


Welcome

CDFA - Tax Increment Finance Coalition Webcast Series: Offensive TIFs & Tax Districts

The Broadcast will begin at 2:00pm (EDT).



Tax Increment Finance Coalition **WEBCAST SERIES**

in partnership with  **STONE & YOUNGBERG**

Welcome

CDFA - Tax Increment Finance Coalition Webcast Series: Offensive TIFs & Tax Districts

This Webcast is a listen-only event. Please make sure your computer speakers are turned on to hear the presentation.

You can also listen by telephone using the instructions provided in the email from GoToWebinar.

To ask a question, type your question into the Question box in the GoToWebinar control panel. The moderator will field your question to the appropriate panelist.

CDFA is recording this Webcast, and it will be available to view online at www.cdfa.net.



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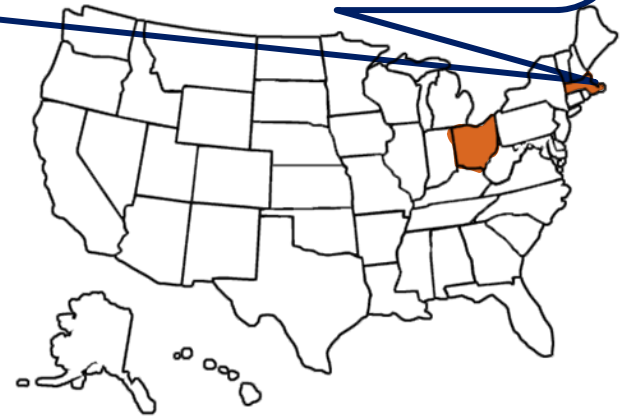


**STONE &
YOUNGBERG**


Offensive TIFs & Tax Districts

Erin Tehan

**Legislative & Federal Affairs Coordinator
Council of Development Finance Agencies
Columbus, OH**



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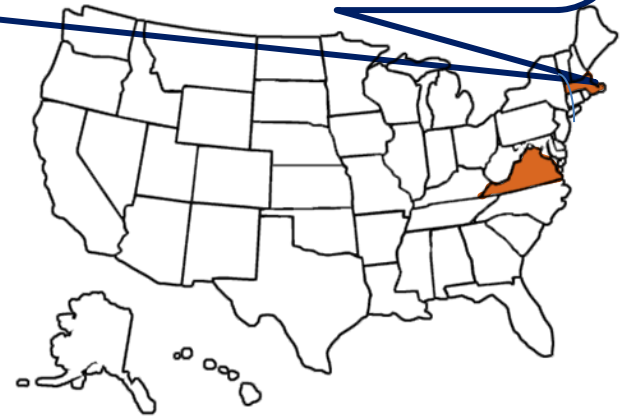
Offensive TIFs & Tax Districts

Ken Powell

Managing Director

Stone & Youngberg LLC

Richmond, VA



Tax Increment Finance Coalition
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Offensive TIFs and Tax Districts

TIF Webcast Series @ CDFA Annual Summit

May 11, 2011


**Ken Powell
Stone & Youngberg
Richmond, VA**



**STONE &
YOUNGBERG**

San Francisco Los Angeles San Diego New York Chicago Phoenix Richmond Annapolis Big Bear

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- **TIF is a very powerful and effective land use tool!**

- 
-
- **Make TIF an active part of your financing arsenal, but decide when and know how to use it**

