



TIF Trends: Policy and Practice

PA Brownfields Conference
3 October 2018



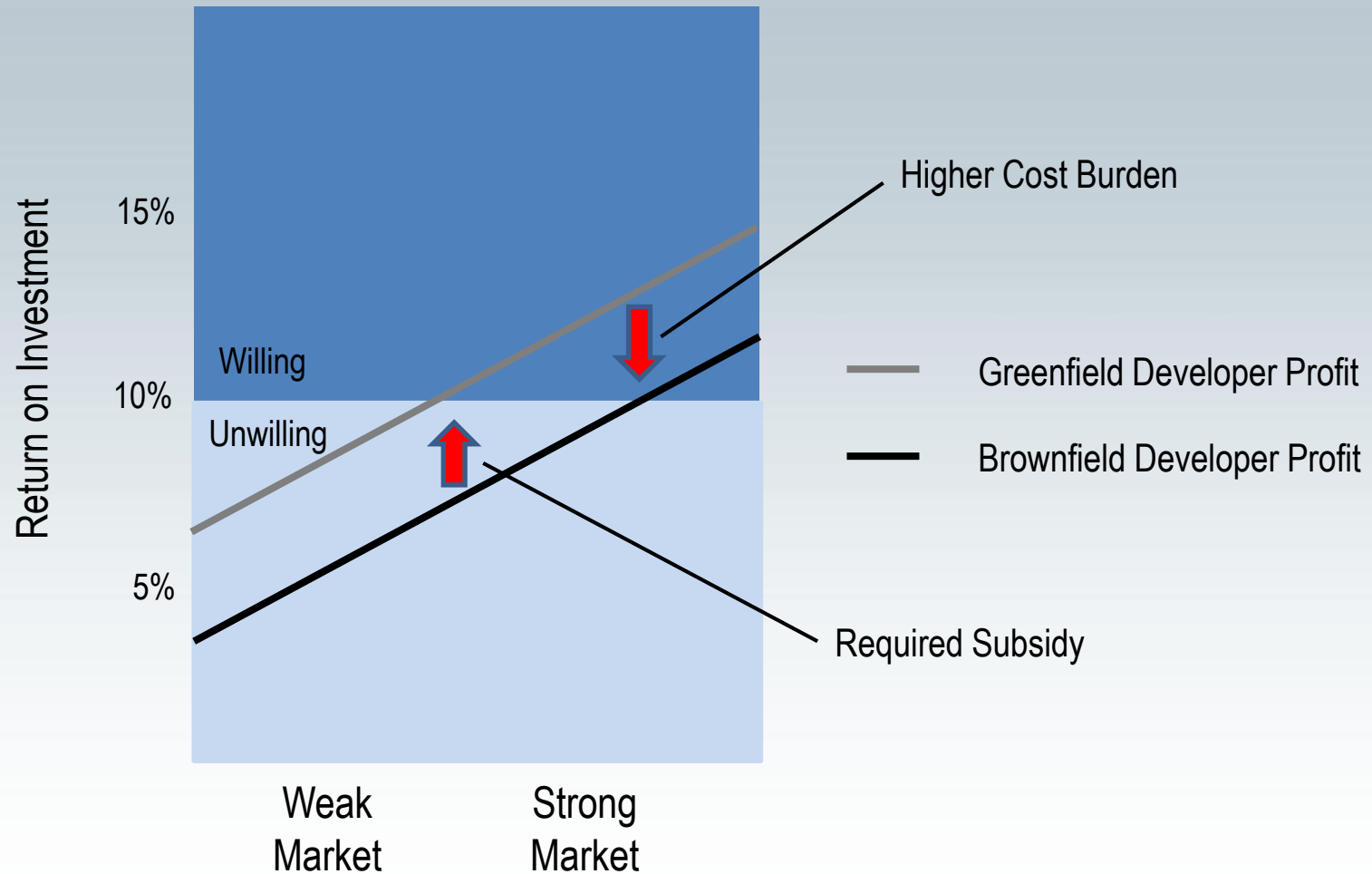
Where Does Growth Occur?



How Do We Guide Investment?



Challenges to Brownfield Redevelopment



Development Finance

- Attract private investment
- Job creation/retention
- Generate tax revenue
- Investment priorities
- The 'Toolbox'
 - Federal – EPA, EDA, USDA, NMTC, LIHTC, Opportunity Zones
 - State – RLF, Capital Grants, Tax Credits
 - Local - TIF/Tax Exemptions/Special Assessments
 - Private Foundations
 - Non-Profits

Why Tax Increment Finance?

