

# Tax Increment Financing Strategic Reset

Economic Development Presentation to Council – May 25, 2021

# Agenda

- ▶ Issues
- ▶ Goals
- ▶ Deliverables
- ▶ Presentation by Consultants of Findings & Recommendations
- ▶ Next Steps

# Issues

- ▶ \$127m in TIF for 2021, \$21m+ from County
- ▶ Ineffective relationship with municipal redevelopment agencies
- ▶ Quality of current TIF proposals
- ▶ Lack of focus on “but for” requirement
- ▶ Need to reduce the temperature and improve the process

# Goals

- ▶ Make good investments attainable
- ▶ Be a better partner to cities, school districts, and other taxing entities
- ▶ Improve clarity in how/when the County participates in TIF
- ▶ Enhance clarity in proposal requirements
- ▶ Leverage an unbiased third-party with national expertise to help the County achieve its potential

# Deliverables

- ▶ Reviewed state and local regulations on TIF
- ▶ Reviewed 10 active and proposed TIF projects
- ▶ Conducted 8 interviews with:
  - ▶ Redevelopment agencies
  - ▶ Elected officials
  - ▶ Real estate developers
- ▶ Leverage experience with national best practices to provide recommendations to improve future TIF evaluation
- ▶ Present to Council

# Presentation by SB Friedman

# Next Steps

- ▶ 12+ month process
- ▶ Already in progress
- ▶ Before today: Outreach to municipal agencies and improving proposals
- ▶ Immediate: Set new, clearer application requirements
- ▶ 3 months: Outreach and adjustment
- ▶ 6 months: Tools in place and engagement increased
- ▶ 1 year: Successfully complete Strategic Reset



# Next Steps - Immediate

- ▶ Post report on Economic Development website
- ▶ Continue working with current proposals to improve as much as possible
- ▶ Update TIF project proposal page:
  - ▶ Clarify “but for” requirements
  - ▶ Provide detail on what types of projects require what types of due diligence
  - ▶ Begin working on templates to assist municipal agencies
- ▶ Conduct outreach to municipal agencies to share report, explain process
- ▶ Enforcing stricter requirements for proposals



# Next Steps – 3 months

## 3 MONTHS

### Improve “But For” Analysis

#### Clarify the Process

- 1 Outline due diligence requirements, define the essential pieces of each, and identify who is responsible for completing
  - Pro forma analysis for Site PAs
  - Market analysis for all PAs
  - Distress analysis for District PAs
  - Create templates (where applicable)
- 2 Estimate typical due diligence costs and process for PAs to repay any third-party costs of establishment
- 3 Establish a consistent timeline with committed benchmarks
- 4 Clarify eligible project types and expenditures

- ▶ Use strong proposals as success stories
- ▶ Begin providing templates
- ▶ Provide costs
- ▶ Work toward a 3-month max timeline, get involved earlier
- ▶ More connection to school districts
- ▶ Continue improving website and pushing information to municipal agencies
- ▶ Hire Senior Manager for TIF

# Next Steps – 6 months

## 6 MONTHS

### Improve “But For” Analysis

#### Clarify the Process

- 5 Review required analyses and best practices with the major RDA and PA consultants
- 6 Create a scorecard to analyze the PA overall and alignment with priorities

- ▶ Scorecard and/or more streamlined process
  - ▶ Emphasize quantitative analysis
  - ▶ Avoid scorecard as qualitative checklist
- ▶ Build common understanding with each RDA and TIF consultants (2 site visits per year)
- ▶ Identify and begin training/outreach opportunities (ULCT, EDCU, others)
- ▶ Early involvement and stakeholder engagement

# Next Steps – 1 year+

## 18 MONTHS

### Build Capacity for Jurisdictions to Assess PAs

### Collaborate with Taxing Entities and Municipalities

- 7 Identify partners for training and technical assistance
- 8 Create templates or guides, expand trainings, etc.
- 9 Coordinate with major taxing entities with upcoming PA applications
- 10 Connect municipalities to training, funding, and other resources

- ▶ Ongoing training and technical assistance
- ▶ Full library of templates and guides
- ▶ Involved in PAs from idea stage
- ▶ Coordinating with Cities, School District, others
- ▶ Work on any resource gaps
- ▶ Clarify process
- ▶ Stronger relationship with RDAs
- ▶ Great deals