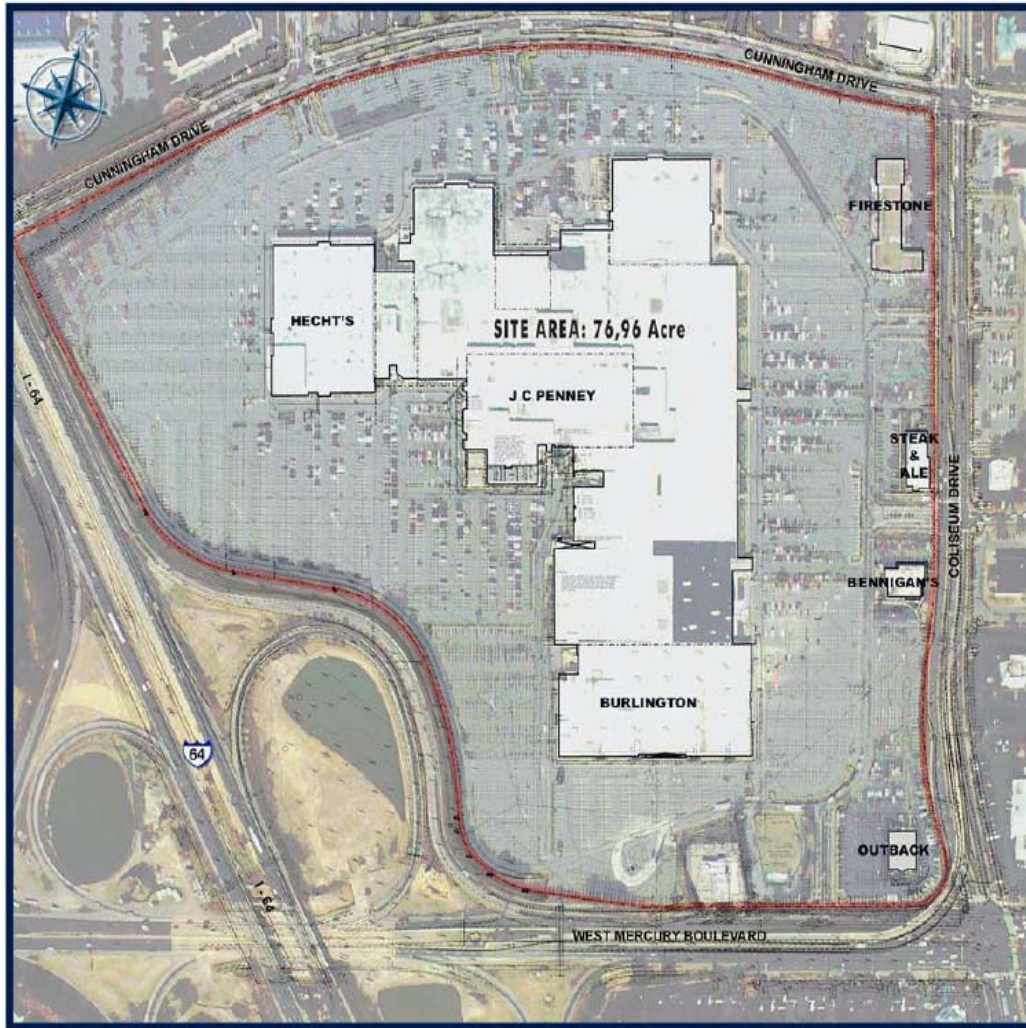
Case Study

Peninsula Town Center (Hampton, Virginia), September 2007

- Bond Issue:** \$92,850,000 Peninsula Town Center Community Development Authority Special Obligation Bonds, Series 2007
- Location:** Hampton, VA - Southeast Virginia, near Norfolk, located off I-64
- Development:** 1,154,000 square feet mixed-use development
Anchored by J.C. Penney, Macy's, and Target
Also, restaurants, office, specialty stores and residential
2,250 parking spaces
- Developers:** Mall Properties, Inc. and Steiner + Associates
- Use of Proceeds:** Public infrastructure improvements including roads, water and wastewater improvements, landscaping, parking structure, sidewalks, parks and acquisition of land.
- Primary Security:** Incremental tax revenues (including real property, sales, meals and amusement taxes), special retail assessment, special property tax and back-up special assessment
- Special Features:**
- Saved City of Hampton's largest taxpayer.
 - Largest non-rated special district financing in Virginia.
 - First special retail assessment (sales tax within district) in Virginia.
 - Unique blend of pledged revenues.
-

Case Study

Peninsula Town Center (Hampton, Virginia), September 2007



Case Study

Peninsula Town Center (Hampton, Virginia), September 2007

Before



Case Study

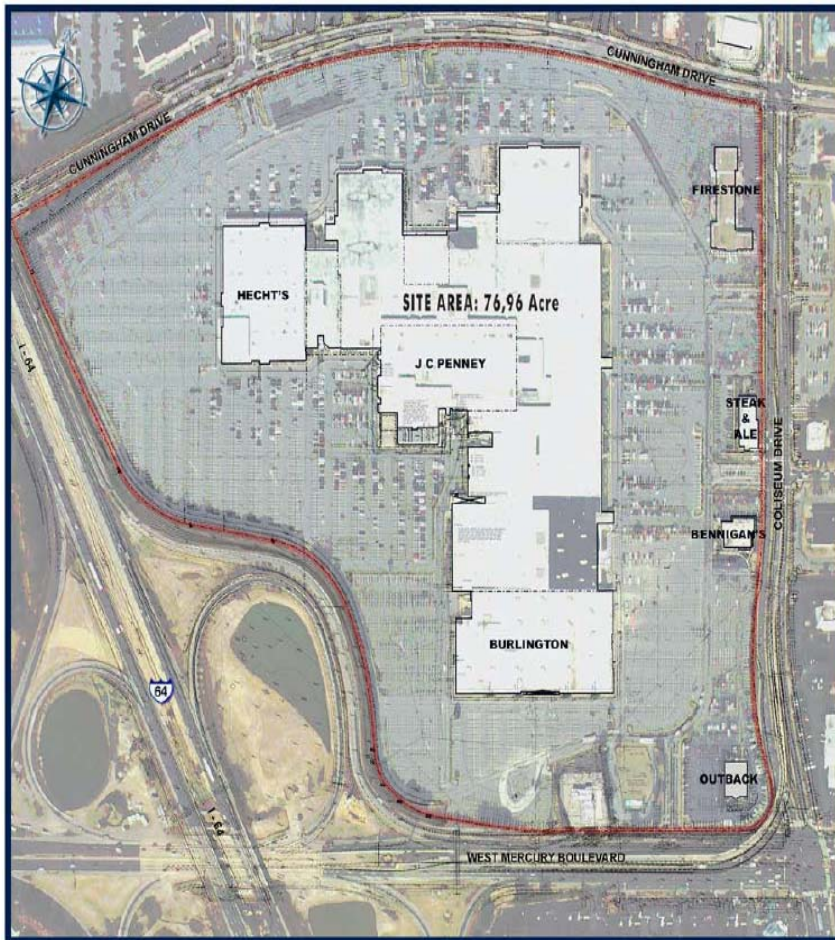
Peninsula Town Center (Hampton, Virginia), September 2007

