TIF Manual

This manual lays out basic steps to be followed by City Staff in the administration of tax increment financing within the City of Des Moines, Iowa

NEW TIF DISTRICT DESIGNATIONS

In order for the designation of a new TIF District to be considered, the district must demonstrate how it advances the goals and objectives of the city’s Strategic Plan and Comprehensive Plan. By aligning new district designations with the goals of the Strategic Plan and Comprehensive Plan, the impact of TIF investments will be maximized by directing funding to projects that support the city’s planning efforts, amongst other goals. The City of Des Moines staff will certify that the proposed district accords with the plans. Following the establishment of a TIF District, procedural steps shall be taken as provided below to evaluate the use of TIF for specific projects related to either private redevelopment, economic development or the funding of City CIP Projects.

STEPS IN PROCESS FOR A NEW TIF REDEVELOPMENT/ECONOMIC DEVELOPMENT PROJECT

1. Pre-application meeting with permit and development, if needed;
2. Identify and quantify infrastructure and/or utility needs;
3. Traffic study or review, if required;
4. Submit Application for TIF project with required information and documentation to the City’s Office of Economic Development;
5. Office of Economic Development consult with Legal Department to review proposed project, TIF application and request for assistance.
6. Office of Economic Development work with the Finance Department to provide a fiscal recommendation to Urban Design Review Board and City Council;
7. Review and sign off from Debt Review Committee, consisting of the Finance Department and Economic Development/CMO;
8. City Council consideration of preliminary terms of an Urban Renewal Development Agreement;
9. Financial assistance review and preliminary design review with the Urban Design Review Board;
10. Site plan and zoning review with the Plan and Zoning Commission if required;
11. Final design review with the Urban Design Review Board;
12. City Council consideration on final terms of a Development Agreement.
13. Summary of TIF assistance for project incorporated as part of an adopted amendment to the applicable Urban Renewal Plan.

REDEVELOPMENT/ECONOMIC DEVELOPMENT TIF PROJECT REQUIREMENTS

1. Each project shall pass the "but for" test. The “but for” test, means the project would
not occur as designed or envisioned, “but for” the availability of the TIF funding.

2. Tax increment financing for projects shall only be used in cases where:
   a. The city has the financial capacity to provide the needed public assistance,
   b. The City Council deems it fiscally prudent to provide such assistance, and,
   c. The developer can demonstrate that the development will be able to meet its financial and public purpose commitments.

3. TIF shall not be provided for projects that would place extraordinary demands on city services or for projects that would generate significant adverse environmental impacts.

4. The public assistance granted for a project shall not result in a benefit exceeding market conditions and normal business expectations for financing terms or rate of return on investment.

5. TIF assistance should be evaluated for all projects on an equitable basis, while recognizing that the amount of TIF assistance may vary among projects based on project size, type, location, community impact, and market condition.

6. No TIF Agreements shall be formally approved that are dependent on other projects that have not been formally approved first.

7. No TIF Agreements shall be formally approved before the City’s maximum direct costs related to site development, provision of public infrastructure, etc. have first been fully evaluated and agreed to by the City and Developer.

8. If the project does not meet all of the above standards, TIF funding may still be considered for a project if one or more of the following actions are taken:
   a. A financial impact statement is prepared that shows the Taxpayer Return on Investment justifies the exception,
   b. An impact statement is prepared that demonstrates a significant positive impact on the community such as job creation/retention, increased amenities, or a visual enhancement,
   c. A finding is made that there exists extraordinary environmental remediation costs for which sufficient funding source is not otherwise available,
   d. A finding is made that the project will support an adopted neighborhood plan or public objective, or will cause a significant removal of slum and blight.

**STEPS IN PROCESS FOR FUNDING CIP PROJECTS WITH TIF CASH OR TIF-BACKED G.O. BONDS**

The funds generated in a TIF district may be utilized by the City of Des Moines to fund public improvements under the City’s Capital Improvement Plan (CIP) in an Urban Renewal Area, as well as assisting with private development projects.

1. Departments submit project requests to the Finance Department in September – October of each year during the normal budget process. Requests should include any and all such projects anticipated to be completed within the next six to ten years.

2. The Finance Department determines the appropriate source of funding – including the capacity in any specific urban renewal area, as well as the City’s Debt capacity, if applicable.
3. The Finance Department reviews project with all applicable Departments to verify project feasibility, relationship with other projects, and City’s capacity to deliver the project within a given time frame.

4. The Finance Department works with the Department of Community Development, Department of Engineering, the City Manager’s Office and the Office of Economic Development to review the proposed project’s relationship with Plan DSM, the Strategic Plan, the Transportation Master Plan, and other such documents.

