

# West CT COG Planners' Lunch

**The Art of Tax Increment**

**Financing:**

**CT's New TIF District Legislation**

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*Inspiring great Connecticut downtowns, Main Street by Main Street.*

# The Main Street Four Point Approach™

## 1 Organization

Restoring Civic Value

## 2 Design

Restoring Physical Value

## 3 Promotion

Restoring Social Value

## 4 Economic Vitality

Restoring Economic Value



# Connecticut Main Street Center's Envisioned Future for CT's Downtowns

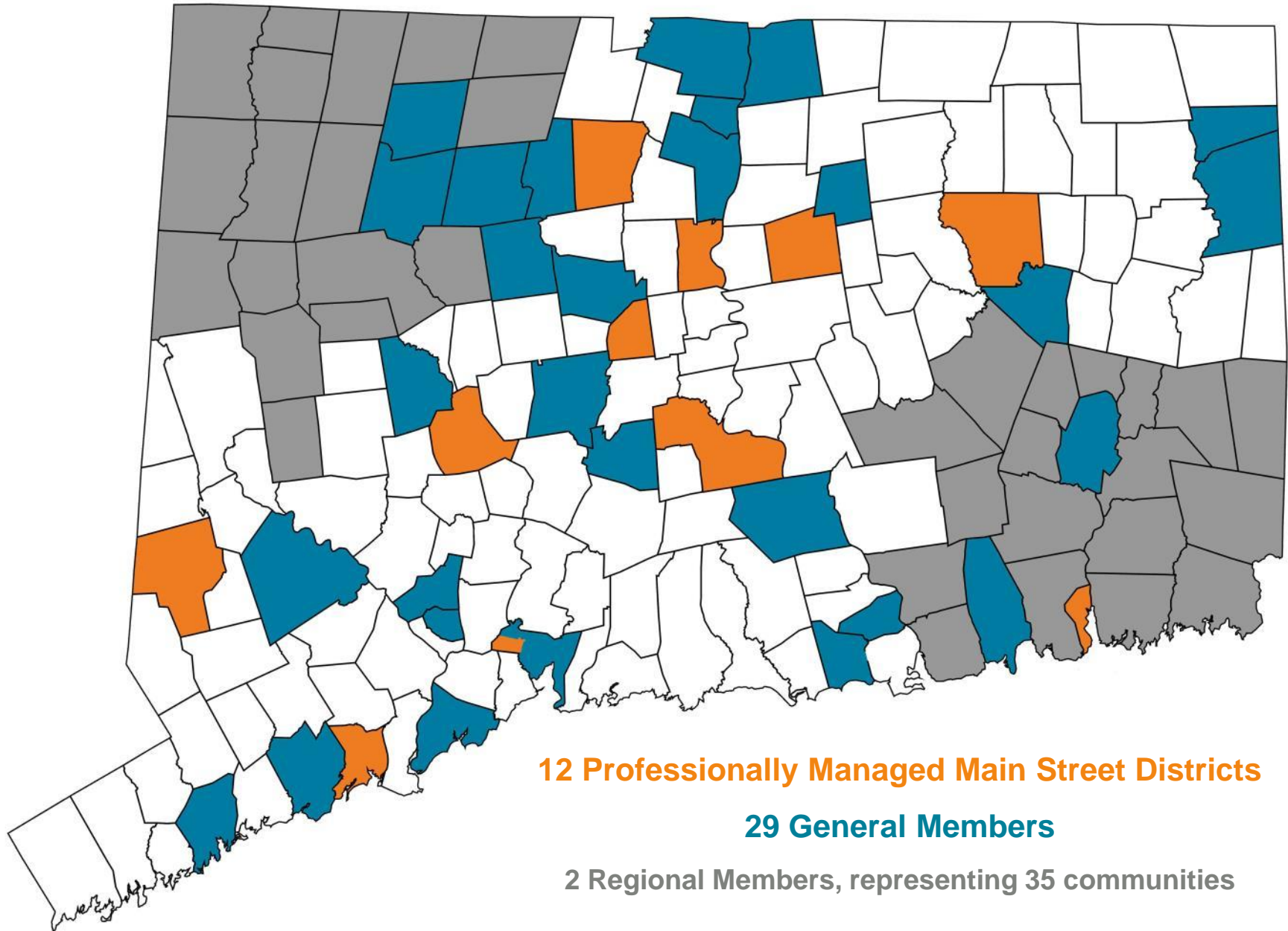




**Main Streets**  
*must be managed.*



# The CT Main Street Network



# Mixed-Use Real Estate Planning



A Pilot Program

# What's a TIF?

- A flexible economic development tool
- Provides future sources of funds for investment today
- Leverages private investment



# What's a TIF?

- Some or all of the income pays for the initial investment
- “But for” today’s investment, there would not be future increased revenues

# Why a TIF district?

Connecticut's downtown properties  
are needlessly under-utilized and under-valued.

# Downtown's Potential

## Asheville Big Box vs. Downtown Mixed-Use Development



**ASHEVILLE  
WALMART**



**DOWNTOWN  
MIXED-USE**

Land Consumed (acres):	<b>34.0</b>	<b>00.2</b>
Total Property Taxes per Acre:	<b>\$6,500</b>	<b>\$634,000</b>
Retail Taxes* per Acre to City:	<b>\$47,500</b>	<b>\$ 83,600</b>
Residents per Acre:	<b>0.0</b>	<b>90.0</b>
Jobs per Acre:	<b>5.9</b>	<b>73.7</b>

\*Estimated from public reports of annual sales per sq.ft..

# The Problem & Opportunity

## Vacant Buildings Cost Communities

\$222,340/year/vacant space

Reduced property value, property tax, sales tax, utilities, professional services, and workers' pay

## Upper-story Residential Units Benefit

### Local Economy

Annual downtown impact/unit = \$20-39K

*Main Street Iowa Economic Development Study, Donovan Rypkeyma*

# Estimated Potential Supply

- 150 million square feet of vacant & infill space in downtowns
- Could support 105,000 housing units & 35,000 small businesses
- All within existing infrastructure
- If this was car-oriented development, would take up the space of 2 Meridens

# Why a TIF district?

- Great tool for downtowns
- Allows for comprehensive plan
- Increased district revenues = greater impact



# Why do this?

- Growing demand for downtown housing
- Especially from boomers & their kids
- Potential for downtown housing great
- Yet virtually no supply

# Why no supply

Mixed-use/mixed-income  
development  
has become a lost art form.



# Why no supply

- CT's downtowns: low market rents = financing gaps
- Small, mixed-use downtown buildings not able to utilize potential government resources
- Most building owners & municipal staff lack experience or capacity

# What needs to happen

- Discover, encourage & support urban pioneers
- It takes a village to bring old buildings back to life
- Small deals need easy-to-cook “lasagna” financing recipes

# Evolution of CT's new TIF law

- Yale Law School Research
- Downtown Revitalization Institute fall 2015 workshop
- Encouraged to pursue TIF legislation

# Evolution of CT's new TIF law

- TIF Team formed – CCAPA, CEDAS, CMSC & Pullman & Comley
- Public Act No. 15-57: An Act Establishing Tax Increment Financing Districts unanimously passed 2015





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