- Budgetary constraints impacting economic development, infrastructure and transportation funding
- Competition for grants/appropriations
 - Leverage local sources
- No current revenues foregone

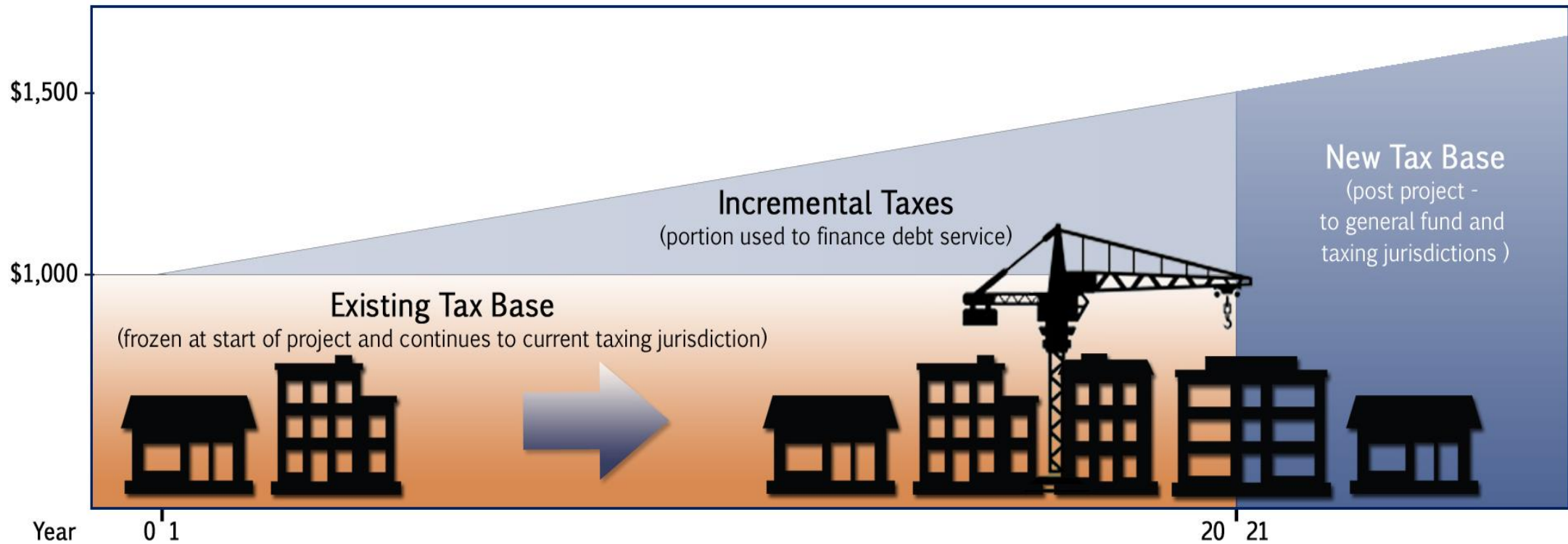


TIF Overview

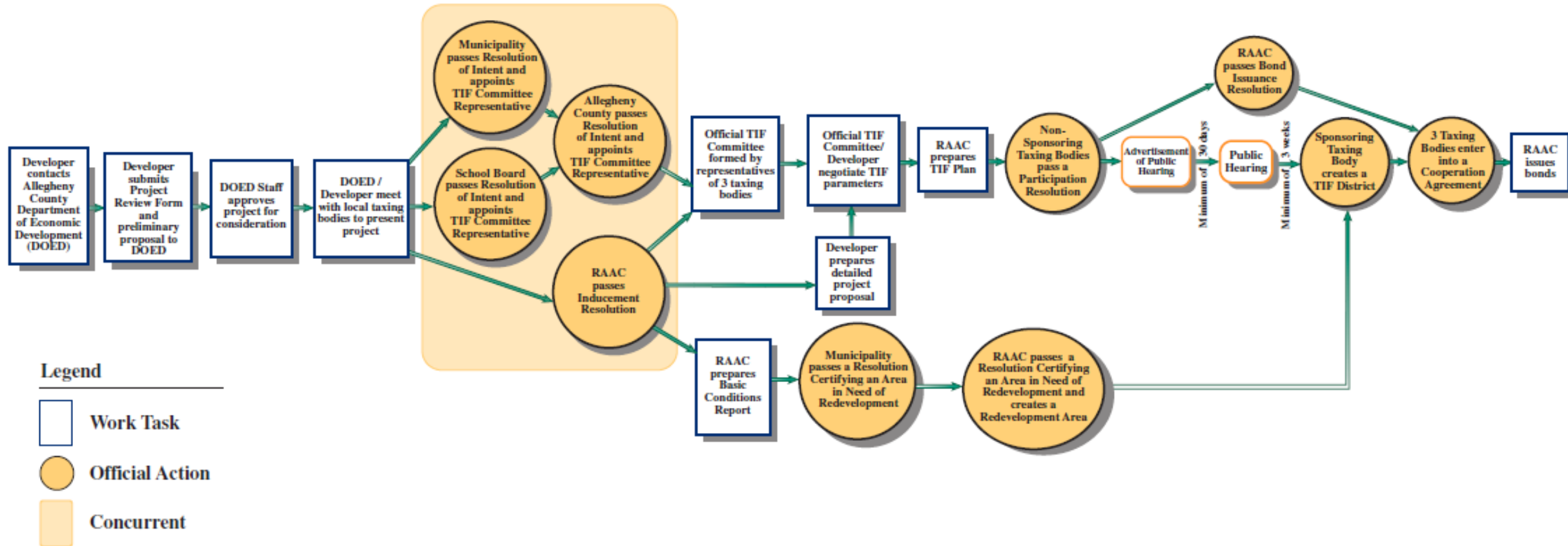
TIF is an economic development tool which uses *incremental* increases in real property (or other qualified taxes) within a specified area to finance capital improvements within that same area.