After



Case Study

Peninsula Town Center (Hampton, Virginia), September 2007



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-
- **Prepare your organization to offensively use TIF**



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Disclaimer

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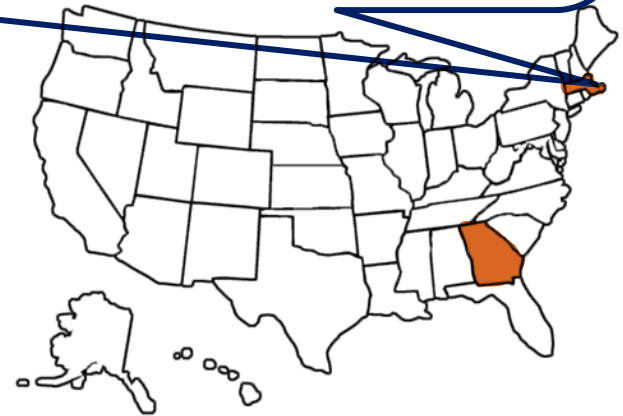
Offensive TIFs & Tax Districts

Cheryl Strickland

Managing Director

Atlanta Development Authority

Atlanta, GA



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Atlanta's TIFs: A Good Offense

ADA



Atlanta Development Authority

May 11, 2011



Young | Urban | Vibrant | Creative | High Tech | Energetic | Global | Cultured | Diverse | Boundless

Cheryl Thomas Strickland
Managing Director, Tax Allocation Districts

ADA



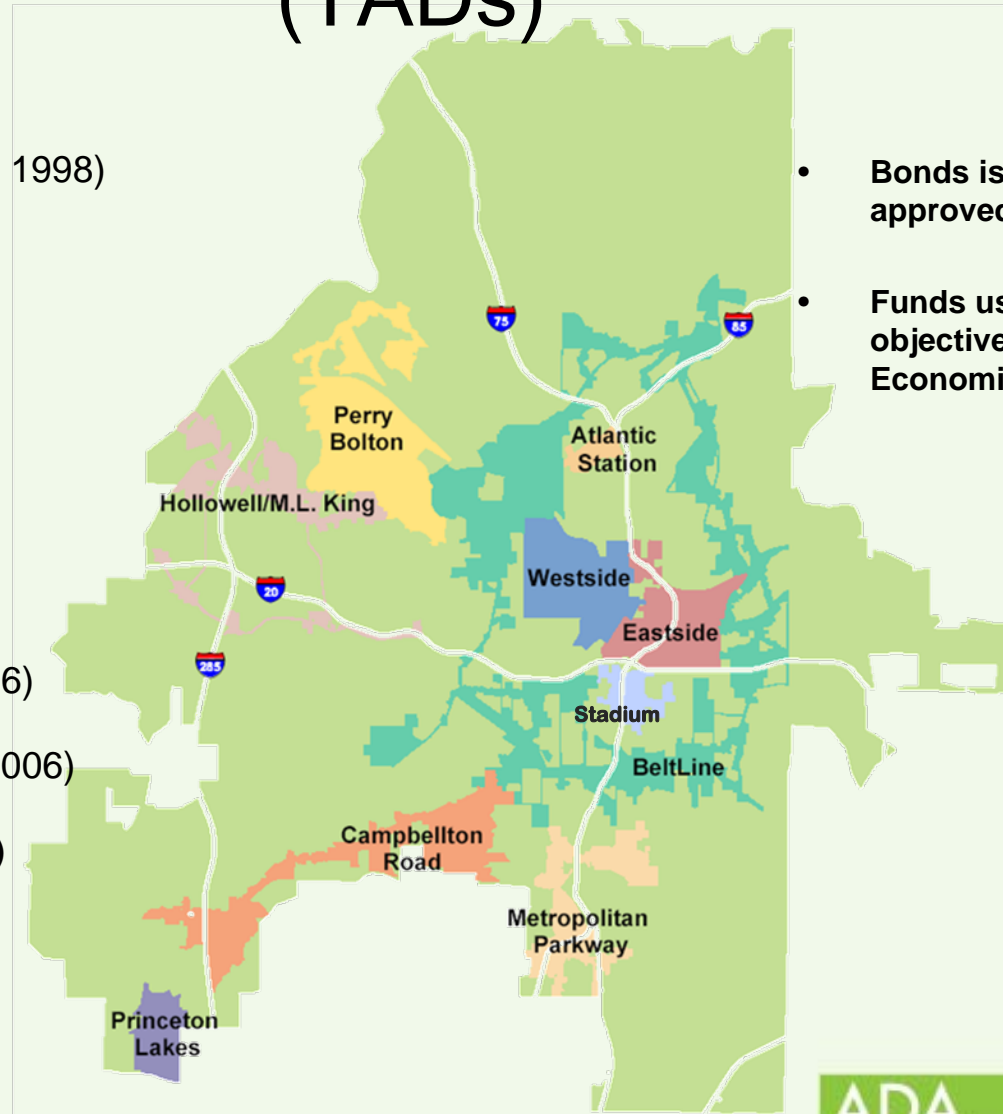
Atlanta Development Authority

The Atlanta Development Authority (ADA)

