

PROJECT-BASED TAX INCREMENT FINANCING

Application

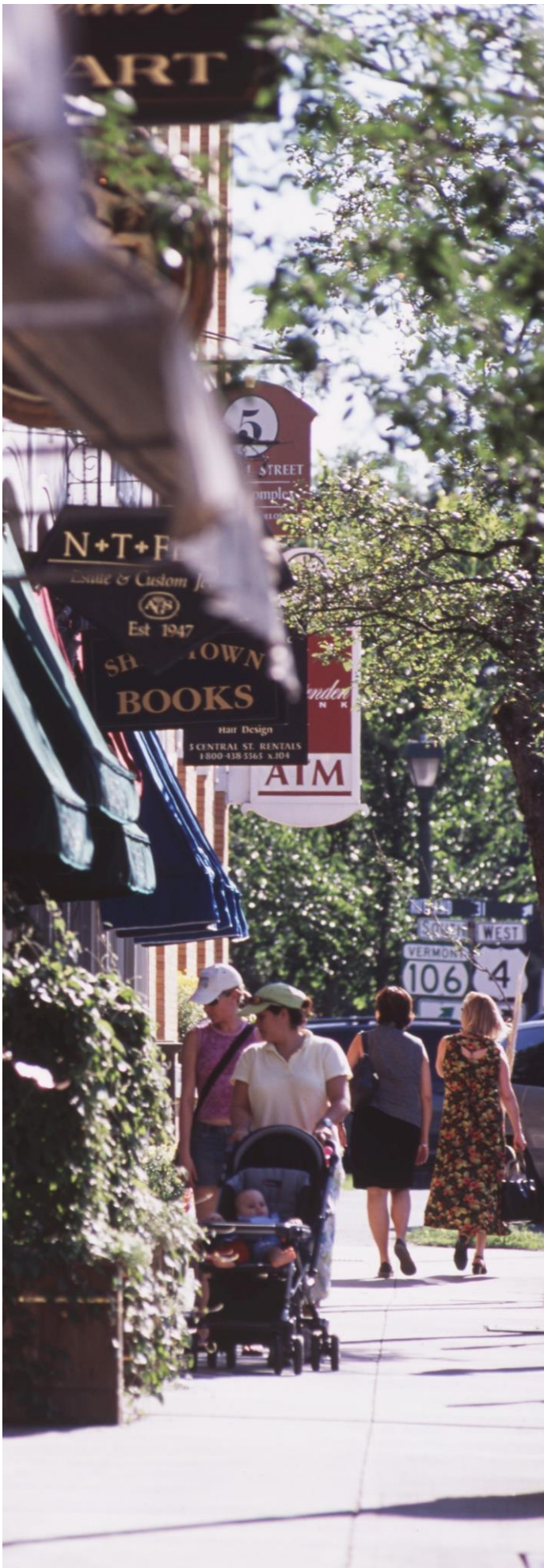


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OVERVIEW

A municipality may create a Municipal TIF District without State involvement and utilize only incremental municipal property taxes to repay debt and related costs (24 VSA §1904). However, in that case, one hundred percent (100%) of all Education Property Tax revenue based on original value and any incremental value generated within the TIF District are due to the Education Fund.

If the scope of a project is such that the municipality anticipates the need to utilize incremental Education Property Tax revenue to help service infrastructure debt, then the project-based TIF must meet certain statutory criteria and the municipality must take certain statutorily-required steps, including holding a properly warned public hearing on a TIF Financing Project Plan, obtaining approval of the TIF Financing Project Plan by the municipal legislative body, and then seeking approval of the Plan by the Vermont Economic Progress Council to utilize up to 70% of the incremental Education Property Tax revenue to help finance the TIF infrastructure debt.

STATE PROJECT-BASED TIF APPLICATION PROCESS

To utilize any incremental Education Property Tax revenue to finance a project using TIF, a Project-Based TIF Application, including a TIF Financing Project Plan must be considered and approved by the Vermont Economic Progress Council (VEPC). The state approval process also requires that certain steps and approvals occur on the municipal level prior to approval by VEPC.

