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IMPLEMENTATION PLANNING AND FINANCE STRATEGY



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CHAPTER-6: IMPLEMENTATION PLANNING AND FINANCE STRATEGY

This section provides strategies for implementation and financing in general terms. In consideration of these strategies, the public entities in the corridor will need to discuss any and all strategies and ideas and execute necessary memorandum documents to outline participation and responsibilities. Each project will need to be specifically crafted to meet the needs of city, investors' terms, and available funding sources, however, the rhythm of the process and ideas for potential funding sources are identified. There is also a comparison of two development strategies discussing individual development districts compared to a more regional approach requiring the establishment of a larger designated development area and a description of the comprehensive possibilities associated with this approach.

The document provides examples of statutory funding options for reference purposes only. It is made clear in the document that statutory funding tools change based on legislative interpretation and desire. As business opportunities are presented, various legislator (local, state, and federal) support is advised. As well, participation in facilitating new investment and engaging corporate representatives and East West Gateway Council of Governments will be important. This level of involvement is necessary to assure that investment is sustainable at a state and regional level, as opposed to local area orientation, and continuing the pattern of merely shifting stores from one city to another. Also, it is not unreasonable to consider the possibility of new legislation, crafted for a development district to specifically address the purpose and needs of an established, designated development area. This process requires a detailed implementation strategy and the support and participation of those legislators willing to pursue statutory modifications or new legislation.

Implementation Methodology

There are many ways to approach implementation, however, in order to be truly achievable; there are four criteria that must be met in order to make this an "action" plan rather than a "bookshelf" plan:

- Any implementation strategy must be market driven. That is to say, the infrastructure and overall strategy for development must be planned to attract investment by those companies and individuals in the private (or private/public) sector willing and able to finance revitalization
- Any implementation strategy must include public funding strategies that may include negotiations with state and federal resources to assure creative and effective overlay districts
- Private developer participation in the process does not occur until the city has prepared an implementation plan and a finance strategy
- The implementation strategy must be financially feasible

The Great Streets Initiative is unique in that it recognizes and acknowledges the relationship between public investment in infrastructure and economic development potential. In order to facilitate the redevelopment process generally, it is necessary to plan public facilities firstly for the following reasons:

- Design of infrastructure facilitates or detracts from economic development
- Determine the cost of public improvements that impact private development (it may be possible to leverage public improvements as part of the overall financing of a project)
- Assure municipalities that they are “at the table” during the redevelopment of private property and have a prominent role in attracting funding necessary to create a successful economic and social environment facilitated by:
 - The creation of policies and guidelines that assure quality and sustainability
 - Understanding the various statutory finance tools available to the city prior to any contact with future developers so that the interest and long term benefits of these tools are optimized by the public entities
 - Understanding the potential benefits to the community associated with future development and the ongoing role the community will play in the development process
 - Use of creative solutions to address conditions created by past development concepts such as optimizing land usage on gray sites (old retail locations); blending landscaping and other public amenities with water conservation and mitigation; and effectively planning redevelopment sites to qualify for existing financing options, both public and private, while addressing market driven requirements and parameters

In the case of the primary study area, there are distinct assets that can facilitate the revitalization of the area driven by existing conditions within the local market, including:

- Strong community interest and cooperation
- Well established institutions adding market base and financial investment to the area on an ongoing basis
- Immediate investment in infrastructure enhancements along Natural Bridge Road (the road diet, sidewalks, and bike trails)
- A concise, well defined commercial area with potential for increased density and land use optimization
- Several larger sites that may become available for redevelopment
- MetroLink access
- A link (Florissant Road, in need of enhancement) to I-70 allowing for the expansion of market access
- Possibility of existing UMSL shuttle service(s) expanding to the benefit of the entire redevelopment area
- City owned property adjacent to MetroLink available for immediate redevelopment

Approach to Revitalization

There are two approaches to the revitalization of the area:

- Scattered Site Development Strategy
- Comprehensive Development Strategy

Scattered Site Development Strategy

This development strategy is based on a “site by site” investment approach requiring a number of implementation plans and finance strategies pursuant to each site and its specific market driven possibilities. This is a traditional approach that suggests a protracted redevelopment strategy based on availability of funds for each site and investor interest in the marketplace.

This approach does not optimize existing infrastructure amenities for the entire market area and can limit opportunities for adjacent property. A wide market benefit, such as a shuttle/trolley system would be more difficult to implement using the scattered site approach. It will be more difficult to predict scattered site development schedules and the amount of investment planned on a parcel by parcel basis thereby influencing the perceived need for a local transit system such as the shuttle/trolley concept.

