

# Memorandum



Date: July 30, 2012  
To: Councillor Steve Talley  
From: Midtown Indianapolis, Inc.  
Subject: TIF Study Commission Recommendations Comments  
Regarding North Midtown Tax Allocation Area (NMTAA)

*SUMMARY: Midtown appreciates the value and thoroughness of the TIF Study Commission meetings. It is even clearer that the catalyst projects identified during the past several years to strengthen Midtown's commercial corridors are exactly the types of projects that TIF can stimulate. The need is great, the opportunity exceptional and the time to act is at hand. The Council and the Administration need to collaborate on policies and practices that will allow these projects to move forward at the earliest opportunity so the entire community can begin to realize the benefits.*

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## TIF Study Commission Recommendations

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## Midtown Comments

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### *1. Clearly define the management and decision-making process for using Tax Increment Financing.*

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| <p>(a) Be transparent and consistent with evaluation methods that measure proposed and new TIF decisions against the existing capacity in the county.</p>  | <p>★ Midtown supports this element, but recommends a robust reinvestment strategy designed to provide impact at the earliest date.</p>   |
| <p>(b) Use tax increment financing in a limited capacity that is in concert with, but does not displace, the development and execution of a comprehensive countywide plan for Economic Development and public infrastructure maintenance.</p>                              | <p>★ Midtown supports ongoing study regarding a comprehensive countywide plan for Economic Development with public infrastructure maintenance, but this should not delay properly scrutinized neighborhood-driven reinvestment plans like the one for NMTAA.</p> |
| <p>(c) Identify targeted and narrowly tailored geographic allocation areas that provide a funding source for Economic Development activity and preserve the property tax dollars that would otherwise flow to base taxing units.</p>                                       | <p>★ NMTAA has been geographically targeted to encourage investment in the historic corridors, locations where catalyst development is needed and can spur additional redevelopment.</p>   |
| <p>(d) Minimize the duration of the TIF districts to the amount of time reasonably required to accomplish both the Economic Development goals of the project and to provide for the return of incremental assessed value to the base taxing units as soon as possible.</p> | <p>★ NMTAA will expire in a timeline consistent with modified Indiana statute.</p>   |

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- (e) Focus the use of tax increment financing for redevelopment projects and in redevelopment areas in the county. This includes projects or developments that address blight, abandoned and vacant properties, environmental remediation and other economic development projects that address market failures.
  - (f) Exercise a higher level of scrutiny for approval of economic development projects than for redevelopment projects. Economic development projects must be justified by specifically enumerated benefits that align with the comprehensive county plan, community development plans and the principles of Community Economic Development.
  - (g) Contract with eligible entities for educational, work training and worker retraining programs to increase the skills and productive capacity of the local labor force; create a more competitive workforce to meet needs of existing, expanding and new businesses; and enable county residents to compete successfully for the jobs that will be created by the use of tax increment financing revenue.
  - (h) Include local hiring goals in the declaratory resolution to promote local hiring, promote local employment and ensure that the City-County Council and the citizens of the City of Indianapolis are informed about employment opportunities and job creation resulting from TIF-funded activity.
- ★ NMTAA is designed to focus on infrastructure and catalytic projects to target closing the gap between present market conditions and expectations. In particular, NMTAA is intended to spark development in blighted and near-blighted areas and target key sites requiring environmental remediation.
  - ★ Encouraging economic development projects within or adjacent to development areas can be a feasible strategy, especially in areas where new job generation is possible. NMTAA has several target areas where job generation for office and retail businesses will support the overall goals of the District.
  - ★ The Martin Luther King Center is located within the NMTAA boundaries and already is involved in workforce development programs. Midtown believes the MLK Center could play an integral role in this element through expansion of their programmatic responsibilities, including those tied to new investment within the NMTAA.
  - ★ Midtown would support inclusion of those goals, especially if there were programmatic support for labor force enhancement and recruitment for those jobs created through TIF investments.