VEPC must determine if a TIF project, as presented in a TIF Financing Project Plan and Application, meet statutory approval criteria based on location, need (But For), and process. The Council must also confirm market and fiscal viability, nexus between the infrastructure and private development, **determine the proportion of infrastructure costs that can be paid with incremental Education Property Tax Revenue generated by the TIF project**, and determine the appropriate share of incremental Education Property Tax revenue that can be utilized by the TIF project, up to 70%.

Before embarking on the municipal process to create a Project-Based TIF, review all information available on our website and contact VEPC staff to ensure compliance with statute.

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Staff at the Vermont Department of Taxes, Division of Property Tax Valuation and Review (PVR) are available to assist with property valuation and grand list questions and issues. On the following pages are the forms for municipalities to use to file a Project-Based TIF application with the Vermont Economic Progress Council. Please print out and follow the accompanying instructions and provide all information that is required or the application will be found incomplete.

Vermont Economic Progress Council

Deane C. Davis State Office Building, 6th Floor

1 National Life Drive

Montpelier, VT 05620-0501

(802) 798-2221 or (802) 793-0721

<http://accd.vermont.gov/community-development/funding-incentives/tif>

1. APPLICANT INFORMATION

Municipality: _____

Project Name: _____

Primary Municipal Contact Person: _____

Title: _____

Phone: _____

Address: _____

Email: _____

Secondary Municipal Contact Person: _____

Title: _____

Phone: _____

Address: _____

Email: _____

2. ELIGIBILITY

A municipality is only authorized to apply for Project-Based TIF if they meet the following requirements:

1. The project will:
 - a. serve one or more active designations approved by the Vermont Downtown Development Board under 24 VSA Chapter 76A (an approved growth center designated downtown, designated village center, new town center, or neighborhood development area); or
 - b. be located within an industrial park as defined in 10 VSA § 212(7).
2. The proposed infrastructure improvements and the projected development for redevelopment are compatible with
 - a. confirmed municipal plan; and
 - b. regional development plans
3. The project has clear local and regional significance for employment, housing, or transportation improvements.
4. The municipality does not have an approved tax increment financing district.

Mark which requirements are met and attach the required information, listed below, to show compliance with that requirement.

- The project will (Select One):
 - serve one or more active designations approved by the Vermont Downtown Development Board under 24 VSA Chapter 76A (an approved growth center designated downtown, designated village center, new town center, or neighborhood development area).

 - Attachment 2A:** *Designation Map. A map of the municipality included, indicating the municipal boundaries, TIF Project Zone boundaries, and boundaries of any state-approved growth center, designated downtown, village center, new town center, or neighborhood development area.*

 - Attachment 2B:** *Designation Approval Document(s). Copy of the Designation Approval Document(s) from the Vermont Downtown Board or Extended Downtown Board included, as appropriate.*

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- be located within an industrial park as defined in 10 VSA § 212(7).
 - Attachment 2C: Industrial Area Map.** A map of the municipality included, indicating the municipal boundaries, TIF Project Zone boundaries, municipal zoning areas, with the “existing industrial area” highlighted.
 - Attachment 2D: Zoning Bylaws.** A copy of the most recent municipal zoning bylaws included or enter Internet URL Address: _____
Updated Zoning Plan Expected by: _____
- The proposed infrastructure improvements and the projected development for redevelopment are compatible with
 - confirmed municipal plan; and
 - regional development plans
 - Attachment 2E: Municipal Plan Compatibility.** Narrative statement from municipality regarding compatibility with the municipal plan.
 - Attachment 2F: Regional Plan Compatibility.** Signed statement from appropriate regional planning commission regarding compatibility with the regional plan.
- The project has clear local and regional significance for employment, housing, or transportation improvements.
 - Attachment 2G:** Provide a narrative explanation from municipality describing how the proposed infrastructure improvements and the projected real property development and/or redevelopment projects have clear local significance for employment, housing, and transportation improvements, especially as included in the local and regional plans, including citation of the relevant sections of the regional plan.

