

## Tax Increment Financing Policy Open House, 4/24/18

### Questions:

Q: How will the proposed changes affect timelines for the review and approval of a project?

A: The review and approval process is anticipated to be faster, based on a pre-submittal meeting and tighter evaluation criteria.

Q: Is there a timeline built into the certification process?

A: No, but the revised principles, requirements and eligible costs will cause streamlining of the certification process.

Q: Where is the land in the core areas that is development ready?

A: There are many properties eligible for redevelopment and options for land assembly in the core community areas.

Q: What are the eligible public infrastructure/improvements needed in the core areas? Will there be any uses for core area TIFs since the infrastructure is already there?

A: There are areas in the core that require additional infrastructure improvements. Examples include sewer capacity needs at the School of Mines and upgrading downtown properties for new growth and redevelopment, particularly for residential and hospitality uses. Utility system master plans are underway which will more specifically identify additional water and sewer infrastructure needs in core areas.

Q: To what extent have property values in the core areas decreased historically? Don't property values in Rapid City only go up?

A: There are 3,251 parcels located within the First Priority Area (Original Town and One-mile buffer). In 2008, the total valuation as determined by the Director of Equalization was \$142,131,100. By 2016, just under 55% of those parcels experienced a 29.95% drop in total valuation.

Q: Why are there so many housing restrictions and where can the housing be located?

A: The proposal encourages housing to meet the highest housing demand. Additional language is expected to address mixed use as identified in the new Urban Commercial Zoning District as well as higher densities to utilize existing infrastructure more efficiently.

Q: There currently exist historic development incentives – why duplicate efforts to encourage TIFs if these incentives are already available in the core area?

A: Not all structures within the Priority Area are eligible for historic development incentives.

Q: Why is the TIF interest rate restricted to the City's rate?

A: The proposed interest rate restriction is to encourage development to occur as soon as possible from the district's creation as opposed to near the five-year deadline to begin construction. This is a compromise to one of the Legislature's proposal to eliminate interest expense as a reimbursable project cost.

Q: The new policy seems punitive. Isn't this lessening the benefits of TIF overall?

A: The focus is to increase development incentives in the core areas, where there exists a lot of need for redevelopment, economic development and affordable housing. The community core needs strengthening. Continued growth will occur on the community outskirts regardless of TIF.

Q: Why is there a proposed 10 year payoff limit?

A: There is not a 10 year limit. There are however proposed bonus evaluation points that would be given if the plan shows a 10 year payoff.

**Comments:**

1. The review and approval process could be improved if there was an upfront fee to pay for a 3<sup>rd</sup> party professional (CPA) to analyze the pro-forma.
2. Rapid City is long overdue to have a disciplined process in place for TIF. The default response to TIF should be no, unless there is a compelling public purpose.
3. The City should use TIF wherever possible to pay for improvements that would otherwise use CIP funds.
4. The criteria for one job per \$10,000 in projects is unrealistic – review the ratio and increase as necessary.
5. Primary focus on TIF proposals should be cost/benefit analysis, and required in the Policy.
6. Existing zoning regulations do not support small housing lots.
7. The TIF Review Team evaluation criteria are currently too subjective – it needs to be black and white.
8. Need on-line policy language that is consistent with the Evaluation Chart.
9. Allowing no more than two overlapping districts might be too restrictive. It may be better to add bonus points if there are no more than two overlapping.
10. Look at adding bonus points if the project brings public benefits occurring outside of the district boundaries.