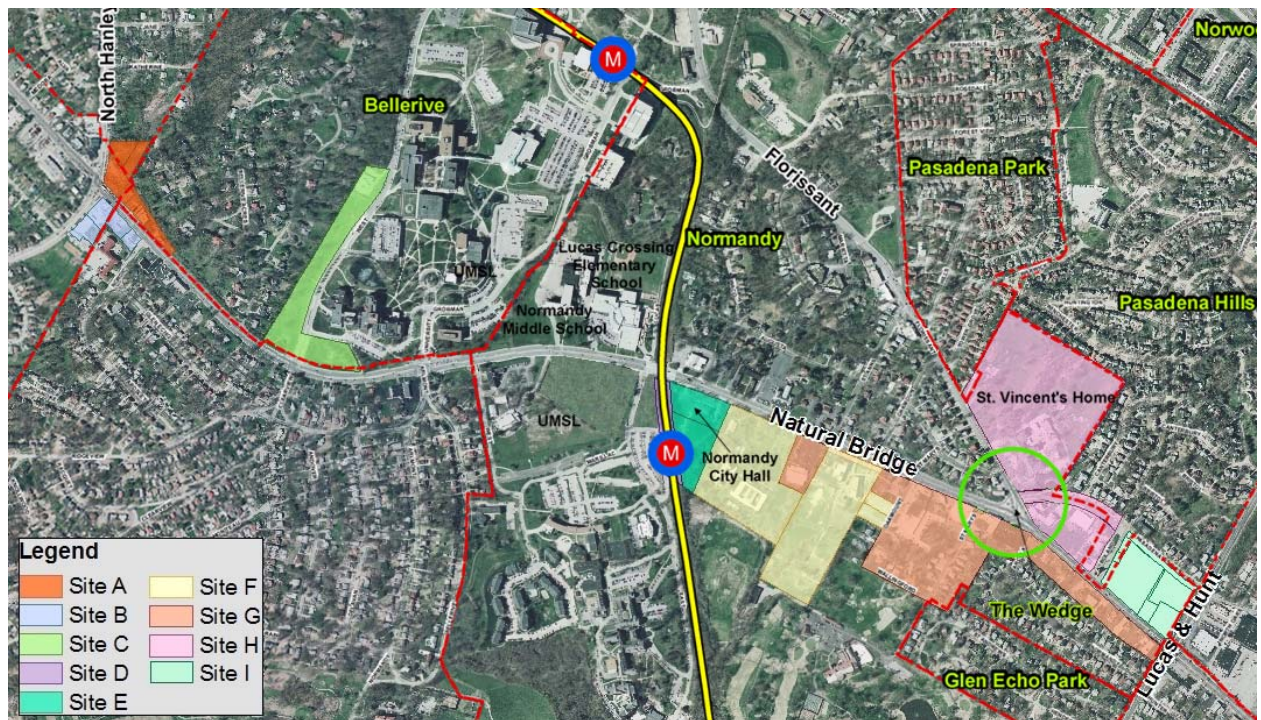
There are usually significant costs associated with development in older communities, such as possible site remediation, building demolition, land assembly, Property acquisition and rezoning.

If the developer(s) agree to participate in the costs associated with offsite improvements, the design and construction of these improvements are pursuant to the private developer’s financial capability and desire to enhance off site amenities. Negotiations associated with private developers paying for public improvements are usually complicated to negotiation due to the costs associated with agency design standards and costs associated with long term maintenance of the infrastructure once construction is complete.

An index of possible development sites include the following and are illustrated in Map 6.1:

- SITE A: Natural Bridge and Hanley Roads Option – Northeast Quadrant*
- SITE B: Natural Bridge and Hanley Roads Option – Southeast Quadrant*
- SITE C: University of Missouri – North Campus Detention Area
- SITES D, and E: MetroLink and Normandy City Hall
- SITE F: Property Owned by the Archdiocese of St. Louis, etal
- SITE G: St. Louis County Library to Lucas Hunt Road, South Natural Bridge Road
- SITE H: St. Vincent’s Germanic Home Association
- SITE I: Roland Avenue to Lucas Hunt Road

NOTE: * These sites are not located within the primary study area but are recommended as significant sites impacting future land use consideration within the broader context of the Natural Bridge Road corridor.

MAP 6.1: PRIMARY STUDY AREA POTENTIAL FUTURE DEVELOPMENT SITES

Source: St. Louis County GIS

Tax Incremental Financing (TIF) has become very popular over the years, providing developers with an opportunity to recapture part of their investment in property. There are redevelopment opportunities within the Natural Bridge Road corridor that can benefit from use of this particular statutory funding tool. Typically, TIF sites are established within the boundaries of the developer's property and do not include off site infrastructure enhancement unless specifically encouraged by the municipality. Sites that may qualify for TIF within the primary study area include:

- The commercial property along the south side of Natural Bridge Road between Lucas and Hunt Road and Oakmount Street. Market demand, costs associated with the assembly of property, and availability of financing will dictate the amount of parcels assembled by any developer. Therefore, it is possible that multiple developers will be involved in any revitalization efforts along this section of the corridor and the timing of the redevelopment efforts may vary depending upon the developer criteria.
- The commercial property along the north side of Natural Bridge Road between Lucas and Hunt Road and Florissant Road (bounded by Pasadena Boulevard on the north). Sites are created by the Roland Avenue alignment, which will remain in any redevelopment plan as an historic location within the market place. The two sites are candidates for TIF and may include demolition of existing structures and the development of new, mixed use investment. The redevelopment of these sites will require extensive utility work on site and minor modifications to Natural Bridge Road sidewalk realm. To achieve the envisioned pedestrian realm plus outdoor dining for instance, wider sidewalks, aesthetic sidewalk treatments, and landscaping may be included as modifications. In addition, the west side of Pasadena Boulevard (curb cuts) will likely need to be modified due to access and streetscape enhancements that may be required as a result of redevelopment at the time the development plans are approved.

