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MEMORANDUM

To: Community Development and Neighborhood Revitalization Committee

From: Burlington TIF Team

Date: December 29, 2010

Re: Burlington TIF - Return to Council

The Burlington TIF Team (comprised of staff from CEDO, City Assessors, and Planning and Zoning with White + Burke as consultants) is seeking re-approval of the creation of the Downtown TIF District by City Council at the February 7 Council meeting. The CD/NR Committee previously sponsored (and the Council approved) this resolution in Summer 2010.

However, in October 2010, the Vermont Economic Progress Council (VEPC) imposed another application requirement. This additional component (explained fully in the attached email from Fred Kenney, VEPC Executive Director) requires a third-party market analysis and thus, has delayed our expected time frame.

Other than this change, our plan remains the same. However, Council's re-approval is necessary because we want to maximize the duration of the TIF District. Under state statute, a TIF District opens and the City can commence incurring debt to initiate infrastructure improvements on April 1 of the year in which the City Council approves the district. This window of the TIF District closes 5 years later. Due to the delay of our application submission, we would be losing a year of the TIF District if we proceeded with the Council approval of 2010, rather than 2011. Thus, we hope to get re-approval from the Council on February 7 and proceed with the application to VEPC.

We will explain more of our "game plan" to you at the Committee's meeting of January 5, but wanted you to have context prior.

Subject: New requirement for TIF District Applications

From: "Kenney, Fred" <Fred.Kenney@state.vt.us>

Date: Fri, 1 Oct 2010 15:10:00 -0400

To: Lori Hirshfield <lhirshfield@hartford-vt.org>, Jim Tischler <JE.Tischler@stalbansvt.com>, Dominic Cloud <D.Cloud@stalbansvt.com>, Stephanie Hainley <shainley@whiteandburke.com>, Larry Kupferman <lkupferman@ci.burlington.vt.us>, Brian Pine <BPine@ci.burlington.vt.us>, Sandy Miller <smiller@sburl.com>

Potential TIF District Applicants:

As you know, one of the determinations the Vermont Economic Progress Council must make when reviewing TIF District Applications is regarding viability. The Council examines the data provided – infrastructure costs, current grand list, expected real property development. potential growth to grand list, timing, tax rates, tax increment, financing costs, etc- to determine if there will be sufficient incremental revenue to service the expected infrastructure debt.

During deliberation on the Colchester- Severance Corners TIF District (approved September 23), the VEPC Board determined that they require information on the market viability of the expected real property development. The primary reason to request such information is because the market viability of the expected real property development is an underlying assumption about the development that will occur to generate the property tax increment the municipality is relying on to help pay, or to pay the entire debt. Market viability can also impact proportionality. Often, the proportionality that the municipality is proposing for an infrastructure project is based on certain levels of occupancy of the property.

Here is the recommendation that was made to VEPC by the economist that analyzed the Colchester TIF Application for VEPC:

“...it may be prudent for the Council to require all subsequent TIF District applications to provide credible and detailed supporting narrative, if not a credible “current” market study, that provides justification-support for the TIF District development plan. Such supporting documentation will allow for appropriate due-diligence and avenues for inquiry-analysis that will permit the Council to understand and potentially comment on and/or attach appropriate conditional approvals for future TIF District applications to help assure reasonable development activity execution. Timely execution of the development time line is the best way to ensure that the risks to the TIF District program and to municipal tax payers in the communities where these TIF Districts are established are “minimized.” If future TIF District applications do not include such market study supporting materials, applicants should be instructed to develop and file such materials with them before their TIF District application to the Council is deemed complete and ready for review.”

The Board agreed with this recommendation and requested that staff inform municipalities to add the requirement to any subsequent TIF applications.

Therefore, in addition to the material already required to file a complete TIF District application, the following is now added:

On TIF Form 6: "Process Criteria"

Attachment 6D: Narrative (added as second to last bullet to existing list):

- A detailed narrative regarding the market viability of the real property development - residential, commercial, office, retail and/or industrial - expected to occur within the TIF District as a result of the public infrastructure improvements. The narrative should include detailed information on the potential for the properties to be developed, marketed and utilized as presented in the TIF Plan and on the schedule included in the TIF Plan. The narrative should refer to any credible, current supporting materials on market viability, including market studies undertaken by the municipality (i.e housing needs studies) or market studies prepared by or for the real property developers, or development review board testimony, or any other evidence or testimony on market viability prepared by or for the property developers or the municipality.

TIF Form 9: "Other Attachments"

Attachment 9E: Copies of any market studies, undertaken by the municipality (i.e housing needs studies) or market studies prepared by or for the real property developers, or development review board testimony, or any other evidence or testimony on market viability prepared by the developers or the municipality. If the studies are available on the Internet, indicate the URL and any page references.

The TIF Application and Instructions will be amended and reposted shortly.

Please let me know if you have any questions.

Thank you,



FRED KENNEY
Executive Director

Vermont Economic Progress Council

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Incentive: (*in-cen-tive*) noun; something that encourages or motivates somebody to do something