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| (i) Include minority and women-owned business enterprise participation goals in the declaratory resolution.  | ★ Midtown would support this initiative to establish realistic goals for MBE, WBE and VBE participation.  |
| (j) Include claw back provisions in project agreements that are subject to effective oversight and ensure that non-performing projects are quickly remediated through the return of TIF funding when performance goals are not achieved.   | ★ Midtown would support this element. We believe that the process would have to be explicitly clear and the timelines fair to both the City and applicant in the Project Agreement.   |
| (k) In addition to financial feasibility studies, implement the use of robust market and real estate feasibility studies to evaluate and choose TIF projects that catalyze development and residential settlement within the county and that do not contribute to sprawl and movement of businesses and residents to surrounding counties. | ★ The NMTAA is designed to support strategic investment within core neighborhoods that will promote well-designed, higher-density projects to utilize existing infrastructure. This, in turn, should both retain and attract commercial and residential investment.   |
| (l) Engage a community development organization to administer a revolving loan fund, funded by TIF revenue, which allows for access to capital in markets where it may be more difficult for local and small businesses to obtain capital and allows the City to leverage additional use of TIF revenue.                                   | ★ Midtown supports this element, so long as the CDCs, like Mapleton-Fall Creek Community Development Corporation which is located within Midtown, can secure the necessary technical and financial support to administer this program. In other communities, this has been one of the most powerful tools for reinvestment.                                 |
| (m) Require a cost/benefit analysis, including a discussion of the following as part of all TIF project applications (5 elements not listed).  | ★ Midtown supports the requirement for a cost/benefit analysis as part of the TIF project application. This could be accomplished by prospective investors or in the case of struggling areas, funded through a pre-development budget. Adequate study of the items above coordinated by the City will help ensure successful investments for the District. |

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| <p>(n) Commission a study of the impact of TIF on local property values, holding all things constant. The analysis would address the question, “Does TIF promote growth in AV of areas surrounding the allocation area?” This study would provide additional insight to preliminary data that shows a 5.7% increase in TIF districts’ net assessed value (AV) annual growth rate as compared with 0% growth in the rest of the county.</p> <p>(o) To the greatest extent possible, employ the use of alternative or complementary Economic Development tools and infrastructure funding prior to the use of TIF.</p> <p>(p) Create, in concert with the Controller, the DMD, the Bond Bank, and the DPW, a uniform TIF application, employing best practices. The TIF application will require the collection of all information needed to evaluate the proposed project and all data elements required for a TIF database, including a financial pro forma.</p> <p>(q) Prohibit the inclusion of assessed value in the increment of a new allocation area if the parcels contain improvements that are already completed or in process when the Declaratory Resolution is passed.</p> | <p>★ Given the positive preliminary data and the urgency of need to stem disinvestment, Midtown proposes studying the implementation of the NMTAA as a “proof-of-concept” model for an eventual county-wide study.</p> <p>★ Midtown supports this element, although few other available programs were identified as part of the TIF Study Commission’s extensive research.</p> <p>★ Midtown supports this element and would recommend that DMD and the Bond Bank lead this effort.</p> <p>★ The Midtown plan was completed in 2010 and has catalyzed investment projects that deserve to be included in NMTAA. We believe these elements should be addressed on a case-by-case basis with each TIF, as these situations are complex and need to be thoughtfully addressed.</p> |
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### *2. Establish transparent financial practices, accounting, reporting and monitoring, specifically that: the MDC, in coordination with the Controller and Bond Bank:*

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| <p>(a) Engage a third party review of all TIF financials and documentation to establish a uniform documentation, reporting, tracking and monitoring system and to document Marion County process and practices in a Marion County TIF Handbook.</p> | <p>★ Midtown supports efficient, cost-effective oversight as long as the implementation of the NMTAA is not unnecessarily delayed.</p> |
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*2. Establish transparent financial practices, accounting, reporting and monitoring, specifically that: the MDC, in coordination with the Controller and Bond Bank:*

(b) Establish Sunset Dates for all TIFs.

★ Midtown supports the 25 year time horizon.

*3. Recognizing that the optimal use of TIF as an Economic Development tool is limited unless wider environmental circumstances are addressed, the Commission recommends that the MDC engage an audit of the existing comprehensive plan to determine how development has progressed since the most recent plan; and to establish a collaborative working group consisting of representatives of DMD, DPW, Office of Finance and Management, urban planning experts, community and neighborhood development organizations, representatives of the base taxing units, and others, as appropriate, to work with the auditor/facilitator to make and implement a plan to create a strong, broad and comprehensive county-wide planning document, as well as a regular and periodic method for keeping it current.*

★ Midtown supports the idea of a comprehensive economic development strategy for the County, but with the ability to target specific programs within Districts or neighborhoods after careful planning has been accomplished. Co-ordination with those groups identified above will enhance the chances for a successful implementation of such strategy. Co-ordinate with the Indy Rezone initiative to examine zoning regulations and recommend improvements that would stimulate economic development.

*Request that the General Assembly change the law regarding the following:*

(a) Allow the establishment of TIFs that capture a specified percentage of the incremental revenue (in addition to current law which permits the pledge of less than 100...)

★ Absent sufficient information to provide informed comment Midtown declines to take a position.