it. It often resulted in many TIFs having to ask the legislature for assistance, like extensions, when there have been issues. She says if we're going to have TIFs, and she thinks we should, it should be clear, easy to administer, easy to comply, and we need to be flexible when complications occur. We need to ensure the TIFs pass tests, and the taxpayers aren't on the hook. She doesn't think we're doing enough for existing districts to be able to comply. There's an issue limiting the number, because that limits economic development. She wants to help small towns so they can do more. TIF is a way to help develop infrastructure and water. TIF can help with land use planning, it can keep development out of corn fields.

Stephanie Clark explained the process: start with eligibility. Then the town discusses feasibility and looks at all potential projects. The potential projects list get whittled down to a smaller list of what is feasible and eligible. That phase can take a lot of time based on advanced planning. The next steps are objective; local municipal body approves the district, and VEPC approves the district. Concurrently, work should be happening to ensure a first project is shovel-ready because when the district starts, there are only 10 years to incur debt. Then, once the development agreement occurs, you can do a phase filing for your first project, get approval from VEPC, the voters, and then the municipality can incur debt. In the current environment, Stephanie estimates that if you were to start today, the town could break ground on their first project in Q2, 202. It will take that long to find the developer, do the agreement, and get through all the steps.

While Stephanie thinks a micro TIF or a project-based TIF may be the answer for some smaller towns, a district may still make sense for a small town because of the scale needed to make the numbers pencil out.

Stephanie expressed the critical importance of changing the beginning for the life of a TIF district (10-year clock) from the vote of the municipal legislative body to the vote of VEPC to avoid unnecessary back-dating of the start-clock. The TIF life begins on April 1 of the calendar year in which the District is approved by the municipality. In many cases, this means back-dating the district start. Additionally, more time is lost from the clock due to the time between municipal and VEPC approval of the district.

Toby suggested another approach that could remove hard calendar deadlines would be sourcing debt from somewhere other than the municipal bond bank, who towns can only approach at two deadlines per year. There was consideration of this idea, but it seemed to be a lower priority timing stressor for TIFs currently in existence.

David White suggested another timeline that appears arbitrary; if the 20-year clock for retention begin at the first incurrence of debt, there is typically at least 2 years where the investment is being built and increment isn't being generated. This effectively reduces the 20 years during which increment can be retained down to 18.

Toby Rittner asked the group to explain the “education fund.” Jeff Carr explained that it’s a \$2.18 billion fund made up the statewide property tax (~\$1.8 billion) and a few other assessments used to pay for the cost of the statewide education system including teacher pensions.

Toby Rittner asked the group to explain the TIF approval process – the group explained the need for VEPC to evaluate the materials provided by the municipality and whether they meet the statutory requirements for a TIF, including the “but-for” restriction. VEPC learns about the proposed TIF through the municipality’s Letter of Intent, which is filed after municipal approval. The municipality must submit their application about 2 months in advance of the meeting at which they are considered by VEPC. There may be a site by VEPC members and staff prior to formal presentation. The materials VEPC reviews to come to their determination is received from staff at least 2 weeks in advance.

John Russell explained that by the time it comes to VEPC for approval it has been “vetted six ways from Sunday” between the consultants, VEPC staff, the ACCD attorney, and the State Economist. There is opportunity to go back-and-forth between VEPC and the municipality/consultants if eligibility/feasibility is in question. The “but-for” is the main thing VEPC discusses by the time it reaches them.

Toby Rittner asked why the statute limits districts to “no more than six new districts and no more than two per county.” The group explained that at the time the statute was passed, there were enough legislators who believed TIF steals from the education fund and did not want to add any more. Six was a compromise. The limit for two per county was likely included to prevent TIF concentration in Chittenden County.

David White explained that Vermont has three key problems; the education fund (which is going to be a huge point of discussion this session), the housing crisis, and an employment crisis. We do not have enough people in the state to fill the available jobs. These issues are all intertwined. While legislators talk about rearranging the education fund, these attempts are “a shell game” because the strategies attempted all work off of the same tax base; the same properties and businesses. You can shuffle that around, which has some value, but the only way we get out of that problem is by growing the tax base and having new revenue available to the state. How do we do that? Through building housing, which makes it possible for employees to come in that generate income and property taxes. If the legislature wants to solve the education problem, they should be supporting TIF and the other things that help build housing that allows employers to grow and hire employees. TIF is one of the most powerful tools available to help grow the tax base.

Toby asked for clarification if there is an option for a legislative override if a TIF is approved and they for whatever reason wanted to deny a particular TIF. The group explained that there is no “veto power” from the legislature, but that extensions are granted through legislative action. They can, however, terminate the program as a whole, but they can’t “undo” an already approved TIF. If nonconformance is found

through an audit, they need to come to the Council and get into compliance. There are other enforcement measures that could be employed, but have not been.

Toby asked if legislators with a TIF district in their district have since become supporters of the TIF program? Rep. Ode and others explained that legislators typically aren't experts in issues outside of their committees, the legislators largely rely on the committees of jurisdiction to make the case for or against an issue. Coalitions are needed to improve education around the program.

Sam Anderson agreed with David White's point above; the options are to grow our economy or to redo our entire education funding system. This is a perfect year for economic development has a voice in the legislature.

The group confirmed that support among legislators, even with TIFs in their district, is mixed. The group confirmed that champions are needed to protect/improve this program.

Rep. Graning used the Killington TIF as an example as to why some legislators may be skeptical of the program; if housing is one of our major priorities, why are we using some of our limited funding to support the building of second homes?

Rep. Demrow explained the perspective that some in small towns like his may have; if I live in a 700-person town that will never see a TIF district, why would we be ok with paying more education taxes to subsidize development for someone else? He understands that this is short-sighted, because revenue generated from this development has statewide benefits, but that is another piece of the perception problem.

Jim Haff explained the philosophical values underlying the state education system, and how fairness in this particular system is paramount to many Vermonters. He also explained that the Killington example includes second homes, but also will result in hundreds of units of affordable housing in the region as well.

Toby asked the group what are the goals now? Is it to go to the legislature to try to get some improvements? What would those look like incrementally? There probably won't be a giant TIF reform, so what can be done now?

John Russell suggested homing in on the management issues, like adjusting the start of the time clock to avoid repeated extensions. When he's testifying in the legislature, often, the bulk of time is spent trying to do remedial education and correct misconceptions. He thinks there needs to be more of an effort to improve communication, and sessions like this are a way to do that.

Stephanie asked who is moving forward to bring something to the legislature? ACCD? VLCT? VEPC? Legislators? White & Burke will be launching a TIF list-serv in Vermont

to help whoever is running with the ball to get municipalities who can come advocate at the legislature – that’s who the legislators will want to hear from.

The group also concurred that removing the cap on total districts and limits per county or municipality would be an important incremental step toward improvement.

Commissioner Goldstein reminded the group that project-based TIF has been dead on arrival in previous sessions. She wouldn’t want to move forward with the administration without knowing there was a coalition behind the proposal because when the administration has tried to introduce project-based TIF, the legislature has repeatedly messaged that “we can’t touch the ed fund.”

Rep. Duke said that she would commit to working on this initiative, but recognized that she is a representative from Burlington and will need partners from other regions and other sizes to be successful.

John Russell suggested that VLCT could potentially offer administrative support for small towns in a project-based model. Others suggested RDCs or RPCs may have potential capacity. However, David White noted that some of the tricky areas are tracking property values and costs, which are hard to pass on to a third party.

David White noted that another challenge is that Vermont has a citizen legislature that has a short session and no staff. As Rep. Ode said earlier, they often rely on the other committees to do the research.

There was general agreement that a coalition will be needed to move forward the proposals discussed at this session.

Jessica and John thanked the facilitators and participants and the meeting adjourned.

At 3:15 p.m. The meeting adjourned.

Minutes taken by Ellie Beckett: November 4, 2024

Revised by Jessica Hartleben: November 5, 2024

Approved by the Council: December 12, 2024



Toby Rittner

President & CEO, CDFA and Chairman, CDFA Foundation

Toby Rittner is the President & CEO of the Council of Development Finance Agencies (CDFA), a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing hundreds of public, private and non-profit development finance agencies. Mr. Rittner runs the day-to-day operations of the Council including the organization's various educational, advocacy, research, resources, and networking initiatives. He also serves as the Chairman of the Board of Directors for the CDFA Foundation.

Rittner is one of the most vocal and recognized leaders of the development finance industry nationwide and has advised local, state, and federal leaders, including Presidents Biden and Obama, on economic development finance policy. Through his leadership and guidance, CDFA was successful in preserving private activity bonds and other critical development finance tools during the 2017 tax reform deliberations and has had numerous pieces of legislation introduced in the United States Congress. In 2021, Rittner successfully led a national effort to reauthorize and fund the \$10B State Small Business Credit Initiative (SSBCI) program as part of the American Rescue Plan Act. He has written and crafted dozens of strategic finance plans for development finance agencies and advised communities worldwide on development finance approaches.

Rittner focuses on sustainable finance with an emphasis on infrastructure, clean energy, food systems, small business, and innovations in the development finance industry to drive sustainable outcomes. He has written extensively about impact ready initiatives that leverage and engage capital in ways that drive local sustainability in business and industry and the environment and economy.

Rittner is a frequent speaker at local, state, and national conferences and events focused on economic development finance. He has been featured in The Bond Buyer, Wall Street Journal, Bloomberg, NPR and other national media publications concerning the advancement of development finance tools. He is the

author of CDFA's highly acclaimed Practitioner's Guide to Economic Development Finance and co-author of CDFA's Unlocking Capital: A Handbook for Becoming a High Performing Development Finance Agency.

