

How and why is the City providing assistance to develop this site?

- Again, nearly every mixed use development like this in Ohio has required some public-private partnership with public subsidies of various types in order to be a viable project.
- The Top of the Hill site is owned by the City and certainly has value, but it also is a challenging site in a number of ways and cannot be developed into the vibrant mixed-use project the City envisions without the City providing significant assistance.
- That assistance can take a number of forms, but in this case the City is (1) providing low-cost land (the City will receive nominal lease payments over time) and (2) providing the opportunity for the developer to take advantage of tax increment financing (TIF) to help make the economics of the project viable.
- In return for this assistance, the City has attracted an experienced world class developer proposing to construct a catalytic & transformative mixed-use gateway project by investing over \$80,000,000 of its own funds to make the project a reality – bringing new residents, businesses and vibrancy to the city

What is a “TIF”, why is it needed for this project and how will the school district benefit from the TIF?

- A TIF, or Tax Increment Financing, is an economic development tool local governments can utilize to finance improvements determined to serve a public purpose. The redevelopment of the Top of the Hill site would serve this public purpose.
- TIF's are established by enacted legislation that designates certain parcels (the TIF area) as exempt from taxation, declares improvements to private property within that specified area as serving a public purpose, delineates the improvements to be made that directly benefit the parcels in the area, and creates a fund to receive service payments in lieu of taxes that can then be used to pay for the cost of the improvements, typically debt service payments.
- For this project, payments in lieu of taxes would be derived from service payments made by the developer from the increased assessed value, over the existing parcel base value, of any improvement to real property in the TIF area. These payments are made by the developer in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted. The payments will then be directed towards a separate fund to be used to pay the debt service for project improvements.
- The developer has requested that the City adopt an ordinance to create a project-based TIF for the project site and exempt 100% of the increase in the assessed value of each parcel in the TIF area for a period of 30 years to provide for payment by the developer of the costs of improvements from service payments generated by the improvements to the parcels within the project site, in lieu of tax payments.
- Since TIF's impact the amount of revenues available to the school districts, the City must first seek the approval of the school district to create the TIF. As a result, it is anticipated that the City, developer and school district will enter into a school compensation agreement. Currently, the project site yields approximately \$21,000 in annual revenue from taxes on the project parcels to the school district. The proposed TIF has been structured in such a way as to yield an estimated \$421,000 annually to the school district consisting of \$28,000 from the existing parcel values and \$393,000 in future service payments from the TIF.
- While the project still has a significant financial gap to overcome to be successful, the proposed TIF structure cash flows, achieves the projected level of debt service coverage required for the project to proceed, and provides very strong and significant school compensation opportunities for the school district as compared with the revenue generated by continuing to use the project site as a municipal surface parking lot.