

Federal Highway Administration Webinar on Value Capture Techniques: Tax Increment Funding (TIF)

Webinar Date: June 16, 2021

Answers to Questions Posed During the Webinar

South Bend, IN

How is value calculated in the TIF district – for example, the price for the properties or income that could be generated?

The assessed value is estimated from comparable data on similar projects in the city, township, and county to reflect potential TIF capacity. An assessment was also done by a property tax assessor. In some instances, to develop an initial estimate, the cost of the project was multiplied by a factor of .8 or .7 (depending on the assessor) to determine the cost to assessed value ratio.

Were there any anti-displacement strategies in these communities?

The amount of displacement was low throughout the project since much of the land was undeveloped or owned by Notre Dame University. There was a partnership with the housing authority to reserve lots for low- and moderate-income households within the redevelopment areas. The university also partnered with low- and moderate-income homeowners to fix up their houses in order to retain them and remain in the neighborhood.

What factors were considered in the feasibility study, if one was performed? What role did Notre Dame play in helping calculate the expected demand and growth to support the TIF implementation for area?

Notre Dame University and its development partner projected the amount of retail/residential/investment in the area and made commitments on the scale and timing of those projects. The university made a substantial investment in the property immediately north of the Eddy Allocation Area (TIF). The university constructed the Compton Ice Arena seating 4,000 and a second Olympic ice arena for practice and tournaments. The ice arena is for the university's Division 1 hockey team and for community as well as state hockey tournaments. In addition, university facilities were constructed to the west of the ice arena to push students south of the football stadium and become a factor in redevelopment and increasing consumers to south campus.

Do you have a long-term monitoring plan to check in on the success of the anti-displacement strategies?

We do not have a formal strategy on anti-displacement monitoring, but we do meet with the neighborhood revitalization organization monthly to address gentrification issues. It is also worth noting Eddy Street and Western Ave redevelopment has happened over a long period of time which has meant while property values have increased it has happened over the course of more than a decade. There are also efforts from a local revitalization organization in the neighborhood which is partnering with other community development corporations to build affordable housing and establish home repair programs.

Biddeford, ME

How much do you anticipate realizing in cost-savings as a result of using P3? Conversely, how much were you able to repurpose and construct additional capital projects, using the untapped revenue that would have been used if not for the P3?

The P3 was not necessarily about cost-savings: the city paid a little more than we would have otherwise to shift the risk of cost overruns onto the private sector.

Was there any public resistance to P3s since Biddeford is a smaller city/town?

The method of financing did not change the minds of people opposed to the project, but supporters of the project were happy with the financing method selected.

Has gentrification impacted the City of Biddeford?

The pandemic accelerated real estate price increases which were not anticipated in this project. The city is currently trying to catch up on the back end of the issue because of how quickly everything shifted.

Is the experience of this P3 something that the City of Biddeford, or other cities in Maine, are looking to replicate?

Biddeford is likely to use this method again for future projects. There will be a detailed presentation to other officials in Maine in August 2021 to showcase the power of the project to them.

Pierre, SD

Was the SD DOT loan issued by way of the State Infrastructure Bank or another financing instrument?

The loan was made from the general fund of SD DOT.

Questions for All Presenters

Do you think the types of infrastructure traditionally provided ((streets, roads, sidewalks, etc.) to make TIFs work will change as a result of customer behavior due to the pandemic? Or different commuter patterns due to more remote work?

South Bend: Yes – there was a large increase in the use of parks and trail systems built with TIF during the pandemic.

Biddeford: Yes, this has been seen in Maine and ties into the increasing gentrification mentioned earlier. The Maine legislature changed the law that allowed TIF money to be used for affordable housing at a location separate from the bounds of the primary project which allows more flexibility.

Rick Rybeck: During the 1950s at the peak of the subsidizing of suburbs, people thought cities were obsolete. Similarly, people thought downtowns would be dead after 9-11. Despite all of these challenges up to and including the COVID-19 pandemic, cities will likely remain at the center of our economic and social activities.