Rittner is an adjunct faculty member at The Ohio State University and Carnegie Mellon University. He is also a Development Finance Certified Professional (DFCP) and has completed the prestigious Oxford University Sustainable Finance Foundation Course.

Mr. Rittner previously served on the U.S. Environmental Protection Agency's Environmental Financial Advisory Board and is a member of the Advisory Board for the National Community Fund I. Mr. Rittner holds a Bachelor of Arts in Political Science and a Master's of City and Regional Planning degree from The Ohio State University. Mr. Rittner was awarded the Ohio State University College of Engineering Distinguished Alumnus Award in 2016.

Price D. Finley

Price Finley has been practicing law at Bricker Graydon since 1990 with a focus on public finance. Price has experience in all areas of public finance, including local government, economic development finance, and other structured and project financings. He has substantial experience in the use of various economic development tools, including frequent use of tax increment finance (TIF). Price has also created and served as counsel for Ohio's new community authority financings (also known as community development authorities or CDA). In addition, Price's practice includes assisting local governments and developers in negotiating and documenting development agreements for infrastructure finance and tax incentive arrangements, including community reinvestment areas (CRA), enterprise zones (EZ), and job creation tax credits (JCTC). Price has also created joint economic development districts and zones (JEDD), special improvement districts (SIDs), and he has represented port authorities across Ohio.

[Via Bricker Graydon LLP website](#)

VEPC Annual Retreat

Unlocking TIF in Vermont

October 30, 2024



Agenda

9:00 – 10:00 AM

Introductions & Setting Expectations

10:00 – 12:00 AM

Setting the Stage

- History of Tax Increment Finance (TIF)
- Mechanics of TIF
- Financing Variations
- Building Community Buy-in

12:00 – 1:00 PM

Interactive Lunch

- TIF Legislative Landscape (5-7 state evaluation)

1:00 – 2:00 PM

TIF Best Practices

- Financial and evaluation
- Due diligence & accountability
- Case Studies of Successful Projects (5-7 projects)

2:00 – 3:00 PM

Reviewing Vermont's TIF Statute

- Examining History
- Legal & Programmatic Barriers
- Discussion of Solutions
- Preliminary Legislative Recommendations

Introductions & Setting Expectations

- About CDFA
- About Price Finley, Bricker Graydon
- About Vermont Economic Progress Council
- Attendee Introductions



Retreat Expectations

- Setting the Ground Rules
- Group Expectations Exercise
- Outcomes and Results

Setting the Stage

- History of Tax Increment Finance (TIF)
- Mechanics of TIF
- Financing Variations
- Building Community Buy-in

Tax Increment Financing (TIF)



- History
 - Started in 1952 in California
 - 49 states (all but AZ) plus D.C.



Tax Increment Financing (TIF)

- Also known as:
 - Tax Allocation District (TAD)
 - Georgia
 - Tax Increment Reinvestment Zone (TIRZ)
 - Texas
 - Community Reinvestment Area (CRA)
 - Florida
 - Revenue Allocation District (RAD)
 - New Jersey

What is TIF?



- Redirect new tax revenue in connection with a development (or redevelopment) away from normal recipients and toward payment of costs of improvements that benefit that development
 - Infrastructure Improvements
 - Direct Development Costs

Increment

- Increase in taxes resulting from development



PILOTS



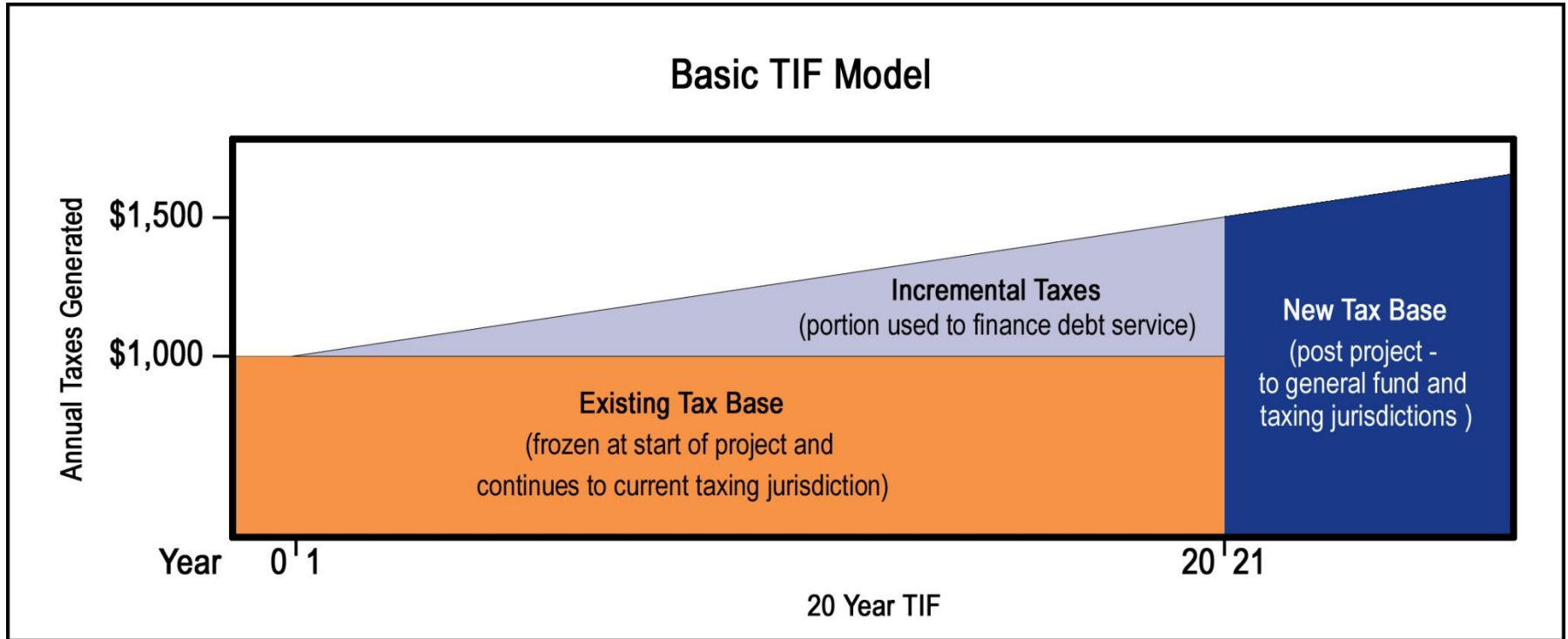
PILOTS



PILOTS

- “Payment in Lieu of Taxes”
 - Taxpayer does not receive a reduction in the amount of taxes they are required to pay – the entire tax liability continues to be paid by the taxpayer.
 - Instead the taxes paid are “redirected” toward the costs of infrastructure improvements or development expenses

TIF Revenue Stream



* “Tax Increment Finance Best Practices Reference Guide” (CDFA and ICSC), page 2.

Types of TIF

- Real Estate Tax – most common
- Sales Tax
- Income Tax (limited)
- Bed Tax
- Super TIF
- Synthetic TIF

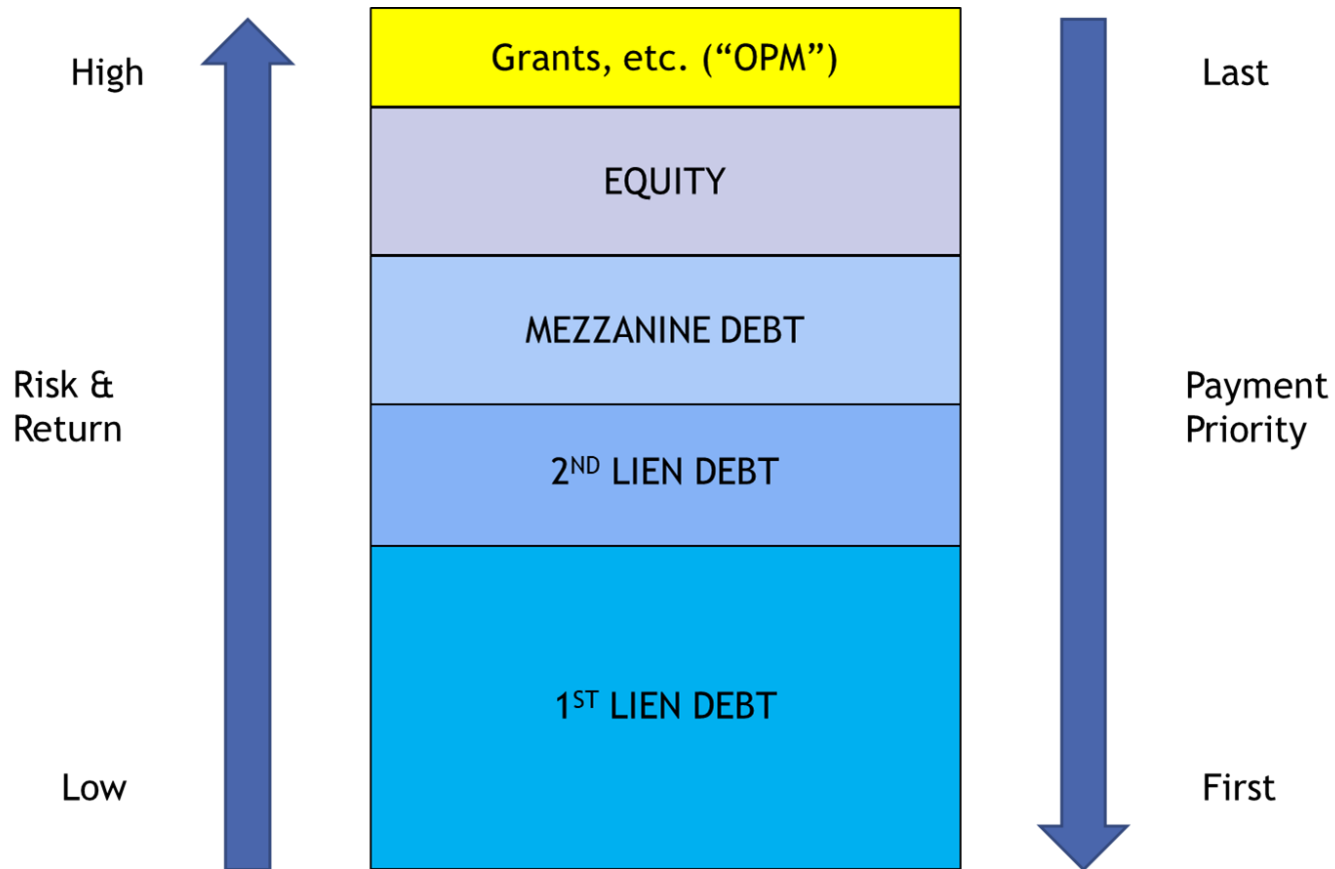


Why Use TIF?