- Eligible area (designation of blight/economic distress)
- Redevelopment would not occur 'But-For' the use of TIF
- Focus on necessary public infrastructure
 - Project Specific or District-Wide

How TIF Works?



The TIF Process*



*Allegheny County, PA Model

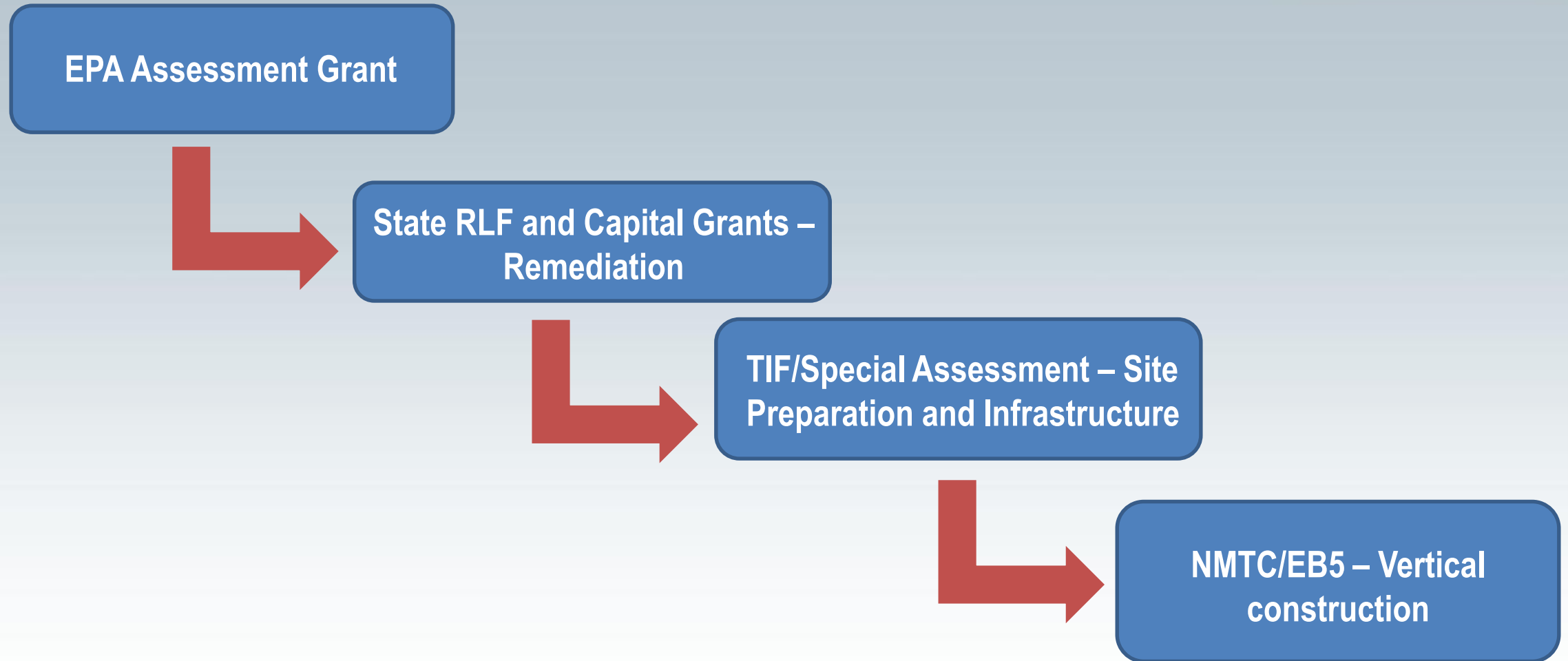
TIF Financing

- Based upon projected cash flow of property tax increment
 - Diversion rate
 - Excess increment returned to taxing bodies or used to prepay debt
- TIF Debt ***non-recourse*** to issuing Authority & local taxing bodies
 - Credit enhancement – NID, Minimum Payment Agreement, CFA Guarantee
- Up front financing OR pay-as-you-go

