City of trees
SYLVANIA

DOWNTOWN

MASTER PLAN & MARKET ANALYSIS

TAX INCREMENT FINANCE (TIF) DISTRICT ANALYSIS

Environmental Design Group
The community impact people.

FUND: TAX INCREMENT FINANCE (TIF) DISTRICTS

WHAT IS A TIF DISTRICT?

- Tax Increment Financing (TIF) is an economic development mechanism available to local governments in Ohio to finance public infrastructure improvements.
- TIF districts are drawn to include intended parcels that would be receiving new development.
- Typically, TIF districts may not exceed 300 contiguous acres.
- Revenues from the TIF districts can be used to extend utilities, create new roads, perform environmental remediation, acquire land, or build public structures (such as a municipal parking garage).

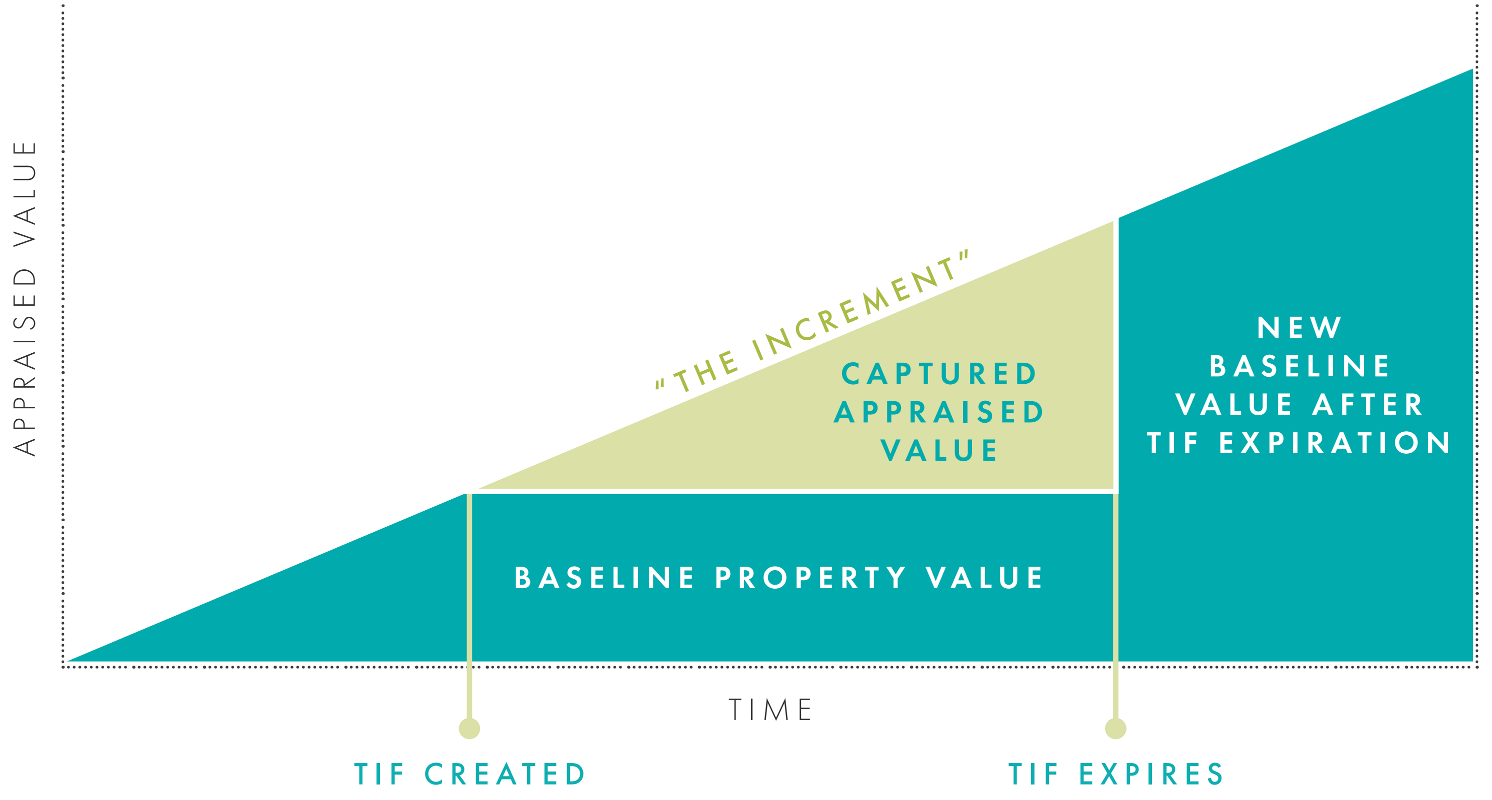
HOW DOES IT WORK?