- Encourage Development
- Eliminate Blight
- Address Environmental Issues
- Adaptive Reuse
- Finance Infrastructure



Why Use TIF?



Source: P. Finley & E. Metzler, *TIF and the Project's "Capital Stack"*, CDFA, Advanced Tax Increment Finance Course, November, 6th 2019

Types of TIF Districts

- Project Specific or Site Specific TIF
- District-Wide or Wide Area TIF



Uses of TIF Revenue

- Public Infrastructure
- Land Acquisition
- Relocation
- Demolition
- Utilities
- Debt Service
- Planning Costs
- Direct Costs of Development (typically only in blight situation)



Two Categories of Public Infrastructure Improvements

- Generic Public Improvements
 - Roads, bridges, sidewalks
 - Utility extensions (water, sewer, electric, gas, telecommunications)



Two Categories of Public Infrastructure Improvements

- On-site Public Improvements
 - Environmental Remediation
 - Parking facilities
 - Landscaping
 - Storm water management



Requirements for Creation of TIF

- Establish TIF District
- “But for” Analysis
 - Feasibility or Market Study
- TIF or Development Plan
- Development Agreement

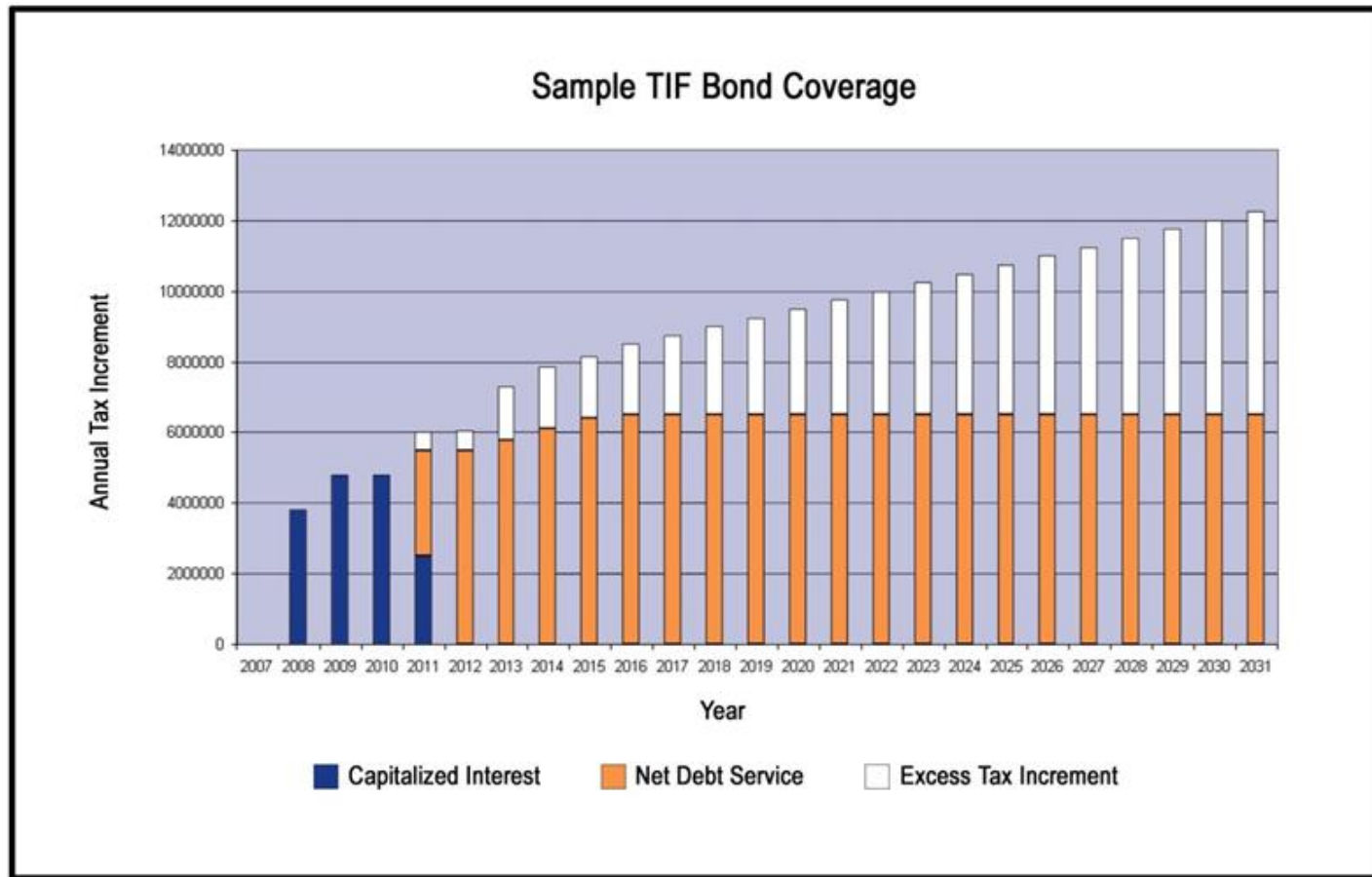


Leveraging TIF



- Bond Financing
 - Challenges based on speculative revenue stream
 - Could be tax-exempt
- Pay-As-You-Go Financing
 - Developer responsible for financing and providing necessary security to lender
 - Harder to do tax-exempt financing

Leveraging TIF



* “Tax Increment Finance Best Practices Reference Guide” (CDFA and ICSC), page 29.

Benefits of TIF

- Not a new tax – redirection of tax paid in normal course
- Can be utilized with tax-exempt bonds
- Can be coupled with direct tax incentives
- Generally strong collection enforceability – lien status



Challenges with TIF

- Dependent on development – hard to leverage
 - Can be addressed by combining with assessment tools
- Controversial when TIF “takes” money away from other local government entities



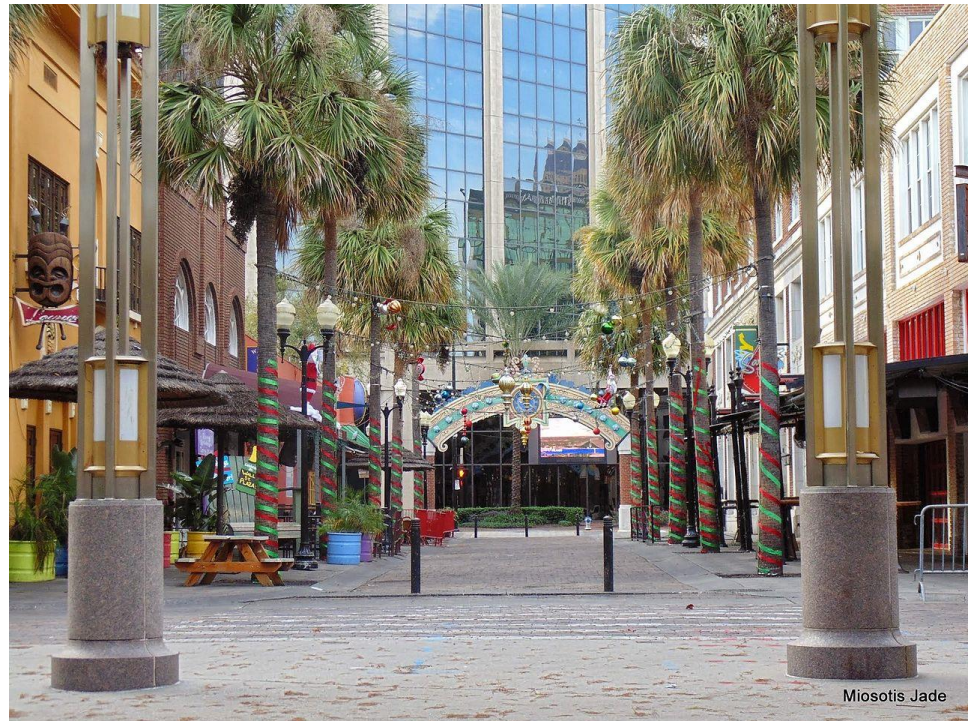
Special Assessment District Financing

- Overlay “tax” in a defined area
- Two Basic Types
 - Business and Neighborhood Districts
 - Government Districts



Business and Neighborhood Districts

- Typically run by property owners in defined area
- Property owners voluntarily impose tax to provide for infrastructure improvements or enhanced public-type services



Business and Neighborhood Districts



- Examples:

- Business Improvement Districts (BID)
- Special Improvement District (SID)
- Downtown Improvement District (DID)
- Community Improvement District (CID)
- Community Development Authority (CDA)
- Neighborhood Improvement District (NID)



Business and Neighborhood Districts

- Services and Programs:
 - Security and safety patrols
 - Economic Development
 - Graffiti removal
 - Snow removal
 - Marketing
 - Beautification projects



Government Districts

- Services and improvements directed by local government in defined area
- Can be initiated by property owners or by local government



Government Districts

- Examples:
 - Special Services District (SSD)
 - Special Assessment District (SAD)
 - Community Facilities District (CFD)
 - Community Development District (CDD)
 - Transportation Improvement District (TID)



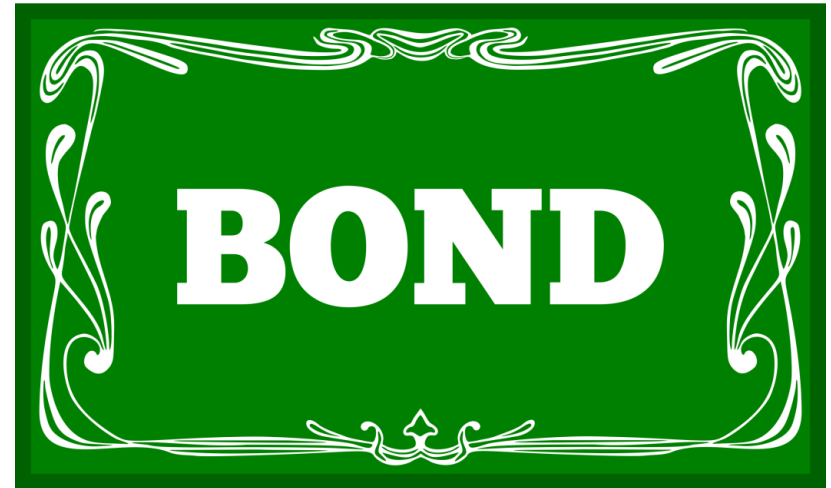
Government Districts

- Typically focused on infrastructure improvements
 - Roads and Highways
 - Utilities
 - Community Amenities
 - Schools
 - Other Public Facilities



Benefits of Special Assessment District Financing

- Can be leveraged with bonds
- Not development-dependent
- Can span two or more jurisdictions
- Generally strong collection enforceability – lien status
- Can be combined with TIF



Challenges of Special Assessment District Financing

- Overburden to property owners
- Less likely to approve other necessary tax increases?
- If assessment can be imposed with less than unanimity, litigation is common by non-approving property owners



Interactive Lunch

- TIF Legislative Landscape
 - Ohio
 - Wisconsin
 - Tennessee
 - Georgia
 - Texas
 - Pennsylvania

Ohio

- No “But For” Test
 - **State approval is limited to determination that statutory procedure has been followed**
- Up to 30 years and 100% exemption
- Not more than 10 years and 75% without approval of affected school district (unless school district made whole)
- Broad list of eligible infrastructure expenditures (includes demolition, environmental remediation, stormwater management, including on-site storm, gas, electric and communication, off-street parking including reserved spaces)
- Can we used to support single-family residential, with some guard rails

Interactive Lunch

- TIF Legislative Landscape
 - Ohio
 - Wisconsin
 - Tennessee
 - Georgia
 - Texas
 - Pennsylvania

TIF in Tennessee

▶ Different TIF Statutes:

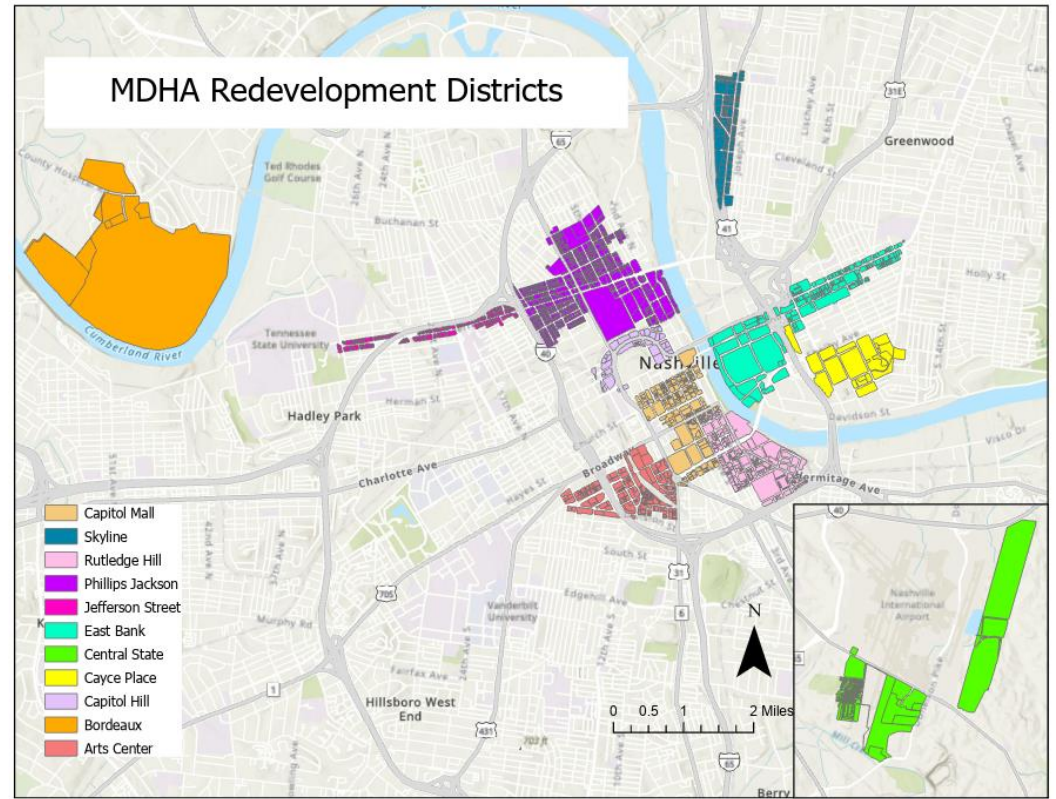
- ▶ Industrial Development Corporation Act (“IDB Act”)
- ▶ Housing Authority Act
- ▶ Community Redevelopment Act of 1988
- ▶ Uniformity in Tax Increment Financing Act of 2012
- ▶ Convention Center and Tourism Development Financing Act of 1998 (State and local sales taxes)

IDB TIF Overview

- ▶ IDB borrows money secured by a pledge of tax increment revenues.
- ▶ Company is typically responsible for arranging the TIF loan with a financial institution
- ▶ Company agrees to provide the Project and the IDB agrees to reimburse it for specified Project Costs.
- ▶ TIF loans are without recourse to the IDB or the local government, meaning that only the Company will have to pay if the incremental tax revenues are insufficient to pay the debt service on the TIF loan.

TIF in Nashville

- ▶ By law, MDHA's use of TIF is limited to inside Redevelopment Districts or Transit-Oriented Redevelopment Districts
- ▶ Redevelopment Districts:
- ▶ Areas created to combat disinvestment and blight
- ▶ Transit-Oriented Redevelopment Districts (TORDs)
- ▶ Areas of transit-deficient services, goal of promoting activities that would cater to and promote use of transit



TIF in Nashville

- ▶ Activities eligible for TIF are limited to those authorized under state legislation as powers vested in the redevelopment agency.
- ▶ In Tennessee, TCA 13-20-202 defines the powers of a public housing authority in blighted areas.
- ▶ Land acquisition, clearance and remediation, relocation, public infrastructure, parks and public plazas, parking garages, green initiatives, and planning and administration

Nashville Process

- ▶ Pre-application meeting
- ▶ Developer submits application
- ▶ Review and recommendation to MDHA executives
- ▶ Approval or denial and then to formal approval process by MDHA
- ▶ Negotiate development agreement
- ▶ Present to development committee of board
- ▶ Full board presentation
- ▶ Submit to legislative body for approval

Evaluation Considerations

- Is project consistent with adopted plan?
- Is there a gap in financing?
- Is project cost reasonable?
- Will project spur additional development?
- What is the public benefit?
- What are TIF Eligible Expenses?
- How much tax increment will be generated

Projects of Note

- ▶ Icon in the Gulch
- ▶ 5th and Main
- ▶ 1821 Jefferson Street
- ▶ 1021 Dickerson Pike



Projects of Note

- ▶ Ascend Amphitheater
- ▶ First Horizon Park
- ▶ Music City Center



Many successful others...

- ▶ Ryman Auditorium
- ▶ Trolley Barns
- ▶ Country Music Hall of Fame



TIF Best Practices

- Financial & Evaluation
- Due Diligence & Accountability
- Case Studies of Successful Projects

The Most Overlooked TIF Element:

Addressing Community Buy-In & Public Policy



www.cdfa.net

Building Community Partnerships

- Why Community Buy-in?
- Fundamentals of Process
 - Public Policy Framework
 - 3 Critical Elements



www.cdfa.net

Why Community Buy-in?

Redevelopment and economic development do not happen in a vacuum, and the process can be highly political.



www.cdfa.net

Why Community Buy-in?

