

Monday Musings: TIF district

By hoch

The newest feature in our Hoch Associates Talking Points is our *Monday Musings*, a collection of issues facing our communities that we discuss. In the last several years, a continued push toward urban living and sustainability, cities like Fort Wayne, Dayton and Indianapolis are looking inward to vacant, abandoned or brownfield properties they can re-imagine for a new brighter use. A great example of a positive urban living project in Fort Wayne is the plans by Miller Valentine to rehabilitate the historic Coca Cola Bottling Works on Pontiac into 30 residential units, bringing a new life into an old browned out building. In July of 2014, Detroit's Downtown Development Authority announced it would use TIF financing for the new Red Wings hockey stadium costing an estimated \$650 million which \$250 million will come from TIF to repay 30-year tax exempt bonds. Indianapolis, recently named one of the most livable cities in the world by Metropolitan Magazine is also looking inward at properties that could be repurposed and given a new chance at life including one at the highly traveled College and Kessler intersection.

The entire goal for any TIF district is to jumpstart economic development in communities. Hoch Associates works with several developers and communities that use TIF to jumpstart a project. TIF's are then paid for by the assessed value of the properties inside a district. Once property values go up (because of the new development and surrounding spark improvements) so do property taxes, and the extra funding then gets funneled back into redeveloping a neighborhood. In May of 2015, TWG Development was enticed enough by the positive attributes of the [Midtown](#) neighborhood to pay nearly \$3 million to buy a portion of the AT&T property. This development would include 205 new residential units and nearly 3,000 s.f. of new commercial/retail space that would be added on the highly traveled College Avenue corridor. One small, lets make that large issue, the entire project is dependent on the city's 2-year-old Midtown tax-increment-financing-district. The newly labeled Links at Kessler isn't the only project looking to reap benefits from the planned rapid-transit route running from Carmel to Greenwood traveling on College connecting the Midtown neighborhood to downtown. Two additional apartment and multi-family housing units could also be in peril if the issue isn't resolved soon.

So what is the tiff with a TIF district? [TWG Development](#), [Buckingham Company](#) and BWI are seeking nearly \$10 million in TIF funds (\$4.5 million alone for Links at Kessler). Buckingham plans to convert an office building on Riviera Drive near the Central Canal into residential and BWI is working on a 115 unit affordable housing project at 30th and Central. A majority of this will be possible if the funds are not available. The State of Indiana made some administrative changes in 2013, and none of this become apparent to communities until this February, when the state went through a much needed upgrade of software. While TIFs cannot actually receive tax revenue from increases in the assessed value of residential properties, the change still takes a toll on districts with large residential stock because they are assessed individually rather than collectively and on the net value over the gross value. Any loss of base assessed value due to declining residential must be restored which really can only come from commercial and industrial parcels. Because of this small change, the issue has now created a \$4.4 Million loss in base assessed values taking away the much needed funds for the neighborhood. In total, over \$80 million in developments are on the line just in Midtown alone, so the loss could be devastating for the entire neighborhood if a plan isn't approved soon.

While it's still too early to tell, leaders are working to address the issue and will approach the city-county council as soon as this October. The goal is to remove nearly 800 residential parcels from the Midtown TIF and then ask the councilors to authorize the private issuance of \$10.2 Million in bonds to cover the amount needed for the three developments. We believe that the sooner they can fix the problem, the better it will be for the storied Midtown neighborhood. When looking to improve quality of life in our communities, long-term vitality comes to the forefront. Included in the Meridian-Kessler neighborhood plan, the city calls for a multistory, mixed-use project to be built on the site that TWG has planned for Links at Kessler. We must ask, is there another option for funding for the projects

besides TIF? Until the state recognizes the issue that the upgrade caused, the tiff with a TIF district won't go away. A state that "works" must also be a state that has housing and improved neighborhoods creating a better quality of life. Let's hope the Midtown neighborhood leadership can make a loud enough cry for the statehouse to hear.