



**CITY OF DOVER**

## CITY COUNCIL - AGENDA

Meeting Type: Workshop Session  
Meeting Location: Council Chambers, City Hall  
Meeting Date: **Wednesday, September 1, 2010**  
Meeting Time: **7:00 pm**

1. **CALL TO ORDER**
2. **MOMENT OF SILENCE**
3. **PLEDGE OF ALLEGIANCE**
4. **ROLL CALL ATTENDANCE**
5. **ZONING AMENDMENTS**
6. **ECONOMIC DEVELOPMENT ISSUES**
7. **CITIZEN'S FORUM**

*Citizens are invited to speak on the subject matter of the Workshop. Statements shall be limited to five minutes.*

8. **ADJOURNMENT**



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**CITY OF DOVER – ORDINANCE APPROVED BY  
PLANNING BOARD ON JUNE 22, 2010**

**Agenda Item#:**

Ordinance Number: **O – yyyy.mm.dd -**  
Ordinance Title: Updating the Dover Zoning Ordinance  
Chapter: 170

The City of Dover Ordains:

**1. PURPOSE**

The purpose of this ordinance is to amend Chapter 170 of the Code of the City of Dover, entitled Zoning, by updating the code to reflect changes in the community, and in land use regulations.

**2. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-3 “Purpose”, by revising as follows:

“This chapter is an element of the Dover Comprehensive Development Plan and is designed to promote the health, safety, ~~moral~~ and the general welfare of Dover's residents by serving to facilitate the adequate provision of transportation, water, sewer, schools, parks and other public requirements; to encourage the maintenance of Dover's economic and aesthetic quality of life; and to encourage the most appropriate use of land throughout the City of Dover.”

**3. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-6 “Definitions”, to add new definitions and revise existing definitions to read as follows:

“**ABUTTER** means:

1. Any person whose property is located in New Hampshire and adjoins or is directly across the STREET or stream from the land under consideration.
2. For the purposes of receiving testimony only, and not for purposes of notification, the term "abutter" shall include any person **or entity** who is able to demonstrate that his land will be directly affected by the proposal under consideration.
3. In the case of an abutting property being under a condominium or other collective form of ownership, the term "abutter” means the officers of the collective or association, as defined in RSA 356-B: 3, XXIII. ~~It~~ **Additionally, the individual owners of units within the association, which are located within two hundred (200) feet of the common property line shall be notified only by first class mail.**
4. For purposes of notification and receiving testimony, abutter means all affected towns and the regional planning commission in the case of a development having regional impact, as determined by the Board.
5. **For purposes of notification, abutter ownership information for LOTS located in Dover, shall be obtained through the City’s Tax Assessment Office”**

AND

“**CIVIC BUILDING** means a BUILDING operated by not-for-profit organizations dedicated to arts, culture, ~~religion~~, education, recreation, government, transit, and municipal parking, or for use approved by the legislative body.”



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AND

“**CONSERVATION LOT** means a **LOT** created solely for the purpose of land conservation. The **CONSERVATION LOT** must contain no less than fifty percent (50%) developable uplands, but will have no **DEVELOPMENT RIGHTS**. The **CONSERVATION LOT** may be owned by a private, nonprofit organization, which has as its purpose the preservation of **OPEN SPACE**, or dedicated to a public entity. **CONSERVATION LOTS** must meet the required minimum **LOT** size and **SETBACKS**. **CONSERVATION LOTS** do not need to meet the minimum **FRONTAGE** requirements. **CONSERVATION LOTS** must be created following the regulations outlined in Chapter 155, Subdivision of Land.”

AND

“**CUSTOMARY HOME OCCUPATION** - An occupation carried on a secondary use in a **DWELLING UNIT** or accessory **BUILDING** by the occupant of such unit. For the use of a dwelling or accessory **BUILDING** in any Residential District for a "home occupation," the following conditions shall apply:

1. "Home occupation" shall include not more than one (1) of the following uses, provided that such uses are clearly incidental and secondary residential purposes; dressmaker, artist, arts and crafts, writer, teacher, provided that not more than eight (8) pupils simultaneously occupy the **BUILDING**, musician, ~~antique dealer~~, **hairedresser**, lawyer, doctor, photographer, dentist, architect, engineer or practitioner of any other profession or similar occupation which may be unobtrusively pursued in a residential area.
2. No more than one (1) nonresident shall be employed therein.
3. The use is carried on strictly by the occupant of the **PRINCIPAL BUILDING**. [**Amended 08-01-90 by Ord. No. 8-90**]
4. No more than twenty-five percent (25%) of the existing net **FLOOR AREA** of the principal and any accessory **BUILDINGS** not to exceed six hundred (600) square feet is devoted to such use.
5. There shall be no display of goods or wares visible from the **STREET**.
6. No advertising on the premises other than a small ~~non-electric~~ **non-illuminated SIGN** not to exceed two (2) square feet in area and carrying only the occupant's name and his occupation.
7. The **BUILDINGS** or premises occupied shall not be rendered objectionable or detrimental to the residential character of the **NEIGHBORHOOD** because of the exterior appearance, traffic emission of odor, gas, smoke, dust, noise, electrical disturbance, **light emissions**, or in any other way. In a **MULTI-FAMILY DWELLING**, the use shall in no way become objectionable or detrimental to any residential use within the multifamily **STRUCTURE**.
8. Any such **BUILDING** shall include no feature of design not customary in **BUILDINGS** for residential use. ~~Such uses as clinics, bakeries, gift shops, tearooms, tourist homes, massage, animal hospitals, KENNELS~~ **The following uses, by nature of the investment or operation, have a potential to rapidly increase beyond the limits specified above for home occupations and impair the use, value and quiet enjoyment of adjacent residential properties. Therefore, uses such as Retail, Clinic,**



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**Landscaping, Freight, Trucking or Shipping, Painting of Vehicles, Trailers and Boats, Restaurants, Caterers or Bakeries, Taxi Service, Tool or Equipment Rental, Veterinary hospital or KENNEL and others of a similar nature shall not be considered as home occupations-**

- 9. A minimum of two (2) off-STREET PARKING SPACES shall be provided. All driveways to be used in connection with such occupations shall conform to the city's Driveway Ordinance\*.
- 10. Not more than one (1) commercial vehicle in connection with such home occupation shall be stored on the premises.
- 11. A certificate of use for the proposed use is issued by the Zoning Administrator verifying conformance with the preceding standards. **Said certificate shall be renewed annually. [Amended 12-09-09 by Ord. No. 2009-09.09-15]**

AND

**“FARM ANIMALS FOR FAMILY USE means animals commonly raised or kept by a family for non-commercial purposes on a LOT containing a one or two family dwelling. Includes chickens, sheep or goats totaling six (6) or fewer, but does not include roosters.”**

AND

**“LIVESTOCK, POULTRY AND SWINE means animals that are commonly raised or kept in an agricultural setting, including, but not limited to, chickens, roosters, turkeys, ducks, pigs, sheep, goats, horses, cows, cattle, llamas, emus, ostriches, donkeys, mules, buffalo, bison, alpacas, elk, deer and reindeer; provided, however, that chickens, sheep or goats, totaling six (6) or fewer, shall not be considered to be included.”**

**4. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-7, Establishment of districts to read as follows:

**“A. Districts:**

The City of Dover is hereby divided into the following districts:

Residential

- R-40 Rural Residential District
- R-20 Low-Density Residential District
- R-12 Medium-Density Residential District
- RM-SU Suburban Density Multi-residential District
- RM-U Urban Density Multi-residential District

Nonresidential

\* **Editor's Note: See Ch. 92, Driveways.**



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- B-1 NEIGHBORHOOD Business District
- B-3 Thoroughfare Business District
- B-4 HOTEL/Retail District
- B-5 ~~Commercial/Retail~~ Gateway District
- I-1 Restricted Industrial District
- I-2 Rural Restricted Industrial District
- I-4 Assembly and Office
- ETP Executive and Technology Park

Mixed -Use

- O Office District
- CBD Central Business District
- CWD Cochecho Waterfront District

Overriding

- CD Conservation District
- URD Urban Renewal District
- RRD Riverfront Residential Overlay District
- GWP Groundwater Protection District
- HWD Hazardous Waste Landfill District
- RCM Residential-Commercial Mixed Use
- SRD Scenic Road Overlay District
- TDR TRANSFER OF DEVELOPMENT RIGHTS
- TEL Telecommunications Facilities
- WPD Wetland Protection District

**B. District Purpose Statements:**

**1) RESIDENTIAL DISTRICTS**

The residential districts are intended to provide a wide range of residential units to provide the citizens of Dover with a balance of housing choices, with varying housing types, densities and costs. The goal is to preserve and create city NEIGHBORHOODS that are safe and promote harmonious development.

**a) Rural Residential District (R-40)**

The purpose of this residential district is to provide for conventional single-family NEIGHBORHOODS in the more rural areas of the city. These areas have larger LOT sizes (1+ acres) and the homes are most likely served by on-site septic systems and wells, but there are some portions of the district that have municipal sewer and water. New subdivisions are designed as OPEN SPACE developments with reduced LOT sizes allowed in return for the permanent preservation of OPEN SPACE. Agriculture and farming are promoted in this district. Some non-residential uses that are compatible with single-family homes are permitted, including churches, hospitals, elementary schools, high schools and CHILD CARE FACILITIES.

**b) Low-Density Residential District (R-20)**



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The purpose of this residential district is to provide for conventional single-family **NEIGHBORHOODS** on **LOTS** not less than 20,000 square feet. The homes in this district are likely served by municipal sewer and water, but there are some areas that still have on-site septic systems and wells. These districts are located near major roadways. The development of parcels with at least 15 acres can be done as **OPEN SPACE** subdivisions. Agriculture and farming are promoted in this district. Some non-residential uses that are compatible with single-family homes are permitted, including churches, elementary schools, high schools and **CHILD CARE FACILITIES**.

**c) Medium-Density Residential District (R-12)**

The purpose of this residential district is to provide for conventional single-family **NEIGHBORHOODS** on **LOTS** not less than 12,000 square feet. The homes in this district are almost all served by municipal sewer and water. Many of the **NEIGHBORHOODS** surrounding the elementary schools are in this district and have a **SIDEWALK** system that is conducive to children walking to school. The development of parcels with at least five acres can be done as **OPEN SPACE** subdivisions. Some non-residential uses that are compatible with single-family homes are permitted, including churches, elementary schools, high schools, colleges and **CHILD CARE FACILITIES**.