- The Normandy City Hall site located east of the MetroLink station on the south side of Natural Bridge Road. This parcel site is a candidate for TIF designation due to the potential need for demolition and reconstruction on the site. Off site infrastructure development may include designing pedestrian connections between the new development and the MetroLink station; modifications to the existing tributary on the east side of the site; and, streetscape modifications at Natural Bridge Road.

In summary, TIF is a typical development tool appropriate for the sites mentioned above along the Natural Bridge Road corridor. The use of TIF provides economic development benefits to the community through the investment of private financing to develop commercial and mixed use projects. The process of approving development plans also provides the municipality(ies) with the opportunity to examine potential offsite improvements that may add additional benefit to the community related to infrastructure enhancements and in some cases social improvements*. Advantages to the developer include the establishment of a statutory development tool on private property, typically within the legal boundaries of the developer(s) property.

Any off site infrastructure work must be negotiated with the developer at the time a development plan is submitted for approval. Otherwise, municipality must bear the expense of required improvements created by the development as mentioned above. Improvements such as roadway improvements necessary as a result of increased traffic generated by the new development; aesthetic upgrade, and additional parking would be examples of municipal improvements created by new development. Typically, the offsite improvements are adjacent to the subject TIF boundaries and do not extend great distances from the designated district boundaries. As mentioned above, revenues from the TIF may only be expended within the boundaries of the TIF and therefore any negotiated offsite improvements rely on private funds or in some cases public/private funds.

* Social infrastructure improvements have been negotiated from time to time and tend to be associated with larger projects. These improvements may include new or upgraded community center; development of parks; or funding for public improvements such as new play ground equipment.

Comprehensive Development Strategy

The comprehensive development strategy is based on a more complex planning and finance strategy that may encompass the entire primary study area providing investment and long term maintenance of the local market place. This is accomplished by establishment of a large designated development district. This approach, although more complex, may be ideal for this market area given the cooperation and collective interest shown to date by existing investors and market participants.

There are several compelling reasons to consider this option:

- Reinforces the amount of investment that exists in place within the corridor
- Compels multiple municipalities to work together toward the same goals within the structure of the designated development district
- Public infrastructure funding for a direct shuttle/trolley link between MetroLink and employers in economic areas
- Facilitates funding to improve key transportation routes to the Wedge area
- Allows oversight and input for development opportunities and investment strategies applicable not only to the study area but those potential development sites that surround the study area
- Allows the cohesive and cooperative communication between public and private participants having a vested interest in sustainable growth to plan for and to establish designated development area(s) to assure future investment and long term maintenance of market activities
- Provides a funding resource derived from creative and comprehensive management within the designated development area
- Provides stability and continuity to the designated area regardless of market and political changes that may occur around and within the investment area
- Provides for an orchestrated approach to development that takes into consideration land ownership; available funding; market driven development timing; and scheduled investment patterns consistent with the local market

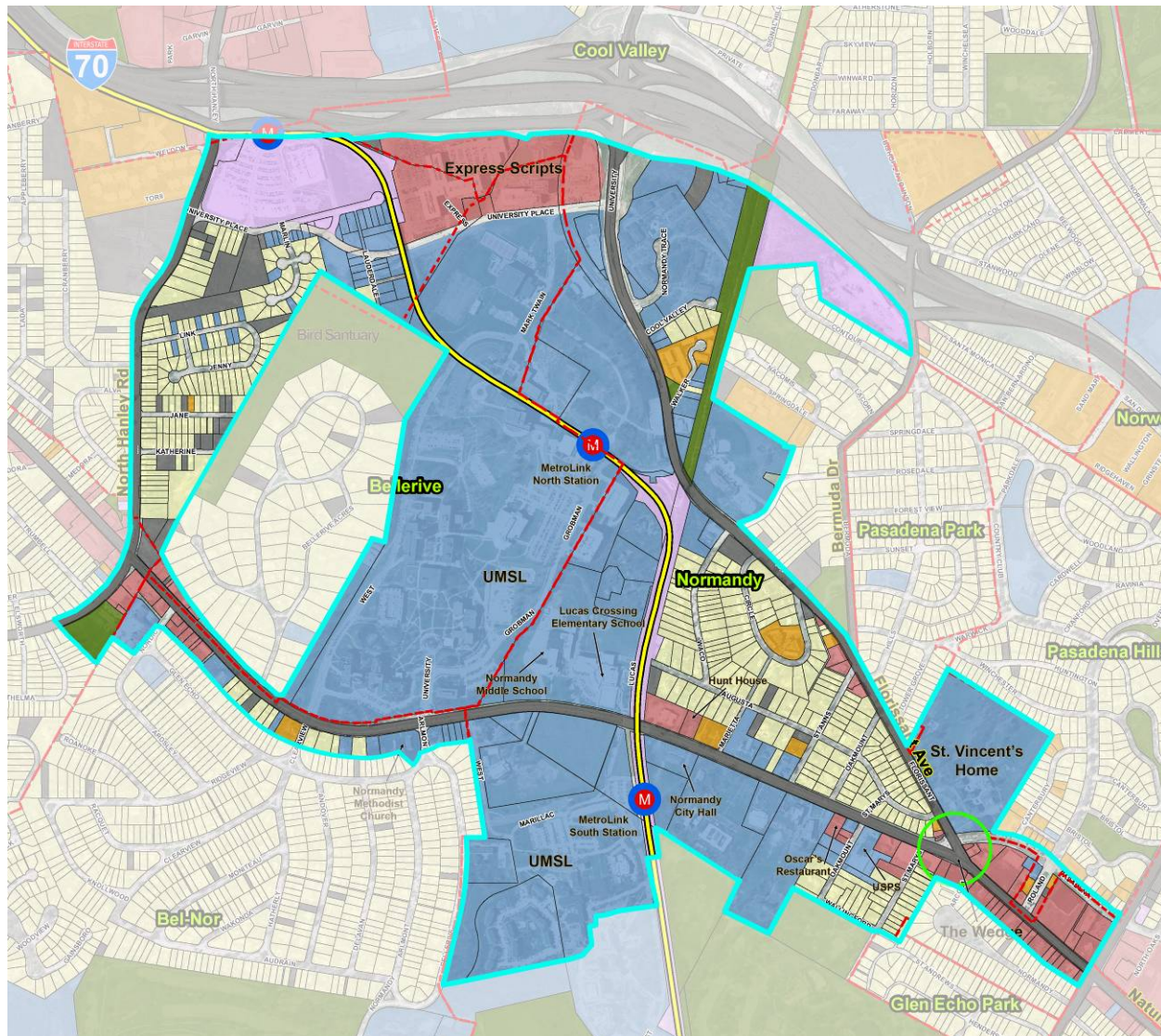
By far the greatest and most admirable form of wisdom is that needed to plan and beautify cities and human communities.