- A local entity (The City of Sylvania) would enact legislation designating the TIF boundaries and the term of the TIF.
- Payments derived from the increased assessed value of any improvement to real property beyond existing current value are directed towards a separate fund to finance the construction of public infrastructure defined within the TIF legislation.
- Revenue collected over the term of the TIF, often 10-25 years, can be then used to pay for or service the debt of public infrastructure improvements on the designated site.

KEY CONSIDERATIONS

- The City or entity must first reach consensus on intended properties to be within the TIF district, as well as the proposed improvements that will be funded by TIF revenue.
- While TIF funds are received from improvement values within its borders, new development typically creates a 'ripple effect' of property value increases nearby over time.
- In some instances, the increase in tax burden on surrounding non-TIF properties may become unsustainable. Cities often partially or fully abate increased nearby property tax burdens for the life of the TIF.

THE TIF REVENUE MODEL



MODEL ASSUMPTIONS & INPUTS

- Existing tax rates are applied to the current appraised values of parcels in the area (the Downtown District) to generate the baseline value and revenue.
- Market Values are different than Appraised Values, which represent 35% of the Market Value. Local property tax rates are applied to the Appraised Value to determine tax liability.
- To understand the future value of a property following the new development, construction costs and market values were generated based on proposed square footages, development type, level of finish, and number of units.
- Future appraised values of TIF district development are then reconciled with applicable tax rates to understand the revenue captured over the life of the TIF.

FUND: POTENTIAL TIF DISTRICT REVENUE MODEL

BASELINE ASSESSED VALUES & TAX RATES

Commercial Effective Tax Rate: 88.183849

Residential Effective Tax Rate: 100.843144

- Commercial properties include restaurants, retail, offices, and multi-family structures greater than 4-units.
- Assessed value totals are based on Tax Year 2019.

CURRENT ANNUAL BASELINE

- Using the formula below, annual tax revenues are estimated to serve as the baseline comparison against future TIF revenues.

(ASSESSED VALUE x EFFECTIVE RATE)/1000 = CURRENT REAL ESTATE TAX PER YEAR

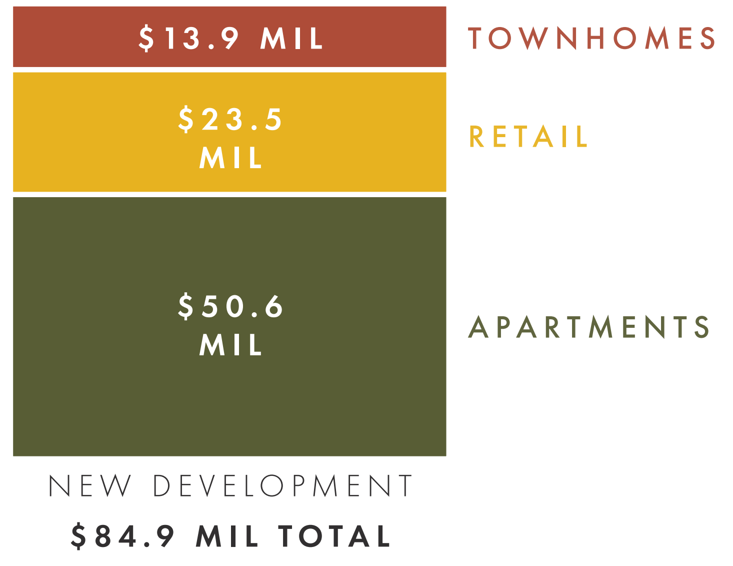
Residential Annual Baseline Revenue: $137,973

Commercial Annual Baseline Revenue: $898,617

DEVELOPMENT TOTALS

- Apartments: 262,890 SF (257 UNITS)
  - *~825 SF/Unit*
- Townhomes: 82,760 SF (35 UNITS)
  - *Est. Market Value: $400K*
- Retail/Restaurant: 133,320 SF

NEW DEVELOPMENT MARKET VALUE



ANNUAL EST. TIF REVENUE SUMMARY

DEVELOPMENT TYPE	ANN. REVENUE	REVENUE TOTAL
TOWNHOMES (35 UNITS)	$429,000	
RETAIL (133K SF)	$1,786,000	$3,044,000 ANNUAL TIF REVENUE
APARTMENTS (257 UNITS)	$828,000	

MARKET STRATEGIES