**d) Suburban Density Multi-residential District (RM-SU)**

The purpose of this residential district is to provide an environment suitable for a variety of moderate density housing types, including **SINGLE-FAMILY**, two family, 3-4 family and **MULTI-FAMILY DWELLINGS**. These districts are suburban **NEIGHBORHOODS** located along major roadways outside of the center of the city. The homes in this district are almost all served by municipal sewer and water. Some non-residential uses that are compatible with residences are permitted, including churches, elementary schools, high schools, and **CHILD CARE FACILITIES**.

**e) Urban Density Multi-residential District (RM-U)**

The purpose of this residential district is to provide an environment suitable for a variety of moderate/high density housing types, including **SINGLE-FAMILY**, two family, and 3-4 family dwellings. These districts are urban **NEIGHBORHOODS** located close to the downtown area and contain many historic homes that are built close to the **SIDEWALKS** and **STREETS**. The homes in this district are all served by municipal sewer and water. Some non-residential uses that are compatible with residences are permitted, including churches, funeral parlors, elementary schools, high schools, and **CHILD CARE FACILITIES**.

**2) NONRESIDENTIAL DISTRICTS**

The nonresidential districts are intended to provide suitable areas for commercial, service, retail, office and industrial developments, to provide employment opportunities for citizens of Dover and the region, to enhance property values, and expand the tax base. Development that uses land efficiently and has high quality design is encouraged.

**a) NEIGHBORHOOD Business District (B-1)**



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The purpose of this business district is to provide small sites for commercial use in or near dense residential **NEIGHBORHOODS** without having significant impact upon residential uses. The district encourages traditional small scale retail and service uses that are convenient for the nearby residents. Development is intended to be pedestrian-oriented and compatible with the scale of the residential uses.

**b) Thoroughfare Business District (B-3)**

The purpose of this business district is to provide an environment that encourages efficient and attractive automobile oriented commercial development along major highways outside of the downtown. The 20,000 square foot minimum **LOT** size encourages moderately sized commercial uses. The district provides economic development opportunities for a mix of land uses, including retail sales, personal services, restaurants, automobile sales, **HOTELS**, offices, banks, and theaters. Other commercial uses and **MULTI-FAMILY DWELLINGS** are allowed by special exception.

**c) HOTEL/Retail District (B-4)**

The purpose of this business district is to provide an environment that encourages efficient and attractive commercial development on a larger scale along major highways outside of the downtown. The minimum **LOT** size of five acres encourages larger commercial development. The district provides economic development opportunities for a mix of land uses, including retail sales, personal services, restaurants, **HOTELS**, offices, banks, and theaters.

**d) Gateway District (B-5)**

The purpose of this business district is to provide an environment that encourages efficient and attractive commercial development along major highways that are gateways to the city. The minimum **LOT** size of 20,000 square feet encourages a mix of various sized commercial uses. The district provides economic development opportunities for a mix of land uses, including retail sales, personal services, restaurants, **GAS STATIONS**, automobile sales, **HOTELS**, offices, banks, and theaters.

**e) Restricted Industrial District (I-1)**

The purpose of this industrial district is to provide appropriate locations for manufacturing, assembly, fabrication, packaging, distribution, storage, warehousing, wholesaling and shipping activities that expand the economic base of the city and provide employment opportunities. These areas tend to be smaller sites closer to the downtown area containing older buildings that have historically been used for industrial and business uses. The smaller minimum **LOT** size of 40,000 square feet also encourages business uses such as **PUBLISHING**, **HOTELS**, **GAS STATIONS**, car sales, offices, and personal services. The close proximity of these areas to older residential **NEIGHBORHOODS** requires careful consideration of impacts on adjacent uses in other districts.

In 2009 the zoning for this district was amended to allow for the redevelopment of this industrial property in a more flexible and context sensitive method. The district



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encourages mixed residential and commercial uses that complement one another and create a sense of community between the mixed uses.

**f) Rural Restricted Industrial District (I-2)**

The purpose of this industrial district is to provide appropriate locations for manufacturing, assembly, fabrication, packaging, distribution, storage, **WAREHOUSING, WHOLESALING** and shipping activities that expand the economic base of the city and provide employment opportunities. This area is the location of one of the first industrial parks in the city, located off Littleworth Road and Knox Marsh Road in a more rural area. The smaller minimum LOT size of 20,000 square feet also encourages business uses such as **PUBLISHING, HOTELS, GAS STATIONS**, restaurants, car sales, offices, and personal services.

**g) Assembly and Office (I-4)**

The purpose of this industrial district is to provide appropriate locations for manufacturing, assembly, fabrication, packaging, distribution, laboratory, testing facility, **WAREHOUSING, WHOLESALING, PUBLISHING** and shipping activities that expand the economic base of the city and provide employment opportunities. These areas are located along major collector roads away from the downtown area. The newest industrial park developed by the city is located in this district. The minimum LOT size in this district is five acres, which encourages larger industrial users.

**h) Executive and Technology Park (ETP)**

The purpose of this executive and technology district is to provide appropriate locations for large-scale high technology, research, professional office, and clean manufacturing uses that need large sites and high aesthetic standards. The general character of the district is intended to be a campus or park-like setting that encourages creative design and innovation is site planning and development, while protecting the natural resources. In this district the minimum LOT size is three acres and there is no **FRONTAGE** requirement, which encourages larger users in campus settings. Some of the city’s largest employers are located in this district. This district includes special design standards for **BUILDINGS, parking LOTS** and landscaping.

**3) MIXED –USE DISTRICTS**

The mixed use districts are intended to provide suitable areas for a mixture of urban **NEIGHBORHOODS** containing residential, commercial, service, retail, and office uses. The mixed use development is intended to create a sense of community between the mixed uses and facilitate the economical and efficient use of land. The districts are intended to provide housing and employment opportunities for citizens of Dover and the region, to enhance property values, and expand the tax base. Development that uses land efficiently and has high quality design is encouraged.

**a) Office District (O)**

The purpose of this office district is to provide appropriate locations for a mixture of residential and offices uses along higher volume **STREETS**. The remaining large historic homes are no longer suitable for single family residential due to the high traffic. This



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district is a transition area between the more commercial areas and the urban residential areas on the side streets. Residential uses up to four dwelling units per structure are permitted, along with commercial uses such as offices, banks, funeral parlors, churches, schools, hospitals, **NURSING HOMES and CONGREGATE CARE FACILITIES**. The density for residential uses is about eight units per acre and in new buildings residential is only allowed on the second floor or higher.

**b) Central Business District (CBD)**

The purpose of this district is to provide the appropriate locations for context sensitive zoning. The form based code in this district is intended to foster a vital main street both for itself and for its adjacent **NEIGHBORHOODS** through a lively mix of uses—with shop fronts, **SIDEWALK** cafes, and other commercial uses at street level, overlooked by canopy shade trees, upper story residences and offices. The district has an increased emphasis on the form and placement of structures and a decreased emphasis on the function(s) contained within them.

**c) Cochecho Waterfront District (CWD)**

The purpose of this mixed use district is to provide appropriate locations for a mixture of residential and commercial uses on the waterfront parcels along the downtown portion of the Cochecho River. This district has very flexible dimensional requirements, with no minimum **LOT** size, **FRONTAGE** or **SETBACK** requirements and a density of 43 dwelling units per acre. Several water related land uses are permitted in the district, including **MARINAS, WATERBORNE PASSENGER TRANSPORTATION FACILITIES and WATER RELATED EDUCATION AND RESOURCE CENTERS**. The architecture of the waterfront areas should encourage the development of marine, history or tourism related land uses and activities, which take advantage of the unique characteristics of the waterfront as well as its central location and proximity to historic areas.

**4) OVERRIDING DISTRICTS**

The purpose of the overriding districts is to provide an additional layer of land use regulation or protection is certain sensitive areas of the city. The requirements of these overlay districts are in addition to the underlying zoning districts. Most of the districts are intended to protect environmentally sensitive areas. For specific purpose statements review the text of each overriding district.”

**5. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Article Chapter 170-12 “Applicability of Tables of Use and Dimensional Regulations By District”, by revising the Permitted Use Tables for the R-40, R-20, and R-12 Districts by adding the following new use:

**“CONSERVATION LOT”**



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**6. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Article Chapter 170-12 “Applicability of Tables of Use and Dimensional Regulations By District”, by revising the Permitted Use Tables for the I-4 District by adding the following new use:

**“EXCAVATION”**

AND

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Article Chapter 170-12 “Applicability of Tables of Use and Dimensional Regulations By District”, by revising the Permitted Use Table for the R-40 District by replacing the term “Gravel Pit (12)” with “EXCAVATION (12)”.

**7. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Article Chapter 170-12 “Applicability of Tables of Use and Dimensional Regulations By District”, by revising the Permitted Use Table for the R-40 District by deleting “Drive-In Theater” as a permitted use and by revising the Permitted Use Table for the B-4 District by adding “Drive-In Theater” as a permitted use.

**8. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-12, Applicability of Tables of Use and Dimensional Regulations by District, by revising the Permitted Uses Tables for the Rural Residential (R-40), Low Density Residential (R-20), Medium Density Residential (R-12), Suburban Density Multi-Residential (RM-SU), Urban Density Multi-Residential (RM-U), Neighborhood Business (B-1), and Office (O) Districts, by adding the following new permitted use:

**“FARM ANIMALS FOR FAMILY USE, for non-commercial purposes, on LOTS containing a one or two family dwelling (#)**

**(15) Use is allowed on the portion of the lot that is behind the principal structure, provided the following standards are met: Chickens: No more than six (6) chickens and no roosters, with three (3) square feet of chicken coop and twenty (20) square feet of a fenced enclosure yard per chicken; all coops and enclosures shall be twenty (20) feet from any property line. Sheep or goats: one animal per 10,000 square feet of LOT area, with a maximum of six (6) animals; ten (10) square feet of shelter and thirty (30) square feet of a fenced enclosure yard per animal; all shelters and enclosures shall be thirty (30) feet from any property line.”**

**[# use next footnote number in sequence for each district]**



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**9. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-12, Applicability of Tables of Use and Dimensional Regulations by District, as follows:

Revise the Permitted Uses Tables for the Urban Density Multi-Residential (RM-U) and Office (O) Districts, by adding the following new Special Exception:

**“RETAIL STORE (See Over)**

**Retail Store**

**A Retail Store shall be subject to the following regulations:**

- A. The store shall contribute to a NEIGHBORHOOD feel and be pedestrian friendly.**
- B. The store shall be no larger than 2,000 square feet.**
- C. No more than half of the required parking necessary shall be on-site parking, which shall be screened from abutting residential LOTS.**
- D. Any loading or unloading of products shall not disrupt neighbors or traffic flow.**
- E. The proposed use shall be compatible with the surrounding NEIGHBORHOOD.**
- F. Hours of operation shall be limited to 6 am to 9 pm Sunday – Thursday, and 6 am to 10 pm Friday and Saturday.”**

**10. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-12, Applicability of Tables of Use and Dimensional Regulations by District, as follows:

Revise the Permitted Uses Tables for the Central Business District (CBD) by renaming the “Commercial” subdistrict to “General” and removing the Freestanding sign as an allowed sign in all subdistricts.

