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RAPID CITY DEPARTMENT OF
COMMUNITY DEVELOPMENT

CHECKLIST

TAX INCREMENT FINANCING IN RAPID CITY
A Guide for Applicants

Purpose of TIF. The City of Rapid City recognizes the following purposes for the use of Tax Increment Financing:

		Applies
1.	To encourage the redevelopment of deteriorated, or otherwise blighted real property in Rapid City through the investment of public funds;	☐
2.	To stimulate economic development in the community by assisting projects that promote the long term economic vitality of the community;	☐
3.	To stimulate increased private investment in areas that would have otherwise remained undeveloped or under-developed and which will, in the long term, provide a significant source of additional tax revenues to all taxing entities;	☒
4.	To stimulate the construction of safe and affordable housing units for low and moderate income residents and workers in the community; and,	☐
5.	To facilitate the reconstruction, maintenance and completion of the City's existing infrastructure network to support the existing growth and guide of the future growth of the community.	☐

Uses of TIF. Tax Increment Financing may be used for the following purposes in Rapid City:

		Applies
1.	Oversizing costs for sewer, water and streets required by the City of Rapid City;	☐
2.	Extension of off-site sewer, water, street and public improvements to the development site;	☒
3.	Oversizing costs for storm drainage detention and transmission facilities to accommodate storm water runoff beyond that generated by the development;	☒
4.	Reconstruction of existing streets, water, sewer, sidewalks or other public infrastructure;	☐
5.	Regional lift stations, pump stations or other public facilities to be owned by the City of Rapid City;	☐
6.	Public playgrounds, parks and recreational improvements to be owned by the City of Rapid City;	☐
7.	Demolition costs for the removal of existing structures or infrastructure;	☒
8.	Interest and financing fees;	☒
9.	Imputed administrative fees due to the City;	☒
10.	Removal and replacement of contaminated soils;	☐
11.	Professional service fees limited to engineering, design, survey and construction management associated with the allowable project costs; and,	☒
12.	Costs, at the discretion of the governing body, which are found to be necessary or convenient to the creation of the Tax Incremental District or the implementation of the Project Plan.	☒

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Criteria for Evaluation. Projects applying for assistance through TIF must qualify by meeting certain criteria. Some criteria are mandatory and must be met in order for the Committee to consider the project for assistance. Others are discretionary, and enable the Committee to determine the benefits of the project. The project application must demonstrate how the project meets the required criteria.

		Applies
1.	The project must be located within a proposed district in which a minimum of twenty-five percent (25%) of the area of the District is determined to be "blighted" and the improvements are likely to enhance the value of substantially all of the other real property in the district. For the purposes of TIF, a "blighted area" is defined as:	☐
	A. An area in which the structures, buildings,or improvements are conductive to ill health, the transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare; or,	☐
	B. An area that substantially impairs or arrests the sound growth of the municipality, retards the provision of adequate housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or morals, or welfare as a result of substandard, unsafe or deteriorating development; or,	☒
	C. An open area which because of the need for infill development and cost effective use of existing utilities and services, obsolete platting, diversity of ownership, deterioration of structures or site improvements, or otherwise is determined to be blighted, substantially impairs or arrests the sound growth of the community.	☐
2.	The project must comply with the adopted Comprehensive Plan and all other appropriate plans and regulations.	☒
3.	The use of TIF for the project will not result in the net loss of pre-existing tax revenues to the City and other taxing jurisdictions.	☒

In addition, a project must meet two of the following six criteria:

		Applies
1.	The project must demonstrate that it is not economically feasible without the use of TIF. In addition, if the project has site alternatives, the proposal must demonstrate that it would not occur in Rapid City without TIF.	☒
2.	The project will eliminate actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures.	☐
3.	The project will not provide direct or indirect assistance to retail or service businesses competing with existing businesses in the Rapid City trade area.	☒
4.	The project will bring new or expanded employment opportunities as demonstrated by proposed wage scales, employee benefits and mixture of full and part-time employees.	☐
5.	The project will result in additional redevelopment in the following Tax Increment Financing Target Areas:	☐
	A. Downtown District (see Appendix A for description)	☐
6.	The project will result in the construction of affordable housing units defined as housing where the occupant is paying no more than thirty percent (30%) of gross income for housing costs including utilities	☐

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and complies with the following requirements:

A. Affordable housing projects must target residents at or below eighty percent (80%) of median income with rents at thirty percent (30%) of the tenants income or the Fair Market Rent (FMR) for the Section 8 Program whichever is greater. A minimum of 51% of the dwelling units of the proposed development shall be occupied by households meeting this income guideline; ☐

B. Affordable housing is required to remain affordable as defined above for ten (10) years. If affordability is less than ten (10) years, repayment of prorata share of increment benefit will be due and payable to the City. ☐

Discretionary Criteria. In addition, the project should meet several of the following criteria. The project will be evaluated relative to the criteria outlined below. The extent to which a project meets these criteria will be used in evaluation of the project including the length of time a district may run.

		Applies
1.	The project will generate at least one full-time job for each $10,000 in principal value of the TIF; or would create a minimum of 50 new jobs.	☐
2.	All TIF proceeds are used for the construction of public improvements.	☐
3.	The project involves the rehabilitation of a building listed on or eligible for listing on the National Register of Historic Places.	☐
4.	The project will directly benefit low and moderate income people, as defined by the U.S. Department of Housing and Urban Development as applied to the Community Development Block Grant Program. A project will meet this criterion if at least 51% of the jobs created will be held by or available to low and moderate income people.	☐
5.	The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9.	☐
6.	The project involves the start-up of an entirely new business or business operation within the City of Rapid City.	☐
7.	The project involves the expansion of an existing business located within Rapid City.	☐
8.	The project site has displayed a recent pattern of declining real property assessments, as measured by the Pennington County Director of Equalization.	☐
9.	The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs (i.e. excessive fill, relocation costs, additional foundation requirements associated with unusual soil conditions, extension of sewer or water mains, on-site or off-site vehicular circulation improvements, etc.)	☒
10.	The developer agrees to waive the five-year tax abatement.	☐