

A POLICY RESOLUTION

establishing policy and guidelines for Tax Increment Financing.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. General policy.

It is the policy of the City of Columbia to consider the judicious use of tax increment financing (TIF) for those projects which demonstrate a substantial and significant public benefit with a preference for projects located within the downtown area. Public benefit includes: creating new jobs, retaining existing jobs, eliminating blight and the conditions that may lead to blight, providing and improving public infrastructure, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, stabilizing and upgrading existing neighborhoods and areas, and implementing the economic development strategy of the City.

Care will be exercised in the consideration of TIF to thoroughly evaluate each project to ensure that the benefits which will accrue from the approval of a proposed TIF Redevelopment Plan are appropriate for the costs which will result, and that the plan is equitable to the City and other taxing districts.

SECTION 2. Policy guidelines.

The following criteria shall be used by the City to evaluate TIF applications:

1. Each TIF applicant must demonstrate that without the use of TIF, the project is not feasible and would not be completed.
2. If the TIF project will involve the issuance of bonds or notes, the TIF applicant must show that payments in lieu of taxes (PILOTS), or economic activity taxes (EATS), or both, generated by the TIF project will at a minimum cover the projected debt service 1.25 times.
3. The total amount of TIF assistance should not exceed twenty percent (20%) of the total project costs. This limitation may be waived if the TIF project involves redevelopment of existing structures or the assembly and clearance of land upon which existing structures are located. Total project costs are defined as the cost of constructing the complete project as identified in the applicant's proposal.

4. TIF assistance for public infrastructure is favored; e.g., off-site street improvements, utility, lighting and extraordinary costs associated with removal of existing man-made site conditions.
5. Each TIF application must include evidence that the applicant:
 - (a) Has thoroughly explored alternative financing methods; and
 - (b) Possesses the financial and technical ability to complete and operate the project.
6. Preference will be given to applicants who contribute equity of at least fifteen (15%) of the total cost of the project or provide a performance bond for the completion of the project; projects with equity contributions from the developer in excess of fifteen percent (15%) will be viewed more favorably.
7. The TIF project shall not negatively impact the credit rating of the City.
8. TIF projects that create jobs with wages that exceed the median income level of Columbia are favored; each TIF applicant will provide the following statistics:
 - (a) The total number of additional employees that will be hired and potential that they will be hired from the local population; and
 - (b) The skill and educational levels, and range of salary and compensation required for jobs expected to be created.
9. If the project will involve development/redevelopment of vacant land, it should conform with the City's plans and programs and serve as a catalyst for further, high quality development or redevelopment.
10. Projects involving redevelopment of existing retail, commercial, office or industrial properties should serve to stabilize areas that have or will likely experience deterioration.
11. Projects for retail and service commercial uses should be targeted to those uses that encourage an inflow of customers from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City.
12. Projects involving redevelopment of existing residential neighborhoods should serve to stabilize areas that have or are likely to experience deterioration.
13. Projects involving new residential development should fulfill a significant housing need for the City's current or projected population without substantially impacting

public services and facilities including schools. Pass-through agreements may be entered into for identified taxing entity impacts.

14. Projects involving development/redevelopment of business areas should include information regarding:

- (a) The proposed business types and major tenants;
- (b) The population areas from which the project will draw; and
- (c) The businesses of similar types that would be competing with TIF area businesses.

SECTION 3. Application form.

An application form supplied by the City shall be completed and signed by any entity interested in acquiring tax increment financing in the City.

SECTION 4. Fees.

The City intends to recover the costs associated with the consideration of TIFs. The entity requesting the TIF shall agree to pay all staff and consultant costs for the analysis, development and finalization of the TIF Redevelopment Plan and for the costs of special TIF counsel. The City will estimate the cost of such fees and the requesting entity shall deposit that amount with the City before the City convenes the TIF Commission. The developer shall pay all additional costs incurred during the project analysis and finalization that exceed the deposit.

ADOPTED this _____ day of _____, 2008.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

Agenda Item No. _____

TO: City Council
FROM: City Manager and Staff
DATE: February 28, 2008
RE: Tax Increment Financing (TIF)



EXECUTIVE SUMMARY:

Staff has prepared for Council consideration a policy resolution establishing a policy and guidelines for Tax Increment Financing and an ordinance establishing a Tax Increment Financing Commission.

DISCUSSION:

TIF legislation has been discussed with the Council for the last several months. In accordance with discussions at the January 28th Council work session, staff has prepared the attached ordinance and policy resolution.

SUGGESTED COUNCIL ACTION:

Approval of the policy resolution and ordinance.

Source:

Bill Watkins



Fiscal Impact

YES

NO

Other Info.