- Diversion of tax dollars for private development can be controversial
- Raises policy questions regarding the proper role of government
- Issuance of “public” debt for “private” development can be unsettling
- Tax revenue “diverted” from other municipal services
- The TIF mechanism can be difficult to understand
- Redevelopment can trigger emotional responses



www.cdfa.net

Fundamentals of Process

Failure to understand the TIF process will cause the community buy-in process to fail before it begins. Understand the tool and build the process well in advance of any development activities.



www.cdfa.net

Public Policy Framework

- The use of TIF ultimately comes down to sound policy and practice at the state and local levels.
- States and local govt. can alter TIF use through legislative improvements and policy that dictates tool application.
- The development of procedures and guidelines is the fastest growing area of the TIF industry.



www.cdfa.net

Policy Framework – First Step

- *Developer vs. Community Driven TIF* – decide how TIF will be used and who will be the driver.
 - *Developer* – Projects generated by private sector and brought to local govt.
 - *Community* – Plans and strategies for employing tool with vetted system and process.



www.cdfa.net

Fundamentals of Process

- 3 Critical Public Policy Framework Elements
 1. Due Diligence
 2. Transparency
 3. Accountability



www.cdfa.net

Due Diligence – Do the Work

- Go through all the step necessary to ensure an acceptable level of satisfaction.
 - Take a conservative approach
 - Application process and fees are okay
 - Crunch all the numbers and do the math
 - Request more data
 - Ask lots of questions
 - Be thorough and dig deep
 - Seek partnerships with developers who want to provide all the numbers
 - **KEY - Don't accept assumptions**



www.cdfa.net

Due Diligence – “But for” Test

- The “but for” test is a public policy test for measuring the appropriate need for TIF financing.
- Major part of the community buy-in process.
- TIF authorizing agencies should be conducting this test for every project.



www.cdfa.net

Why is this test important?

- Provides a rational and justification for approving TIF funding.
- Eliminates the argument that the funding is “corporate welfare”.
- Sets the appropriate amount of TIF funding for the project. The project may not require 100% of the TIF funds for debt service and this test will help establish the necessary financing.



www.cdfa.net

Due Diligence – “But for” Test

- The test should be conducted using financial models or impact programs and outside professionals are almost always more equipped to crunch the numbers.
- Seek professionals if uncertain. They provided a 3rd party point of view and are invaluable to the process.
- Be aware and beware of the assumptions!



www.cdfa.net

Transparency – It's All Out There

- It is not enough to act transparent, you must actually be transparent:
 - Best Practices – open meetings, open records, all laws followed, sound leadership, community events, web/newsletters, single point of contact, etc.
 - Address Failures – play the “what if” game and answer the “what now” questions.



www.cdfa.net

Identifying Community Stakeholder

There are numerous stakeholders to be considered when formulating a TIF plan. Engaging and understanding the sometimes disparate interests of these stakeholders is an important consideration in successful TIF implementation.



www.cdfa.net

Potential Stakeholders

- Neighborhood groups, development corps.
- Governmental jurisdictions, including elected officials
- Business leaders, either active in the area or participating in the project
- Citizen associations, trade groups, watchdogs
- Schools, other authorities



www.cdfa.net

Consensus Building

There is almost no way to have 100 percent agreement on every point in redevelopment.

Building consensus among the primary stakeholders, where consideration is given to all varying interests, is important and will make the process much less contentious and implementation far smoother.



www.cdfa.net

Consensus Building

- Reach out to all stakeholders early in the process
- Additional participation ensures maximum performance
- Host information meetings, design charrettes, moderated planning symposiums and presentations and redevelopment workshops



www.cdfa.net

Consensus Building

- Determine primary, secondary and tertiary considerations for various stakeholders
- Be prepared to compromise and be creative in addressing conflicting objectives or interests
- Strategize for plan changes, roadblocks and find champions for solutions that come from third party supporters (not always the government entity) (i.e. Federal Reserve in Kansas City)



www.cdfa.net

Community Involvement

The most successful redevelopment programs tend to have significant community involvement from the beginning of the process through implementation and completion.



www.cdfa.net

Community Involvement

- Individualized meetings with civic groups
- Create community advisory committees
- Create neighborhood review committees
- Promote meetings, groundbreakings and openings



www.cdfa.net

Constant Communication

Keeping the community stakeholders informed regarding the progress of developments, future opportunities and past successes leads to a better understanding of the usefulness of TIF as an economic development and redevelopment tool.



www.cdfa.net

Constant Communication

- Have a designated contact person for information relating to TIF
- Annual or semi-annual meetings to discuss the state of redevelopment in the community
- Monthly or quarterly newsletters updating the community on the progress of TIF activities
- Well designed Web pages with status reports, statistics on the overall impact of redevelopment and future goals of the TIF



www.cdfa.net

Accountability – You Can Do It!

- Be accountable to stakeholders, report success and failure, draft policies that meet goals and objectives. For instance:
 - Application and approvals process
 - Use standards – industrial, blight, retail philosophy
 - Investment participation level policy
 - Geographical targeting policy
 - Transportation and housing policy



www.cdfa.net

Establishing Goals & Objectives

Successful redevelopment programs across the country almost always have one thing in common: Clear goals and objectives agreed upon by all stakeholders.



www.cdfa.net

Accountability

- Consider what the broader goals are in pursuing TIF:
 - Big picture items (jobs, investment, physical change)
 - Master plan, redevelopment strategy, etc.



www.cdfa.net

Accountability

- Create process for vetting TIF developer assistance
- Establish a framework for community input
- Determine how TIF implementation can best meet objectives
- Document steps taken and results to aid in debt approval at the public level



www.cdfa.net

Accountability

- Detail the fiscal impact for each entity
- Diagram the increment financing process
- Provide sufficient analysis of the economic and fiscal impact and benefit to the city



www.cdfa.net

Keys to Procedures

- Local project review process
- TIF oversight team
- Community engagement
- Annual project evaluation report



www.cdfa.net

Keys to Policy Guidelines

- General requirements – state law
- Local requirements – city/county law
- Consistency with local plans
- Eligible costs and projects
- Investment priorities
- Community engagement
- Annual project evaluation
- Project review & compliance



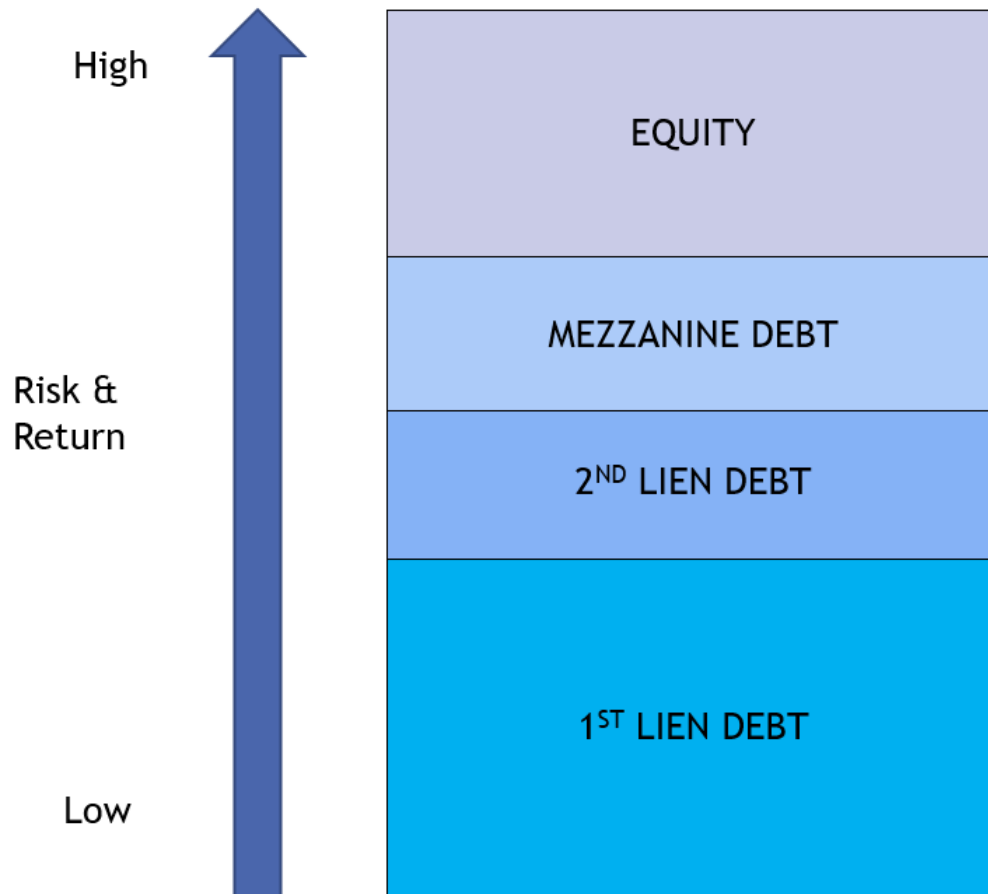
www.cdfa.net

CASE STUDIES

TIF and the Project's "Capital Stack"