3. PROJECT INFORMATION

Per 24 VSA _____, “Project” means a public improvement, as defined in subdivision (4) of subsection (a), that clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures and meets one of the following criteria: affordable housing, brownfield remediation, new business or business expansion, or transportation enhancement.

Provide all of the following documentation:

- Attachment 3A: Project Description.** Provide a narrative description of the project. Include the following in the narrative:
 - A general description of what the municipality seeks to accomplish through building and improving infrastructure and the development that is expected to occur. Include reference to any planning efforts, studies, and public input that have preceded and led to the project.
 - An explanation why tax increment financing is required to accomplish the public infrastructure improvements, why the public infrastructure improvements are required to encourage the expected private development, and how the development would occur in a significantly and materially different manner except for the use of tax increment financing.
 - An explanation of the proposed project including public improvement and proposed private developments or redevelopments.
 - A description of the public infrastructure projects planned, summarizing types of infrastructure, development timelines, cost estimates, and the municipality’s perspective on why these projects are required to improve the TIF Project Zone and encourage real property development within the TIF Project Zone.
- Attachment 3B: Map.** Provide a TIF Project Zone map indicated the municipal boundaries and the parcels to be developed or redeveloped.
- Attachment 3C: Permits.** Provide a narrative explanation from municipality indicating whether and which local, state, or federal permits will be required for the proposed infrastructure improvements, which permits have been applied for, and a timeline for approval of the permits.

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- Attachment 3D: Nexus.** VEPC must determine that there is a nexus between the public improvement and the expected development(s) and redevelopment(s) of the project and expected outcomes in the TIF Project Zone. Nexus is the casual relationship that must exist between the improvements and the expected development and redevelopment in the TIF Project Zone or the expected outcomes in the TIF Project Zone. Provide a narrative explaining and providing evidence to support nexus (a connection or link) between the public infrastructure to be paid for by TIF Project Zone incremental revenue, the real property development that is expected to occur within the TIF Project Zone, the parcels that are included in the TIF Project Zone, and/or the overall goals of the TIF Project Zone.
- Attachment 3E: Proportionality.**
- Attachment 3F: Evidence of Other Funding Sources.** Provide evidence that the municipality is actively seeking or has obtained other sources of funding and investment for the project.

Mark project type below and provide the required information, to show the project meets the requirement.

- Affordable Housing:** The development includes new or rehabilitated affordable housing, as defined in 24 VSA § 4303.
 - Attachment 3G: Affordable Housing Narrative.** Provide a detailed narrative regarding the current availability of affordable housing (as defined in 24 VSA § 4303) in the municipality and within the TIF Project Zone and describe how the TIF Project Zone development will address the current availability and affordability of housing. Include Number of net new housing units to be built or housing units to be rehabilitated as part of the TIF Project Zone real property development, including the expected rent (including utilities) or market value per unit (including principal, interest, taxes, insurance, and condominium association fees).
 - Current Affordable Housing Data:** Complete the table summarizing current affordable housing data.

| Current Housing Units Within TIF Project Zone | | | |
|---|--------|--------------------------|--------------------------|
| Type | Number | Avg Market Cost Per Unit | Avg Rental Cost Per Unit |
| Single- Family Detached | | | |
| Mobile Home | | | |
| Multifamily/Condo | | | |
| Duplex | | | |

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| | | | |
|----------------|--|--|--|
| Triplex | | | |
| Apartments | | | |
| Senior Housing | | | |
| Other: | | | |
| Other: | | | |
| Totals: | | | |

- Attachment 3H:** *Affordable Housing Studies. Provide copies of recent housing and affordable housing studies for the region and/or municipality or other supporting evidence of the development and rehabilitation of affordable housing.*