**11. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-32 “Sign Review and Regulations” subsection D) 5) to read as follows:

- “5) The illumination of any SIGN shall be nonflashing. Spot- or floodlights shall be arranged so that the direct rays of light do not shine or reflect directly into adjacent properties or the line of vision of a motorist.**
- a) FLASHING SIGNS are prohibited.**
  - b) Illuminance of the sign face shall not exceed the following standards:**
    - i. External illumination: 50 foot-candles as measured on the sign face.**
    - ii. Internal illumination: 5,000 nits (candelas per square meter) during daylight hours, and 500 nits between dusk and dawn, as measured at the sign’s face.**
    - iii. Direct illumination: 5,000 nits during daylight hours, and 500 nits between dusk and dawn, as measured at the sign’s face.”**



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AND

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-32, Sign Review and Regulations, Subsection L to read as follows:

“Elections SIGNS. Elections SIGNS are permitted as follows:

- 1) The provisions of this section are in addition to the political SIGN controls established under Chapter 70 of the New Hampshire Revised Statutes Annotated, as amended.
- 2) Elections SIGNS are permitted no sooner than thirty (30) days prior to a primary or regular election and must be removed within ten (10) days of the closing of the polls.
- 3) Elections SIGNS shall not be affixed in any manner to public property (City-owned) ~~nor within STREET RIGHTS OF WAY~~, nor to utility poles and fixtures, nor painted, pasted or affixed in any manner that prohibits quick and complete removal.
  - (a) *As per RSA 664:17, election SIGNS are permitted within the public RIGHT OF WAY but not within the edge of pavement, with the consent of the owner of the land over which the RIGHT OF WAY passes. Signage shall not obstruct the safe flow of traffic, vehicular or otherwise.*
- 4) The person whose name appears on each political SIGN as required by Chapter 70 of the New Hampshire Revised Statutes Annotated, as amended, is responsible for the placement, distribution and removal of political SIGNS in conformance with the requirements of this Zoning Ordinance.
- 5) No SIGN in any district, ~~other than the Central Business District~~, shall be larger than ~~four (4) feet by four (4) feet or a total SQUARE footage of sixteen (16) square feet.~~
- 6) Any candidate failing to comply with the above requirements shall be subject to a fine not to exceed fifty dollars (\$50.00) per SIGN violation.”

**12. AMENDMENT**

Chapter 170 of the Code of the City of Dover, entitled Zoning, is hereby amended by revising Chapter 170-33, FENCE review and regulations, Subsection A to read as follows:

“A. FENCE HEIGHTS. No person, ~~firm, corporation or other organization~~ **entity** shall erect or cause to be erected a FENCE exceeding ~~six (6)~~ **three (3) feet in HEIGHT between the RIGHT OF WAY and a parallel line with the front of the house closest to the RIGHT OF WAY. FENCES may be up to eight (8) feet in HEIGHT from said parallel line with the front of the house, around both sides and around the REAR YARD. HEIGHT is measured** from ground level.”



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**13. TAKES EFFECT**

This ordinance shall take effect upon passage and publication of notice as required by RSA 47:18.

**AUTHORIZATION**

Approved as to Funding: Daniel R. Lynch  
Finance Director

Sponsored by: Dean Trefethen, Deputy Mayor  
Planning Board Representative

Approved as to Legal Form: Allan B. Krans, Sr.  
City Attorney

Recorded by: Karen Lavertu  
City Clerk

**DOCUMENT HISTORY:**

First Reading Date:	Public Hearing Date:
Approved Date:	Effective Date:

**DOCUMENT ACTIONS:**

<b>VOTING RECORD</b>		
Date of Vote:	YEAH	NAY
Mayor Scott Myers		
Deputy Mayor Dean Trefethen		
Councilor Robert Carrier, Ward 1		
Councilor William Garrison, Ward 2		
Councilor Jan Nedelka, Ward 3		
Councilor Dorothea Hooper, Ward 4		
Councilor Catherine Cheney, Ward 5		
Councilor Gina Cruikshank, Ward 6		
Councilor Karen Weston, At Large		
Total Votes:		
Resolution does   does not pass.		

**ORDINANCE BACKGROUND MATERIAL:**

Insert background.

**Barufaldi, Daniel**

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**Subject:** News from PolicyOne Research, Inc.

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**Transform Information into Action**

## *Bulletin of Research and Analysis*

May 2009

Number 2

Welcome to the May issue of the PolicyOne Research Newsletter. This continues a monthly e-newsletter in which we will share information and concepts important to growth, change, and improvement in the public and private sectors.

### **In This Issue**

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[Are You Taking Steps to Reduce Organizational Relationship Stress?](#)

[Where You Are on the Map May Not Be Where You Really Are](#)

[Featured Indicator: Total R&D as % of GDP-State](#)

### **Quick Links**

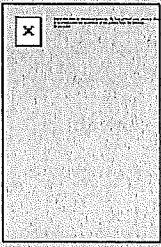
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## **Tips on the Use of Tax Increment Financing**

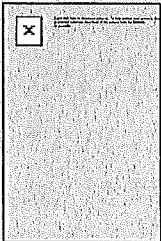
Tax Increment Financing (TIF) is a powerful economic development tool and if used with appropriate planning can benefit communities as well as businesses. While the exact application and provisions of TIF's vary by state, TIF's typically encompass some form of capturing property taxes resulting from increases in property value due to development of a project and dedicating those revenues to support the development as well as other activities. This may include using dedicated revenues for infrastructure and capital improvements costs, payment of bonds and other financing mechanisms, and in some states like Maine, direct tax relief to encourage development. To help ensure that TIF's provide their intended purpose and value, a community should consider the following tips:

- Fit use of TIFs into long-term economic development strategy - Know what your long-term objectives are
- To maximize fiscal benefit from TIFs tie into community capital planning and budgeting - consider going beyond the use of TIFs for business incentives and use to fund public infrastructure to support economic development
- Be aware that when using TIF revenues to benefit specific businesses/developers, what you provide to one will be serve as the benchmark for future requests
- Once TIFs are used, be sure to implement system for tracking values, revenues, and expenditures throughout the life of the TIF
- Plan for the tradeoff between TIF funds and General funds" - what you take in for TIFs can not be used for General Fund purposes
- Downtown TIFs often will not generate sufficient revenues from new investments to pay for items in the development program - you may want to consider integrating downtown TIF objectives with other TIFs in the community
- TIF policies can help direct decisions on when and how to use TIFs and can be tailored to meet community's long term objectives - they need not be overly restrictive
- The fiscal benefit of TIF use varies by community and is driven largely by its tax rate and the state school funding formula - knowing the fiscal "breakeven point" can help a community determine how much of an incentive for a business makes fiscal sense - this breakeven point changes over time and should be periodically reexamined

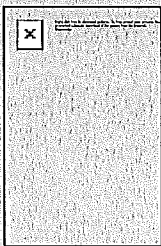
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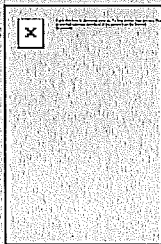
Jim Damicis



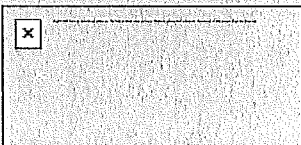
Nancy Forrester



Justin Gifford



Bruce Hensler



## Are You Taking Steps to Reduce Organizational Relationship Stress?

Have you seen it in your organization, the stress related to the uncertainties and unknowns resulting from the economic downturn? You can sense the feelings almost like a mist in the air. Some of them may include anxiety, fear, apprehension, frustration, restlessness, intolerance, and irritation, among other emotions. They can cause otherwise avoidable arguments and disagreements, they can pit people against each other in small or impactful ways. They are upsetting and they can hurt the organizational dynamics like a bruise. They can prevent the level of conversation and strategic planning that are so crucial to riding the waves presented to organizations in this economy. They can decrease productivity and increase costs and inefficiencies.

Is there hope? Of course there is! The solutions include some basic behaviors that we all have as part of our inner tool box.

- **Acknowledge** that there is something wrong in an otherwise positive organization, and then
- **Identify** the source and causes. Rather than blame each other, find the courage to
- **Communicate** at a more open and honest than usual level about what is going on personally and organizationally. Take the time to communicate about the thoughts and feelings.

What does this really mean and how will it play out? When we are full of challenging and difficult feelings, it is fruitless to continue to pour in even more feelings and thoughts. Think about it. We are full! The ultimate outcome is far more successful if we let some of the feelings out first. Expressing our feelings - those emotions that have made us anxious and irritable, afraid and upset - will create space for other thoughts and feelings and we are more likely to be more thoughtful, reasonable, and rational in our thinking. Skipping over and trying to stuff the feelings rarely works in reality.

Where do we go from here? Acknowledging the realities of the situation facing the organization and engaging in a deeper level of honest communication on a regular basis can generate a more cohesive and positive unity among you and your colleagues. Don't allow yourselves to wallow in negativity.

Most importantly, if you can sense underlying relationship conflict and dis-ease, but don't feel equipped to address it, then reach for outside help. Bring in the skill and expertise of those who regularly assist organizations in the complicated and sometimes difficult walk through relationship and communication issues. The value to the organization cannot be underestimated.

## Where You Are on the Map May Not Be Where You Really Are

Where are you on the map? Is your location accurate? Do the various online map sites place your location (business or home) where it really is located? Not long ago I purchased map data to use with a GIS program. Looking at the map where my own home was located, I noticed that something did not seem right about the map image. There is a tendency to believe what you are seeing and why not in this case? It was a map data set purchased from a reputable, well-known company. How could they be wrong and me be right? All that I know is that my street, on their map, curved in the opposite direction. What should have pointed south was pointing north.

