

Tax Increment Grant Policy Overview

WORKFORCE & BUSINESS DEVELOPMENT COMMITTEE
NOVEMBER 9, 2020



Agenda

- ▶ **Purpose of Tax Increment Grants**
- ▶ **Policy**
- ▶ **How it works**
- ▶ **Activity**
- ▶ **Committee discussion**

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

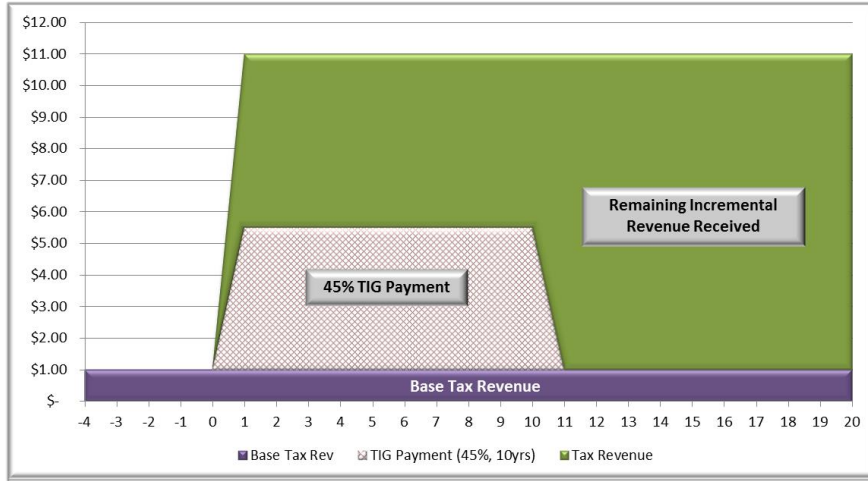


Tax Increment Grant Policy

- ▶ 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



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 – Amazon CLT4

► Approved by City Council in 2018

► TIG Terms

- 10 years / 45% of increment
- \$9 million (City ~ \$3.3 million)
- Estimated private investment - \$200 million
- Leverage ratio – 60:1
 - *Based on City's portion of TIG*

► Notable Public Benefits

- >1,500 new jobs
- Infrastructure improvements support greater connectivity for future development around CLT
- MWSBE utilization – SBE: 16%; MBE: 10%



Tax Increment Grants – Pearl Park / Midtown

► Approved by City Council in 2016

- Amendment approved in 2020

► TIG Terms

- 10 years / 45% of increment
- \$7.17 million (City ~ \$2.5 million)
- Estimated private investment - \$300+ million
- Leverage ratio – 120:1
 - *Based on City's portion of TIG*

► Notable Public Benefits

- Creation of desired street and bicycle/pedestrian connectivity and advancement of urban infill called for in the Midtown/Morehead/Cherry Area Plan
- Improved Pearl Street Park
- Acquisition of new land to expand development opportunities and additional opportunities for affordable housing
- MWSBE utilization – SBE: 10%; MBE: 10%



Tax Increment Grants – Ballantyne Reimagined

► Approved by City Council in 2020

► TIG Terms

- 15 years / 45% of increment
- \$25 million (City ~ \$8.7 million)
- Estimated private investment - \$1.5 billion
- Leverage ratio – 172:1
 - *Based on City's portion of TIG*

► Notable Public Benefits

- Significant infrastructure improvements to leverage private investment and support community goals
- Expands supply of affordable/workforce housing for a range of household incomes
- MWSBE utilization – SBE: 12%; MBE: 8%



Tax Increment Grants – Summary of Activity

► City Council has approved four TIGs since 2015

- All four will reimburse the developer for designing and constructing public infrastructure improvements
- Three 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:

- 16 TIGs approved by City Council
- 12 reimburse developer for public infrastructure
- 2 will reimburse developer for building public parking
- Other – Double Oaks/Brightwalk and Cultural Facilities campus
- 6 include terms to build workforce/affordable housing

► Private Leverage

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

Committee Discussion