

**Fighting Blight
with
Tax Increment Financing**

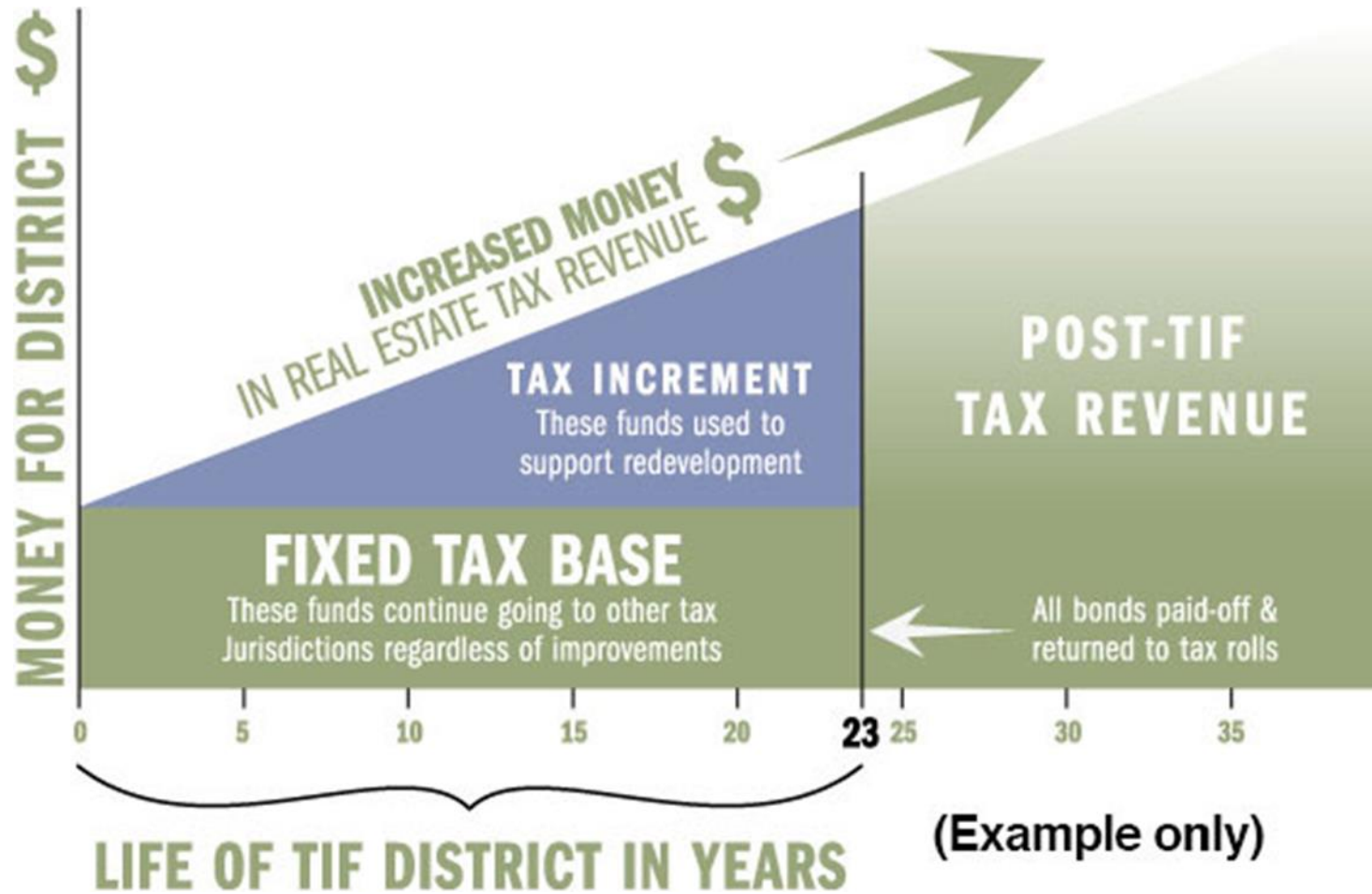
Pullman & Comley, LLC
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- Upgrading a blighted building requires money
- Some owners of blighted buildings don't have available funds to make upgrades
- A well-structured TIF program can provide needed funding to upgrade blighted buildings

What is Tax Increment Financing?

- Tax Increment Financing (TIF) uses new/incremental real property tax revenue generated from new development and increased value to repay costs of the project or improvements to the TIF District
- TIF uses incremental revenue generated by increases in assessed value
- Economic development and building upgrade costs can be financed and paid with TIF revenues without raising tax rates or diverting existing funds

What is Tax Increment Financing?



Use of TIF Revenues to fight Blight:

- Collected and accumulated TIF revenues can be used by municipality to fund smaller future projects within TIF District on a pay-as-you-go basis
 - Revolving Loan Fund
 - Code compliance
 - Rental payment assistance

- Repay debt service on developer/property owner debt for TIF District development projects
 - Credit enhancement agreements with property owner/developer
 - Municipal revenue bonds (proceeds used by property owner/developer)

Four (4) required steps:

- Preparation of TIF District Master Plan
 - Ten percent (10%) original assessed value test (taxable real property calculation)
- Written advisory opinion from local planning agency
- One (1) local public hearing
 - Informational sessions for public and municipal officials
- Legislative Body approval (i.e. Council, RTM, Town Meeting)

Basic Components of District Master Plan:

- Legal description of the District boundaries
- Description of present condition and uses of land and buildings within District
- Public facilities, improvements, or programs anticipated to be financed
- Financial Plan
- Maximum percentage of TIF Revenues allocated to TIF District
- District's maximum duration (cannot exceed 50 years)
- Establishment of TIF District Advisory Committee



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