- Brownfield Remediation:** The project will affect the remediation and redevelopment of a brownfield located within the district. As used in this section, “brownfield” means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.
 - Attachment 3I:** *Brownfield Narrative. Provide a detailed narrative description of the Brownfield site(s), which hazard is present or may be present (hazardous material, pollutant, contaminant), and how the presence of the hazard has complicated the expansion, development, redevelopment, or reuse of the property. Describe the plan for remediation and redevelopment and which parties (municipality, developer, other) will be responsible for remediation and redevelopment. If there are Brownfield sites within the TIF Project Zone that will not be remediated and/or developed as part of the TIF Financing Project Plan, provide an explanation for why the site(s) will not be remediated and redeveloped.*
 - Attachment 3J:** *Brownfield Certification. Provide certification(s) from the Vermont Agency of Natural Resources or other State Agencies or documentation from an environmental engineering firm or environmental consulting firm documenting the presence or possible presence of a hazardous substance, pollutant, or contaminant within the Brownfields site(s).*
 - Attachment 3K:** *Brownfield Remediation Plan. Provide Brownfield remediation plan(s) that includes a timeline, costs, financing mechanisms, and information regarding any involvement of non-municipal entities to remediate the Brownfield.*

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- **New Business or Business Expansion:** The development will include at least one entirely new business or business operation or expansion of an existing business within the project, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the Department of Labor.
 - **Attachment 3L: New Business Narrative.** Provide a narrative describing the new business(es) or business expansion(s) that will locate within or are located within (if expanding) the TIF Project Zone.
 - If a new business is involved, include the number of new, full-time jobs expected to be created and the average wage and benefits package to be offered for those jobs, including the percentage of health care insurance premium paid by the employer.
 - If an existing business(es) is/are involved, indicate the number of full-time jobs that exist within the TIF Project Zone for each business at the time of application, and include the number of new, full-time jobs to be created and the average wage and benefits package to be offered for those jobs, including the percentage of health care insurance premium paid by the employer.
 - **Business and Employment List.** Complete the following table detailing the current businesses and employment within the TIF Project Zone.

| Name of Business | Address | Number of Employees | Number of Full-Time Jobs |
|------------------|---------|---------------------|--------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

- **Transportation Enhancement:** The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.
 - **Attachment 3M: Transportation Enhancement Narrative.** a narrative description of the transportation enhancements and resulting transportation improvements

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that will occur, including, but not limited to: current traffic pattern and flow difficulties, how traffic patterns and flow will be improved, public transportation system improvements, any other transportation enhancements.

- **Attachment 3N: Transportation Studies.** *Provide copies of traffic studies, transportation studies, or any other documentary evidence supporting current transportation difficulties and/or proposed transportation solutions. If study or document is large and is available online, provide the URL below.*
-

4. “BUT FOR”

VEPC must determine that the infrastructure improvements proposed to serve the project and the proposed development in the project would not have occurred as proposed in the application, or would have occurred in a significantly different and less desirable manner than as proposed in the application, but for the proposed utilization of the increment tax revenues.

VEPC’s review considers all of the following:

1. The additional time, if any needed to complete the proposed development for the project and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing.
2. How the proposed project components and size would differ, if at all, including, if applicable to the project, in the number of units of affordable housing, without education property tax increment financing.
3. Details contained in the TIF Financing Project Plan.

Provide all of the following documentation:

- **Attachment 4A: But For Narrative.** Provide a narrative explanation regarding why the project would not occur or would occur in a significantly different and less desirable manner, but for utilization of incremental municipal and state education property tax revenue to service the TIF project debt. Also, explain why the proposed real property development or redevelopment within the TIF Project Zone would not occur or would occur in a significantly different and less desirable manner unless the infrastructure is built or improved.