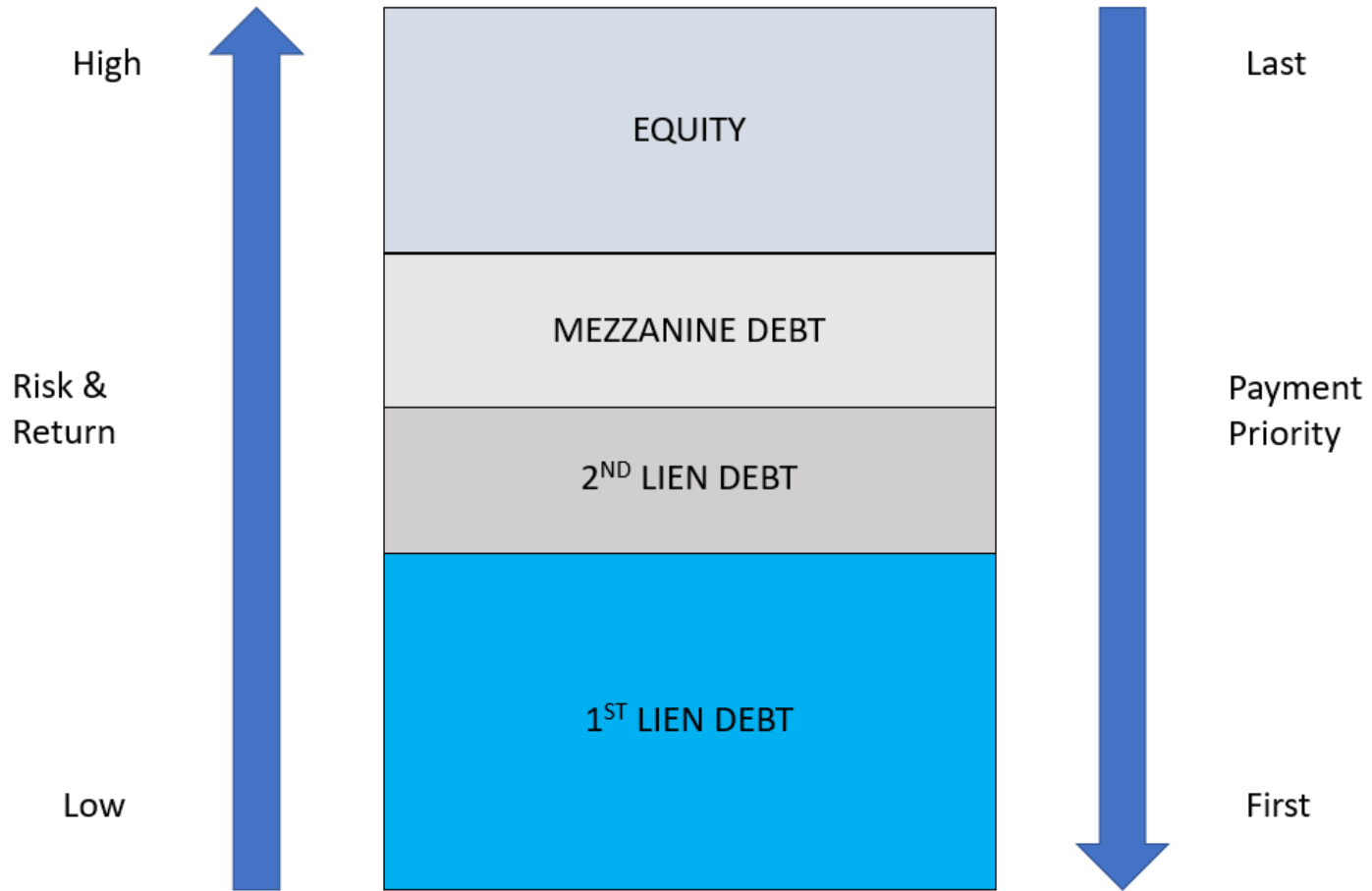
WHAT IS THE “CAPITAL STACK?”

TIF AND THE PROJECT’S “CAPITAL STACK”



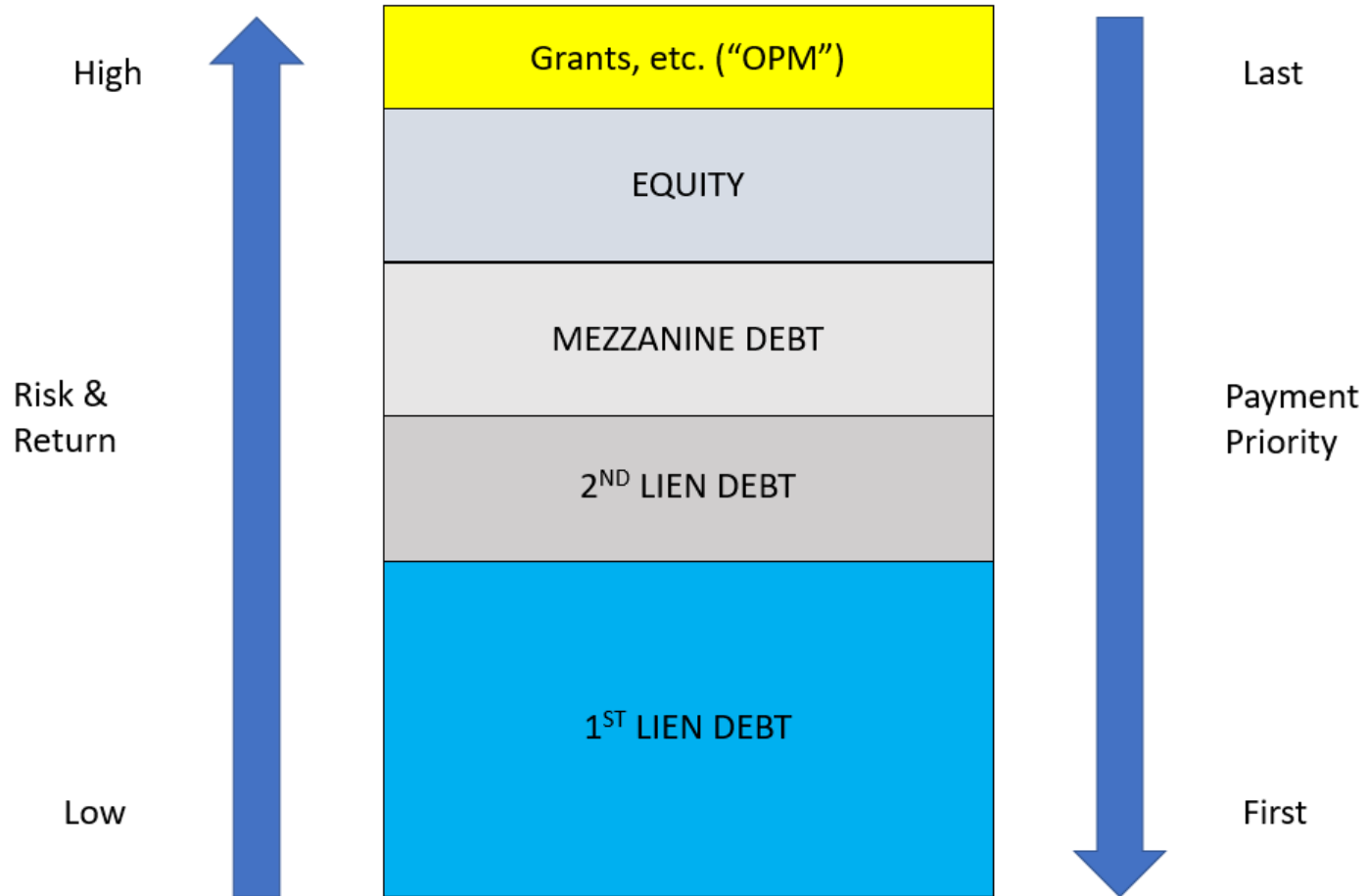
WHAT IS THE “CAPITAL STACK?”

TIF AND THE PROJECT'S “CAPITAL STACK”



WHAT IS THE “CAPITAL STACK?”

TIF AND THE PROJECT'S “CAPITAL STACK”



EQUITY

(from CDFA Advanced TIF Reference Guide)

- Ownership interest in the project
- In the form of cash, land, and in-kind services
- Outside investors may provide additional equity funding
- Typically funded early for activities such as land acquisition and predevelopment costs (variation: tax credit equity)
- If a project fails, equity represents the “first loss,” while lenders have first claim on any cash flows and/or foreclosure sale proceeds



DEBT

- Capital provided by lenders to fund the balance of project costs not covered by equity
- Security: mortgage on the project property and possibly loan guarantee from principals
- Construction State Loans: include acquisition, development, and construction
- Construction loans are typically “draw-down” loans
- Typically provided by banks; based on **takeout** via a permanent financing commitment
- **Takeout** also provided by sales proceeds in the case of a for-sale project



OVERVIEW OF THE GAP ANALYSIS

- Is public investment appropriate for this project?
- Would this project happen (as desired) without the public investment? (The “but-for” test.)
- How much public investment is appropriate? (The corollary of the “but-for” test.)



KEY CONSIDERATIONS FOR CAPITAL

- Amount of required capital
- Timing needs of capital:
 - Up-front
 - Take-out financing/repayment
 - Additional cash flow
- Uses of capital (differing funding mechanisms can be used to fund differing costs)
- Legal, policy, financial markets, and project considerations



TYPES OF FUNDING OPTIONS

Market issued bonds:

- Can be up-front or used later in capital stack
- Bonds are repaid with TIF revenues

Developer held bonds/notes:

- Can be up-front or used later in capital stack
- Developer is repaid with TIF revenues

PILOT/Pay-go funds:

- Typically a form of additional capital or used later in capital stack
- TIF revenues can be abated, accumulated/expended, or repaid back to the developer
- Can be used as up-front capital when paired with special assessment/special tax



TERM SHEET/DEVELOPMENT AGREEMENT

Term Sheet

- Why use a term sheet?
- When is it implemented?
- Basic goals and terms.