Several months later, I understood why they made that mistake. I found the identical map image error on a set of old US Government maps. My guess is that this company acquired that old set of

government data, added their data for value, and sold it to the public. It was the old computer rule of garbage in, garbage out.

Bottom line is you cannot always believe what you see on a map, paper or digital. A map is a simply the mapmaker's own visualization or interpretation of reality. If that is the case, how do you evaluate the degree of validity and accuracy in a map or GIS analysis? Look for any related metadata, know the person or firm you are dealing with, use up-to-date, validated base maps, be wary of what you download off the web, be wary of data created by the untrained, look for adherence to government standards for map accuracy, and conduct your own check for errors.

### Featured Indicator: Total R&D as % of GDP-State - New England States and U.S. - 2000 - 2005



In today's global economy, regions and states need to foster innovation to be able to compete and drive economic growth. An innovation economy requires investments in research and development to generate the knowledge and discoveries that lead to new commercial products and services. Such research is conducted by industry, academia, not-for-profit laboratories, and government. Expressing R&D expenditures as a percent of gross state product measures both the impact of R&D on the economy and the intensity of R&D that is occurring.

Massachusetts continues to be a leader in New England with regard to Total R&D Spending as a percent of GDP-State followed by Rhode Island, Connecticut, New Hampshire, Vermont and Maine. The United States as a whole falls below more than half of the New England states, coming in just above Vermont.

Click on the graphic for more information about this indicator.



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See you next month!

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# **USING TAX INCREMENT FINANCING FOR BROWNFIELDS REDEVELOPMENT**

**Evans Paull**



**Northeast-Midwest Institute**  
**October, 2008 update**  
**[www.nemw.org](http://www.nemw.org)**

**The preparation of this report was supported by a Brownfields Research and Training  
grant from the U.S. Environmental Protection Agency**



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# Using Tax Increment Financing for Brownfields Redevelopment

## EXECUTIVE SUMMARY

Tax Increment Financing (TIF), once considered on the cutting edge of economic development incentives, is now a mainstream tool in most parts of the country. TIF is often the most effective incentive in closing project gaps on brownfields sites, particularly for large-scale projects that have multi-million dollar financing shortfalls. Despite many successes, TIF is an under-utilized financing mechanism for brownfields projects due to a mismatch between a brownfields project's need for upfront financing compared to the bond market's need for the "done deal." The connection between brownfields projects and TIF could have more widespread application, even reaching some weak-market and upside-down sites, if brownfields financing vehicles were specifically designed to complement TIFs. Several states have taken the lead in structuring such programs, notably Michigan, Connecticut, and Wisconsin. Other states should consider state-facilitated TIF financing as an effective and efficient means to improve their brownfields programs and obtain cleanup-redevelopment results.

States that want to expand the use of tax increment financing as a vehicle to encourage brownfields redevelopment should consider the following steps, each of which has already been established by at least one state. Starting with modest corrections to enabling legislation and progressing toward major state financial commitments, states should consider actions to:

- For states that restrict use of TIF to public infrastructure, modify TIF enabling legislation to allow site assessment, remediation, and site preparation as eligible uses of TIF funds (many states).
- Offer a simplified pay-go option geared to smaller projects (many states).
- Establish escalated benefits for brownfields and other high priority redevelopment projects. This could be:
  - Longer terms (Minnesota);
  - Exceptions to debt limitations (New Jersey and Wisconsin);
  - Counting more expenditures as eligible (Wisconsin);
  - Reducing the base by cleanup costs (Minnesota);
  - Reducing the base to zero for publicly-owned sites (Wisconsin).
- Establish a well-funded loan program with flexible terms geared to TIF - no or deferred payments for 3 years and 2% interest rates (Michigan).
- Offer a State guarantee for local TIFs that meet certain objectives (Pennsylvania and Connecticut);
- Include the option of bringing state revenues (such as sales taxes) into the mix if the project meets certain criteria (Kentucky, Mississippi).

## **BACKGROUND**

### **Growth of TIF Financing**

TIF has emerged as a dominant financing tool to close funding gaps for desirable economic and community development projects. With federal support in decline and other state and local funding options limited, localities have increasingly turned to TIFs as the only financing incentive that is both of sufficient size and within their control.

In the 1980s, California boosted the TIF phenomena when Proposition 13 forced localities to make the most out of their existing revenue sources. TIF use is now widespread, not only in major cities, but also in small towns – a recent survey in Minnesota found over 400 communities operating almost 2,000 total TIF districts. The City of Baltimore, typical of many eastern urban centers, had never undertaken a TIF project before the year 2000, but the city now has completed six such agreements and three more are on the drawing boards (four of the nine projects are brownfields projects). Massachusetts recently became the 49<sup>th</sup> state to adopt TIF enabling legislation.

While TIF can work for small projects, it is the larger projects that rely on TIF to cover large gaps – twenty to thirty years of tax increments can mean a much larger infusion of public dollars than is usually the case from cash-strapped state grant and loan programs. See Appendix 1 for a chart of large-scale brownfields projects that are using TIF as the chief gap closing mechanism.

### **How TIF Works**

The basic principle behind TIF financing is that, in order to pay for upfront costs - usually infrastructure - the locality freezes the taxes at a site's pre-development levels and then uses the expected post-development increases in taxes as a revenue stream to finance a bond or loan, which then pays for the upfront (infrastructure) costs. While there are many exceptions, some discussed below, the usual TIF approach involves going to the private bond market to convert the incremental revenue stream into upfront cash for the project.

There are, however, numerous variations on the theme. At one end of the spectrum are cities and states that use TIF only for private development gap financing and the TIF district is small and well-defined, often coinciding with the project that will be financed. At the other end of the spectrum are communities that designate large areas of the city, or even the entire city, and then use the TIF revenue much like general obligation bonds in order to fund capital projects that can't be financed through operating funds. The City of San Jose, California designated a significant portion of Silicon Valley as a TIF district in the 1980's. The district produced revenues beyond anyone's expectations and the City was able to finance a new arena and a children's museum from the TIF district.

State TIF enabling legislation varies rather widely on numerous points. As one example, many states limit the use of TIF to projects that address "blight," a criterion that is usually easy to meet for brownfields projects. There is also wide variation among the states on the issue of whether or not the tax increment revenue includes school district taxes – this can be an important factor for any project because school district taxes often comprise a significant portion of the increment.

Third, many states limit the use of TIF proceeds to “public infrastructure,” which may make remediation expenditures ineligible. This issue is further discussed below.

## **STATE-FACILITATED TAX INCREMENT FINANCING FOR BROWNFIELDS**

### **The Brownfields – TIF Mismatch**

Financing a brownfields TIF project through the private bond market can be difficult. Investors want to minimize risk and uncertainty – two factors that characterize every brownfields project. The brownfields–TIF mismatch might be further described as follows:

1. TIF bonds, in many cases, can be sold only when the “vertical development” (the buildings, as opposed to site improvements) is 100 percent assured. This means that the funds may come into the project too late to assist with the upfront brownfields-related expenditures. This timing problem is particularly difficult for local governments that are acquiring and cleaning up brownfields without a committed end user.
2. Cleanup expenditures are sometimes not eligible uses of TIF proceeds. This limitation sometimes has to do with statutory authority – many states restrict the use of TIF proceeds to public infrastructure. But even in states where this is not the case, cleanup of private property is interpreted as “private activity,” in which case the TIF bond becomes taxable, meaning the terms will be less favorable and the bond will be harder to sell.
3. The tax increments often are less than they should be for brownfields sites because the base property tax value usually does not reflect the impact of the contamination on the market value.

These are not insurmountable problems – many brownfields projects work with TIFs that only assist with the infrastructure and only provide funding when vertical development is ready to proceed. However, brownfields development could get a real boost if states designed their TIF authority and financing programs in order to facilitate the brownfields-TIF connection. A number of states have done exactly that. State-facilitated TIF for brownfields can be thought of as a three-step process:

1. Enabling legislation may need to be modified to allow brownfields and site preparation costs;
2. Enabling legislation can also be modified to escalate the benefits or improve the terms, in effect increasing the attractiveness of brownfields (or other priority redevelopment) investments;
3. Establishing new or modifying existing (non-TIF) incentives in order to help facilitate the use of TIF on brownfields sites.

### **TIF Enabling Legislation – Getting the Basics to Work for Brownfields**

First, states should consider TIF enabling legislation that goes beyond financing infrastructure and allow site assessment, remediation, and site preparation activities to be eligible uses of TIF proceeds. According to a fact sheet prepared by the Council of Development Agencies (CDA) the following states allow remediation as eligible: California, Connecticut, Idaho, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey,

New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and Wisconsin.<sup>1</sup> In 2007, Kentucky modified their enabling legislation to include environmental remediation as an eligible use of TIF proceeds.<sup>2</sup>

Second, states should allow a simplified “pay-as-you-go” (or PAYGO) option. Under PAYGO there is no borrowing to convert the revenue stream to upfront financing. Instead, the upfront expenditures are advanced by the developer (or the locality) and then, when the tax increment begins to flow, the upfront expenditures are simply reimbursed. This works particularly well for brownfields projects that have modest cleanup costs. Most states do allow a PAYGO option, so usually no legislation is required to allow this option for brownfields. A simple guide to using PAYGO in this fashion may be all that is needed.

### **Escalating Benefits for Brownfields and Other Priority Redevelopment Activities**

States should consider ways to give preference to brownfields and other priority redevelopment projects. This is where a number of states stand out.

#### ***Wisconsin’s Environmental Remediation Tax Incremental Financing (ERTIF)***

Wisconsin’s 1997 and 1999 amendments for the ERTIF program represent new twists on previous Wisconsin TIF authority, which was already one of the more permissive enabling statutes. TIF in Wisconsin had the “basics” in place: TIF could be used for a range of development costs, and PAYGO was in place. The ERTIF differs from the previous authority in several key ways:<sup>3</sup>

- Acquisition and cancellation of delinquent property taxes are included as allowable expenses (remediation and demolition are also eligible under *both* TIF authorities);
- If the site is publicly owned the base value may be calculated as zero;
- ERTIF projects are exempt from the value limitations that restrict a community’s ability to use TIF for other projects;
- ERTIF projects are exempted from the public hearing requirement;
- Asbestos remediation and underground storage tank removal are clarified as eligible environmental expenses.

Wisconsin’s ERTIF, when combined with Wisconsin’s strong liability protections for public agencies, provides a strong basis for Wisconsin localities to establish an aggressive brownfields acquisition strategy.

