TAX INCREMENT FINANCING (TIF)

REDEVELOPMENT INCENTIVE PROGRAM GUIDELINES

Background and Concept

The City of Mobile Tax Increment Financing (TIF) District One is a plan of the City of Mobile for financing improvements in the downtown area designed to assist in the elimination of blight in economically distressed areas in Alabama cities and counties, Alabama Code (1975) § 11-99-1. TIFs provide opportunities for cities to invest in blighted, distressed areas, and utilize the property tax increases occasioned by those investments to reinvest and reinvigorate the target area.

In 1993, the Mobile City Council determined that blighted conditions exist within the Henry Aaron Loop and industrial areas on both sides of the Mobile River adjacent to downtown. To address the needs of this area, the City established, as of October 1, 1993, the Tax Increment Financing District No. 1, to continue in existence for a period of 30 years.

Simultaneously, the Council adopted a Project Plan for the Tax Increment Financing District No. 1. The Plan established seven priorities for the redevelopment of the TIF District. Many of these priorities, such as the development of lower Dauphin Street, the purchase and development of property along the waterfront, and the rehabilitation of Fort Conde, are now largely accomplished.

Other priorities, such as infrastructure improvements within the District, development of a Texas Street sports venue, and support for private investment in the TIF District, remain as goals for the remainder of the TIF.

The TIF is administered by a TIF Committee. The Committee analyzes public and private projects and investment opportunities in the TIF District with reference to the Project Plan, and utilizes TIF funds to stimulate the economic and cultural revitalization of downtown Mobile.

TIF Policies on Projects and Allowable Costs

The TIF considers public and private projects to improve the infrastructure within the TIF District, and projects to utilize TIF funds to simulate private development that serves the purposes of the TIF Plan, as follows:

1. **WORK ON INFRASTRUCTURE** – Critical to the success of redeveloping the TIF District is public sector commitment to complete the infrastructure. The initiation of carefully selected public improvements can demonstrate that commitment early on, and act as an impetus for further development.
A. By the City

- Generally
  - Funding up to 100%
  - TIF Committee approves all projects and sets not to exceed cost

- Decorative Lighting
  - The TIF Committee will adopt a multi-year plan to install decorative lighting in the TIF District
    - Identify streets, priorities (subject to amendment due to other development)

- Underground Utilities
  - The TIF Committee will adopt a multi-year plan to install underground utilities in the TIF District
    - Identify streets, priorities (subject to amendment due to other development)

B. By Private Developers

- Developer applies for TIF funding

- Payment by reimbursement only

- Eligible costs may be up to 100% of cost incurred, including hard fees, i.e., architectural and engineering (A & E)

- Cost of infrastructure work be reasonable and proportionate to Total Project Cost

- Payment on completion and final approval by the City of infrastructure work, completion of project not required

II. WORK IN PARTNERSHIP WITH PRIVATE DEVELOPERS

One goal of the TIF Project Plan is to encourage private investment in the TIF District that will remedy identified constraints and weaknesses, including: under-utilization of the river front potential; limited activities and attractions after working
hours; dilapidated and derelict areas and buildings; and limited choice of housing within or near downtown.

A. Evaluation of application

The TIF supports private investment in both large projects and small projects to revitalize the TIF District.

1. Large Projects, including new construction, and substantial rehabilitation of significant property

   TIF Committee will consider the nature of the project – does the project further the goals of the TIF Development Plan, which include:

   - Creating attractive and active riverfront and downtown environments
   - Creating new opportunity sites for mixed use developments
   - Establishing a viable business district
   - Reclaiming the strong civic image of Government Street
   - Strengthening the existing downtown retail core
   - Introducing strong, permanent residential components into the downtown
   - Public funds spent will generate private interest in developing undervalued properties or, is this a tipping point project?

2. Small projects, including façade improvements and streetscape improvements

   The TIF Committee will consider the application with the following questions as reference points:

   a. But for the TIF funds, would the project be completed?

   b. Will the public funds be used to complete a project that will benefit the City?

   c. Does the project include enhancements over and above Code requirements and further the aesthetic vision of the TIF?

B. Eligible/Ineligible Project Costs:
1. Examples of costs that may not be reimbursable include:
   - Legal fees, realtor fees, A/E, miscellaneous professional fees
   - Routine maintenance
   - Interior work
   - Operating supplies and equipment
   - Furniture and fixtures
   - Operating expenses

2. Examples of costs that may be reimbursable include:
   - Historic preservation/façade improvements
   - Parking lot enhancements above Code requirements
   - Balconies
   - Landscape improvements of a permanent nature
   - Streetscape improvements
   - Additional assistance may be available for a project that will substantially improve the economy and growth of the TIF district, such as a mixed use, multi-family residential development of 25 or more units for rent. Residential use of downtown is crucial to the success of the TIF Plan.
   - Permit fees

3. General Terms and Conditions of Funding:
   - Funding available up to 5% Total Project Cost, not to exceed $5 M per project
   - The TIF Committee has discretion to negotiate the terms and conditions of financial assistance, which must be approved by the TIF Board
   - TIF grants do not provide equity; no commitments to lenders, subordination, escrow accounts or assignments of City obligations
• No funding for projects that will not be completed within 3 years

• TIF funds awarded for other than infrastructure work by private developers are paid only after the entire project is completed

**Procedure**

Applicants for TIF funding should:

1. Submit a completed application with all necessary attachments and documents to the Finance Department to present to the TIF Committee.

2. The TIF Committee will review the application with reference to the above guidelines and the TIF Project Plan.

3. If TIF funding is awarded, the Committee will set a not to exceed amount and direct the amount and type of expenditure to be paid by reimbursement following proper documentation of expenditure.

For more information regarding these policies, contact Relya Mallory, Capital Projects Administrator, at (251) 208-7169.

Attached: Application for Tax Increment Financing (TIF) Assistance Private Development Incentive