

APPENDIX A
Tax Increment Financing
Guideline Point System

This Guideline Point System will be used by City employees in negotiating a development agreement for a specific project. It will also allow citizens to look at the decision making process transparently.

With this system, a project that has a very high ranking could receive a greater share of the TIF that it creates, could receive more generous terms on any TIF District funds that are loaned to the developer, etc. The purpose is not to establish a strait-jacket.

It was the opinion of the Ad Hoc Committee that a simple ranking of priorities is probably more useful than one that attempts to be accurate to the 5th decimal using a point system. With this in mind, in the following outlines the four categories of points allocated to a project: (a) the type of project; (b) the location of the project; (c) an employment factor; and (d) a discretionary “other” factor. The total score for any project is the sum of its four point categories.

- a. Type of project
 - i. Industrial/Manufacturing—100 Points
 1. New
 2. Existing
 - ii. Commercial—75 Points
 1. New commercial
 2. Renovation/improvement of existing commercial
 3. Demolition of abandoned structures
 - iii. Professional/Office—75 Points
 - iv. Residential—50 Points
 1. Address concentration of low-income residential
 2. Dangerous and abandoned buildings
 - v. Advanced education and training—30 Points
 - vi. Arts—20 Points
 - vii. Public Improvements—10 Points
 1. Note that this means the use of TIF funds for a public improvement standing alone, not that some part of the funding for a project in a different category would include a public improvement. For example, a new manufacturing plant might require an upgraded sewer line. That is a manufacturing project even though it includes

a public improvement. The line between “stand alone” public improvements and those linked to a specific project is not an easy one to draw.

2. For “stand alone” public improvements, it is hard to see how the “but for” test is met since the funding of the improvement will often be a question of the allocation of tax revenues. It is also a practice that uses the taxing authority of another jurisdiction to pay for something that the City is unable or unwilling to fund out of its own possible revenue sources.

viii. Tourism—10 Points

ix. Historic Preservation—10 Points

1. Historic preservation should be considered in context, in terms of alternative development and in terms of “opportunity costs”, the impact that abandoned structures have on surrounding neighborhood.

b. Location of the project—note that these areas all presumably will have to qualify as “blighted”

i. High Priority areas—100 Points

1. Central City (broadly defined)

a. The Central City would encompass most of the areas that were developed by the 1950s

2. Census tracts with high unemployment
3. Census tracts with low median income
4. Riverfront

ii. Mid-Priority areas—50 Points

1. Areas that developed between 1950 – 1990.
2. Buildings that have been vacant for more than 10 years.
3. For example, the abandoned grocery store at the Charles/Alpine 5 Points area.

iii. Low Priority areas—10 Points

1. Typically “green field” locations which require the extension of public services

c. Employment Factor—number and wage rate—50 Points each

i. High/High—100

ii. Low/High—50

iii. High/Low—50

iv. Low/Low--0

d. Others—up to 100 points

i. Indirect employment

ii. MBE/WBE/Veterans

iii. Targeted employment

For example, a development project that involves an expansion of an existing manufacturing facility in an Low Income area that is credibly expected to create 20 new high wage jobs would receive: 100 points for the type of project; 100 points for the location of the project; 50 points for a low number of high wage jobs; for a total of 250 points. And (assuming that it targeted ex-offenders for employment) it could receive 100 points in the “other” category.

The renovation of a vacant shopping center in a Moderate Income area which will credibly create 100 new jobs would receive: 75 points for the type of project; 50 Points for location; 50 points for employment (high number of low wage jobs); for a total of 175 points. It could also receive points in the “other” category if, for example, it was structured to target employment from high-unemployment census tracts.

Scale

- High Priority Over 225 points
- Mid Priority 125 to 224 points
- Low Priority Under 124 points