The But For narrative must provide information regarding:

- *The amount of additional time, if any, that would be needed to complete the proposed infrastructure development and real property development within the TIF Project Zone and the amount of additional cost that might be incurred if the infrastructure projects were to proceed without TIF financing; and*
- *How the proposed real property and infrastructure development components and size would differ, if at all, without TIF financing.*

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- *The significance of the difference and desirability between what would occur without the TIF financing versus what will occur with the TIF financing.*

- **Attachment 4B:** *Supporting Statement and Letters. Provide statements and letters from property owners, developers, and other stakeholders regarding the TIF Project Zone. Stakeholders should explain and describe the relationship between, and impact of, the project on their development project and discuss what would occur if the application is not approved and the infrastructure not developed.*

4. PROCESS REQUIREMENTS

VEPC must determine that the municipality has held a public hearing on the application and TIF Financing Project Plan. Unless a municipal charter requires greater notice, the municipal legislative body shall hold a public informational hearing on the application and TIF Financing Project Plan by posting warnings at least **15 days** in advance of the hearing in at least two public places within the municipality and in the town clerk's office. The warning must clearly indicate the purpose of the hearing. The public hearing may be held in conjunction with, or after, a warned meeting at which the application and TIF Financing Project Plan is to be considered by the municipal legislative body, but must occur before the application and TIF Financing Project Plan are submitted to VEPC.

Provide all of the following documentation:

- **Attachment 7A:** *Public Hearing(s). Provide copies of public hearing notices, public information, meeting agenda, and meeting minutes. Ensure that the public notice requirements, detailed above, are met.*
- **Attachment 7B:** *Vote(s) by Municipal Legislative Body. Provide copies of meeting agenda and meeting minutes of municipal legislative body meeting at which vote(s) occurred to approve the application and TIF Financing Project Plan and have pledged a percentage of municipal property tax increment to service the TIF debt.*

Enter percentage of municipal property tax increment pledged to service TIF debt and pay related costs: _____ (Must be at least 85%)

5. TIF FINANCING PROJECT PLAN

VEPC must determine that the TIF Financing Project Plan includes all of the following:

1. The amount of additional revenue expected to be generated as a result of the proposed project.
2. A listing of parcels in the TIF Project Zone.
3. The percentage of that revenue that shall be paid to the Education Fund.
4. The percentage that shall be paid to the municipality.
5. The percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the project.
6. The municipality has developed a tax increment financing project plan including:
 - a. development financing plan;
 - b. pro forma projection of expected costs;
 - c. projection of revenues;
 - d. development schedule that includes a list, a cost estimate, and a schedule for the public and private improvements.

Complete all tabs of the TIF Financing Project Plan and submit with this application.

7. AUTHORIZATION AND CERTIFICATION

Two municipal officers must sign the application certifying that all information in the application and attachments, including the TIF Financing Project Plan, are true, correct, and complete to the best of their knowledge. Signatories should include a municipal administrator such as the town manager or highest-level administrator and an elected official, such as the mayor, chair of the select board or city council or another select board member or city council member. If the municipality has a town manager or other official authorized by the municipality to enter into contracts on behalf of the municipality, that person should be the administrator signatory.

We, the undersigned, declare under penalties of perjury that this application and all documents attached in support of this application are true, correct, and complete to the best of our knowledge.

We further declare that the statements included herein regarding whether this activity would not occur or would occur in a significantly different or significantly less desirable manner, are true, correct and complete to the best of our knowledge.

We certify that we are duly sworn or elected officers of the applicant municipality with the authority, given by the municipality, to enter into contracts or other similar agreements on behalf of the municipality.

A. Signature of Municipal Administrative Official:

| | | | |
|-------------------|-------|---------------|-------|
| Signature: | _____ | Date: | _____ |
| Name: | _____ | Title: | _____ |

B. Signature of Elected Municipal Official:

| | | | |
|-------------------|-------|---------------|-------|
| Signature: | _____ | Date: | _____ |
| Name: | _____ | Title: | _____ |