

RESOLUTION NO. ~~6789XXX~~

A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE, KANSAS RELATING TO TAX INCREMENT FINANCING DISTRICTS.

WHEREAS, the City of Lawrence, Kansas (the "City") is committed to the high quality and balanced growth and development of the community while preserving the City's unique character and while revitalizing and redeveloping areas of the City; and

WHEREAS, economic development is a joint responsibility of the private and public sectors, working closely together creating a positive business environment and to encourage commercial development and expansion in the City; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, and the creation of quality jobs; and

WHEREAS, to meet these economic development goals, the City recognizes the need to assist in the redevelopment of property located within the City by the creation of redevelopment districts; an economic development tool established by K.S.A. 12-1770 et seq. (the "TIF Act") for the financing of qualified redevelopment projects; and

WHEREAS, redevelopment activities, due to complexities of existing infrastructure and development, often require larger financial investments and meet a larger public goal; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of proposals that may be presented to the City by applicants requesting Tax Increment Financing ("TIF") assistance; and

WHEREAS, all projects must demonstrate financial and economic reasons such that they would not otherwise go forward and be viable, but for conditions of blight, extenuating circumstances which exist in the site, location, or other factors related to the proposed development.

NOW, THEREFORE, THE TAX INCREMENT FINANCING POLICY FOR THE CITY OF LAWRENCE, KANSAS, WILL BE AS FOLLOWS:

SECTION ONE: POLICY STATEMENT:

It is the policy of the City to consider the judicious use of TIF for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments. For the purposes of this policy “a substantial and significant public benefit” may include one or more of the following benefits: creating new jobs and/or retaining existing employment, eliminating blight, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, upgrading older neighborhoods, facilitating economic self sufficiency, promoting projects that are of community wide importance, or implementing the Comprehensive Plan and economic development goals of the City. Projects which encourage redevelopment congruent with City goals, plans and/or policies will be considered more favorably. The City Commission also encourages projects that will be sensitive to the environment and contain elements which promote energy efficiency.

SECTION TWO: PROCESS:

1. An applicant wishing to request the City to create a redevelopment district within the City of Lawrence shall first submit a detailed written proposal to the City Manager. The proposal shall include, but is not limited to: (a) a proposed comprehensive plan that identifies all the proposed redevelopment project areas and that identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area; (b) description and map of the proposed redevelopment district; (c) description of the proposed boundaries of the redevelopment district; (d) information regarding expected capital expenditure by the applicant; and (e) a proposal for development assistance.

2. The applicant shall furnish such additional information as requested by the City Manager in order to clarify and evaluate the submittal.

3. The Governing Body shall then determine whether it desires to commence the statutory process to create a redevelopment district as set forth in the TIF Act. City staff shall make available to the public in a timely manner information summarizing the TIF Act and the process for evaluating a request to create a redevelopment district. The City’s process for considering the request to create a redevelopment district within the City will emphasize transparency, while balancing the potential need for some applicant information to remain confidential. Further, the City’s process for considering a request to create a redevelopment district shall encourage public participation and comment.

4.. The applicant and City will enter into a redevelopment agreement upon satisfactory approval of the redevelopment project plan. “The agreement will

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outline the obligations of the parties involved, specify performance targets, and contain audit language based on the parameters of the project."

SECTION THREE: POLICY GUIDELINES. The following criteria are to be used by the Governing Body and staff to evaluate TIF Proposals:

1. Each TIF proposal must demonstrate that "but for" the use of TIF, the project would not be completed. Such evaluation may include a review of appropriate market returns for a project that takes into consideration the type of the project, the site and other relevant factors. This evaluation will take place in conjunction with the feasibility study as required by statute.

2. All TIF proposals requesting the issuance of bonds or notes will be required to demonstrate that the incremental taxes and/or the economic activity taxes expected to be generated will be sufficient to provide a debt coverage factor of at least 1.25 times the projected debt service on the tax increment bonds or notes. Debt service coverage greater than 1.25 times may be necessary to market any notes or bonds that are limited to public offerings. At the discretion of the City, applicant or bank purchased bonds may be less than 1.25 times debt service coverage. Alternatively, applicants may provide a guarantee or other credit enhancement to cover any shortfalls in revenue in a manner that is satisfactory to the City.

3. The total amount of TIF assistance provided for projects will be based on the economic payoff expectations of the project and its significance to the community.