- Formed in 1997 to act as the economic development agency for the City of Atlanta
- Consists of 50 employees and regularly partners with over 50 economic development organizations
- Utilizes the full economic development finance toolbox, including bond finance, revolving loan funds, tax increment financing, and others
- Three primary focus areas:
 - Housing Finance & Development
 - Small Business Lending and Business Recruitment
 - **Tax Allocation Districts (TADs) & New Market Tax Credits (NMTCs)**

City of Atlanta Tax Allocation Districts (TADs)

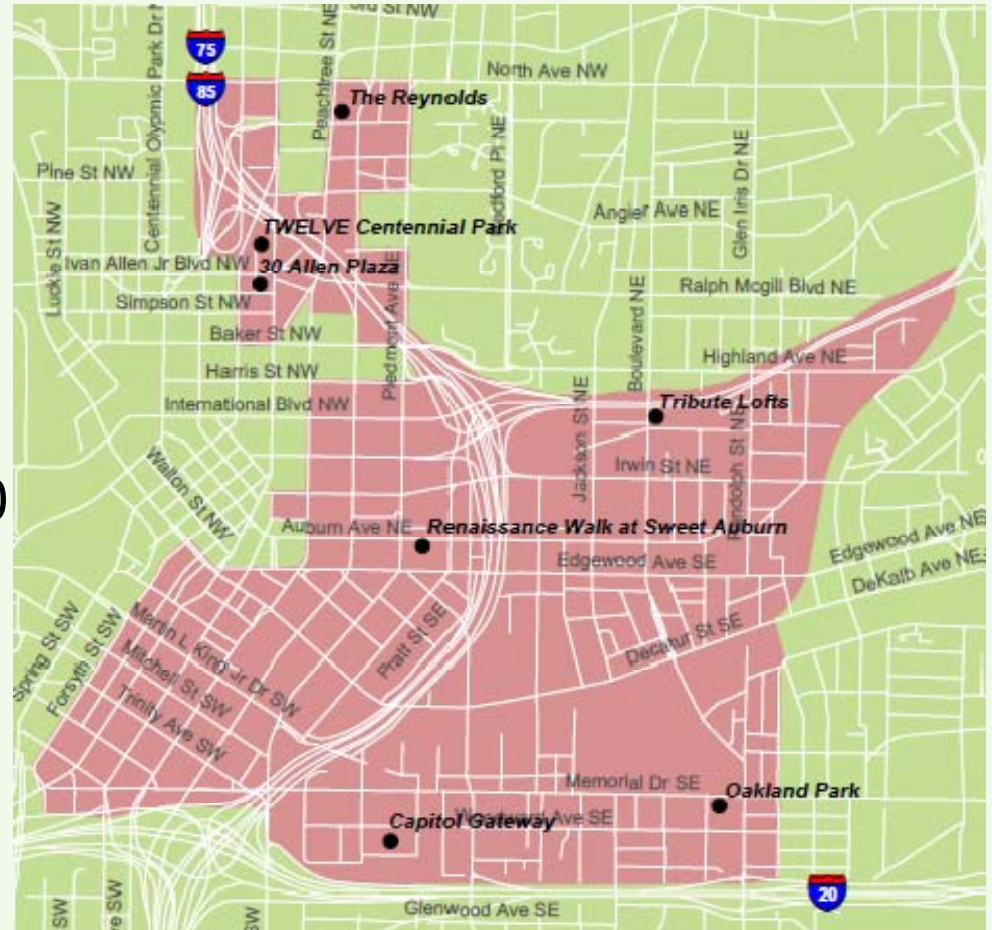
- Westside (1992, expanded 1998)
- Atlantic Station (1999)
- Princeton Lakes (2002)
- Perry-Bolton (2002)
- **Eastside (2003)**
- BeltLine (2005)
- Metropolitan Parkway (2006)
- Stadium Neighborhoods (2006)
- **Campbellton Road (2006)**
- Hollowell/M.L. King (2006)



- Bonds issued by City or pay-go approved by ADA
- Funds used to achieve City objectives consistent with the Economic Development Plan

Eastside TAD

- Spur the creation of an attractive, walkable, bustling 24-hour downtown
- 2005 Bond Issue (\$47.5 million) supported: 1,900 housing units, 150,000 sf of retail, 250,000 sf of office space and over 100 hotel rooms.
- Base Assessed Value: \$299,727,400
- 2010 Preliminary Assessed Value: \$656,000,000