*Socrates, Greek philosopher
(469-399 BC).*

When asked to rate the importance of each issue area on a scale of Very Important to Not At All Important, a majority (76 percent) of respondents rated Reinvestment in Older Communities as Very Important to the future of St. Louis County."

*St. Louis County strategic plan Update 2008.
Missouri*

MAP 6.2: COMPREHENSIVE DEVELOPMENT STRATEGY MAP



Source: St. Louis County GIS

This strategy provides for funding and long term management of investments requiring board oversight composed of investment interest within its defined district boundaries. Map 3.3.2 suggests proposed district boundaries that may be modified during the implementation of this strategy.

Those properties included within this comprehensive plan include residential, commercial and institutional land willing to participate in ongoing investment and enhancement of the market area. Additionally, infrastructure such as roads, sidewalks, and transportation stations and stop locations are included within the designated boundaries to assure that vital public links are maintained and remain an integral part of the overall value created for the area.

The comprehensive approach to redevelopment in the primary study area is reinforced by the integrity and historic involvement of the stakeholders. Within a comprehensive development district the stakeholders will have the ability to plan, finance, and maintain a strategy for phased redevelopment; upkeep and enhancement of infrastructure; strategic planning to forecast the needs of the district, and the development of creative programs and incentives that can set this area apart and serve as a model for the region.

Planning and implementation of this concept will require close communication among the participants and the final designated development area will need to be designed to include or exclude participants based on their commitment and interest in the revitalization of the community. Until the lines are clearly established through this process, the Map 3.3.2 is only an example of inclusion, not a final recommendation.

Financing a larger, more comprehensive district may be best served through implementing a State of Missouri statute known as the “Missouri Community Improvement District Act” (CID) or alternatively as a “Transportation Development District” (TDD)*. These statutes will be described in greater detail in a later paragraph, however, as creative development tools they generally provide for property owners to designate specific boundaries and either establish a not-for-profit corporation or a political subdivision to facilitate planning and implementation.

A final benefit that may be considered, related to the creation of a comprehensive redevelopment area, is associated with job creation and the possibilities of employment associated with the long term care and maintenance of landscaped areas; shuttle equipment; street maintenance and upkeep; and promotional activities. A jobs program may be a good way to address student and local population employment needs. Possible implementation of a jobs program may include, but is not limited to:

- Establishment of a not-for-profit organization that identifies student and local talent and assigns jobs required such as landscaping or grounds maintenance
- Establishment of a for-profit organization that hires and assigns work under a master agreement for a specific period of time
- CID agreements with contractors hired to provide services includes language which requires that students and local talent be considered as employment candidates based on work scope and project needs

Note: This corridor has distinguished itself over time as a successful marketplace among competing local municipalities and through continued economic change. It is however, a complex marketplace made up of multiple municipalities; substantial institutional influence; and well organized neighborhood groups cooperatively working to keep the area safe and economically viable. In view of all these positive conditions, the commercial interest in the area has not grown and appears to be declining in some specific locations throughout the corridor. The complexity of the corridor and the changing economics generally, prompts the recommendation that a broadly encompassing designed redevelopment district be established that allows for planning, financing, and redevelopment applicable to the primary study area including infrastructure and transit options created to serve the entire marketplace. A planned redevelopment district will forge relationships between private and public investment with oversight of the common good of the district.