Several Wisconsin brownfields-TIF projects are reviewed in the Wisconsin Brownfields Study Group’s 2006 “Wisconsin Brownfields Initiative, Report to the Legislature.”<sup>4</sup>

#### ***New Jersey – Exceptions to Debt Limitations***

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<sup>1</sup> See:

[http://www.cdfa.net/cdfa/cdfaweb.nsf/fbaad5956b2928b086256efa005c5f78/9cab5f1e5dfa4d038625714d00572650/\\$FILE/TIF%20for%20brownfields.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/fbaad5956b2928b086256efa005c5f78/9cab5f1e5dfa4d038625714d00572650/$FILE/TIF%20for%20brownfields.pdf)

<sup>2</sup> See: <http://www.lrc.ky.gov/record/07RS/HB549.htm>

<sup>3</sup> See: <http://www.dor.state.wi.us/pubs/slf/tif/ercomp.pdf>

<sup>4</sup> See: <http://www.dnr.state.wi.us/org/aw/rr/cleanup/2006legreport.pdf>

In 2002 New Jersey updated their TIF statute, giving a distinct advantage to state designated “Redevelopment Areas,” by allowing Redevelopment Area TIF districts to create debt that is not subject to the same debt limitations as other local bond issuances. CDFA explains the reform as follows:

*In 2002, New Jersey adopted the Redevelopment Area Bond Financing Law and the companion Revenue Allocation District Financing Act. The bond financing law enhances the existing municipal power to issue bonds for redevelopment, which requires the municipality to assume obligation to its gross debt. The new law allows municipalities to issue tax-exempt bonds that are excluded from gross debt. There are three alternative revenue streams that can secure the bonds: (1) payments-in-lieu-of-taxes (PILOT) under a tax abatement agreement; (2) special assessments on property benefiting from the improvements provided; or (3) both. They must be applied to designated redevelopment areas.*<sup>5</sup>

### ***Minnesota’s Hazardous Substance Subdistricts***

Hazardous Substance Sub-districts permit the frozen tax value - or “base” value - in a subdistrict to be written-down by the cost of cleanup, thus increasing the increment and potentially bringing greater subsidy levels into a deal. This increased increment creates an interesting option for sites where development may be years off. A tax increment can be generated without any vertical development – the increment is the difference between the adjusted base (adjusted for cleanup costs) and the previous base. A 2005 report cited 30 Minnesota TIF Districts that are using the Hazardous Substance Subdistrict authority.<sup>6</sup>

Minnesota provides another way to give preference to priority redevelopment activities: they vary the term of the TIF from 8 to 25 years with the 25-year terms reserved for projects that are addressing blight or producing low and moderate income housing.<sup>7</sup>

### **State Financing Mechanisms that Complement Local TIF funds**

#### ***Michigan - Brownfield Redevelopment Authorities***

TIF is the key element in Michigan’s brownfield program. To encourage brownfield redevelopment, the Brownfield Redevelopment Financing Act (1996 PA 381, as amended) allows local units of government to establish a TIF district and capture the property tax increments to provide reimbursement for the costs of the eligible cleanup and site preparation activities. Local Brownfields Redevelopment Authorities (BRAs, the entities that govern the TIF plans) also may establish a Local Site Remediation Revolving Fund from surplus captured taxes in order to cover cleanup and site preparation at other designated properties in the BRA’s jurisdiction.<sup>8</sup>

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<sup>5</sup> See:

[http://www.cdfa.net/cdfa/cdfaweb.nsf/fbaad5956b2928b086256efa005c5f78/9cab5f1e5dfa4d038625714d00572650/\\$FILE/TIF%20for%20brownfields.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/fbaad5956b2928b086256efa005c5f78/9cab5f1e5dfa4d038625714d00572650/$FILE/TIF%20for%20brownfields.pdf)

<sup>6</sup> See:

[http://www.cdfa.net/cdfa/cdfaweb.nsf/fbaad5956b2928b086256efa005c5f78/3282fdb2169a51708625713f007a86e8/\\$FILE/Minn%20esota%20TIF%20Statute.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/fbaad5956b2928b086256efa005c5f78/3282fdb2169a51708625713f007a86e8/$FILE/Minn%20esota%20TIF%20Statute.pdf)

<sup>7</sup> See: <http://www.house.leg.state.mn.us/hrd/issinfo/sstif.htm#Q7>

<sup>8</sup> See: [http://www.michigan.gov/deq/0,1607,7-135-3311\\_4110\\_23246---,00.html](http://www.michigan.gov/deq/0,1607,7-135-3311_4110_23246---,00.html)

Michigan's TIF-Complementary Financing Programs. Recognizing the mismatch between how the bond market works and how brownfields projects work, Michigan created three alternative financing vehicles, including Brownfields Redevelopment Grants (BRG) and two loan programs - Brownfields Redevelopment Loans (BRL - for cleanup) and Revitalization Revolving Loans (RRL - for demolition and site preparation). The two loan programs are designed to work with TIFs, as they feature flexible repayment terms, such as no payments due for the first five years and 2-percent interest rates. These terms are an ideal match with front-loaded, long-lead-time brownfields projects. Notably, the RRL funds demolition and site preparation because Michigan recognized that brownfields projects often involve financing gaps that are due to a whole set of site conditions, not just cleanup.<sup>9</sup>

The developer also may apply for a Single Business Tax (SBT) Brownfield Redevelopment Credit, which boosts the state's participation in a project. This credit can total 12 percent of any innocent party's development (not cleanup) costs, up to \$1 million.

With Michigan's BRG grant program, its two TIF-oriented loan programs, and the SBT tax credit, Michigan has an impressive arsenal to close financing gaps on brownfields projects. However, all but the SBT are now endangered as funding through the Clean Michigan Initiative has been exhausted and renewal is uncertain.

Michigan – Results. There are 261 BRAs in Michigan. The state's brownfields incentives have provided \$120.7 million for 296 projects statewide since program inception in 1998. Although there is no comprehensive accounting of impacts, a typical example might be the City of Grand Haven, which is using BRA TIF financing for three projects:

- *Grand Landing:* The project is a \$70-million residential/mixed use redevelopment of a former tannery. A \$2-million cleanup has been financed through a \$1-million state grant and a \$1-million state loan to be paid back through BRA TIF;
- *Challenge Shop:* This \$11-million redevelopment for industrial/commercial/office use includes \$3.9 million in remediation/site preparation that the developer will recoup through the BRA TIF.
- *City-owned property at Jackson Street and Beacon Boulevard:* Plans call for a mixed-use development, projected at \$50 million in new private investment. The city is utilizing BRA tax capture to finance \$10.4 million in site/infrastructure work.

Brownfields Redevelopment Authorities and Land Banks. Michigan encourages land banks to use the BRA mechanism to help finance redevelopment of tax delinquent and other vacant city-owned properties. State law expanded the definition of a brownfields site to include any site owned by a land bank. This change enables communities to employ the BRA TIF mechanism to finance needed improvements to make land bank properties marketable. By involving multiple (even several hundred) properties in a single TIF, stronger properties can cross-collateralize weaker ones. This mechanism has been highly successful in Lansing (Ingham County Land Bank Authority)<sup>10</sup> and Flint (Genesee County Land Bank Authority)<sup>11</sup>.

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<sup>9</sup> See: [http://www.michigan.gov/deq/0,1607,7-135-3311\\_4110\\_29262---,00.html](http://www.michigan.gov/deq/0,1607,7-135-3311_4110_29262---,00.html)

<sup>10</sup> See: <http://www.inghamlandbank.org/>

<sup>11</sup> See: <http://www.thelandbank.org/>

Note that several Michigan projects are also cited in the CDFA TIF Best Practice Guide.<sup>12</sup>

### ***Connecticut's Brownfields Redevelopment Authority (CBRA)***

CBRA offers financing for brownfields remediation through its parent organization, the Connecticut Development Authority (CDA). CBRA deals are three-party transactions between CBRA, the developer, and the municipality, through the following steps:

1. The municipality pledges a portion of future incremental tax revenues towards the cost of the remediation of a specified site;
2. CBRA converts the city's pledge of future incremental revenues into an upfront cash grant to the developer;
3. The pledged tax revenues re-pay the CBRA grant over a period of years. CBRA takes the risk for non-performance, in effect guaranteeing repayment.

The grant proceeds can be used for any expense directly related to the remediation (including lead paint and asbestosis removal), as well as demolition, and the project can be located anywhere in Connecticut. Municipal authorities must agree with CBRA as to the allocation of incremental tax revenues. The allocation is the key factor in determining the amount of the grant.<sup>13</sup>

CBRA is essentially taking the place of the bond market, but offering a guarantee, as well as generally better terms, in the interest of getting both the developer and the municipality comfortable with participation.

A typical site might involve: an improvement that will generate \$100,000 in new annual taxes; an agreement by the city to devote 50 percent of the incremental taxes for 10 years to the TIF; the delivery by CBRA of \$500,000 (minus fees) to the developer for the cleanup costs; the city repays CBRA over time from the incremental tax revenues. CBRA accepts the risk that the project will not perform.

CBRA is currently listing four completed and four pending projects.<sup>14</sup>

### ***Pennsylvania's Tax Increment Financing Guarantee Program***

Pennsylvania's guarantee program is designed to assist local TIFs that qualify under a strict definition of blight removal. The state's guarantee, up to \$5 million per project, can serve as an important credit enhancement that can make the difference between a feasible and an infeasible project. TIF proceeds may be used for infrastructure and environmental remediation costs. The state gives priority to brownfields sites as one of several program criteria. The program is funded to provide \$100 million total in guarantees.<sup>15</sup>

One example of an assisted project is the Butler West End Revitalization TIF District, which is projected to create 1,300 jobs, partly at the Trinity Brownfield Phase III revitalization project.<sup>16</sup>

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<sup>12</sup> Council of Community Development Finance Agencies, Tax increment Finance Best Practice Reference Guide, 2007.

<sup>13</sup> See: <http://www.ctbrownfields.com/Content/Grants.asp>

<sup>14</sup> See: [http://www.ctbrownfields.com/images/customer-files/2007\\_CBRA.pdf](http://www.ctbrownfields.com/images/customer-files/2007_CBRA.pdf)

<sup>15</sup> See: <http://www.newpa.com/programDetail.aspx?id=45>

<sup>16</sup> See: <http://www.state.pa.us/papower/cwp/view.asp?A=11&Q=456403&pp=0&papowerNav=1317161>

### ***Kentucky and Mississippi - Bringing State Tax Revenues to a Deal***

Most TIF projects work with local property taxes as the revenue stream, but for some projects that is not enough to cover a financing gap. If the state places a high priority on a particular public objective (job creation in distressed areas, for example) it can structure the TIF statute to offer an option of bringing certain state revenues into the mix if the project meets those criteria.