Eastside TAD



TWELVE Centennial Park



*Renaissance Walk
at Sweet Auburn*



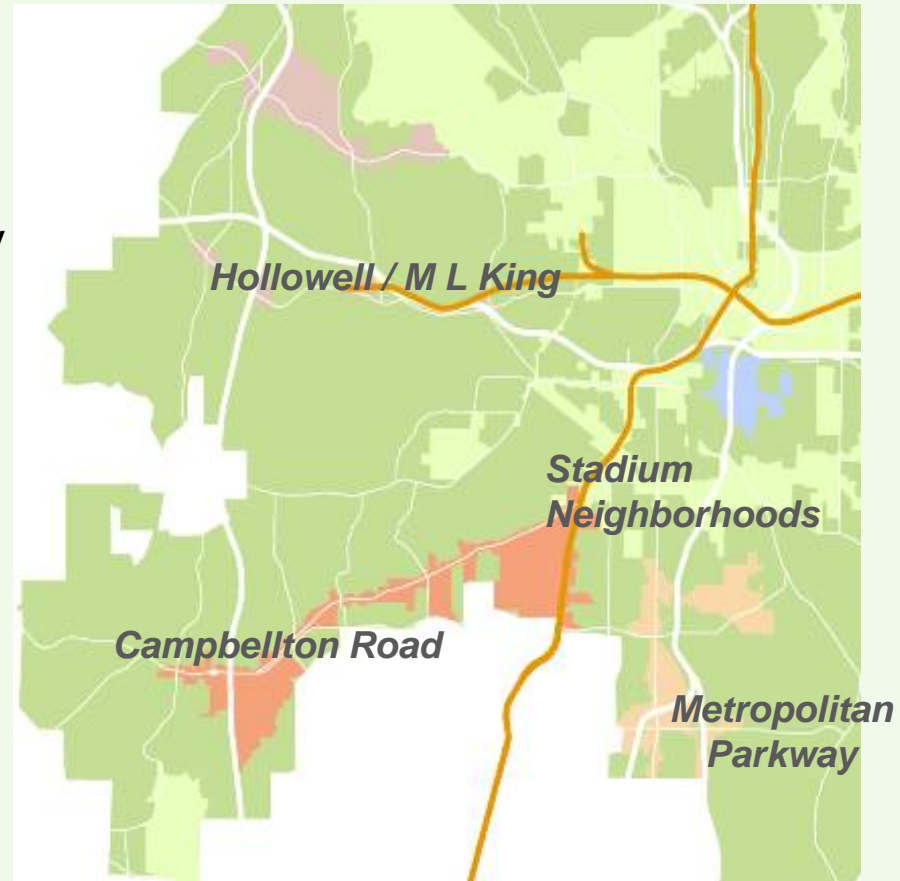
Tribute Lofts



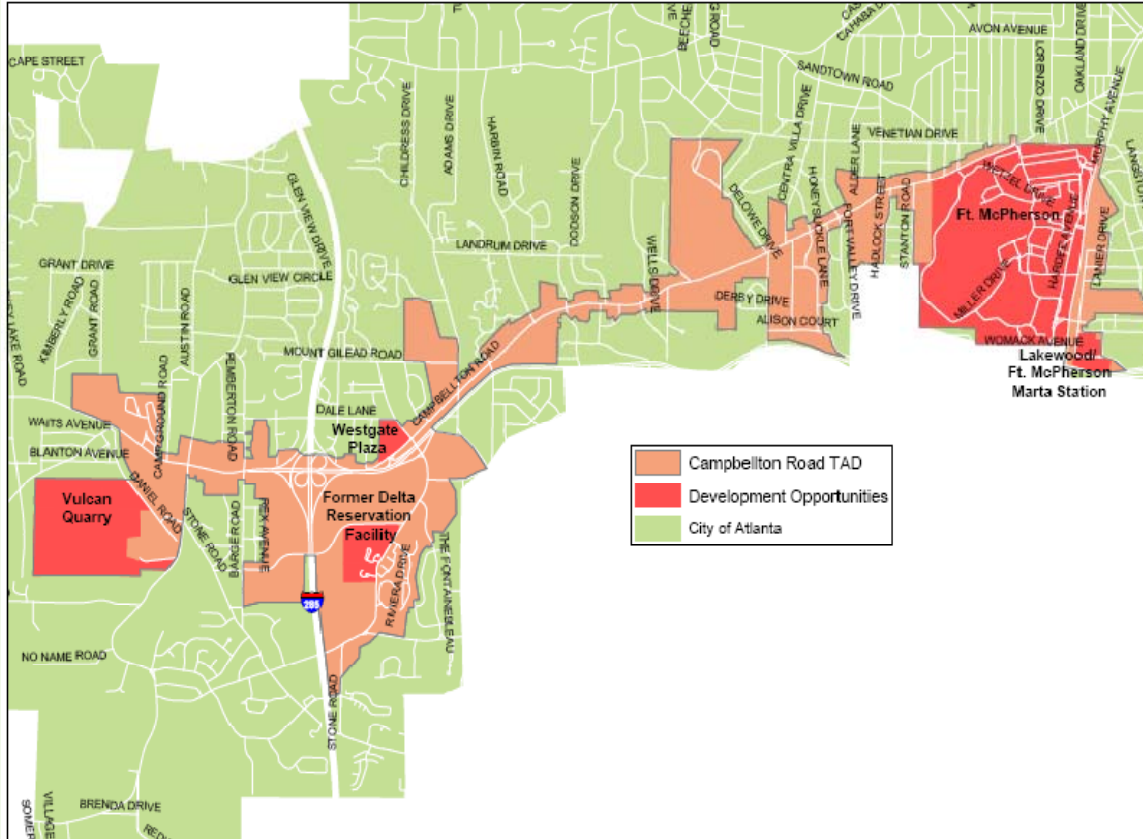
30 Allen Plaza

The Four New Commercial Tax Allocation Districts: CTADs

- Emphasis on Commercial Revitalization, Infrastructure & Quality of Life Projects
- Pay-as-you-go financing
- Developers reimbursed for costs already incurred as new tax increment is generated
- Stream of funding is more flexible:
 - Smaller-scale development opportunities
 - Simpler than typical bond structure



Campbellton Road TAD #7



2006 Base Value: \$116 million

2010 Preliminary Assessed value: \$170 million

- Anticipated TAD Project Funding: \$225 million
- Key Redevelopment Opportunities:
 - Lakewood/Ft. McPherson Marta Station
 - Ft. McPherson (485 acres)
 - Westgate Plaza (10 acres)
 - Greenbriar Mall (99 acres)

Everest College at Greenbriar Mall

Corinthian Colleges, Inc.



- Completion: Fall 2010
- Total Project Cost: \$5M
- 63,000 SF Private, Post-Secondary Education Institution
- Redevelopment of Vacant Grocery Shell
- TAD funding not to exceed \$648,000
- 95 Jobs planned serving 800-1200 students

References

- TAD Redevelopment Plans
- Livable Communities Coalition: *Study and Analysis of TADs in Georgia*
