

Tax Increment Grant Policy Overview

WORKFORCE & BUSINESS DEVELOPMENT COMMITTEE
JANUARY 4, 2021



Agenda

▶ **Recap of last meeting**

- Purpose
- Policy
- Summary of Activity
- Tools

▶ **Staff recommendation**

Tax Increment Grants - Purpose

- ▶ Used to encourage public private partnerships
- ▶ Opportunity for City to influence development program
- ▶ Maximize private investment opportunities AND public benefits
- ▶ Typical public improvements reimbursed by this tool include:
 - Public infrastructure
 - Public parking
 - Public assets/buildings
 - Affordable/workforce housing



Tax Increment Grant Policy

- ▶ Grants are made on a reimbursement basis only based on new incremental taxes within a defined increment area
- ▶ Justification of use – “Public Purpose”
 - Infrastructure investment
 - Gap financing
- ▶ Traditional grant terms
 - 45% or 90% of incremental taxes up to 10-25 years depending on project need and priority
- ▶ Capacity
 - Aggregate of all projects is limited to 3.0% of the annual property tax levy of any given year



Tax Increment Grants – How It Works

Incremental Taxable Value	45%			10 Years		
	City	County	Total	City	County	Total
\$1,000,000	\$1,566	\$2,776	\$4,343	\$15,665	\$27,761	\$43,425
\$5,000,000	\$7,832	\$13,880	\$21,713	\$78,323	\$138,803	\$217,125
\$10,000,000	\$15,665	\$27,761	\$43,425	\$156,645	\$277,605	\$434,250
\$15,000,000	\$23,497	\$41,641	\$65,138	\$234,968	\$416,408	\$651,375
\$50,000,000	\$78,323	\$138,803	\$217,125	\$783,225	\$1,388,025	\$2,171,250
\$100,000,000	\$156,645	\$277,605	\$434,250	\$1,566,450	\$2,776,050	\$4,342,500
\$150,000,000	\$234,968	\$416,408	\$651,375	\$2,349,675	\$4,164,075	\$6,513,750

Tax Increment Grants – Summary of Activity

► City Council has approved five TIGs since 2015

- All five will reimburse the developer for designing and constructing public infrastructure improvements
- Four of the four include terms requiring the developer to expand the supply of affordable and/or workforce housing
- County's participation in most agreements, but not all

► Since 2004:

- 17 TIGs approved by City Council
- 13 reimburse developer for public infrastructure
- 3 will reimburse developer for building public parking
- Other – Double Oaks/Brightwalk and Cultural Facilities campus
- 7 include terms to build workforce/affordable housing

► Private Leverage

- Goal – 10:1
- Since 2004 – 28:1
- Since 2015 – 119:1

(Re)Development Tools

Tool	Use	General Project Size	Council Priorities	Project Examples
Business Matching Grants (Façade, Security, Brownfield, Interior Upfit)	<ul style="list-style-type: none"> Matching grants to support private investment in properties and buildings in defined areas around the city Grants primarily used by small business owners and small scale developers 	< \$5,000,000+	<ul style="list-style-type: none"> Eliminate blight Create strong local economies Increase safety Increased private investment in under invested communities 	<ul style="list-style-type: none"> American Deli, Toucan Louie's, Keith Clinic, CupLux Coffee, Thrift Rd (multiple properties)
Corridors of Opportunity (Community Development Grant, Rehab Loan)	<ul style="list-style-type: none"> Supports public private partnerships in high priority areas (e.g. Beatties Ford / LaSalle) Complement Business Matching Grants Supports rehabilitation, restoration, and preservation of buildings and properties in historic neighborhoods and/or aging properties 	\$1,000,000 - \$15,000,000	<ul style="list-style-type: none"> Same as Business Matching Grants 	<ul style="list-style-type: none"> Recently approved partnerships at Beatties Ford / LaSalle and 5 Points
Public Private Partnerships (Tax Increment, CIP, etc.)	<ul style="list-style-type: none"> Infrastructure investment - roads, streetscapes, parking decks, etc. Public asset purchase - new public buildings that become specific asset to the City Gap funding 	> \$50,000,000	<ul style="list-style-type: none"> Connectivity Tax base expansion Affordable/workforce housing MWSBE utilization 	<ul style="list-style-type: none"> Camp North End (CIP), Ballantyne Reimagined (CIP/TIG); First Ward (TIG), Tanger Outlets (TIG)

Staff Recommendation

► Recommendation: No policy updates recommended at this time

► Policy vs general practice

- Each partnership is different so the need to remain flexible from policy perspective is imperative to successful partnership and achieving our priorities

► Establish annual “check-ins” with the Committee to confirm priorities

- Current Priorities
 - Housing affordability
 - MWSBE
 - Transportation (bike/ped/transit/auto) connectivity
 - Others??

Questions?