



Webinar Wednesday!

WINDSOR LOCKS GOES TIF!

A real-life Tax Increment Financing Case Study

What they did – How they did it – What happens next

April 5, 2017 at 11:00 am

Q&A: *Below are questions posed during the webinar with answers from the presenters.*

Presenters:

- Patrick McMahon, *former Economic Development Consultant, Town of Windsor Locks*
- Michael Andreana, *Attorney, Pullman & Comley LLC*

Questions

Are the slides from this webinar available to copy?

Yes, in addition to the webinar recording, a [PDF of the presentation](#) is available from which you can download or print a copy.

How much of the plan was developed internally by Town staff and how much was outsourced to consultants? What was the cost?

Both the Windsor Locks TIF Policy and Downtown TIF District Master Plan were drafted by Patrick McMahon utilizing examples from communities in Maine. The First Selectman, Town Planner, and Assessor provided feedback and proposed changes. Windsor Locks hired Camoin Associates of Saratoga Springs, NY to: 1) review the Policy and Downtown TIF District Master Plan and provide input; and 2) analyze the potential tax generation for the Montgomery Mill conversion to residential apartments. The Mill developer and the Town Assessor had developed estimates for tax generation upon completion of the conversion. However, the Town sought, through Camoin, a third party independent review of the projected rates. The cost of this very limited review by Camoin was \$2000. Communities should expect to pay more if they plan to outsource the creation of the TIF Policy and TIF District Master Plan. The complexity and size of the downtown area will factor into the costs.

Canton and New Britain are in the process of establishing TIF Districts using Preservation of Place grants from CMSC. Camoin Associates was hired by Canton and the firm is being paid \$19,520 for its work. In the case of New Britain, the City engaged Camoin and Pullman & Comley as its professional consultant team for its Downtown TIF District. In New Britain, Camoin was the primary drafter of the TIF District Master Plan with input from the City and Pullman. Pullman drafted the Council resolution approving the Plan and advised the City on legal questions relating to public hearing requirements, planning commission approval and interpretation of the [Public Act 15-57](#).

Hiring an attorney to draft Credit Enhancement Agreements is recommended. The Credit Enhancement Agreement for the Montgomery Mill conversion was drafted by Mike Andreana and paid for by the developer. A municipality needs to hire counsel or involve its Town Attorney on legal matters relating to the TIF District.



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Have small towns been able to utilize TIF in any great way in Connecticut? Also, have you seen large shopping centers designated as TIF's, and has this approach been successful?

TIF's as a municipal option is a relatively new tool in Connecticut. Communities throughout the state are learning more about TIF and its application locally. Windsor Locks is a small town with a population of approximately 12,000. Suffield, with a population of approximately 14,000, is nearing adoption of the Town Center TIF District. The Town of Canton is approximately 10,000 and is developing a TIF district for the Collinsville section of the community.

Redevelopment of existing mall areas or development of new malls may be a good use of TIF. A financial impact analysis should be conducted to determine market feasibility and costs/benefits to the community.

Do you think the TIF legislation will suffer any negative impact from actions in Washington (such as how Low Income Housing Tax Credits will likely suffer)? In other words, will TIF suffer from outside impacts or is TIF more isolated from such impacts?

To the extent other financing sources are reduced or limited by actions in Washington and overall development activity slows, then it is likely that TIF activity will slow as well. However, since TIF is solely based on increases in local assessment values and local real property taxes, the amount of available TIF revenues are unlikely to be affected by actions in Washington.

What protections are available to towns or cities when/if the relationship between the town and the developer gets "rocky"? Does there have to be a high level of trust for the TIF to work well?

Yes, there should be a high level of trust with the developer. Protections for the Town and the developer can be spelled out in the Credit Enhancement Agreement (CEA). Primary protection to the Town under a Credit Enhancement Agreement is that the Town is not obligated to make any payments to the developer unless the assessed value of the Project increases and the developer pays the increased property taxes to the Town resulting from such increased assessment. In other words, if no incremental taxes are received by the Town, there is no obligation to make any payments to the developer under the Credit Enhancement Agreement.

If the Town issues debt secured by the anticipated incremental property tax revenues of expected future development, the Town may have exposure on the debt if the anticipated development is delayed or does not materialize.

Where is the TIF located in Windsor Locks?

A map of the Windsor Locks TIF district can be found on [slide 23 of the PowerPoint](#).



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Is it feasible to use TIF for one site, such as redevelopment of a brownfield site?

A District can be one property or one site or consist of multiple properties. TIF could be an important source for helping finance a brownfields site redevelopment. For single parcel Districts, it is important to analyze how much incremental real property taxes can be produced from the anticipated development of the parcel.

Do you think that TIFs are appropriate in all situations, like green field development? Or are they more suited to existing brownfield type redevelopments?

TIF can be utilized on both green field developments and brownfield type redevelopments. In either case, a developer will need to demonstrate a gap in financing that TIF would assist in closing. TIFs are another economic development tool that can be used by a municipality. Like other tools, the use of a TIF District needs to be analyzed on a case-by-case basis.

The chart on [Slide 25](#) shows TIF revenue projected out to 2036. Is the TIF revenue shown in today's dollars?

Yes, this chart shows the revenue in today's dollars, holding the mill rate constant.

Where does the actual TIF increment revenue (the blue area in the chart on [Slide 9](#)) go – to the town or the developer?

The blue area on [Slide 9](#) is the incremental property taxes generated by the development. The entire amount can be used for the benefit of the developer or the Town can elect to keep a portion of the incremental property taxes (i.e. the blue area) and deposit it directly to the Town's general fund.

In your opinion, if the primary revitalization need is facade and structure improvements in an effort to fill under or un-utilized space by developers, is establishing a TIF district established under these new statutory changes feasible? Public improvements/enhancements have generally been done already in a project I have in mind.

The potential uses of TIF revenues are broad under the state legislation. TIF funds could be utilized to establish a façade program or to establish a revolving loan program for other building improvements.