Finance Strategy for Comprehensive Development

Finance strategies typically are “designed” to fit the particular needs and opportunities of development investment opportunities. Therefore, it would be unrealistic to attempt to apply finance strategies to any of the opportunity development sites discussed here until master planning has begun and specific legal boundaries are agreed upon among the parties participating in redevelopment investment.

In order to facilitate statutory funding, an implementation plan and finance strategy must be carefully crafted that links economic development potential and physical land characteristics to specific funding resource appropriate for each site. A strategy includes approaching political advocates and stakeholder groups to negotiate the best funding opportunities available. It is imperative that the vision of the plan is communicated and that it demonstrates that the proposed projects are market driven and financially sound.

Funding is predicated on such circumstances as the following:

- Size of development and land use(s) proposed
- Market demand and future potential
- Time line for development
- Developer capacity to finance
- The location and condition of offsite improvements
- Governmental constraints impacting development potential
- Underlying municipal codes and encumbrances
- Property constraints impacting development potential
- Availability of funding (primary and supplemental)
- Interest and participation by local banks
- Availability of applicable statutory funding devices
- Interest within political strata that stimulates advocacy in the project from local, state, and federal authorities

The following lists of state statutory funding programs are outlined to provide ideas for a creative financing approach for redevelopment and revitalization opportunities within the primary study area. Each of these funding tools requires the need for the establishment of designated development areas specifically described pursuant to survey. Additionally, these funding mechanisms require that all revenues resulting from the district be reinvested within the specific boundaries and are not appropriately used for any activity outside those boundaries.

Long term strategies associated with the establishment of a large, comprehensive development district will include incentives for the development of smaller projects within the boundaries of the larger district. Typically, tax incremental financing districts and other statutory development tools

may be overlain and may become part of the larger district. The important aspect of the comprehensive district is the ability of the stakeholders to control the quantity, quality, and phasing of the redevelopment to the common good of the larger district.

Examples of Statutory District Options

The strategy and timing associated with the implementation of statutory “development tools” are linked to an approved development plan and the investors ability to finance the proposed project(s). As mentioned above, in order to maximize available private and public funding resources, it is necessary to understand in detail those benefits the public will derive from any proposed development including infrastructure improvements; public amenities; and market enhancement.

The following examples provide an overview of designated development area options contained with the Missouri Revised Statutes that may assist in facilitating investment. As mentioned, these funding tools are examples only. There are other examples of funding resource that may be obvious as detailed development plans are submitted. These resources may be appropriate for the development of residential, student or elderly housing for instance. However, these funding resources will be specific to detailed plans and are not mentioned here due to the general nature of this document. At the time development plans are submitted and approved for development, the project characteristics will dictate appropriate use of statutory development tools if required and other available funding specific to each project.

Tax Incremental Financing (TIF)

Local Tax Increment Financing (Local TIF) permits the use of a portion of local property and sales taxes to assist funding the redevelopment of certain designated areas within the community. Areas eligible for Local TIF must contain property classified as a "Blighted", "Conservation" or an "Economic Development" area, or any combination thereof, as defined by Missouri Statutes.

TIF funds may be used to pay certain costs associated with a redevelopment project, including, but are not limited to:

- Professional services such as studies, surveys, plans, financial management, legal counsel
- Land acquisition and demolition of structures
- Rehabilitating, repairing existing buildings on site
- Building necessary new infrastructure in the project area such as streets, sewers, parking, and lighting
- Relocation of resident and business occupants located in the project area

Tax Increment Financing (TIF) has increasingly become the primary source of funding to overcome redevelopment costs. TIF projects use the increase in real estate taxes generated by project improvements along with half of the increase in sales and utility taxes to retire project debt. The percentage of overall St. Louis County sales tax revenue devoted to TIF payments has grown from 1.5 percent to 5.7 percent between 1999 and 2004.

The justifying premise for use of TIF is the assumption that property and local sales taxes will increase within the designated development area after redevelopment, and a portion of the increase of these taxes collected in the future (up to 23 years) may be allocated by the municipality in which the property is located to help pay for project costs, partially listed above.

The municipality in which the development occurs is required to establish a TIF Commission to include representatives of other local taxing authorities within the redevelopment area. Typically, the school district is included as part of the commission as an example of “other” taxing authorities.

The municipality is also responsible for the approval of ordinances that establish the Comprehensive Redevelopment Plan, and for approval of a specific TIF Redevelopment Project.

Responsibilities of the TIF Commission include:

- Working with the local government to create the Redevelopment Plan
- Setting TIF Redevelopment Project parameters
- Holding required public hearings
- Preparation of economic impact reports and revenue projections
- Preparation of blight studies and other documents to justify the need for TIF

Contact information:

Business and Community Services, 301 W. High Street, Rooms 720, 770 Jefferson City, MO 65102
Tel: 1-866-647-3633 Fax: 1-573-751-7384 Email: missouridevelopment@ded.mo.gov

Community Development Block Grant Program (CDBG)

CDBG is a pass through funding program from the U.S. Department of Housing and Urban Development (HUD). The maximum amount of funds available varies, pursuant to the type of projects being funded.

