

Residential TIF District – Overview Information for Delphi Schools

Why is the Redevelopment Commission recommending the implementation of the Residential TIF Districts?

- The purpose of TIF districts is to encourage residential development. The analysis of whether a community can benefit from a (Residential) TIF district is “but for” – that is, “but for” the TIF district, there would not be any residential development. In the case of Residential TIF districts, the City of Delphi has a need for residential housing, but very little interest from developers due to the cost of land and infrastructure and the somewhat slow “take” rate of subdivision plots. The use of an RTIF to provide incentives to housing developers encourages these developers to choose the City of Delphi over a more urban County.

What tax money goes to a Residential TIF District?

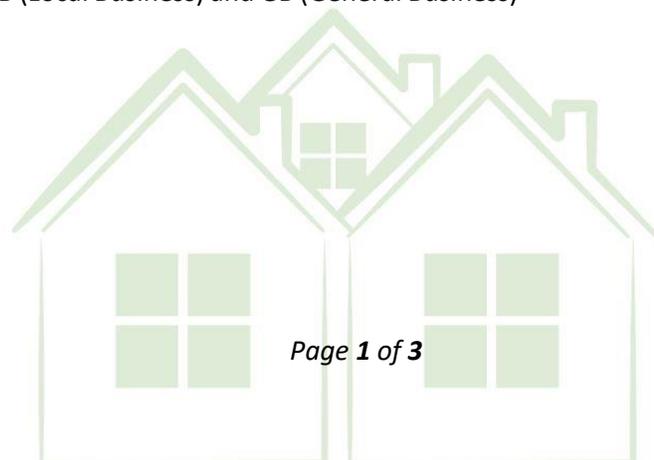
- ONLY the property taxes generated by ***new residential*** development within the Allocation Area goes to the Residential TIF. All other property taxes will go to the county, including AV adjustments (trending) to the pre-existing or non-residential property over time.

What kind of residential housing can be targeted by a Residential TIF?

- “Residential Housing” is defined as a single-structure where fewer than three families reside. Only property taxes from Residential Housing goes to the Residential TIF.
- “Commercial Housing” is defined as four or more residential units within a structure and the development of commercial housing is not included in the Residential TIF.
- (Source: Handbook for Indiana Redevelopment Commission Members, 2017)

Who oversees the residential housing built within the Residential TIF?

- Residential housing in Delphi and Carroll County is subject to Zoning as administered by the Area Plan Commission. The City of Delphi has final approval on changes in zoning or variances in use.
- (County) Subdivisions must be approved by the Area Plan Commission and the municipality (if within City limits). Subdivisions must conform with the zoning district where they are located. Multiple-Family units are only allowed in the U1, U2 (Urban Residential) District or LB (Local Business) and GB (General Business) District in Delphi.



How does a Residential TIF affect the School Budget?

- The School Budget is determined by the State of Indiana through the State student funding formula and the School's annual budget process. The Budget will not be increased or decreased solely as a result of the RTIF District.
- If "Residential Development Happens" the School cannot use that new (residential) Assessed Valuation in determination of Tax Rate.
- There should be minimal (or no) impact on Tax Rate. The difference in "Total AV" as compared to "Total AV without the RTIF" will be small, so the effect on the Tax Rate will be proportionately smaller.

When does more housing = more students = negative impact on School property tax income because of RTIF?

- One of the goals of the RTIF is to encourage housing (and students) within the School Corporation District. The theory is that current student enrollment is on the decline, which means that the school has more empty seats. RTIF will encourage housing (and students) to replace the decline in enrollment lost in recent decades.
- If growth continues, at some point, there may be a need for more capacity (capital improvements). School financial officials should be able to determine what that "capacity" number of students might be to provide guidance on the "real" impact on the Capital Budget versus the increase in enrollment as a result of the RTIF.

How does the School directly benefit from RTIF?

- More development means more students and more State General Fund dollars
- The School can receive available tax dollars from the Redevelopment Commission generated by any new development within the Allocation Areas within the School District which can be used for (1) program and (2) capital improvements.

How will the School Board KNOW about opportunities for funding from the RDC?

- Indiana Code §36-7-25-8 requires the Redevelopment Commission to provide an annual report which includes the RDC budget for use of any funds received from the Allocation Units. This includes (1) total funds received (2) funds committed to debt service and (3) funds available for distribution to the School.

What can the money from the RTIF to the Schools be used for?

- Indiana code §36-7-25-7 states that up to 15% of the allocation tax proceeds (not used for debt service) can be used for (1) Education Programs (2) Work Training Programs (3) Worker Retraining Programs or (4) Any other programs designed to prepare individuals to participate in the competitive and global economy.
- Indiana Code §36-7-14-39(b)(3)(J) states that “[excess] property tax proceeds ... may be used by the redevelopment district only to do one (1) or more of the following:
...
(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in ... this chapter.

How long with the RTIF last?

IT DEPENDS

- If there is never any residential development, the RTIF can last indefinitely. On the one hand, the TIF persists, but on the other hand, there is no tax impact to the schools.
- Regardless of whether there is development, the RTIF can be ended at any time as long as there (1) is no debt and (2) the goal of development has been accomplished, or (3) there is no longer a need for the RTIF.
- If there is development and the RTIF does not need the tax funds, the RTIF can distribute 100% of available funds to the School Corporation (for programming or infrastructure). This is a determination made every year.
- If there is BOND, the RTIF must end on the bonded Allocation Area no later than 25 years after the bond has been issued.

How does Delphi Schools request funding from RDC?

- Delphi Schools should maintain two request lists: (1) a 5-year Capital Improvements plan with specific funding requests for contribution to capital improvements and (2) a programming plan for workforce training and development. The RDC can directly pay for these costs.
- Delphi Schools will receive an annual report from the RDC which will include the amount of available funds. Delphi Schools will submit an annual request for use of those funds for programming or capital improvements. RDC payment of programs cannot exceed 15% of the available funding, but RDC can pay out all remaining available funds for capital projects.
- Delphi Schools can only receive funding generated from RTIF tax dollars collected within the Allocation Area served by Delphi Schools (City of Delphi Allocation Area).