

Completion of the SCW TIRZ Study and draft ordinance (draft March 14, 2019)

Background:

The 2016 South Central Waterfront Vision Framework Plan (SCW Plan) recommends a series of interdependent implementation steps that are required to realize the vision. One of the highest priority steps is the completion of a SCW Tax Increment Finance Zone (TIRZ) Study and draft ordinance.

The 2016 SCW Plan completed a preliminary analysis in 2016 which indicated that the SCW buildout would grow the collective square footage of buildings (office, retail, residential, hotel) in the district from 3.2 M SF (2016 figures) to 8.5 M SF. According to the 2016 SCW Plan the “current” (as of 2015) built value in the district was \$612 M in taxable value, and would grow at the projected buildout to an estimated tax value of \$3.246 B. The net taxable value increment: \$2.634 B.

In spring 2018, the Council directed the Finance Office to undertake and complete the SCW TIRZ Study by the end of the year. The Finance Office hired Capitol Market Research (CMR) and CMR completed the **SCW TIRZ Analysis in September 2018**. The CMR report provides a market inventory and demand forecast for office and residential uses (apartments and condominium) and provides a 20-year absorption summary and tax increment finance forecast (2020 through 2040). The CMR report forecast that there is a market demand to buildout the 8.5 M SF that is projected in the SCW Plan over the next 20 years. According to the **2018 CMR report, the SCW taxable value is \$827 M in 2017, and when forecast over a 20-year period from 2020 – 2040, the taxable value is projected to grow to \$6.6975 B (with %5 inflated value) in 2040. The net taxable value increment from 2020-2040: \$5.814 B. The City Tax Revenues collected over this twenty-year period is projected to be \$322.5 M.**

The 2018 report provides the financial basis for completing the TIRZ Study. This report, in addition to the work completed with the 2016 SCW Plan, puts the completion of the TIRZ Study within reach. The chart on the following page lays out the State requirements for completing a TIRZ application and indicates what has been completed and what is still needed to be done.

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	STATE REQUIREMENTS for TIRZ APPLICATION	Completed w/ SCW Plan	Completed with 2018 CMR Report	To be completed by City	Need Consultant assistance
1	Define boundaries	YES			
2	Preliminary Assessment	YES			
3	Confirm baseline tax for district		YES		
4	Projected tax increment		YES		
5	Identify TIF projects & programs, and associated cost	Preliminary work		Need consultant assistance	YES
6	Engage County, METRO, etc to assess willingness to participate			YES. This would inform item 5	
7	Identify projected tax exempted properties			YES. This informs item 5. Relates to the future of OTC and partnerships	
8	Projection of fee capture with regulating plan	Preliminary		With consultant assistance. This informs item 10.	YES. Need to update finance model to calibrate private fees collected
9	Assess potential CIP source of funds			YES. This informs item 10.	
10	Project Plan with costs and finance blend, with timeline	Preliminary	Key baseline established	YES. This will rely on consultant work identified	YES. Supports city in final assembly
11	Board structure and associated entities/relationship (e.g., development corporation)			YES. Objective, expert consultant analysis could be helpful	Recommended: Potential consultant assistance