Fundamentally, CDBG grants are extended to communities (in this case within St. Louis County) to assist with costs associated with infrastructure. Projects that qualify as associated with improvements to local facilities; that address health and safety within the community and that develop a greater capacity for growth and economic development. Loans to private companies are also available for the creation of new jobs.

In summary, allowed uses include:

- Action Fund Loans – to private companies resulting in the creation of jobs
- Community Facilities Funding – for the development of public facilities designed to provide services to community from a central location such as senior centers; community centers; fire stations; and police stations
- Downtown Revitalization Funding – for the development of public infrastructure and improvements that significantly contribute to the revitalization and/or redevelopment of downtown areas
- Emergency Funding – for projects meeting an urgent threat to health and safety within the community
- Industrial Infrastructure Grants – for public infrastructure development that results in the creation of jobs by a private company benefiting from the infrastructure

- Interim Finance Loans – for short term loans to private companies resulting in the creation of jobs
- Speculative Industrial Building Loan – includes loans to nonprofit development organizations to develop a shell building for industrial purposes
- Water and Wastewater – funding for publicly owned water and wastewater improvements and new construction (a review committee must approve this request prior to final submittal)
- Public Need – funding for eligible activities not addressed within a specific CDBG category listed above (examples: bridges, streets, housing demolition, handicapped accessibility in public buildings; and other costs associated with economic development)

Contact Information:

Missouri Department of Economic Development, www.MissouriDevelopment.org
 Missouri Development Finance Board, www.mdff.org

Missouri Downtown Economic Stimulus Act (MODESA)

This legislative development tool is a relatively new form of tax incremental financing. MODESA combines the use of local property tax increment and economic activity taxes with a portion of the State of Missouri sales tax and income tax withholding to assist with development projects. Parameters for funding include:

- Funds must be used to offset public infrastructure
- A Central Business District is created that is either blighted or a conservation area
- 50% of the buildings must be 35 years old or older
- The municipality must have an annual median household income of \$62,000 or less
- Funds must only be used for major investments defined as projects that facilitate:
 - Tourism
 - Cultural activities
 - Arts
 - Entertainment
 - Education
 - Research
 - Multipurpose facilities
 - Libraries
 - Ports
 - Mass Transit
 - Museums
 - Conventions

The estimated costs must equal or exceed the amounts shown below or business locations or expansions must create new jobs as follows:

TABLE- 3.3.1: PROJECT COST VS NEW JOBS CREATED

• Population	• Project Cost	• New Jobs Created
300,000 or more	• \$10,000,000	• at least 100
100,000 to 299,999	• \$ 5,000,000	• at least 50
50,001 to 99,999	• \$ 1,000,000	• at least 10
50,000 or less	• \$ 500,000	• at least 5

MODESA authorizes municipalities to provide long term financing for development projects in designated development areas through the issuance of bonds or other obligations. These bonds or obligations may be payable from the increment increase in real estate taxes and 50% of the increase of tax revenues generated by economic activities within the development area (including most sales tax and earning tax revenues). Basically, a portion of new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax for those projects in St. Louis County and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the county or a non-profit organization. This contribution from local taxes results in redirected funds to offset a portion of the costs of development projects.

Finally, the following funding limits are applicable to this funding source:

- The project will not receive funds until it generates increment
- The project cannot receive more than half of the increased amount of state sales tax and/or income tax it generates
- The program is limited in any year to the amount of funds appropriated by the State of Missouri General Assembly and the law does not allow an annual appropriation to exceed \$108,000,000.
- In the event appropriations from the funds are not adequate to cover approved disbursements, projects will receive a pro-rata share of increment

Missouri Community Improvement District Act (CID)

CID legislation is an invaluable tool for implementation of well planned redevelopment areas and generally provides for property owners (and business owners) within a designated development area to form either a not-for-profit corporation or a political subdivision to manage activities within its boundaries. Once formed, the CID entity possess certain powers that enable them to carry out fiscal initiatives; raise funds through special assessments, and levy taxes for the development and maintenance of infrastructure.

The formation of such an improvement district must include approval of property owners owning more than 50% of the assessed value of the property within the district boundaries and 50% per capita of all owners within the district must sign a petition that is provided to the hosting

municipality for approval at the time the district is proposed to be established. Any petition provided to the city must contain the following information:

- Proposed Name of the CID
- Boundaries (designated development area)
- A 5 year capital and service plan
- Defined purpose of the CID
- A cost estimate of the improvements to be provided
- A determination that the CID will be either a not-for-profit corporation or a political subdivision
- The assess value of all property within the CID
- Whether a declaration of blight will be sought
- Proposed duration of the CID

The municipality has forty five days after receipt of the petition to organize a public hearing; prepare an ordinance; approve the petition and subsequently set up the district. A written report must be sent to the Missouri Department of Economic Development as the final step in the formation of the CID.

