

Over-the-Rhine Community Council
Tax Increment Financing-Related Issues/Questions for City of Cincinnati
January 27, 2020

***Resolved: The OTRCC President is authorized to send this resolution to the appropriate city officials:
In order to learn more about how tax increment financing (TIF) districts/projects work and affect Over-the-Rhine-Downtown's two TIF districts, the OTRCC approves submitting the issues/questions below to the City of Cincinnati to initiate discussions to improve community engagement in the TIF program, including TIF program operations and management.***

Tax increment financing (TIF) issues/questions are grouped according to the following topics:

1. Community engagement
2. Project Selection criteria
3. Determining the level of public subsidy for projects
4. Oversight and reporting

Introduction to TIF:

Explain how TIFs work. (DCED slide show).

What is the city's TIF policy?

TIF Issues/Questions:

1. Community engagement
The community council has requested a diagram of the TIF decision-making process, beginning with TIF district selection to final closeout report on TIF-financed projects. Such a diagram would benefit developers as well as community councils as well as other stakeholders.
 - a. In the economic development project decision-making process, where are the points at which the community councils will be engaged?
 - b. Who will ensure that developers engage the community councils at the beginning of the process for authentic and meaningful engagement?
 - c. What project status reports does the city receive from the developer?
 - d. When there are two or more community councils are involved (e.g., DRC, Pendleton and OTR) are there rules/protocols for engagement? What about adjacent CCs (e.g., OTR, Pendleton and Mt. Auburn)?
 - e. When do community councils see the annual budget proposals for their TIF districts?
2. Project selection criteria
 - a. What application form does a potential TIF developer submit to the city? We request a copy of the application form.
 - b. What criteria does DCED use to evaluate TIF applications in order to recommend that city council subsidize an economic development project?
 - c. What are the criteria in the "but for" test that DCD uses for recommending economic development projects?
 - d. How can a project receive both TIF funds and a CRA tax abatement?
 - e. What tax burden shifts occur when a TIF district project is approved?

- f. What tax burden shifts occur when TIF/CRA/both subsidies are used for the same project?
3. Determining the level of public subsidy for projects
 - a. Are TIF subsidies grants or loans? If loans, who ensures repayment?
 - b. How is the amount of financial subsidy for a TIF project determines?
 - c. What are the criteria for determining if a project outside a TIF district benefits the TIF district and, therefore, may get TIF funds from the TIF district?
 - d. How is benefit quantified and by whom?
 - e. How is a level of benefit(s) translated into a level of financial support?
 - f. How is economic impact—both benefits and costs—measured? Who measures the benefits and costs?
 - g. How is the level of financial support for such “outside the TIF district” projects determined? For example, why \$8,000,000 from the OTR-DT East TIF district for the FCC stadium? Why not \$1,000,000? Or, \$15,000,000?
 4. Oversight and reporting
 - a. What is the DCED agency that manages the TIF districts and projects? What is its mission? What is its structure (e.g., reporting relationships, job titles, etc.)? What is its budget? What are its performance measures? Does TIF income pay staff salaries?
 - b. Do city-developer TIF contracts have provisions (AKA “clawbacks”) to return TIF funds if the project fails to produce the promised benefits (e.g., number of new jobs, affordable housing units, etc.)? Explain the oversight process (e.g., who monitors; how often; when are reports made to community councils and city council; etc.).
 - c. The monthly financial/accounting reports, what part of the two OTR-DT TIF funds’ fund balances are not available for spending and why?
 - d. What kind of reports are the basis of the CAFR summary financial report (e.g., list of debt obligations, annual income, current year and last year encumbrances, etc.)? The CAFR lists a brief summary of the TIF funds, how do we see the reports underneath the summaries? When will the reports be published and sent to the community councils?
 - e. How are amendments made to TIF project budgets? Who approves? Where and when is the community council engaged in budget amendments?
 - f. The FY21 tax budget lists all the agencies that have levies applied to the Cincinnati properties. We know that schools get a percentage of TIF district increment funds but what about the others? If their mil rates/financing targets are frozen at the level when the TIF district is created, how do they make up the shortfall?
 - g. What is the credit rating on the bonds and the interest rates? Are the bonds general obligation (GO)? Revenue bonds? A hybrid? Given the 2.1% interest rate on last December’s sale, are the older bonds eligible for advance refunding?
 - h. When may TIF district project budgets be proposed and/or amended? During the annual budget process? Anytime?