- Council of Development Finance Agencies: *TIF Best Practices Reference Guide*
- CDFA Website: www.cdfa.net
- ADA Website: www.atlantada.com
- Beltline Website: www.beltline.org
- www.atlantaemergingmarkets.com

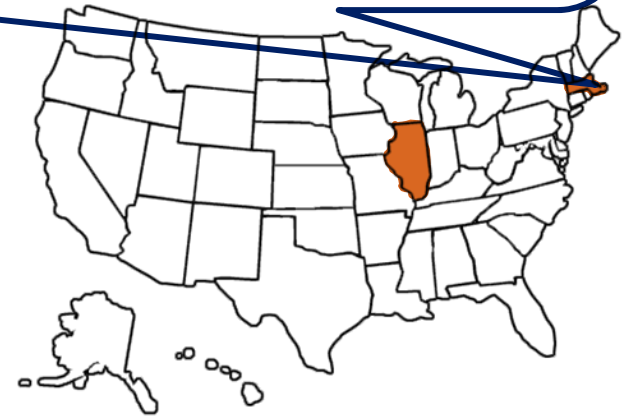
Offensive TIFs & Tax Districts

Steve Friedman

President

S.B. Friedman & Company

Chicago, IL



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Pro-Active TIF Strategies CDFA 2011 Annual Summit

Stephen B. Friedman, AICP, CRE

Introduction – Alternative TIF Strategies

Reactive TIF

- Developer Initiated
- Response to Single Opportunity
- Timing Issues
- Policy/Public Education Issues

Pro-Active TIF

- Plan Implementation Tool
- Anticipatory/Development Strategy
- Area – wide
- Multiple Projects Including Infrastructure

Plan Implementation Tool

- Uptown Park Ridge, IL
- Sub-area Planning
 - Market
 - Physical Conditions
 - Traffic
 - Infrastructure
- Extensive Community Participation
- Multiple Target Areas
 - Goals
 - Strategies

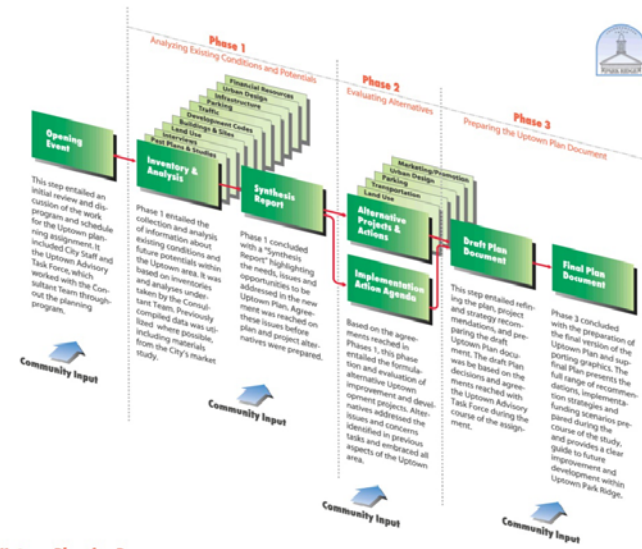


Figure 2: Uptown Planning Process

Uptown Plan • City of Park Ridge, Illinois

Trillo, Pettigrew, Allen & Payne • Land Design Collaborative • Parsons Transportation Group • Dale Helmick Ltd. • January 2002