Upon being established, a board of directors is elected or appointed to govern the district. If the board is appointed, the municipality has the authority to select the board. The general administrative process associated with CID districts includes the following procedures:

- The addition or removal of real property within the boundaries
- Expansion of the boundaries
- Removal of property within the boundaries
- Hold annual meetings
- Prepare an annual budget
- Prepare and forward a fiscal year report to the municipality and the Missouri Department of Economic Development

Pursuant to the creation of the CID, certain power is granted to the district generally described as follows:

- To sue or be sued
- Enter into contracts
- Acquire and dispose of property

- Borrow and loan money
- Levy and collect special assessments and taxes
- Collect fees and rent
- Raise and expend funds to promote business activities
- Promote and recruit new development and businesses
- Promote special events
- Assist with the construction, reconstruction, installation, repair and maintenance of public improvements
- Within blighted areas: demolish and remove, renovate, reconstruct or rehabilitate any building or structure
- Expend or loan revenues for the removal of blight

CID districts may levy property taxes or business license taxes for land or businesses located within the district subject to the approval of a majority of votes cast by qualified voters. Qualified voters are registered voters who reside within the district, or are qualified voters and the owners of the property who will be subject to a tax 30 days prior to the election, in the event that no registered voters live within the district.

Finally, the host community may set up a fund in its budget (or treasury in the case of the state) to pay the costs associated with: planning or administering the CID; making an improvement; preparation of preliminary plans, studies and engineering reports; or paying initial costs of improvements until the CID is able to issue and sell its obligations.

The planning and implementation of a CID is complex and requires careful consideration of the pros and cons associated with district parameters. A CID district is however ideal for larger redevelopment areas and mixed economic development opportunities.

Transportation Development District (TDD)

A transportation development district is a separate political subdivision that may be created to fund, promote, plan, design, construct, improve, maintain and operate one or more transportation related projects or to assist in such activities.

A TDD may finance any transportation related improvement, including bridges, streets, roads, highways, access roads, interchanges, intersections, signage, signalization, parking lots, bus stops, stations, garages, terminals, hangers, shelters, rest areas, docks, wharfs, land and river ports, airports, railroads, light rail, or other mass transit and any similar or related improvement or infrastructure. Before construction or funding of any project, a TDD is required to submit the proposed project, together with the proposed plans and specifications to the MoDOT and EWGCOG for their approval.

A TDD is created by petition of (1) at least fifty registered voters* within the proposed district, (2) if there are no registered voters within the district, the owners of all the real property located within

the proposed district, (3) the governing body of any local transportation authority in which a proposed project is located.

A TDD can only finance transportation related improvements, while a CID can finance a wide array of public improvements and services. A TDD can finance improvements that benefit the property within its boundaries**; a CID generally cannot spend money on projects outside its boundaries. TDD bonds can have a 40 year maturity while CID bonds are generally limited to 20 years. A TDD property tax cannot exceed \$0.10; there is no limit on the CID property tax.

*A “qualified voter” means, (1) any registered voter residing within the proposed district, or (2) if no persons eligible to be registered voters reside within the proposed district, the owners of real property located within the proposed district.”

** Sales taxes, special assessments or real property taxes imposed are used to fund the projects designed and approved by the TDD

Of the 139 TDDs established as of December 31, 2007, 96% were initiated by a petition filed by the property owners. In a survey of those TDDs, officials or representatives of the districts reported total estimated transportation projects costs of over \$1.26 billion. In addition, those TDDs reported total estimated revenues of over \$1.54 billion would be collected over the lives of the respective TDDs.

Also, 42% of the TDDs established as of December 31, 2007 were located either completely or partially in a Tax Increment Financing (TIF) redevelopment area. State laws provide that 50% of the additional tax revenues generated in such areas are to be used for the purposes of that TIF area, however, in some instances, the applicable city has allowed the TDD to apply most, if not all, of its sale tax revenue to its own transportation

Source: St. Louis County GIS, State of Missouri: Report NO. 2010-22/February 2010

Brownfield Redevelopment Program

The total statewide costs of any project must be less than the projected state economic impact of the project as determined by the Missouri Department of Economic Development (DED) and the amount of remediation and demolition tax credits must be the least amount necessary to cause the project to occur. The benefit of this particular statutory funding tool is tax credit based including:

Remediation Tax Credits: DED may issue tax credits for up to 100% of the cost of remediation and will issue 75% of the credits upon adequate proof of payment of the costs associated with the project with the remaining 25% issued upon receipt of a “clean letter” issued by the Missouri Department of Natural Resources (DNR). Remediation Tax Credits carry forward 20 years and are sellable and transferable.

Demolition Tax Credits: DED may issue tax credits for up to 100% of the cost of non-remediation demolition costs. Any demolition must be part of a city or county and state approved redevelopment plan. Demolition Tax Credits carry forward for 20 years.

Jobs and Investment Tax Benefits: Businesses locating at the project site that create new jobs to the state may receive (for up to 10 years) tax credits in the amount of \$500 to \$1,300 per year for each new job created; 2% of new capital investment per year; and a 50% income exemption. To be eligible, the city or county must provide at least 50% real property tax abatement for 10 to 25 years. Job and Investment Tax Credits have no special attributes and must be applied to tax liability for the year earned.

