

Memo

To: Sean Sullivan – Economic Development Manager
From: Stacie Kvilvang - Ehlers
Date: March 3, 2020
Subject: Potential Special Legislation – COR TIF District

In 2010 and 2011 the City received special legislation for the above referenced TIF District. The 2010 legislation allowed the City to:

1. Create the TIF district in which it defined the boundaries
2. Stated that the area met the blight test to qualify it as a redevelopment TIF district
3. Allowed the City to use TIF for construction of the Transit Station and related infrastructure, structured parking, pedestrian overpass and roadway improvements in addition to using TIF for typical redevelopment costs (4j clause)
4. Extended the 5-year rule (November 28, 2016) to 10 years (November 28, 2021); and
5. Confined the City to spend all TIF within the District

In 2011, the City went back and requested and received:

1. TIF District boundary clarification
2. Removed the requirement that expenditures had to be for redevelopment (4j clause)
3. Allowed the City to use TIF for land it acquired and public improvements completed prior to the establishment of the TIF district; and
4. Allowed two (2) parcels where construction began prior to certification of the TIF district to not be added to the base land value so the City could capture the TIF generated from these parcels

The District was certified in late 2011 and the first TIF was received in 2015 (Residence at the COR Apartments). Therefore, the TIF district will expire on December 31, 2040. Since that time development has commenced at a slow, but steady pace over the years, with a lot of the area yet to be developed. To date, the City has three (3) developments where they have pay-as-you-go TIF obligations which include the Residence at the COR Apartments (estimated payoff by end of 2029), PSD Apartments (estimated payoff by end of 2022) and Affinity Apartments (estimated payoff TBD since 1st TIF in 2020). TIF that has not been obligated to developments on a pay-as-you-go basis is being retained by the City to repay itself for its costs related to acquiring the land and paying for existing road and utility improvements (approximately \$29 million).

The 5-year rule (10-years under the special legislation) requires that all qualified expenditures be made (spent) within 10 years of certification of the TIF district (November 28, 2021). Any expenditures AFTER this date can only be reimbursed through pooling dollars which is limited

to 25% of the TIF generated within the District, net of any costs spent on administration of the district (staff and consultant time). The City would like to utilize future TIF for development of roads and other public infrastructure within the TIF district and to provide future developments the City may want within the District that require some public assistance. However, these projects and improvements may happen after November 28, 2021 and therefore the City would be limited in its ability to utilize TIF.

Staff would like to go back to the legislature to request to have the 10-year rule extended by two (2) to five (5) years to provide the City the maximum flexibility for utilization of TIF that is generated from the District. To accomplish this, the City would need to do the following:

1. Meet with its local legislative delegation to see if they would be supportive of the special legislation and if they would be willing to author or co-author the bill
2. Have the City's TIF attorney draft the updated legislation in a form acceptable to legislative revisor
3. Submit the proposed legislation to the appropriate local legislators for "jacketing" for preparation to be introduced
4. Once introduced, the City (staff and possibly the Mayor) would attend the Tax Committee hearings in the House and Senate
5. Both committees would then say if they would "lay" the legislation over for consideration for inclusion in the tax bill (usual outcome)
6. City would be notified if they are part of the overall State tax bill for one or both legislative chambers
7. If in both, and the language is the same, it would become part of the overall State tax bill and become law, if a tax bill is approved
8. If the legislation is only in one (1) of the chamber's tax bill, then the only chance to have it be in the overall State tax bill would be to work with your local legislators and/or persons on the conference committee to see if you could sway them to include it

If the City hires a lobbyist, the overall cost to complete this can range from \$20,000 to \$30,000. To do it without a lobbyist, the overall cost would range from \$5,000 to \$10,000 and either way, would be a TIF eligible expenditure.

Please contact me at 651-697-8506 with any questions.