Development Agreement

- Key parties
- What it accomplishes
- Primary components

DEVELOPMENT AGREEMENT – PRIMARY COMPONENTS

- Overview of proposed development
 - Can be very specific
 - Product mix
 - Minimum sq. footage for product type
 - Minimum investment per product type
- Job creation
- Timing for development



DEVELOPMENT AGREEMENT – PRIMARY COMPONENTS

- What will public entities do to facilitate development?
 - Zoning
 - Incentives, including TIF
 - Construction of infrastructure improvements
 - Off-site
 - On-site
- Financing
- Approval of other revenues
 - Special assessment or other charge



DEVELOPMENT AGREEMENT – PRIMARY COMPONENTS

“Incentive Contingencies” – for each phase

- Approval of plans for private and public improvements
- Pro forma for each phase
- Loan and Equity Confirmed
- Purchase option for property not developed within timeline
- Completion Guaranty for private and public improvements
- Public Parking Covenant

TIF REPLACES EQUITY

- **Up-front payment** - Public entity agrees to issue debt and use proceeds to acquire property interest in land for public infrastructure improvements (parking facility)
- **Rare** – public entity needs to have confidence in project and will want a LOT of protections
- **Example** – Ground lease payment (up-front) for parking facility land financed by bonds



MARKET ISSUED BONDS

- Timing
 - Can be up-front or used later in capital stack
- Uses
 - Taxable vs. tax-exempt
- Revenue considerations
- Legal documentation
- Other considerations:
 - Special assessment/special tax back-up –
 - Sizing constraints (uses, revenues, fiscal gap, and project gap)
 - Coverage requirements



CASE STUDY: BRIDGE PARK – DUBLIN, OH

Prior use; strip shopping and parking lot

Redeveloped use:

- 373,000 SF of office
- 120,000 SF of retail
- 115,000 SF food/bev
- 720 apartments
- 70 for-sale condos
- 150-room AC Marriott
- 500-person conf center



CASE STUDY: BRIDGE PARK – DUBLIN, OH

- Issued multiple series of bonds through **Columbus-Franklin County Finance Authority** in the aggregate amount of approximately \$75M (so far) to pay a portion of the costs associated with the construction of public improvements, including roads, public parking, and utility improvements.
- City committed to pledge TIF revenues, subject to 15-year tax abatement.
- Developer created a New Community Authority to collect charge to repay bonds.
- City issued some non-tax revenue bonds with subordinate pledge of TIF revenue.
- The community development charges were a backup source of repayment. A portion of the charge is fixed, and a portion is collected only if and to the extent real property tax increment revenues are not sufficient.

Structuring Considerations:

- Development risk
- Complicated structure

Closing Stats:

- Most debt privately placed – negotiated provisions such as a “no-call” provision
- Rates around 6%
- Deals closed!



DEVELOPER HELD BOND/NOTE

- Timing
 - Can be up-front or used later in capital stack
- Uses
- Revenue considerations
 - TIF revenues are pledged to repay developer and note
- Legal documentation
- Other considerations:
 - Ability to raise capital
 - Risk of repayment



CASE STUDY: HARBOR POINT – BALTIMORE, MD



- Developer held bonds issued up-front (required developer to obtain financing initially)
- Market issued bonds issued to take out developer bonds
- Issued to finance public infrastructure
- Repaid with TIF revenues backed by a special tax
- Memorialized via a Funding Agreement
- Critical considerations:
 - Developer had a gap in financing and the City wanted to utilize the most efficient cost of capital.

PILOT/PAY-GO

- Timing
- Uses
- Revenue Considerations
- Legal Documentation
- Other considerations:
 - Ability to obtain alternative financing
 - Low costs financing
 - Possible stream of cash flow to increase typical financing package
 - Has been used with special assessments/special taxes to leverage up-front capital



CASE STUDY: PILOT - NEW CARROLLTON, MD



- County committed to a PILOT equal to a 75% pledge of revenues for 15 year term.
- Real property tax revenues would be paid to County and pledged back to pay the developer.
- Developer was responsible for obtaining financing.
- Memorialized via a PILOT Agreement.
- Critical considerations:
 - Developer had multiple tenants and needed for them to pay their otherwise applicable taxes to pass through to the PILOT.

CASE STUDY: SYNTHETIC PILOT – ADELAAR, NY



- LDC committed to a PILOT that abated otherwise paid real estate taxes.
- Special assessment was levied equal to otherwise paid real estate taxes to repay debt service.
- Bond were issued to the market to finance public infrastructure.
- Memorialized via a Services Agreement and Construction and Funding Agreement.
- Critical considerations:
 - New legislation made available a specific type of public funding available to meet the project and the jurisdictions needs.

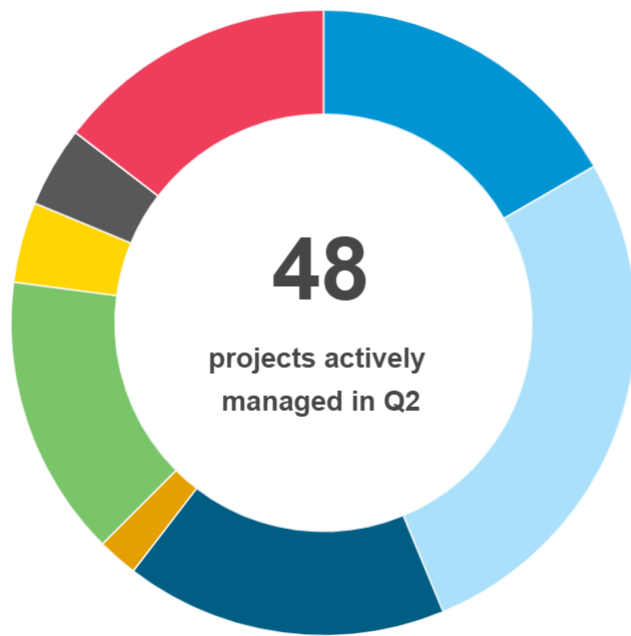


Pittsburgh's Urban Redevelopment Authority

- ▶ Created in 1946
- ▶ The URA is the City of Pittsburgh's economic development enterprise
- ▶ URA's mission is to foster sustainable prosperity across all of Pittsburgh.
- ▶ URA's vision is that Pittsburgh's economic well-being is grown and shared equitably, and all communities are empowered with effective social and financial resources to thrive.



▶ Source: Urban Redevelopment Authority of Pittsburgh



- Commercial
- Mixed Use
- Residential
- Public Realm
- Greenspace and Recreation
- Industrial
- Parking
- Infrastructure
- Other

► Source: Urban Redevelopment Authority of Pittsburgh

SouthSide Works - Pittsburgh URA

- ▶ SouthSide Works is a 123-acre riverfront brownfield redevelopment situated along the Monongahela River on the former site of a closed steel mill.
- ▶ SouthSide Works TIF District enabled the URA to finance \$25 million in critical public infrastructure.



▶ Source: Urban Redevelopment Authority of Pittsburgh

SouthSide Works - Pittsburgh URA

- ▶ To date, attracted 800 residents and nearly 4,000 jobs.
- ▶ At full build-out, the site will employ more than 6,000, and generate tax revenues of more than \$9 million per year.
- ▶ Total Development Costs: \$450,000,000
- ▶ Public Investment: \$123,000,000



▶ Source: Urban Redevelopment Authority of Pittsburgh

Rural Township Road Improvements - Tully Township, Ohio (Van Wert County)

- ▶ Dutch-owned dairy farms began investing in northwest Ohio in the early 2000's, establishing 599-head dairy farms.
- ▶ Farms placed burden on township roads (chip and seal), traveling from fields to farms.
- ▶ Township implemented TIF on farm to help cover a portion of the cost of road maintenance and improvement.



Columbus-Franklin County Finance Authority

- ▶ Established in 2006
- ▶ In partnering with economic developers, government entities and banks, the Finance Authority provides creative funding options for projects in the private, non-profit and public sectors
- ▶ The Finance Authority has provided over \$4 billion in bond financing



▶ Source: Columbus-Franklin County Finance Authority

Columbus-Franklin County Finance Authority

- ▶ Energy Program
- ▶ Central Ohio Bond Fund
- ▶ Tax Increment Financing
- ▶ Lease Financing
- ▶ Parking Garages
- ▶ Manufacturing



▶ Source: Columbus-Franklin County Finance Authority

Grandview Yard - Columbus-Franklin County Finance Authority

- ▶ Grandview Yard is a 115-acre mixed use development with commercial businesses, restaurants and housing
- ▶ Walkable streets surrounded by trees and green space
- ▶ The Finance Authority issued over \$148 million in tax exempt (tax increment financing) bonds to support the Grandview Yard mixed use development project



▶ Source: Columbus-Franklin County Finance Authority

Grandview Yard - Columbus-Franklin County Finance Authority

- ▶ Grandview Yard is expected to exceed \$1 billion in total investment by the time development is complete
- ▶ 1.4 Million SF of commercial space
- ▶ 1,500 residences including apartments, condos, and single-family homes
 - ▶ Largest LEED certified project in the U.S.