Kentucky's 2007 modification of the TIF statute potentially brings a host of state revenues (state real property taxes, sales taxes, individual and corporate income taxes, and limited liability entity taxes) into the mix if the project: 1) meets three of seven findings related to economic distress and blight; 2) exceeds \$20 million investment; and, 3) involves mixing uses with no more than 20 percent retail.<sup>17</sup>

Mississippi designed a TIF vehicle to facilitate a single project: a 540-acre former-chemical plant on the Mississippi River in Vicksburg, Mississippi. Under an agreement adopted under special legislation by the Mississippi state legislature, all state taxes (sales, income, and franchise taxes) will be rebated to the developer for up to ten years with a ceiling of 2½ times the cleanup costs. With this financing in place, Silvertip Properties (the developer) is proceeding with an \$8 million cleanup, which is paving the way for a planned resort and casino. ([See this article for more information](#))

Other states that have the capacity to bring state taxes, usually sales taxes, into the mix include Missouri, Illinois, and Indiana.

### **Ideal State Incentives to Assist Brownfields Projects**

If a state tasked the author with recommending an ideal state program to encourage brownfields redevelopment, the author would recommend a program designed to work with local TIFs. The program would steal liberally from each of the state programs listed above. Consideration should be given to state actions which would:

- For states that restrict use of TIF to public infrastructure, modify TIF enabling legislation to allow site assessment, remediation, and site preparation as eligible uses of TIF funds (many states).
- Offer a simplified pay-go option geared to smaller projects (many states).
- Establish escalated benefits for brownfields and other high priority redevelopment projects. This could be:
  - Longer terms (Minnesota);
  - Exceptions to debt limitations (New Jersey and Wisconsin);
  - Counting more expenditures as eligible (Wisconsin),
  - Reducing the base by cleanup costs (Minnesota)
  - Reducing the base to zero for publicly-owned sites (Wisconsin).
- Establish a well-funded loan program with flexible terms geared to TIF - no or deferred payments for 3 years and 2% interest rates (Michigan).

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<sup>17</sup> See: [http://www.klc.org/UserFiles/KLCD-07-MayJune-web\(3\).pdf](http://www.klc.org/UserFiles/KLCD-07-MayJune-web(3).pdf)

- Offer a State guarantee for local TIFs that meet certain objectives (Pennsylvania and Connecticut):
- Include the option of bringing state revenues (such as sales taxes) into the mix if the project meets certain criteria (Kentucky, Mississippi).

This may seem like a heavy state commitment, but the quid pro quo could be that the state curtails direct-to-developer grants and non-TIF loans. From the state's point of view, gearing brownfields incentives to TIF has numerous advantages over the more common practice of doling out of direct grants and loans:

1. ***More money into deals*** - TIF financing, with a potential to capture taxes for as long as 30 years, can put more dollars into a deal than is typical of cash-strapped loan and grant programs. The result is that more sites and tougher sites can be redeveloped.
2. ***The perfect marriage of state and local commitment*** - State funds can be viewed as leveraging local funds, as well as private investment. The state's investment goes further – is more productive - under this arrangement.
3. ***Greater use of loans and guarantees/less use of grants*** - State funds can be mostly (or even exclusively) loans and guarantees rather than grants. Once a loan program is capitalized it will revolve and self-generate.
4. ***Greater efficiency in use of limited funds*** – The state-supported TIF framework has automatic controls because localities are going to scrutinize a deal that involves foregoing taxes for many years. Lacking the TIF element, state loan and grant programs may encourage inefficiencies because local advocates will try to maximize state investment.
5. ***More proactive action by local government*** - The availability of state TIF-linked loan funds under favorable terms allows local governments to proactively acquire, cleanup, and redevelop mothballed and other difficult sites that have failed to attract private investment.

## **FEDERAL PROGRAMS THAT WORK WITH TIF**

While selected state programs have demonstrated creative approaches to making the TIF-brownfields connection, at least two federal programs - HUD 108 and EPA's Brownfields Cleanup Revolving Loan Fund (BCRLF) - have also been successfully matched up with TIF financing on brownfields sites.

### **HUD 108**

HUD 108 allows cities to obtain loans at favorable terms, based partly on the security provided by each city's annual CDBG allocation. HUD is able to offer flexible and favorable terms because the agency holds the security for the loan, i.e. the city's future CDBG funds. For brownfields projects that are being financed through TIF, borrowing from HUD 108 allows the funding to come into the project at a much earlier point. Flexible terms, such as interest-only payments for five years, also help communities finance upfront costs well before the TIF revenues start coming in.

At least two cities – Baltimore and Chicago – have successfully carried out brownfields projects using HUD 108 with TIF repayment.

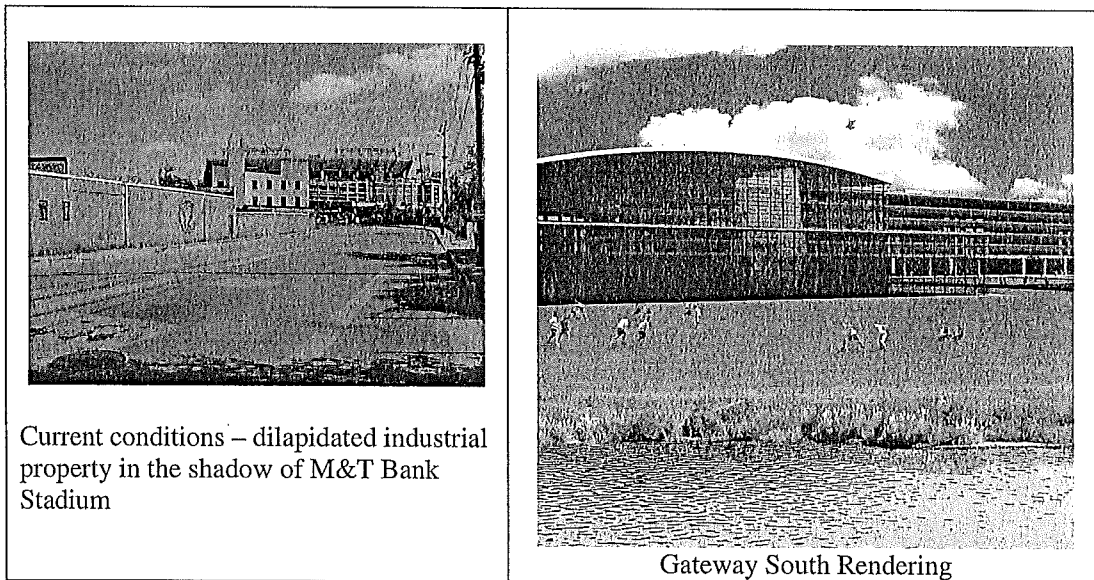
### **Chicago<sup>18</sup>**

HUD 108 has been used extensively for TIF/brownfields projects in Chicago. In 1996, the city developed a strategy for addressing the increasing problem of abandoned industrial property by combining three tools: acquiring property through tax foreclosure and eminent domain; borrowing from HUD 108 (\$72 million total) to finance cleanup, site preparation, and infrastructure; and re-paying the loans through land sales and TIF proceeds.

The 37-acre California Avenue Business Park is one of the resulting redevelopment projects. \$9.1 million of the HUD 108 funds was spent to cleanup and prepare the land. The park now has two occupants and a third is committed, bringing employment to about 300 people. Full build-out is expected to generate 600 jobs.

### **Baltimore**

Baltimore is using a \$13-million HUD 108 to finance the acquisition of 11 acres of land just south of M&T Bank Stadium on the Upper Middle Branch of the Patapsco River. The area will be redeveloped as “Gateway South,” a green business park. TIF and land sale proceeds will repay the HUD 108 loan. Baltimore has accepted a development proposal from Cormony Development, LLC – the plan features 800,000 square feet of new space and is projected to generate at least 1,500 jobs and \$100 million in new investment.



The developer, responding to the City’s request in the RFP, committed to meeting a LEED Silver standard for green buildings. Baltimore has established an objective of redeveloping the Middle Branch as a “green corridor.” For more detail on Gateway South and the green corridor, go to <http://www.nemw.org/Gateway%20South%20-%20creative%20local%20financing%20spurs%20sustainable%20development.doc>

### **EPA – BCRLF**

<sup>18</sup> Source: Chicago Department of the Environment

EPA's Brownfields Cleanup Revolving Loan Fund (BCRLF) is another flexible source of financing, although it can only be used for cleanup. Similar to HUD 108, BCRLF funds can come into a project at a much earlier point and with more flexible terms relative to TIF funds raised through the private bond market.

### *Des Moines*

By way of example, the City of Des Moines, Iowa structured a \$1 million BCRLF loan to finance the cleanup of the former Pittsburgh-Des Moines Steel site in the Riverpoint West redevelopment area. The developer's plans call for three industrial/flex buildings with about \$15 million in new improvement value. The city is dedicating 50 percent of the tax increment for 12 years to the cleanup. The loan is structured with no payments for three years, then, as the new buildings go on the tax roles, payments are made from the tax increments generated in that year, with the developer responsible for any shortfall.

## **MEGA BROWNFIELDS PROJECTS USE TIF AND PRIVATE EQUITY**

While many small-scale brownfields projects can benefit from TIF, it is large-scale community-altering projects that simply cannot happen without TIF. If a \$500 million project has a five percent gap, that is \$25 million which is well beyond the reach of typical loan and grant programs. TIF is the "difference-maker" for many large scale redevelopment projects because of the greater magnitude of funds that can be brought to the table – see appendix 1 for a chart of some of these projects.

However, even with TIF, there is the timing problem referred to earlier – TIF funds usually come in when vertical development is assured, leaving upfront costs to some other mechanism. Using the previous example, if that \$25 million gap is required upfront (and governmental sources are the proverbial "drop in the bucket"), that is the point where the developer may opt for an infusion of private equity to bridge the gap and get to the point that the TIF will work. There are a number of national firms that specialize in providing equity investment for just these types of projects.