Figure 5: Uptown Target Areas

Uptown Plan • City of Park Ridge, Illinois

Trillo, Pettigrew, Allen & Payne • Land Design Collaborative • Parsons Transportation Group • Dale Helmick Ltd. • January 2002

Strategies for Each Target Area

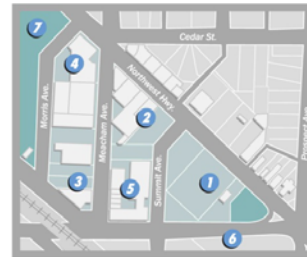
- Uses
- Development Concept
- Design Framework
- Density and Height
- Critical Infrastructure
- Action Steps



Area 2 encompasses the blocks bounded by Touhy Avenue, Northwest Highway, Morris Avenue, and Busse Highway. It contains the City's underground water reservoir and pumping station, several auto-related uses, and Summit Square Retirement Housing. It occupies a highly visible location within Uptown Park Ridge.

Selected Existing Uses:

- 1 - Reservoir block
- 2 - Bredemann Buick
- 3 - Bredemann Toyota
- 4 - Napleton Cadillac
- 5 - Summit Square housing
- 6 - Library block
- 7 - Hinkley Park



The illustrative plans on this page suggest how Area 2 might be redeveloped for a mix of commercial and residential uses, together with off-street parking.

Below Right. This example assumes area-wide redevelopment of Target Area 2. It shows: 1) a 70,000 square-foot retail center near six-corners, with offices on the second floor; 2) approximately 60,000 square feet of ground-floor "destination retail" development along Northwest Highway; 3) approximately 112 condominium units in two five-story buildings along Morris Avenue, facing Hinkley Park; 4) replacement of the existing retirement housing with a more compatible new structure, perhaps with commercial space on the ground floor; and 5) parking at mid-block, including limited surface parking, an above-ground structure, and some underground parking.

Top Right. This example assumes retention of the existing reservoir, pumping station, and Summit Square Retirement Housing. It shows more limited new commercial development along Northwest Highway and Touhy Avenue; a mix of condominiums and townhouses along Morris Avenue; and parking at mid-block.



- A - New Retail Center
- B - New "Destination" Retail
- C - New Condominiums
- D - New Townhouses
- E - New Retirement Housing
- F - Gateway Design Feature
- G - Surface Parking
- H - Parking Structure
- ★ New Design Feature



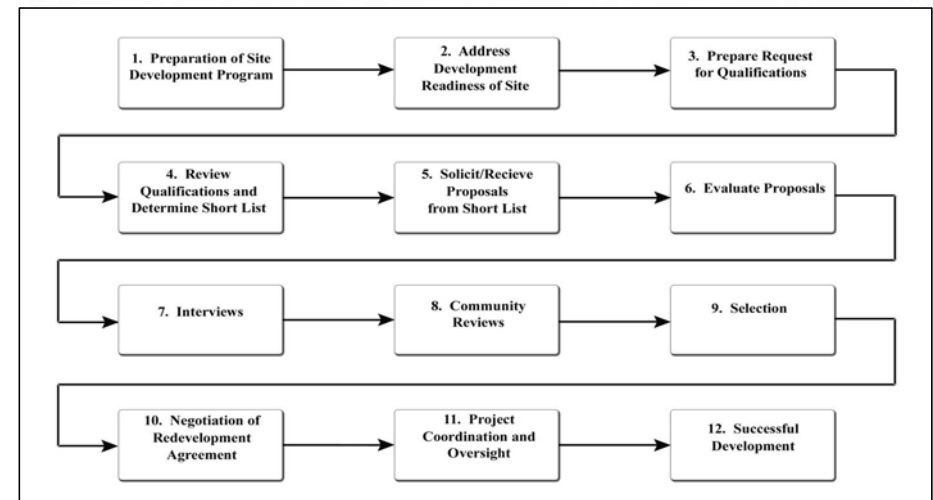
Figure 7: Target Area 2 Bredemann/Reservoir Area

Uptown Plan • City of Park Ridge, Illinois

Trka, Pettigrew, Allen & Payne • Land Design Collaborative • Parsons Transportation Group • Dale Helmich Ltd. • January 2002

Implementation

- Site Assembly – General Fund
- Move Reservoir
 - Water Rates
 - GO Backed, Alt. Revenue Bonds
- Establish Area-wide TIF
- Developer Solicitation
 - Fine-tune Goals
 - Consensus of 14 Mbr City Council
 - Development Guidelines
 - Competitive RFQ/P Process



Results

- Started 2002
- RFQ/P at Start of Boom
- 19 Teams
- 6 Short-listed
- TIF Used for Land Acquisition, Public Parking, Infrastructure
- Private Land Purchase Restored General Fund
- \$120 Million
 - 70,000 SF Retail
 - 190 Residential
 - 700 Parking