5. The Finance Department works with the City Manager’s office to determine if and when the project should be included in the Capital Improvement Budget to be submitted to the City Council.

6. Summary of TIF assisted public improvement project incorporated as part of an adopted amendment to the applicable Urban Renewal Plan.

QUALIFYING EXPENDITURES

All TIF assisted projects and TIF funded expenditures shall be in accordance with the approved Urban Renewal Plan approved for each Urban Renewal District in accordance with Chapter 403 of the Code of Iowa.

ANNUAL TIF REPORT AND CERTIFICATIONS

TIF certifications for each district will be submitted to the City Council for approval of tax increment needs for the subsequent fiscal year prior to the December 1st deadline for submitting the request for TIF dollars to the County Auditor. Annually, the city will also complete and submit the Annual Urban Renewal Report to the Department of Management as required by the State. The report will be formally received and approved by the City Council and submitted to the Department on or before December 1st of each year. This report, at a minimum, will include all the information required by Iowa Code Section 384.22 and also include the following:

1. A recap of the current and future obligation of TIF projects to give the City Council a clearer and more long-term understanding of TIF obligations.
2. A recap of each TIF district that shows the actual assessed value for each TIF district and how much valuation was utilized in the reporting year.
3. An analysis of the benefit/detriment of TIF on City debt and taxes.
4. A listing of which project valuations are being exempted and which project valuations are being used for current and future TIF obligations.

APPLICATION FOR ECONOMIC DEVELOPMENT TIF PROJECT

The Developer/Applicant seeking TIF assistance must provide the following material to the Office of Economic Development along with the formal application included as Appendix B:
1. Information satisfactorily demonstrating the financial commitments to undertake and complete the project (i.e. financial statement, complete sources and uses budget, Letter of Credit from an appropriate financial institution).

2. Upon request, submit a complete and detailed market feasibility study.

3. Submittal of all information necessary to complete an accurate and detailed cost benefit analysis (employment benefits - number of jobs created, tax base benefit – estimated market value of new development, new property taxes generated, housing benefits- number of new rental or ownership benefits related to the project, parking/infrastructure impacts, etc.).

4. A demonstrable gap in financing for the project (i.e. the profitability and feasibility of the project both with and without public assistance, including a detailed delineation of the developer equity contribution into the project and the overall proposed financial structure of the project).

5. Proposed security, collateralization, or credit enhancement, if applicable.

6. Upon request, submit a current credit report.

7. Demonstrated commitments to the quality of development, the project area and project completion.

8. A schedule indicating timing of improvements (i.e. commencement and completion dates).

9. A Phase I Environmental Site Assessment (if applicable).
APPENDIX B: APPLICATION

The application must be completed by a developer/business who intends to apply for Tax Increment Finance (TIF) assistance from the city of Des Moines. Note: The decision to provide Tax Increment Financing incentives shall be at the sole discretion and approval of the City Council and shall be determined on a case by case basis. The approval process is subject to required legislative policies (published notice and public hearing).

Legal Name of Applicant: Click here to enter the Legal Name of the Applicant.
Contact Person: Click here to enter the name of the Contact Person.
Mailing Address: Click here to enter the mailing address.
Phone: Click here to enter phone number.
Email: Click here to enter email address.
Physical location/address of Project: Click here to enter project address.
Urban Renewal Area in which the Project will occur: Click here to enter Urban Renewal Area Name.
For what purpose(s) are TIF funds being requested? Click here to enter purpose(s) for TIF funds.
Estimated amount of TIF funds being requested:
Proposed terms for the TIF assistance:
Current assessed building valuation, exclusive of land, of the property for which TIF funding is requested:
Describe minimum improvements (building(s) or infrastructure) for which TIF assistance is being requested:
Estimated total investment for the construction of proposed improvements:
Square feet of buildings to be constructed:

Estimated assessment on completed building valuation, exclusive of land:

Estimated start date for construction:

Estimated completion date for construction:

Number of jobs generated by the project:

Describe the types of jobs maintained or created by the project (including wage ranges and benefits):
Are you applying for funding from any state economic development programs? Yes: ☐ or No: ☐
If yes, attach a copy of your application.

Describe any utility/infrastructure needs of the project:
Will the project be LEED Certified or equivalent? Yes: ☐ or No: ☐

Will the project involve public art or an amenity that would be of interest/benefit to the public?

Describe how the project accomplishes the goals of the TIF program to encourage quality economic development, enhance the industrial, commercial and residential property tax base, create quality employment and attract businesses that contribute to the general well-being and quality of life of residents and the business community in Des Moines:

Describe why the TIF funding is necessary for the project to be constructed in Des Moines or how the scope of the project may be affected if TIF funds were not available:

Signature of Applicant ______________________________

Title of Applicant ______________________________
Date