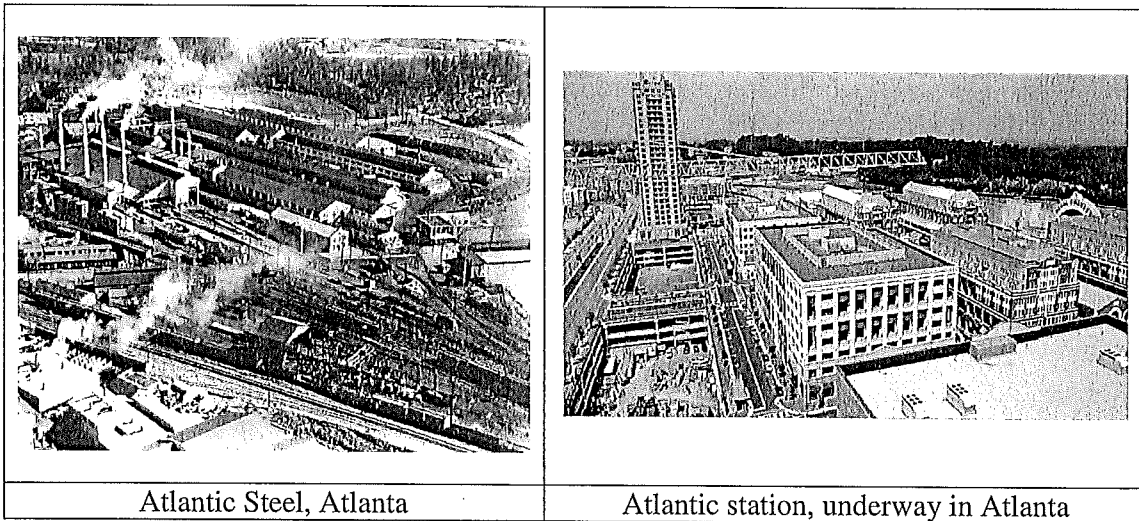
Cited here are three mega-brownfields projects that are using TIF as the chief gap-closing source with private equity covering most of the brownfields/site prep costs.

### *Atlanta/Atlantic Station*

TIF (known in Georgia as Tax Allocation District Financing) is the key financing incentive for Atlantic Station ([www.atlanticstation.com](http://www.atlanticstation.com)), the \$4 billion redevelopment of a 138-acre steel mill in Midtown Atlanta. Jacoby Development, Inc and AIG Global Real Estate are the development partners whose vision of the formerly contaminated site includes: 6 million square feet of Class A office space; 5,000 residential units; 2 million square feet of retail and entertainment space; 1,000 hotel rooms; and 11 acres of public parks. A parking structure that will eventually have 15,000 spaces is serving as a cap on contaminated land, effectively eliminating risk exposures.

TIF is providing \$167 million of the total \$250 million needed for cleanup (\$50 million), site prep, and infrastructure. There are two key points here. One was that TIF is the only governmental source that is of sufficient magnitude to cover a gap of that size. Second, because of the TIF-brownfields mismatch, the cleanup and site prep activities had to be funded by other sources and then reimbursed after the TIF funding comes in. A significant part of that upfront funding came from AIG Global Real Estate.

Well underway, the project is meeting expectations in terms of sales rates, leasing, and return on investment.



Atlantic Station is unique in one other facet: the access road that made the project possible faced a regulatory hurdle because of Atlanta’s status as being out of compliance for transportation-related air quality impacts. Under EPA’s Project XL, EPA allowed the access road because it was demonstrated that Atlantic Station would save significant air emissions relative to a suburban or greenfields site.

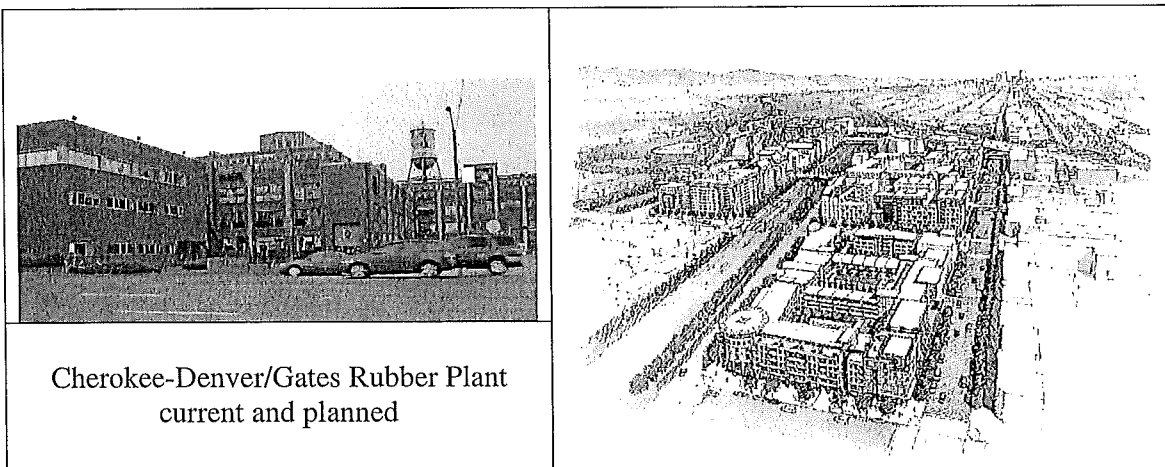
***Cherokee-Denver’s Redevelopment of Gates Rubber Plant***

Cherokee Investment Partners’ redevelopment of the 50-acre Gates Rubber Factory in Denver (<http://www.cherokeedenver.com/>) provides another illustration as to why TIF has become the incentive-of-choice for large-scale redevelopment projects. TIF financing from the City and the County totals \$85 million, well beyond any conceivable grant and loan funding from state and local brownfields financing programs. The TIF is designed to pay for cleanup and site preparation, but Cherokee is directly financing \$126 million for these upfront costs, which will then be reimbursed through the TIF. This structure only works because Cherokee is a “deep-pocketed” developer, specifically designed to invest upfront to get later returns.

The long-term plan calls for a total of \$2.5 billion in new investment, with up to 4,000 residential units and 4 million square feet of office, retail, and entertainment space. About half of the planned development is now committed – Joseph Freed Associates has begun a \$1 billion mixed

use project, featuring 1,500 new mixed income residential units and 765,000 sq. ft. of commercial space.

The project is also interesting from two other points of view. One is that the redevelopment is adjacent to a new Denver light rail line that connects the site to downtown, 3 miles or 15 minutes away. The project has been cited in a number of journals as a model for transit-oriented development. Second, the project involves a high degree of commitment to meeting community needs, particularly for affordable housing, as 10% of the units are planned to be affordable. Other community benefits include: community resource space; first-source (local) hiring; jobs pegged to a prevailing wage and living wage; a commitment to working with labor organizations and schools; and investment in local school districts (see: <http://www.cpeo.org/pubs/GatesMakingConnections.pdf>)



### ***Cleveland Flats - East Bank***

The Flats East Bank project area is approximately 30 acres of dilapidated buildings, underutilized parking lots, and empty streets with little sign of life. A plan put together by Flats East Development LLC (principals, The Wolstein Group and Fairmount Properties) envisions a vibrant new mixed use community, featuring:

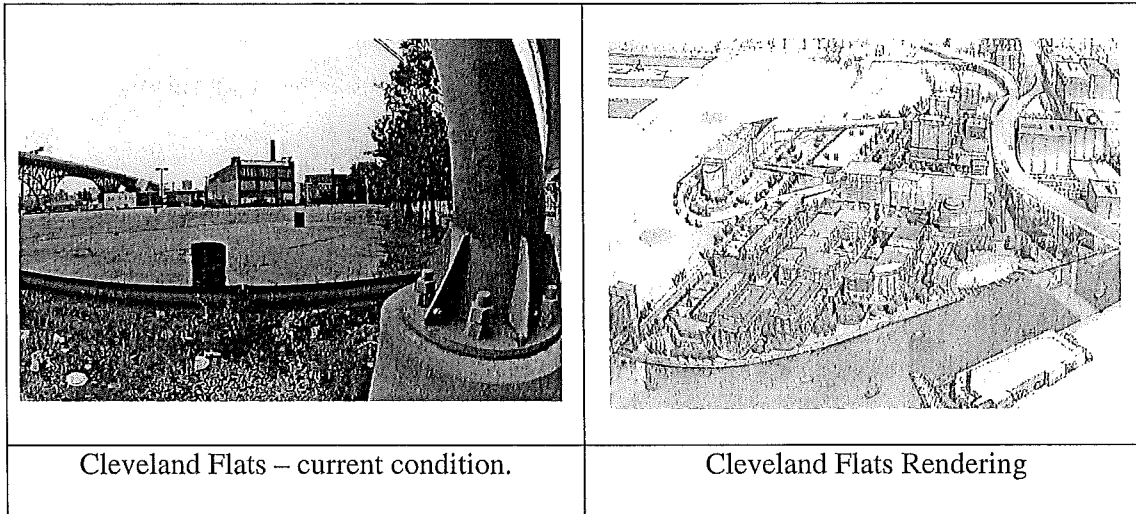
- 500 residential units;
- 280,000 sq ft of retail and entertainment space;
- 400,000 sq ft of office space;
- 2,000 parking spaces;
- 2.5 acres of green/park space.

The project will also feature a riverfront promenade, parks, plazas, and an expansive market pavilion, all designed to reconnect residents to the Cuyahoga River.

\$100 million in public costs (for cleanup, site preparation, and infrastructure) will leverage \$300 million in private investment, for a total project cost of \$400 million. The project's financing includes over ten different government sources. The largest portion of the public financing, approximately \$52 million, will be generated through the sale of parking and TIF bonds. The upfront brownfields costs are being addressed by a combination of private equity (\$60 million

total) and governmental sources. Governmental sources include \$3 million from the Clean Ohio Revitalization Fund (CORF) and a \$4 million County Brownfield Redevelopment Fund loan.

Currently, demolition and infrastructure design are underway. Remediation and site preparation will commence in 2008, with vertical development to follow in 2009.



***Sustainable Development.*** It is interesting to note that each of the projects cited above are models for sustainable development, as each is committed to green buildings and LEED certification. There is little data that ties together brownfields and green buildings, but our observation is that green/sustainable development is becoming the standard for large-scale urban mixed use projects, many of which are also brownfields projects. While TIF is sometimes questioned as a tool that is too often used to subsidize sprawl, in these cases the benefits extend beyond community revitalization, to energy efficiency and lowering greenhouse gases.

## **Conclusions**

These sustainable development tie-ins serve to underscore the vast potential benefits of the TIF-brownfields connection. For perspective, TIF brought to the table more financial resources for ONE PROJECT (\$187 million/Atlantic Station) than the entire EPA budget for site testing and cleanup (\$89 million). In most areas of the country TIF is the most powerful tool in the economic development tool shed. TIF can work for brownfields projects, but it could be far more effective if states designed their brownfields incentives to work with TIF.