Before and After from the Air



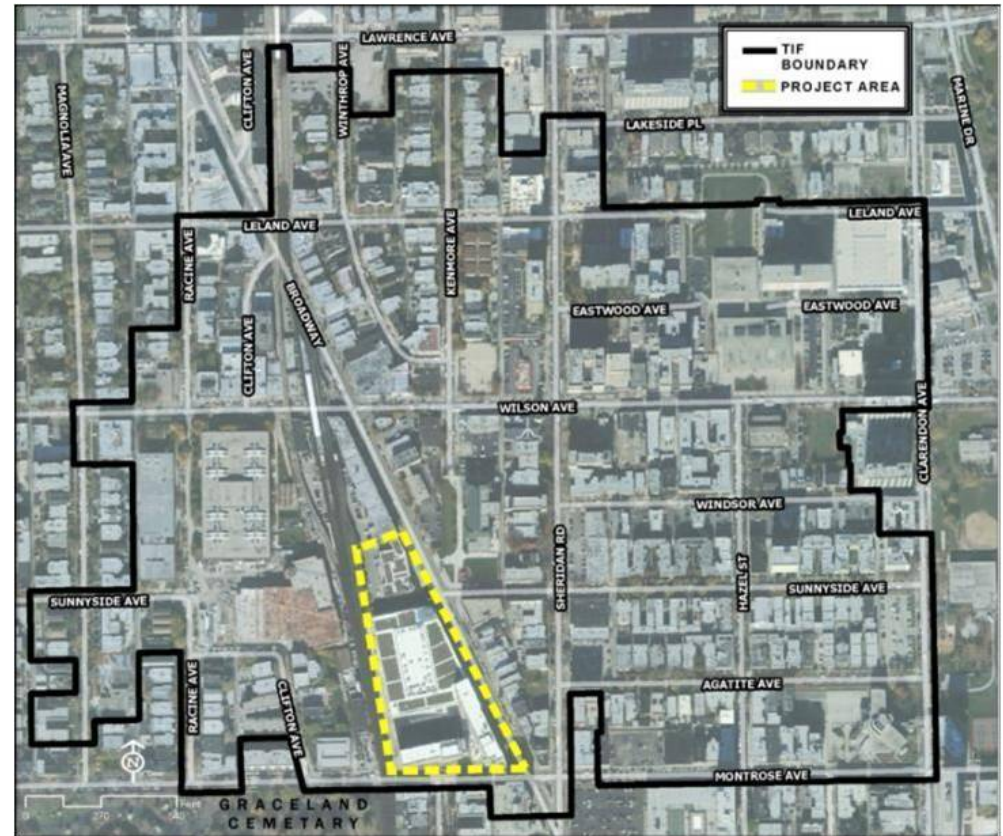
Uptown Park Ridge -- 1998



Uptown Park Ridge - 2008

Anticipatory Development Strategy

- Deteriorated CTA Yard
- Intergovernmental Land Sale
- Large Area TIF
- Timing Captured Unexpected Inflationary Gain
- Goals Tried to Satisfy Everyone
- City RFP Process for Developer



Results

- Aldi
- Target
- 80 Units of Family Affordable Housing
- 98 Units of Affordable Senior Housing
- In-Pin and Area-Wide Increment Used – \$52 Million (Originally to be \$30 Million)
- Parking Structure for Truman College
- Other Affordable Housing Rehabs
- Streetscape



Adjacent TIF – Porting from Mature to New

- Severely Blighted SROs in Deteriorating Business District
- Willing, Capable Developer
- High Acquisition Cost
- 12th Layer Needed
- New TIF Adjacent to Mature TIF
- Seasoned Increment Financeable



Result

- TIF Funded Financing Layer
 - Adjacent TIF First 12 Years
 - New TIF Thereafter
- Successful Renovated Hotels to Small Affordable Units
- Stabilized Street
- Revived Retail/Restaurants
- Enhanced Commercial



Conclusions

- Pro-Active Strategies Create Climate to Seize Opportunity
- Create Political/Policy Support
- Timely Response to Opportunities
- Development Climate to Support Developer Dialog
- Ability to Pro-Actively Seek Developers
- Potential for Area-wide Increment
- Support for Priority, Low Tax/No Tax Projects
 - Infrastructure
 - Affordable Housing
 - Environmental Clean-up

Development Advisors to the Public and Private Sectors



- ▶ Public-Private Partnerships
- ▶ Real Estate Economics
- ▶ Developer Solicitation
- ▶ Development Impacts of Infrastructure
- ▶ Public Financing
- ▶ Area Plans & Implementation
- ▶ Fiscal & Economic Impact



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Offensive TIFs & Tax Districts

Audience Questions



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Next Webcast

Thursday, July 28, 2011 @ 1:00pm Eastern

CDFA - Tax Increment Finance Coalition Webcast Series: How to Avoid the “Subprime” TIF

Many potential TIF projects have both community and political support but very little financial foundation. How do communities avoid investing in projects that don't financially work? This webcast will address this critical component of the TIF decision making process and provide guidance for avoiding these potentially costly mistakes.



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