

TAX INCREMENT FINANCING (TIF)

REDEVELOPMENT INCENTIVE PROGRAM GUIDELINES

Background and Concept

The City of Mobile Tax Increment Financing District One (TIFD1) is a plan of the City of Mobile for financing improvements in the downtown area designed to assist in the elimination of blight in economically distressed areas in Alabama cities and counties, *Alabama Code* (1975) § 11-99-1. TIFs provide opportunities for cities to invest in blighted, distressed areas, and utilize the property tax increases occasioned by those investments to reinvest and reinvigorate the target area.

In 1993, the Mobile City Council determined that blighted conditions exist within the Henry Aaron Loop and industrial areas on both sides of the Mobile River adjacent to downtown. To address the needs of this area, the City established, as of October 1, 1993, the Tax Increment Financing District One, (TIFD1) to continue in existence for a period of 30 years in 2023, the City amended TIFD1 and extended its term for an additional 15 years, through September 30, 2038, see Resolution 50-741, adopted July 18, 2023.

The TIFD1 Project Plan, as amended, lists categories of projects eligible for funding. Some of the TIF projects are public works, such as Optimizing Downtown Streets, Heroes Plaza, Civic Center Redevelopment, Preserving & Renovating the Saenger Theater, Isom Clemon Civil Rights Memorial Park and Innovating St. Louis Street. Other TIF projects are private public partnerships. These include the Façade Improvement Plan which offers façade grants of up to \$40,000 to reimburse 50% of documented eligible expenditures on street facing exteriors that preserve, rehabilitate and renovate historic properties in the District. Renovations and rehabilitations of larger, significant historic facades are eligible for funding at 50% of eligible expenditures for street facing exteriors. Innovating St. Louis Street supports the development of that historic corridor into a vibrant living/working space and may include new mixed use multifamily residential properties.

Projects begin with an application to the TIFD1 Committee, which analyzes public and private projects and investment opportunities in the TIF District with reference to the Project Plan and utilizes TIF funds to stimulate the economic and cultural revitalization of downtown Mobile. An application must be approved before any work on the project. Only work performed after the Committee approves an application is eligible for grant funding.

TIF Policies on Projects and Allowable Costs

The TIF considers public and private projects to improve the infrastructure within the TIF District, and projects to utilize TIF funds to simulate private development that serves the purposes of the TIF Plan, as follows:

I. WORK ON INFRASTRUCTURE – Critical to the success of redeveloping the TIF

District is public sector commitment to complete the infrastructure. The initiation of carefully selected public improvements can demonstrate that commitment early on, and act as an impetus for further development.

A. By the City

- Generally
 - Funding up to 100%
 - TIF Committee approves all projects and sets not to exceed cost
- Decorative Lighting and Signage
 - The TIF Committee may adopt a multi-year plan to install decorative lighting and signage in the TIF District
 - Identify streets, priorities (subject to amendment due to other development)

B. By Private Developers

- Developer applies for TIF funding prior to any work on the project.
- Payment by reimbursement only for work approved by the TIFD1 Committee, up to the amount approved.
- Eligible costs include hard fees, i.e., construction costs of approved projects, and exclude soft costs, i.e., architectural and engineering fees (A & E)
- Cost of infrastructure work on city right of way that is reasonable and proportionate to Total Project Cost
- For work in the city right of way only, payment is available on completion and final acceptance by the City for cost items approved by the TIFD1 Committee.

II. WORK IN PARTNERSHIP WITH PRIVATE DEVELOPERS

One goal of the TIF Project Plan is to encourage private investment in the TIF District that will remedy identified constraints and weaknesses, including: under-utilization of the river front potential; limited activities and attractions after working hours; dilapidated and derelict areas and buildings; and limited choice of housing within or near downtown.

A. Evaluation of application

The TIF supports private investment in both large projects and small projects to revitalize the TIF District.

1. Large Projects, including new construction, and substantial rehabilitation of significant property.

TIF Committee will consider the nature of the project – does the project further the goals of the TIF Development Plan, which include:

- Creating attractive and active riverfront and downtown environments
- Creating new opportunity sites for mixed use developments
- Establishing a viable business district
- Reclaiming the strong civic image of Government Street
- Strengthening the existing downtown retail/entertainment core
- Introducing strong, permanent residential components into the downtown
- Public funds spent will generate private interest in developing undervalued properties or is this a tipping point project?

2. Small projects, including façade improvements and streetscape improvements.

The TIF Committee will consider the application with the following questions as reference points:

- a. But for the TIF funds, would the project be completed?
- b. Will the public funds be used to complete a project that will serve a public purpose?
- c. Does the project include enhancements over and above Code requirements and further the aesthetics and property values of TIFD1?

B. Eligible/Ineligible Project Costs:

1. Examples of costs that may not be reimbursable include:

- Legal fees, realtor fees, architectural fees, engineering fees, miscellaneous professional fees
- Routine maintenance
- Interior improvements and exterior improvements not visible from the street, including but not limited to roof repairs that are not visible from the street.
- Operating supplies and equipment
- Furniture and fixtures
- Operating expenses

2. Examples of costs that may be reimbursable include:

- Historic preservation/façade improvements
- Balconies
- Landscape improvements of a permanent nature
- Infrastructure work on public property including streetscape improvements.
- Additional assistance may be available for a project that will substantially improve the economy and growth of TIFD1, such as a mixed use, multi-family residential development of 25 or more rental units. Residential use of downtown is crucial to the success of the TIF Plan.
- Permit fees.

3. General Terms and Conditions of Funding:

- Funding available up to 5% Total Project Cost, not to exceed \$5 M per public private partnership project.

- The TIF Committee has discretion to negotiate the terms and conditions of financial assistance, which must be approved by the TIF Committee
- TIF grants do not provide equity, no commitments to lenders, subordination, escrow accounts or assignments of City obligations.
- No funding for projects that will not be completed within 3 years.
- TIF funds awarded for other than infrastructure work by private developers are paid only after the entire project is completed and a certificate of occupancy or equivalent is issued.

Procedure

Applicants for TIF funding should:

1. Submit a completed application with all necessary attachments and documents to the Finance Department to present to the TIF Committee. Partial applications are not accepted. Applicants must submit all items listed on the Reimbursement Checklist provided with the application.
2. The TIF Committee will review the application with reference to the above guidelines and the TIF Project Plan.
3. If TIF funding is awarded, the Committee will set a not to exceed amount and direct the amount and type of expenditure to be paid by reimbursement following proper documentation of expenditure.
4. Applicants agree to TIF terms and conditions. If funds are used for façade improvements, the city requires a façade easement prior to payment.

For more information regarding these policies, contact Relya Mallory, Capital Projects Administrator, at (251) 208-7169.

Attached: Application for Tax Increment Financing (TIF) Assistance Private Development Incentive