**Appendix 1. Community-Altering Brownfields Projects Financed Primarily  
with Tax Increment Financing**

<b>Project name</b>	<b>Developer</b>	<b>TIF amt/ project amount</b>	<b>Website</b>
Atlantic Station	AIG Global real Estate	\$167 million/ \$4 billion	<a href="http://www.atlanticstation.com">www.atlanticstation.com</a>
Cherokee Denver Gates Rubber	Cherokee	\$85 million/ \$2.5 billion	<a href="http://www.cherokeedenver.com/">http://www.cherokeedenver.com/</a>
Cleveland Flats East Bank	Wolstein Group and Fairmount Properties	\$50 million/ \$400 million	<a href="http://development.cuyahogacounty.us/en-US/SYN/8505/PageTemplate.aspx">http://development.cuyahogacounty.us/en-US/SYN/8505/PageTemplate.aspx</a>
704 properties in Flint Michigan	Genesee Valley Land Bank Authority	\$20.6 million	<a href="http://www.thelandbank.org/">http://www.thelandbank.org/</a>
Portland South Waterfront	Gerding-Edlin	\$131 million/ \$3 billion	<a href="http://www.southwaterfront.com/">http://www.southwaterfront.com/</a>
Inner Harbor West, Westport, Baltimore	Turner Development Group	\$90 million (proposed)/ \$1.4 billion	<a href="http://www.turnerdevelopment.com/westport.html">http://www.turnerdevelopment.com/westport.html</a>
Harbor Point, Baltimore	Streuver Brothers, Eccles and Rouse	\$163 million (proposed)/ \$1.5 billion	<a href="http://www.sber.com/baltimore/harbor_point.php">http://www.sber.com/baltimore/harbor_point.php</a>
LTV Steel, Pittsburgh	South Side Local Development Corp	\$25 million/ \$250 million	<a href="http://www.ce.cmu.edu/Brownfields/NSF/sites/ltv/INFO.HTM">http://www.ce.cmu.edu/Brownfields/NSF/sites/ltv/INFO.HTM</a> See Article
Bridgeport Landing/Steel Point, Bridgeport, CN	Bridgeport Landing Development LLC,	\$190 million/ \$1.5 billion	<a href="http://www.steelpointharbor.com/">http://www.steelpointharbor.com/</a>
Yonkers	Struever-Fedelco-Cappelli	\$159 million/ \$3 billion	<a href="http://www.sfcyonkers.com/">http://www.sfcyonkers.com/</a>

# **USING TAX INCREMENT FINANCING FOR BROWNFIELDS REDEVELOPMENT**

**Evans Paull**



**Northeast-Midwest Institute**  
**October, 2008 update**  
**[www.nemw.org](http://www.nemw.org)**

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# Using Tax Increment Financing for Brownfields Redevelopment

## EXECUTIVE SUMMARY

Tax Increment Financing (TIF), once considered on the cutting edge of economic development incentives, is now a mainstream tool in most parts of the country. TIF is often the most effective incentive in closing project gaps on brownfields sites, particularly for large-scale projects that have multi-million dollar financing shortfalls. Despite many successes, TIF is an under-utilized financing mechanism for brownfields projects due to a mismatch between a brownfields project's need for upfront financing compared to the bond market's need for the "done deal." The connection between brownfields projects and TIF could have more widespread application, even reaching some weak-market and upside-down sites, if brownfields financing vehicles were specifically designed to complement TIFs. Several states have taken the lead in structuring such programs, notably Michigan, Connecticut, and Wisconsin. Other states should consider state-facilitated TIF financing as an effective and efficient means to improve their brownfields programs and obtain cleanup-redevelopment results.

States that want to expand the use of tax increment financing as a vehicle to encourage brownfields redevelopment should consider the following steps, each of which has already been established by at least one state. Starting with modest corrections to enabling legislation and progressing toward major state financial commitments, states should consider actions to:

- For states that restrict use of TIF to public infrastructure, modify TIF enabling legislation to allow site assessment, remediation, and site preparation as eligible uses of TIF funds (many states).
- Offer a simplified pay-go option geared to smaller projects (many states).
- Establish escalated benefits for brownfields and other high priority redevelopment projects. This could be:
  - Longer terms (Minnesota);
  - Exceptions to debt limitations (New Jersey and Wisconsin);
  - Counting more expenditures as eligible (Wisconsin);
  - Reducing the base by cleanup costs (Minnesota);
  - Reducing the base to zero for publicly-owned sites (Wisconsin).
- Establish a well-funded loan program with flexible terms geared to TIF - no or deferred payments for 3 years and 2% interest rates (Michigan).
- Offer a State guarantee for local TIFs that meet certain objectives (Pennsylvania and Connecticut):
- Include the option of bringing state revenues (such as sales taxes) into the mix if the project meets certain criteria (Kentucky, Mississippi).



This is the html version of the file <http://www.ci.durham.nh.us/departments/planning/pdfs/eco.dev/Tax%20Increment%20Financing.pdf>.  
Google automatically generates html versions of documents as we crawl the web.

# Tax Increment Financing

**Durham NH**

## What is a TIF?

- It's a financing / investment tool to provide funding for public improvements that are intended to stimulate positive economic development activity that would not otherwise occur to expand the municipal tax base.
- A TIF district does not change zoning requirements
- A TIF district does not increase taxes within the District
- A TIF district does not create special fees or

assessments within the District

- A TIF does not change property rights

## Types of Improvements

- New or upgraded streets & sidewalks
- Traffic signals
- Sewer collection & disposal
- Public water supply
- Parking
- Landscaping & other public

## improvements

# How Does a TIF work

- A TIF “District” is established by vote of Town Council (RSA169K) – defined by specific parcels to be included.
- On the date of formation the assessor certifies the base value – “original assessed value”
- Future increased values due to development are identified each year by the assessor – “captured assessed value”
- Up to 100% of the taxes generated by the “captured assessed value” can be used for implementation of the plan.
- Any portion of the “captured assessed value” not needed for the district plan is returned to the general fund

the district plan is returned to the general fund.

- The Town must annually certify “captured assessed value”

calculation to the Commissioner of Revenue Administration.

## How Does a TIF work

- The tax revenue from the new “captured assessed value” can be used only for plan implementation in the district.
- Once the designated plan has been implemented & improvements are paid for, the district ceases to exist and all future tax revenues generate

...  
in the district go to the general  
revenues of the Town.

## How Does It Work?

Before

Tax Collector

\$5 Annual  
Tax payment

Existing  
Assessed  
Value  
\$100

Public  
improvements  
bonded &  
built

## Create TIF

**Debt service**  
**\$10 / 20 years**

---

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## Results

- Public improvements are made with no increased tax burden to existing property.
- Desirable economic development is stimulated.
- Tax base is expand.

## How is a TIF set up?

- Town Council must adopt RSA 162-K allowing for the creation of TIF Districts
- Town Council Designates a “district” and describes Boundaries and relationship to Master Plan, Zoning, and/or other regulations \*
- Town Council Adopts a detailed “development program” (RSA 162-K:6) that specifies the improvements\*
- Town Council Adopts “tax increment financing plan” (RSA 162-K:9&10) that specifies financing structure.\*

## How is a TIF set up?

- Council must designate a District Administrator who can be an Existing or new Officer or Department or a Corporation (RSA 292) - The Administrator's duties are delineated by the Council to whom the Administrator reports. A report on the District must be included in the Annual Town Report.
- Council appoints an Advisory Board that must consist of residents or owners in or abutting the District. The Board advises the Council and District Administrator on planning, construction, implementation, maintenance and operation.

- In instances of disagreement between the Advisory Board and Administrator the Council has final authority.

## Basic Rules

- Money raised in the district must be used to **implement the plan & directly impact the district**
- Once established, there is a limit of five years to adjust the boundaries.
- Town Meeting determines how money is spent.
- Money must be spent in accordance with the official plan adopted by Town Meeting
- No one TIF district can include more than 5% of a community's assessed value or more than 1.5% of community's land area.

- All TIF districts combined cannot exceed 5% of the community's land area.

# What Happens with the “Increment”

Increment

Bond Payment

Any "extra"  
increment remaining  
after servicing the  
debt goes to the  
General Fund.

Gen

## New Hampshire Examples: City of Keene

- Keene wanted to establish a new industrial park.
- The park cost \$4 million to develop.
- A **TIF** District and District Plan dedicated the Tax Increment to service debt for the cost of development.
- The City issued a \$4 Million bond.
- 13 new businesses generated over \$20 million in new tax increment. Of that, \$11 million was added to the general fund.

# New Hampshire Example

## Town of Peterborough

- Town wanted more commercial development in the existing commercial core.
- Small Infrastructure improvements would be needed but no single project could generate funds to pay a bond.
- The Greater Downtown **TIF** was created to act more as a savings account.
  - Once sufficient new tax value has been create then Town meeting will be asked to spend n from the **TIF** account or issue bonds with th

payments coming from the account.

- A “sun setting” provision sets the date the District Plan will expire unless extended by Town Meeting

## New Hampshire Example Town of Raymond

- Raymond wanted commercial development to occur in the area near Exit 4 on Rt. 101.
- A wastewater collection, treatment and discharge system was needed to attract development.
- \$12 million cost
- \$962,000 annual district cost incl. Debt Service.
- Current value assessed at \$7.8 million.
- Future value projected to be \$100-\$150 million

...value range projected to be \$100-\$150 million.

# How could it work in Durham?

## The Stone Quarry **TIF**

## Stone Quarry **TIF**

- Fund extension of public utilities to attract commercial development to the Route 4 and 108 interchange.

- Expanded tax base
- Increased revenue
- Employment opportunities.

## How Does It Work?

Before

Tax Collector

\$65K Annual

\$369,000

Tax payment

Tax payment

Existing

Assessed

Value

\$2.6M

Public

improvements

bonded &

Create TIF

Create TIF

Built  
\$725K

**Debt service**  
\$55K / 20 years

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## Needed improvements

- Wastewater collection extension
- Water main extension
  
- Estimated total cost: \$725K

- Estimated yearly cost of the district:  
Debt service on 10yr/20yr bond issue  
approximately \$90K/\$55K

## Summary of Benefits

- Commercial development is encouraged in an appropriate area.
- Tax base is expanded and diversified.
- Public improvements are made without increased tax rates.
- General Fund revenues increase.

# Questions?