Special Conditions: The following special conditions apply:

- Applicants cannot be a party who intentionally or negligently caused release or potential release of hazardous substances

- If the property is not owned by a public entity, the city or county must endorse any project proposed for the site
- The project must be accepted in the “Voluntary Cleanup Program” by DNR
- The project must be projected by DED to result in the creation of at least 10 new jobs or the retention of 25 jobs by a private commercial entity

Special Requirements:

- Credits are subject to 2.5% issuance fee and the “Tax Credit Accountability Act” reporting form must be submitted to DED by June 30 each year for 3 years following the year of the first issuance of tax credits

Other Resources

Examples of other funding sources that may be applicable include:

- Business Facility Tax Credit Program – to provide tax incentives to facilitate the expansion of new and existing businesses that were established prior to 1/1/2005
- Chapter 353 Tax Abatement – available to for-profit urban redevelopment corporations organized pursuant to the Urban Redevelopment Corporation Law pertinent to blighted areas by the municipality
- Enterprise Zone Tax Benefit Program – providing tax incentives to facilitate the expansion of new or existing businesses in the state that were established prior to 1/1/2005
- Small Business Incubator Tax Credit Program – to issue a 50% state tax credit to a taxpayer who makes a contribution to an approved incubator sponsor
- Local and national banks willing to participate in community development projects that provide façade and property upgrade projects as well as community based redeveloped efforts that may include secondary funding and leveraged assets

Establishing Designated Development Areas

General Outline

It is recommended here that cities within the primary study area, wishing to advance investment, prepare a strategic approach plan for redevelopment of specific areas within their communities before any contact is made with the development and investment community. This approach allows the city to:

<u>Action Item</u>	<u>Implementer</u>
1. Clearly and definitely understand available statutory funding tools	City, City Attorney, Consultant
2. Establish a task force capable of planning and implementation activities in support of market driven development parameters	City, City Attorney, Stakeholders, Consultant
3. Determine the level of participation needed from the city to comply with funding requirements such as local match stipulations	City, Consultant
4. Clearly define City expectations associated with return on investment to the municipality	City, City Attorney, Consultant
5. Document and prioritize areas for redevelopment based on market conditions and availability of land	City, Stakeholders, Consultant
6. Determine underlying municipal codes and their impact on future development potential and financing, if any	City, Consultant
7. Identify physical collateral the City will provide to the redevelopment process such as enhanced infrastructure, comprehensive planning, transit availability, available land, and other public investment that inure to the overall character and market appeal of the community	City, Public Agencies, Consultant
8. Identify and cultivate political connections that support and sponsor redevelopment efforts including politicians, agencies, and private banking investment options	City, City Attorney, Consultant

The following time line is general in nature and will need to be modified for the cities' benefit as developers approach with their demands related to investment within the communities. Of importance to the city are the predetermined strategy discussed above and the understanding of the potential the city can offer. To follow is a general list of activities needed to facilitate developer negotiations:

- Assemble stakeholder participation and cooperation in defining revitalization areas – seek their input about needs; expectations; expansion; and other activities that will be incorporated in future planning
- Establish a committee that will select consultants to assist with strategy and preparation of appropriate materials; give support and backing to the city; generate interest in the market area through their associations and contacts; identify appropriate investors; provide community support for all activities associated with the revitalization process
- Preparation of an “implementation plan and finance strategy” associated for each specific redevelopment area prior to developer contact – this plan to include definition of infrastructure benefits
- Outline a promotional plan for the entire community that can be expanded to include existing and emerging market benefits – this plan needs to identify the uniqueness of the marketplace and provide techniques that draw customers into the marketplace such as articles of success; coupons; and public interest information such as the historic contribution of institutions in the area
- Identify and seek participation from all private and public property owners to validate cooperation and assure the future discussions regarding redevelopment are not disrupted by those not wishing to participate in revitalization – a summary of all property available for redevelopment impact needs to be prepared and agreed to by all land owners
- Enter into discussions with local banks, outlining approach and expectations to determine their level of interest in participating in the revitalization process and to what extent they may wish to participate – this may include such programs as “façade improvement grants”; participation in loans with developers; home improvement grants; and other community investment projects such as paid advertising within publications
- Assemble political support – present implementation plan and finance strategy; define for politicians exactly what will be needed from them in order to assure revitalization – these meetings will include details related to designated development districts as defined in the implementation plan
- Use implementation plan to market specific sites for redevelopment within the developer community – marketing may extend beyond the St. Louis regional and should include a broad exposure tactic
- Armed with the details of financing options derived from the strategic planning work suggested above, work with developers to create investment options that create value and benefit to both the community and the investor(s)

Summary

To effectively solicit statutory funding for projects, a designated development area needs to be clearly defined and supported by a master plan, implementation plan and finance strategy to attract political support and to assure success. It is in the preparation of these documents the specific characteristics of the defined area becomes clear, as well as the opportunities within the district that may qualify for funding not applicable to the entire area. The creation of the master plan allows for creative application of planning, infrastructure, and funding functions to be blended into a strategy for implementation and redevelopment.

Note: Success in the use of statutory funding resources is predicated upon a well defined implementation plan and finance strategy that is market driven and defines the full extent to which the city is prepared to participate. All implementation planning needs to occur prior to contact with private developers to assure that the stakeholders and political contacts needed to coordinate project(s) are in place and are participating in the process and that the best interest of the cities are represented.

This chapter has outlined various statutory funding resources that may be appropriate as the community prepares its own strategic approach to revitalization. A few of these tools are mutually exclusive while others may be combined with alternative public and private resources to create defined development areas that serve the community and the investor(s) well.