The Art of Tax Increment Financing:
CT’s New TIF District Legislation

John Simone, CT Main Street Center

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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

Transportation
- Walkable & Bikable
- T.O.D
- Multimodal Connectivity
- Transit

Place
- Historic Preservation
- Place-making
- Fun Events

Economics
- Support Local Business
- Economic Vitality
- Innovation
- No Empty Storefronts

Organizational Capacity
- Gov’t Effectiveness
- Downtown-Friendly Regulations
- Community Engagement

Governance

Environment
- Smart Growth
- Public Health

Sustainability
- Urban Equity
- Cultural Values
- Neighborhoods of Choice
- Inclusiveness

Place-making

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Community Engagement

Connecticut Main Street Center’s Envisioned Future for CT’s Downtowns
Main Streets must be managed.
The CT Main Street Network

12 Professionally Managed Main Street Districts
29 General Members
2 Regional Members, representing 35 communities
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

<table>
<thead>
<tr>
<th></th>
<th>Asheville Walmart</th>
<th>Downtown Mixed-Use</th>
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</thead>
<tbody>
<tr>
<td>Land Consumed (acres)</td>
<td>34.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Total Property Taxes per Acre</td>
<td>$6,500</td>
<td>$634,000</td>
</tr>
<tr>
<td>Retail Taxes* per Acre to City</td>
<td>$47,500</td>
<td>$83,600</td>
</tr>
<tr>
<td>Residents per Acre</td>
<td>0.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Jobs per Acre</td>
<td>5.9</td>
<td>73.7</td>
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</tbody>
</table>

*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

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