4. Each TIF proposal must include evidence in a form acceptable to the City that the applicant has the financial ability to complete and operate the proposed project.

5. Projects that have at least 50% of the total project costs (redevelopment project costs as defined by the TIF Act and costs reasonably related to the project that are not included in the TIF Act's definition of redevelopment project costs) paid by the applicant will be viewed more favorably.

6. The City will require satisfactory assurance that the project will be completed in a timely manner in accordance with the redevelopment project plan and redevelopment agreement.

7. Projects having four (4) or more residential units seeking a TIF shall only be considered if a portion of those units are set aside for households making

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80% of the Area Median Income, as defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas.

Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units. The units set aside for affordable housing are subject to the below parameters.

<u>Affordable Housing Parameters</u>			
<u># Residential Units</u>	<u>% of Residential Units Set Aside for Affordable Housing</u>	<u>Income Parameters</u>	<u>Rent Parameters</u>
<u>4-49</u>	<u>Not less than 10%</u>	<u>80% of Area Family Median Income as defined annually by HUD for Douglas County, Kansas</u>	<u>Fair Market Rent as determined annually by HUD for Douglas County, Kansas</u>
<u>50 or more</u>	<u>Not less than 35%</u>		

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~~TIF proposals for residential redevelopment projects may be considered for removal of blight and revitalization of older developed neighborhoods, and/or to provide for public improvements to benefit economic development and employment.~~

8. TIF proposals for the redevelopment of existing residential neighborhoods, commercial and industrial areas will be viewed more favorably. Projects to stabilize current residential neighborhoods, commercial, and industrial areas that have or will likely experience deterioration will also be viewed more favorably.

SECTION FOUR: PAYMENT OF CERTAIN COSTS. Upon submission of the proposal to the City Manager, the applicant shall enter into a funding agreement with the City to pay out-of-pocket costs of the City in connection with the evaluation of the applicant's proposal for the creation of the redevelopment district, the redevelopment project plan and the redevelopment agreement, including outside consultant, financial advisor and attorney fees. Consultant and attorney fees may be reimbursed to the applicant from bond proceeds or TIF revenues if a redevelopment district is established and redevelopment project plan approved, to the extent such costs are "redevelopment project costs" as defined by the TIF Act.

SECTION FIVE: REQUEST FOR PROPOSAL. The City may initiate a Request for Proposal for a redevelopment project.

SECTION SIX: METHOD OF FINANCING. TIF proposals may request that TIF assistance be provided in one of the following forms:

1. Special Obligation Bond Financing;
2. Direct Reimbursement to the applicant when improvements are privately financed; or
3. Any combination of the foregoing methods.

In deciding which method of financing to use, the prevailing factor in making the determination will be total costs and the security for the bonds. The City will not provide credit enhancements for the special obligation bonds; however, credit enhancement provided by the applicant on any bonds will be viewed favorably. Private financing of improvements will be encouraged by the City and viewed more favorably. Generally, the City will not issue General Obligation Bonds for TIF eligible costs. The proposed method of financing will be clearly shown in the application and the redevelopment project plan. The City has sole determination of the method of financing.

SECTION SEVEN: CERTAIN ECONOMIC ACTIVITY TAXES. Sales taxes, property taxes, or other applicable taxes may be considered for purposes of the tax increment derived from TIF economic activity taxes. The City may make incremental City Sales Taxes and/or Transient Guest Taxes associated with the redevelopment district available as TIF incentives. Generally, the City will make no more than 50% of the incremental sales and transient guest taxes available for a redevelopment project. For STAR Bond projects that meet state required criteria, additional revenues may be required.

SECTION EIGHT: OTHER CONDITIONS. The City reserves the right to modify or waive any or all of these policies in accordance with the approved redevelopment project plan and/or redevelopment agreement.

SECTION NINE: AUTHORITY OF GOVERNING BODY. The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in this Resolution or any other procedural requirements of state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the city.

SECTION TEN: REPEAL OF RESOLUTION 6789. Resolution 6789 is hereby repealed.

SECTION ~~TEN~~ ELEVEN: EFFECTIVE DATE. This Resolution shall take effect immediately.

ADOPTED by the Governing Body this _____ day of
| _____, ~~2008~~2016.

| ~~Michael Dever~~Mike Amyx, Mayor

ATTEST:

| ~~Frank S. Reeb~~Brandon McGuire, Acting City Clerk