

# **Tax Increment Financing (TIF)**

## **Redevelopment Incentive Program Guidelines**

### **Background and Concept**

Tax Increment Financing (TIF) is a method for financing economic development and redevelopment in Mobile, Alabama. The primary purpose of TIF is to eliminate economic and physical decline by designating certain redevelopment districts.

When a TIF district is established, the most recent total equalized assessed valuation (EAV) for the district is determined. This is known as the base “AV”. As the TIF district is developed, its total EAV will grow. That portion attributable to the increase in EAV, known as the “tax increment”, is placed in a special fund and is spent for redevelopment purposes as outlined in the TIF Redevelopment Plan.

The success of a TIF district is dependent upon increasing the EAV over the base through redevelopment. Establishing a TIF district does not decrease tax revenues collected by any taxing district; nor does TIF impose special assessments or raise the overall tax rate in the district. Taxes collected on the base EAV continue to be distributed to the municipalities, schools and other authorities in the same manner. Only taxes generated above the base EAV are available for TIF use.

### **Local Objectives**

The City of Mobile currently manages Tax Increment Financing District One (TIFD1) in the Downtown Area. This district was established in October, 1993 and is scheduled to expire in 2023. The main objectives are the preservation and conservation of privately owned properties and the maintenance of an economically viable and vibrant downtown.

### **Type of Assistance**

TIF assistance is often in the form of a grant or subsidy. The amount awarded is determined by the TIF committee.

### **General Policy**

The City has established the following general TIF funding policy. This policy attempts to facilitate the fair and consistent evaluation of private TIF requests.

\*Funding is provided solely for eligible expenses incurred in the redevelopment district.

\*Eligible expenses for development projects can include demolition, site preparation, infrastructure repairs and improvements.

\*Eligible expenses for redevelopment projects can include rehabilitation and restoration.

### **Examples of ELIGIBLE expenses:**

Structural renovations  
Fixed property improvements  
\*Building and structures  
\*Parking lots  
\*other permanent elements  
Historic preservation/period façade  
Improvements and elements  
\*Siding and false front removal  
\*Brick restoration  
\*Other architectural restoration  
General public amenities

### **Examples of INELIGIBLE expenses:**

Routine maintenance  
Minor repairs  
limited remodeling  
\*painting & finishing  
\*flooring/carpeting  
Operating supplies and equipment  
Furniture and fixtures  
Operating expenses

The eligible expenses listed above can directly influence the property's assessed valuation, which creates TIF funding for other projects. The ineligible expenses listed above are considered general property upkeep or business components that typically do not affect the assessed valuation.

### **Other Guidelines**

In conjunction with State legislation requirements and local objectives, the following guidelines also apply. These guidelines must be met for a project to be considered for funding.

- Adequate funds must be available in the TIF redevelopment fund.
- All projects must be consistent with the goals and objects in the Redevelopment Plan.
- The applicant must pay all applicable real estate and other taxes.
- The estimated eligible costs must total \$5,000.00 or more.
- Reimbursement will be given over a period of 3 years or more.
- The redeveloper must be an Equal Opportunity employer and contractor.
- The redeveloper must pay prevailing wages in accordance with state law.
- The City may seek alternate redevelopment proposals in accordance with state law.
- Priority or additional assistance may be given to a project that result in one or more of the following
  - \*A clear public benefit, such as off-street parking
  - \*A substantial property or sales tax increase, such as a large expansion or new construction; or
  - \*Restoration of downtown building to its true, original historic appearance.

### **Procedure**

1. Submit a completed application with all necessary attachments and documents to the Finance Department to present to the TIF committee.
2. A committee meeting will be called by the Mayor as needed.
3. The TIF committee will review the proposal and its conformance to the above guidelines and Redevelopment Plan.
4. The City's legal staff will prepare a draft redevelopment agreement for your review and approval. Additional information may be necessary for the agreement.
5. Once the agreement is finalized, legal staff will submit document to Finance Department for disbursement. (Based on award type, authorized invoices may be required for payments)

For more information regarding TIF contact Barbara Malkove, Finance Director, at 251-208-7804.