

The Most Overlooked TIF Element: Addressing Community Buy-in & Public Policy

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Building Community Partnerships

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



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Why Community Buy-in?

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

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

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.

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.

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.

Fundamentals of Process

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

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

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.

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.

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!

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.

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.

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

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.

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

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)

Community Involvement

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



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Community Involvement

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

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.

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

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

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.

Accountability

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

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

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

Keys to Procedures

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

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

Success Story

City of Milwaukee

Department of City Development

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Building partners

Tax Incremental Financing (TIF)

Tax Incremental Financing (TIF) is an economic development tool used by the City of Milwaukee and other municipalities to leverage private development investment. This tool has been available since the state of Wisconsin adopted a TIF statute in 1975.

Milwaukee has created more than 70 Tax Incremental Districts (TIDs) to support a wide variety of projects. In recent years, TIF has leveraged such high-profile investments as the construction of a new headquarters for Manpower International, the development of the Harley-Davidson Museum, the creation of the Menomonee Valley Industrial Center, and the installation of the Riverwalk. The tool also has been used for neighborhood-scale projects, such as the City Homes subdivision and the Lindsay Heights housing development.

For more information, click on the links below:

- » [Explanation of Tax Incremental Financing](#)
- » [2009 Annual Report of Milwaukee Tax Incremental Finance Districts](#)
- » [Milwaukee TID project summaries](#)
- » [2010 map of Milwaukee TIDs](#)
- » [State of Wisconsin's TIF manual](#)

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City of Milwaukee
Office of Mayor Tom Barrett



Success Story



The
City of Houston
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[www.houstontx.gov](#) > [Finance Department](#) > [Ecodev](#) > [Tax Increment Reinvestment Zones](#)

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Tax Increment Reinvestment Zones (TIRZ)

- [Criteria for Reinvestment](#)
- [Powers of Municipality](#)
- [Composition of Board of Directors](#)
- [Powers and Duties of Board](#)
- [Project and Finance Plans](#)
- [Collection and Deposit of Tax](#)
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- [City of Houston Boards and Commissions](#)
- [TIRZ Map \(.pdf\)](#)
- [TIRZ Budgets \(.html\)](#)
- [TIRZ Board Training / TIRZ Basics \(.pps\)](#)
- [Definitions](#)

What Are Tax Increment Reinvestment Zones (TIRZs)?

Tax Increment Reinvestment Zones (TIRZs) are special zones created by City Council to attract new investment to an area. TIRZs help finance the cost of redevelopment and encourage development in an area that would otherwise not attract sufficient market development in a timely manner. Taxes attributable to new improvements (tax increments) are set-aside in a fund to finance public improvements within the boundaries of the zone.

Success Story

The screenshot displays the Atlanta BeltLine website. The top navigation bar includes links for Home, News & Events, FAQs, Get Involved, and Contact Us. Below this is a secondary navigation bar with links for About Us, What is the Beltline?, Make the Beltline Happen, and How the Beltline Happens. The main content area features a large banner titled "Realizing the Dream" with a photo of people walking on a path. Below the banner, there are two columns of content. The left column has three sections: "Greenspace" (adding new greenspace and connecting 40 of Atlanta's parks and 45 in-town neighborhoods), "Transportation" (increasing Atlanta's mobility with multi-use trails and transit), and "Economic Development" (promoting job growth and economic development along its path). The right column has two sections: "BeltLine in Your Area" (passing through 45 in-town neighborhoods, the BeltLine can change the way we think about Atlanta) and "News & Events" (April 17, 2007 Atlanta BeltLine Inc. Job Posting Urban Planner - General and April 17, 2007 Atlanta BeltLine Inc. Job Posting Urban Planner - Senior). At the bottom of the page, there is a copyright notice: "© Copyright BeltLine Partnership 2006. All Rights Reserved | Site By Spunlogic".

beltline

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Greenspace
The BeltLine will add new greenspace and connect 40 of Atlanta's parks and 45 in-town neighborhoods. [more](#)

Transportation
With systems of multi-use trails and transit, the BeltLine will increase Atlanta's mobility. [more](#)

Economic Development
The BeltLine will promote job growth and economic development along its path. [more](#)

Realizing the Dream
The first step to make the BeltLine a reality is passage of the BeltLine Tax Allocation District (TAD). The TAD will serve as the primary source of funding and will cover the majority of infrastructure costs

BeltLine in Your Area
Passing through 45 in-town neighborhoods, the BeltLine can change the way we think about Atlanta. See the BeltLine in your neighborhood.
Select Your Area
BeltLine Overview Map

Community Engagement Framework
Get Engaged! Participate in the Community Engagement Framework (CEF) to share your vision for the BeltLine."
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News & Events
April 17, 2007
Atlanta BeltLine Inc. Job Posting
Urban Planner - General
[more](#)
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BELTLINE COMMUNITY
[Go to the Input Survey](#)

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Final Thoughts

- The goal of all public policy is to set the tone for the use of financing tools.
- Be flexible and understand that the development process is a partnership. Both parties must be willing to work together to address differences in a constructive manner.
- The goal of our industry is to be supportive and to catalyze economic development in our community.



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Final Thoughts

- Good policy = sustainable development
- Don't reinvent the wheel – models already exists
 - Atlanta Development Authority
 - City of Madison, WI
 - City of Chicago, IL
 - Allegheny County, PA
 - Knox County, TN
 - City of Gahanna, OH
- Online at www.cdfa.net – dozens of examples



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