

VICTORIA FLATS PROJECT: TIF FAQs

44

FAQs:

■ What is TIF?

- Tax Increment Financing (TIF) uses the increased property taxes generated by a new real estate development to finance direct costs associated with the redevelopment and/or costs for public infrastructure that help to facilitate the redevelopment
- TIF can only be used in cases where the project would not occur if not for the financial assistance (“But-for Test”)

■ Why use TIF?

- To influence the type of redevelopment that occurs
- To gain a higher level of investment in the project
- To support priorities of the City
- To positively leverage new development on the long-term tax potential

VICTORIA FLATS PROJECT: TIF FAQs

45

FAQs:

- Are current Victoria Residents paying taxes that are used by the TIF project?
 - Taxes paid today continue to be directed in the same manner
 - No, residents do not pay taxes that are used by a TIF project
 - Only new dollars created by the project can be used by the project
 - In some cases, existing taxpayers may be relieved of financial burdens if additional public improvements are financed with the increment created by the project

VICTORIA FLATS PROJECT: ILLUSTRATIVE

46

Existing Property Taxes Paid =



BRAUNWORTH PROPERTY



VICTORIA FLATS PROJECT: ILLUSTRATIVE

47

Future INCREASED Property Taxes Paid =

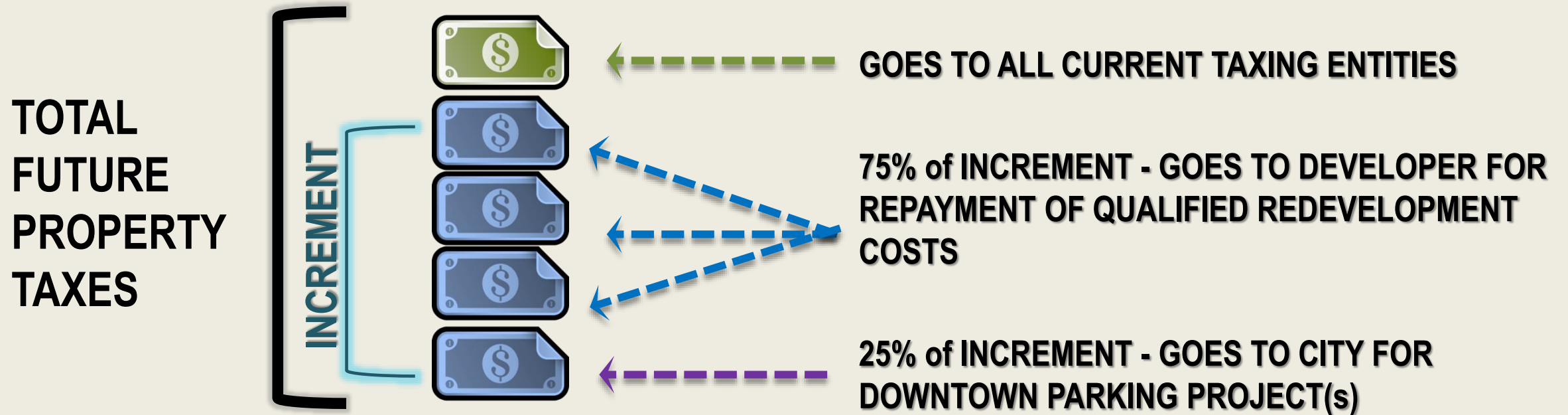


VICTORIA FLATS



VICTORIA FLATS PROJECT: ILLUSTRATIVE

48



OVERVIEW OF TAX INCREMENT FINANCING:

HISTORY OF TIF IN VICTORIA

49

HISTORY OF DISTRICTS:

- The City of Victoria first began looking at possibilities of enhancing the downtown area as part of a citizen committee that was assembled and met from the 1980's into the 1990's. This committee was called the Victoria Improvement Committee.
- The Victoria Improvement Committee reviewed tools and policies available to the City that could shape the Central Business District (downtown) into a place that reflected the vision of the community established in the 1980 Comprehensive Plan.
- TIF has since become a major component of leveraging all resources, including special assessments to downtown property owners, to starting the transformation of what was once an undefined downtown beginning into the emerging and thriving downtown Victoria residents and business owners have come to love about this community
- The slides to follow provide an outline on the history of how TIF has been used and the physical changes experienced through the use of TIF

OVERVIEW OF TAX INCREMENT FINANCING:

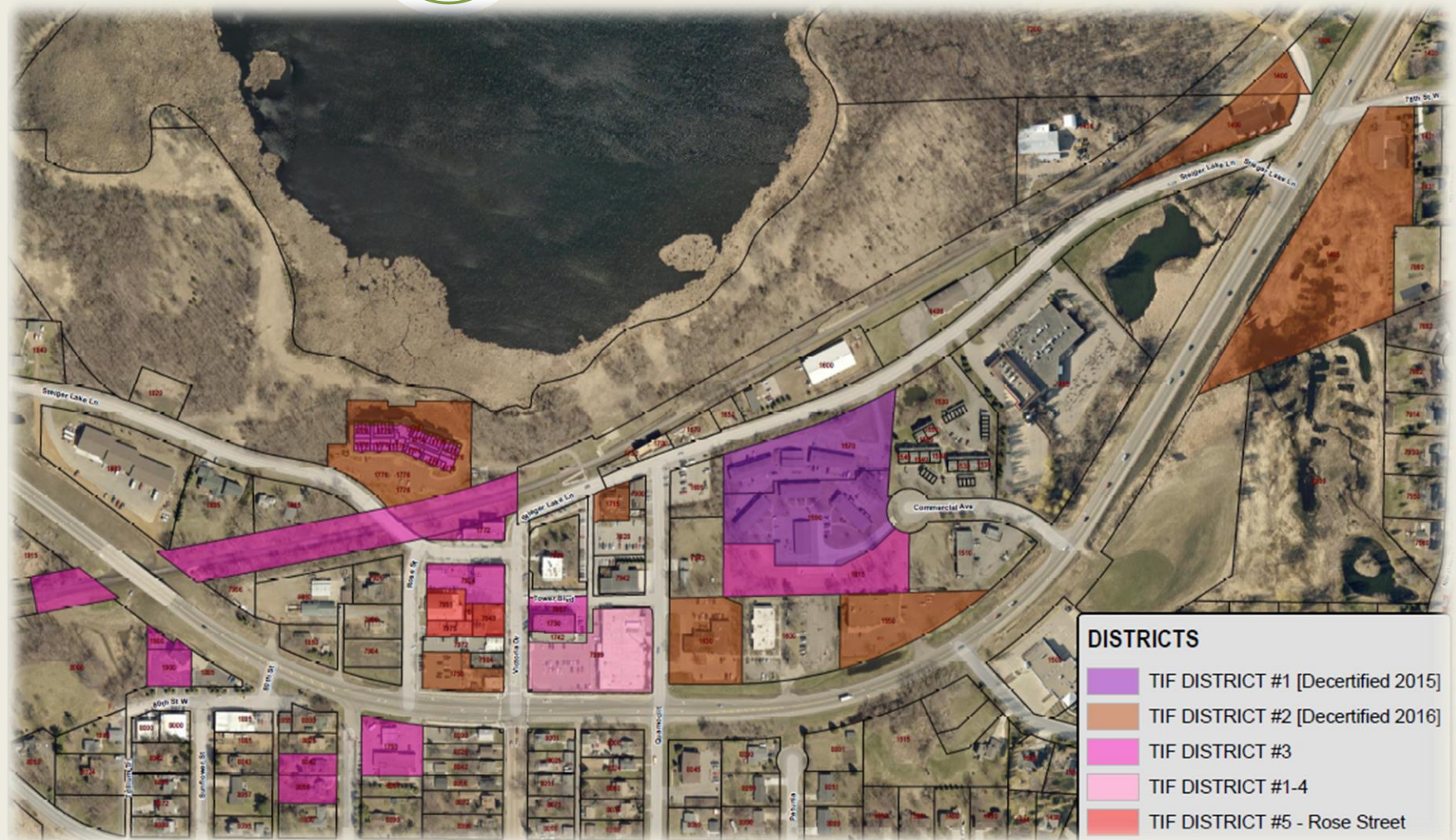
HISTORY OF TIF IN VICTORIA

50

HISTORY OF DISTRICTS:

■ TIF #1:

- Created: 1990
- Decertified: Dec. 2015
- Total TIF Funds Used: **\$361k**
- Project(s) Included:
 - Apartment Facilitation:
 - Land Acquisition
 - Public Improvements



OVERVIEW OF TAX INCREMENT FINANCING:

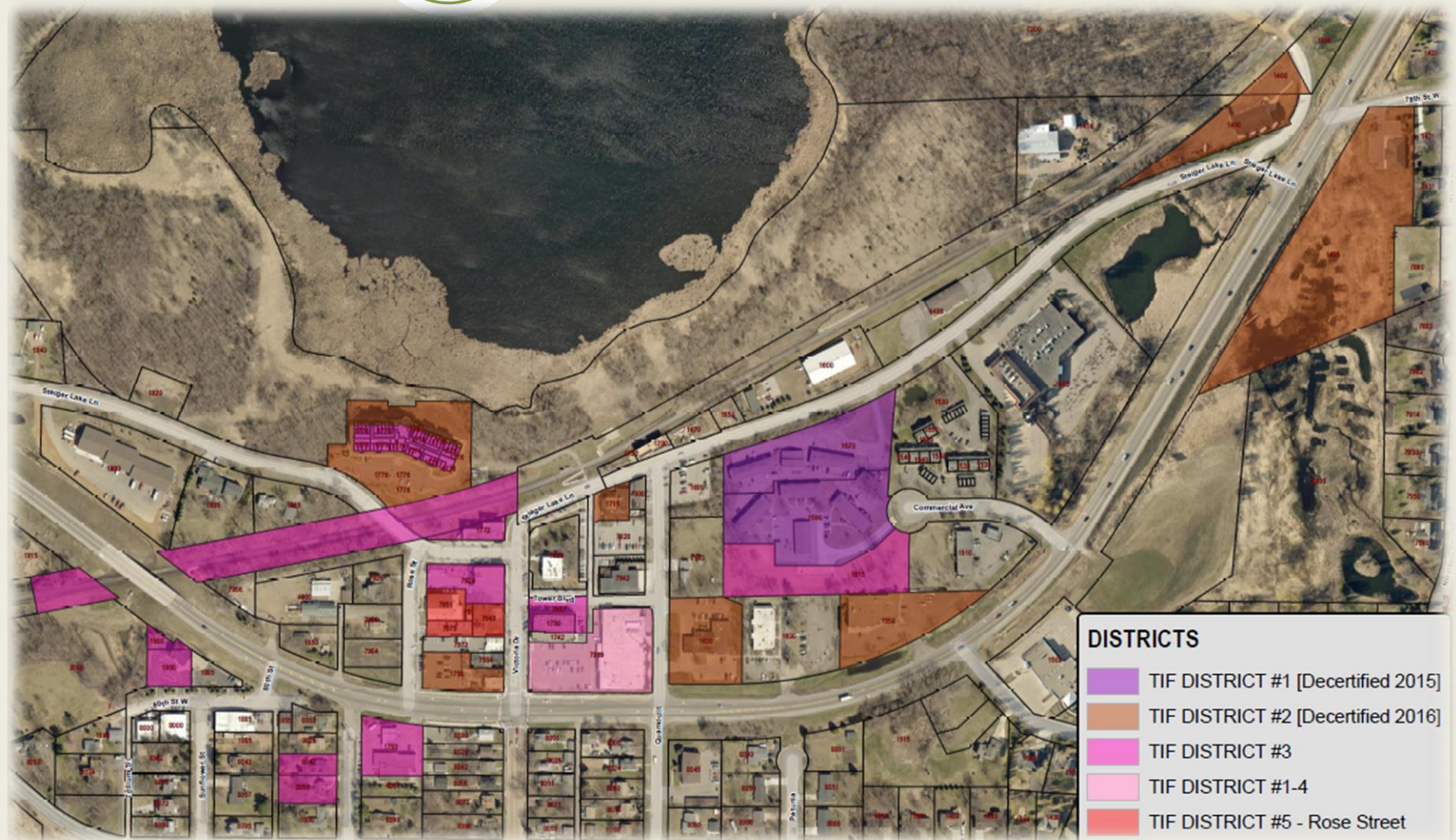
HISTORY OF TIF IN VICTORIA

51

HISTORY OF DISTRICTS:

■ TIF #2:

- Created: 1997
- Decertify Date: Dec. 2016 (2023 per TIF Plan)
- Total TIF Funds Used: **\$1.7 million**
- Project(s) Included:
 - Redevelopment Facilitation:
 - Land Acquisition
 - Site Preparation
 - Stieger Lake Lane Bridge



OVERVIEW OF TAX INCREMENT FINANCING:

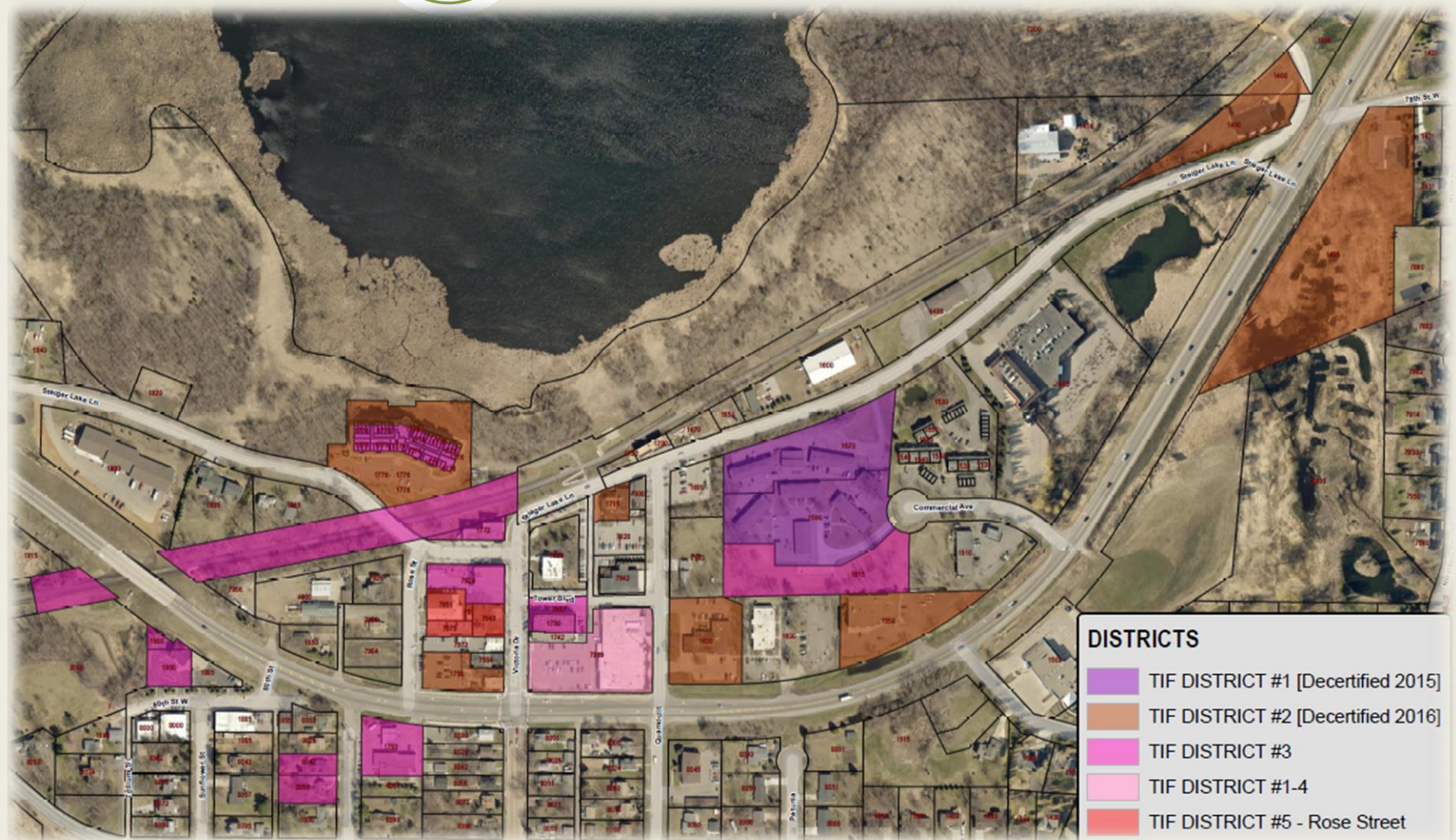
HISTORY OF TIF IN VICTORIA

52

HISTORY OF DISTRICTS:

■ TIF #3:

- Created: 2002
- Decertify Date: 2028 per TIF Plan
- Total TIF Funds Used: **\$5.1 million**
- Project(s) Included:
 - Downtown Phase 1 Improvements:
 - New Streets
 - Utilities
 - Streetscaping
 - Bury Powerlines
 - Regional Storm Pond