Brownfields TIF Issues

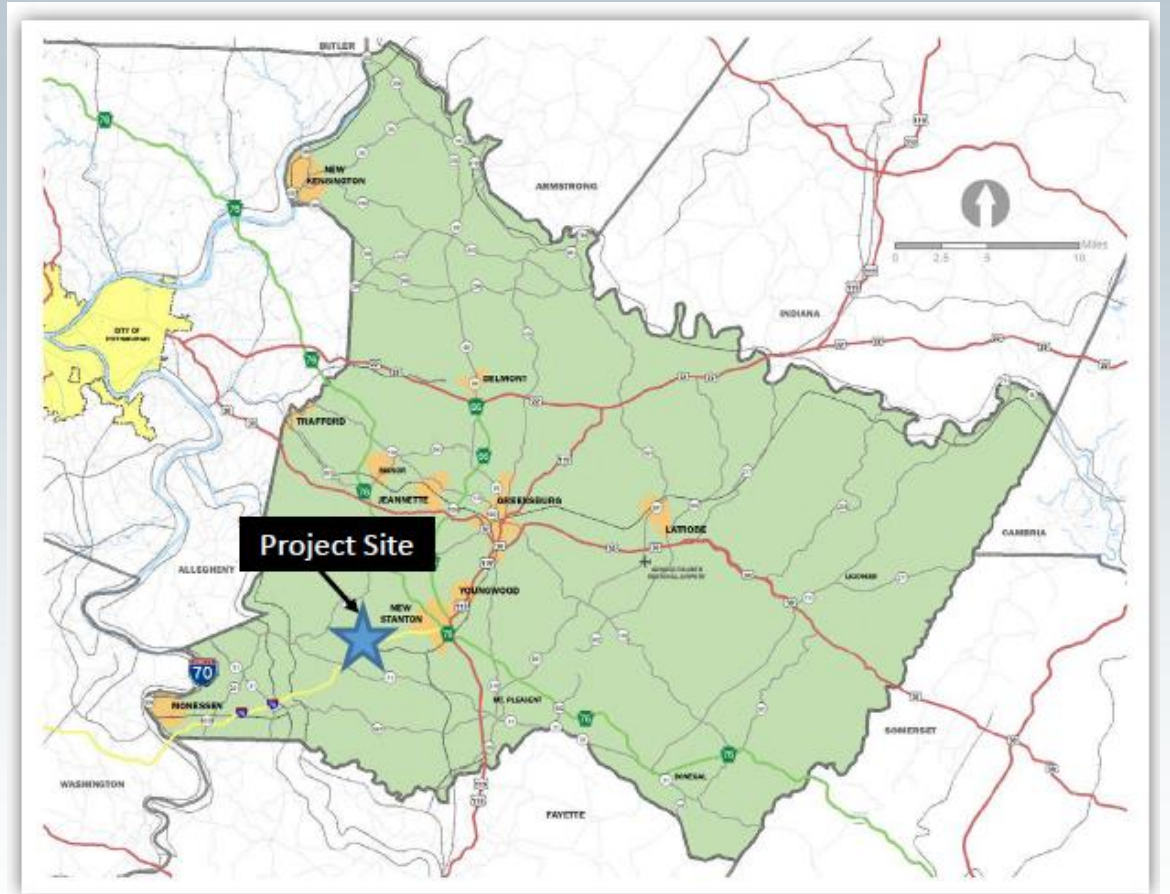
- Local policy/guidelines
 - Prioritize brownfields
 - Due diligence
 - Monitor performance
- Community engagement and benefit agreements
- Strategic approach - layered capital stack
 - Address challenges of speculative development

Brownfield Financing Example



Case Study - Commerce Crossing at Westmoreland

- WCIDC acquired 206 acres of vacant, underutilized property in Sewickley Township
- Facilitate preparation of pad-ready sites with highway and rail access
- \$13 million site development and infrastructure improvement project



[illegible]

- 800,000 SF light industrial and commercial space
 - Buildings ranging from 75,000 to 200,000 square feet
- Anticipated \$50 million private investment
 - +\$7.5 million assessed value
 - \$900,000 annual real property taxes
- Approximately 1,100 direct jobs

Case Study - Commerce Crossing at Westmoreland

Funding sources:

CFA Business in Our Sites (BIOS)

Redevelopment Assistance Capital Program (RACP)

PennWorks

Local Matching Funds - WCIDC and County Bonds

\$2 million proposed TIF

Questions???

CONTACT:

Michael P. Pehur

Development Finance Consulting Director

412.497.1066

mppehur@dmgs.com

Learn more at www.dmgs.com