▶ Source: Columbus-Franklin County Finance Authority

City of Chicago

- ▶ TIF use first authorized in 1983.
 - ▶ 184 TIFs created since
 - ▶ 129 Active TIF Districts today
- ▶ Over 70% of all funds used for fully public improvements



▶ Source: Andrew Horne

City of Chicago

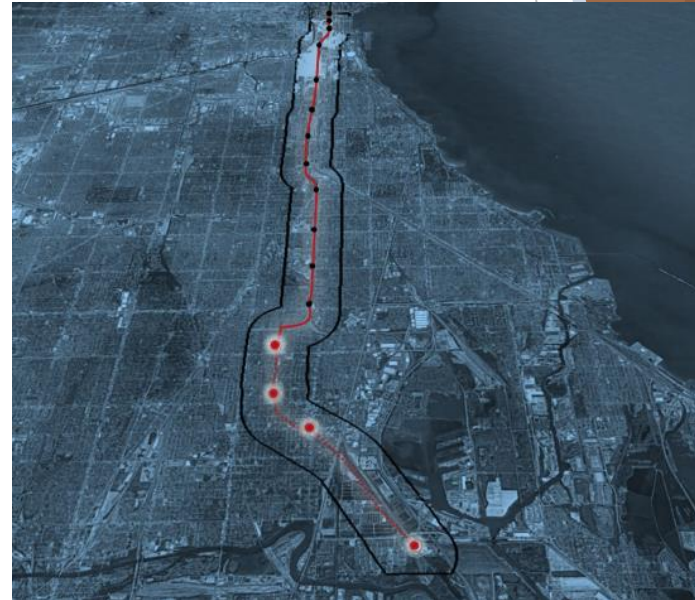
- ▶ 5 major steps in their TIF process
 - ▶ District Redevelopment Plan
 - ▶ District Eligibility Study
 - ▶ Public Review
 - ▶ Community Development Commission
 - ▶ City Council



▶ Source: Andrew Horne

Red Line Extension - City of Chicago

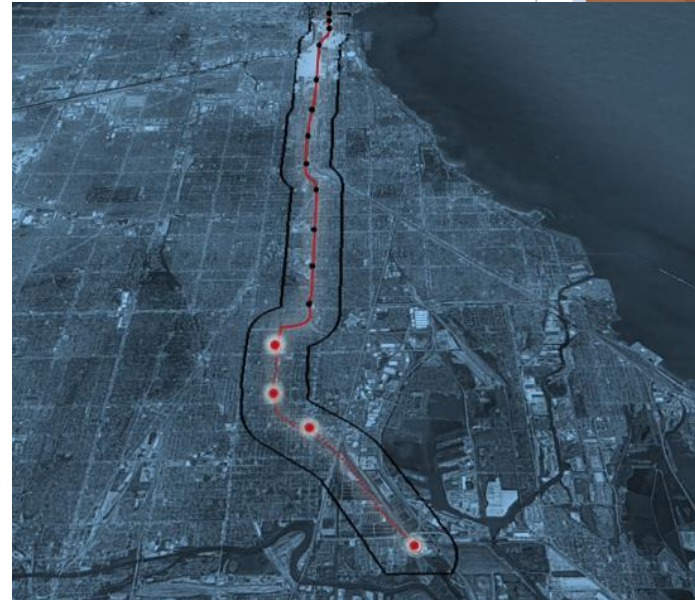
- ▶ The City of Chicago has talked about expanding the Chicago Transit Authority (CTA) Red rapid transit line since 1969
- ▶ The proposed 5.6-mile extension would include four new stations
- ▶ Multimodal connections at each station would include bus, bike, pedestrian, and park & ride facilities
- ▶ The Red Line Extension will support the City's equity efforts



▶ Source: City of Chicago, SB Friedman Advisors

Red Line Extension - City of Chicago

- ▶ \$3.6 billion in total project costs
- ▶ \$959 million TIF
- ▶ TIF used to help finance studies/surveys, site preparation costs, public facilities and improvements, and job training among other things



▶ Source: City of Chicago, SB Friedman Advisors

Denver Urban Renewal Authority (DURA)

- ▶ The Denver Urban Renewal Authority (DURA) was created by the City and County of Denver in 1958
- ▶ Created to assist in redevelopment of blighted properties and help foster growth and development in Denver
- ▶ Two departments:
 - ▶ Housing
 - ▶ Redevelopment



- ▶ Source Denver Urban Renewal Authority (DURA)

Highlands' Garden Village - DURA

- ▶ Redevelopment of a 27.39-acre former amusement park into a mixed-use urban village.
- ▶ Developed by HGV Land Company, LLC
 - ▶ Approved in 2001
- ▶ Remediation of vacant and contaminated land (referred to as brownfields)
- ▶ Model of green building practices



▶ Source: Denver Urban Renewal Authority

Highlands' Garden Village - DURA

- ▶ Total project cost: \$102 million
- ▶ \$4.75 million in developer reimbursement through TIF
 - ▶ \$3.9 million in bonds
- ▶ 306 mixed-income residential units
- ▶ 70,000 square feet of commercial space
- ▶ 43,000 square-foot public school
- ▶ 140,000 square-feet of open space



▶ Source: Congress for the New Urbanism

CASE STUDY – GREAT POND, CONNECTICUT



➤ GREAT POND VILLAGE – WINDSOR, CONNECTICUT

- Approved for \$140MM in financing to pay for infrastructure needed for future development
- Requires the infrastructure up-front
- Developer issues bond anticipation notes (BANs), expends the costs, and market issued bonds are issued to take out the BAN financing
- Bonds repaid from:
 - Real property tax increment revenues – 50% pledge
 - Personal property tax increment revenues – 50% pledge
 - Back-up special assessment revenues
- Improvement District was created in 2008
- Issued Phase I market issued bonds in 2019 for \$8.5 million to allow Phase I apartments to proceed with development
- Series 2022 special obligation revenue bonds were issued on December 29, 2022 for \$27,135,000 to finance and refinance the costs of public infrastructure improvements for the District in connection with the second phase of development



Reviewing Vermont's TIF Program

- Examining History
- Legal & Programmatic Barriers
- Discussion of Solutions
- Preliminary Legislative Recommendations

Burlington Downtown TIF

- ▶ The base value of the properties in the TIF District was \$170 million. The estimated value after the infrastructure improvements and development is projected to be \$290 million, for an increase of \$120 million. Burlington estimated the generation of \$62 million in incremental property taxes during the 20-year retention period.
- ▶ During the TIF retention period, a total of \$64 million in education property tax revenue (from the base and 25% of the increment) will accrue to the Education Fund. At the end of the retention period, an estimated \$4.3 million in additional tax revenue will be generated each year because of the new development.

Barre City Downtown TIF

- ▶ During the TIF lifetime, public investments totaling over \$30 million (\$12.4 million from TIF) are expected to leverage over \$65 million in private development. The base value of the District was about \$51 million upon creation, it was \$54 million in grand list year 2018 and the value when the TIF is fully developed is expected to be \$76 million, an increase in value of \$25 million.
- ▶ Before the TIF District, the properties sent about \$710,000 a year to the Education Fund. When the TIF retention period ends, the properties will send more than \$1.1 million to the Education fund each year

Hartford Downtown TIF

- ▶ Public investments in infrastructure totaling \$13 million is expected to leverage over \$60 million in private development. The base value of the District was about \$32 million upon creation, it was \$55.5 million in grand list year 2018 and the value when the TIF is fully developed is expected to be \$79 million, an increase in value of \$47 million. Before the TIF District, the properties sent about \$440,000 a year to the Education Fund.
- ▶ When the TIF retention period ends, the properties will send more than \$1.3 million to the Education fund each year.

Milton Downtown TIF

- ▶ Public investments in infrastructure totaling \$24 million are projected to leverage over \$126 million in private development. The base value of the District was about \$124 million when created, it was \$168 million in grand list year 2018 and the value when the TIF is fully developed is expected to be \$197 million.
- ▶ Before the TIF District, the properties sent about \$1.5 million a year to the Education Fund. When the TIF retention period ends, the properties will send more than \$3 million to the Education fund each year.

Milton North/South TIF District

- ▶ Public investments of \$9.3 million have leveraged over \$36.5 million in private development. The base value of the District was about \$27 million upon creation in 1998. The taxable value as of Grand List 2018 was \$75.5 million, an increase in value of \$48.5 million.
- ▶ Before the TIF District, the properties sent about \$250,000 a year to the Education Fund. Beginning fiscal year 2020 the North/South TIF District will send more than \$1.2 million to the Education fund each year.
- ▶ Value of Public Investment: \$9,278,670
- ▶ Increase in Taxable Value At End of District: \$48,583,972

Newport City TIF District

- ▶ The investment of \$300,000 in the water line by the TIF District leveraged almost \$3 million in private investment in the industrial park properties. The base value of the District started at \$48,500 and was \$2.954 million in 2015 when all the debt was retired and the life of the District ended, an increase in value of \$2.905 million.
- ▶ Before the TIF District, the property sent about \$800 a year to the Education Fund. Now the properties send more than \$51,000 to the Education fund each year.
- ▶ Approximate Value of TIF Supported Infrastructure: \$300,000
- ▶ Approximate Value of Private Investment: \$3,000,000
- ▶ Ratio of Public Investment to Private Development: 1:10

St. Albans TIF District

- ▶ Public investments in infrastructure totaling at least \$23 million is expected to leverage over \$90million in private development. The base value of the District was about \$123 million upon creation, it was \$175 million in grand list year 2018 and the value when the TIF is fully developed is expected to be \$218 million, an increase in value of \$95 million.
- ▶ Before the TIF District, the properties sent about\$1.5 million a year to the Education Fund. When the TIF retention period ends, the properties will send more than \$3.5 million to the Education fund each year.

Winooski Downtown TIF District

- ▶ Public investments of \$52 million have leveraged over \$94 million in private development. The base value of the District was about \$25 million upon creation in 2000. The current value as of Grand List 2018 was \$104 million, an increase in value of \$79 million.
- ▶ Before the TIF District, the properties sent about \$516,000 a year to the Education Fund. When the TIF debt is retired in a few years, the properties will send more than \$1.9 million to the Education fund each year.

AS OF JUNE 30, 2019:

- ▶ Cumulative Public Investment: \$52,154,551
- ▶ Total Increase in Taxable Value: \$79,372,520



Thank You

- **Toby Rittner, DFCP**
President & CEO
Council of Development Finance Agencies (CDFA)
trittner@cdfa.net
www.cdfa.net
- **Price Finley, Esq.**
Partner
Bricker Graydon
pfinley@brickergraydon.com
www.brickergraydon.com