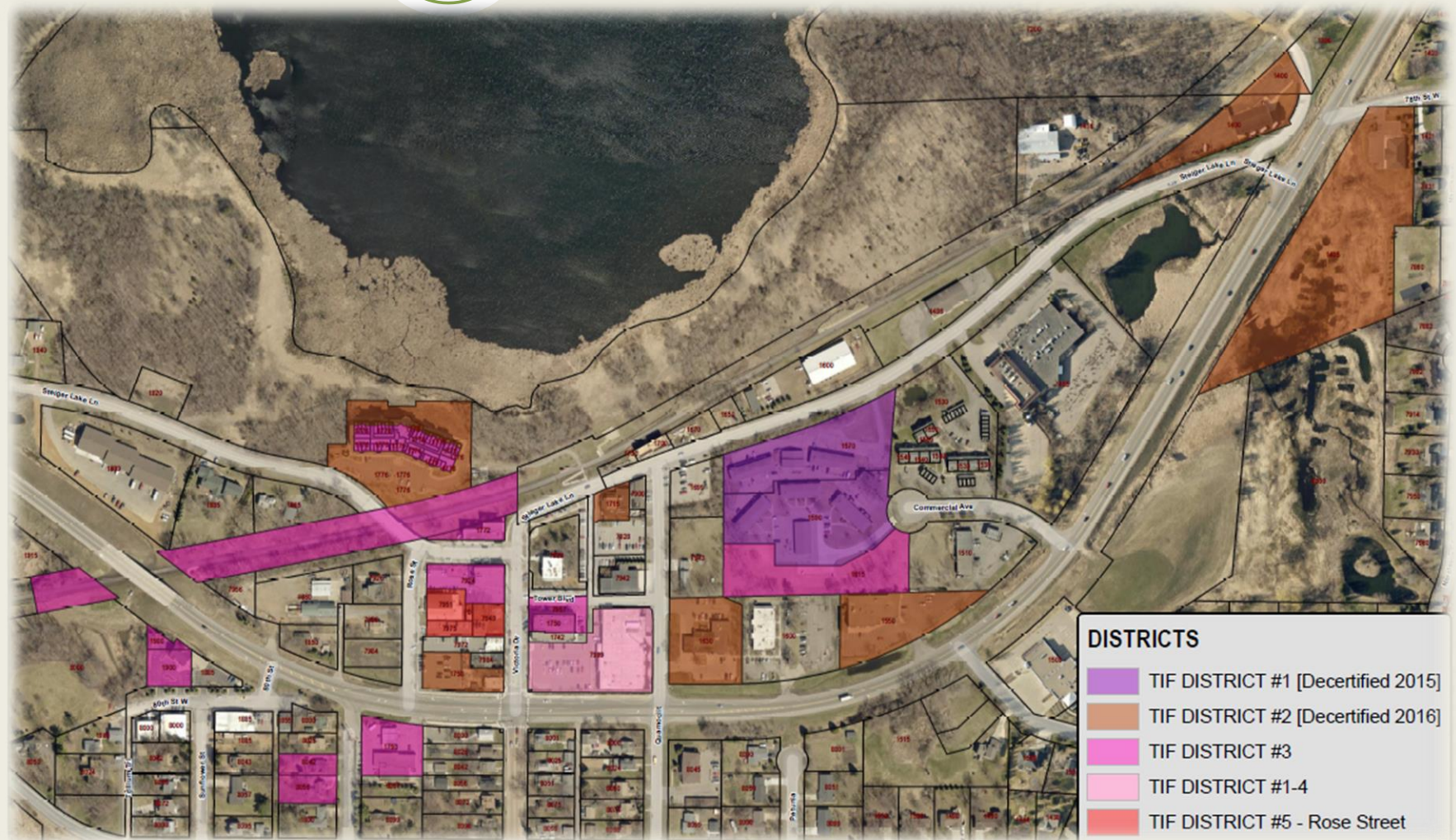
OVERVIEW OF TAX INCREMENT FINANCING:

HISTORY OF TIF IN VICTORIA

53

HISTORY OF DISTRICTS:

- **TIF #4:**
 - Created: 2008
 - Decertify Date: 2036 per TIF Plan
 - Total TIF Funds Used: **\$1.7 million**
 - Project(s) Included:
 - Grocery Store Facilitation:
 - Property Acquisition
 - Site Preparation
 - Return on Investment to Developer for Assuming Upfront Costs and Risk



OVERVIEW OF TAX INCREMENT FINANCING:

HISTORY OF TIF IN VICTORIA

54

HISTORY OF DISTRICTS:

■ **TIF #5:**

- Created: 2016
- Decertify Date: 2043 per TIF Plan
- Total TIF Funds Proposed: **\$650k**
- Project(s) Included:
 - Redevelopment Costs
 - Land Acquisition
 - Site Preparation
 - Parking Lot Improvements
 - Curb & Gutter
 - Streetscaping
 - Pedestrian Routes



NORTHLAND SECURITIES: TAMMY OMDAL

55

- Overview of TIF 1-6 Plan
 - Redevelopment District
 - To be established for 25 years, but could be retired earlier
 - 75% increment to project (\$2 m)
 - Developer increment applied to qualified costs
 - 25% retained by City (\$1.2 m)
 - City increment available to be used towards additional parking project
- Overview of TIF Assistance Agreement
 - Review of Need (But-For Test)
 - Pay-As-You-Go Note in the amount of \$2 million
 - \$3.3 million in Qualified Costs
 - Promise to pay: Not a Guarantee
 - Minimum Assessment Agreement