

**APPLICATION FOR TAX INCREMENT FINANCING**

**CITY OF ST. LOUIS**

**ST. LOUIS DEVELOPMENT CORPORATION**

**TIF COMMISSION OF THE CITY OF ST. LOUIS**

**1015 LOCUST STREET SUITE 1200**

**ST. LOUIS MISSOURI 63101**

**314.622.3400**

**314.231.2341 (FAX)**

# CITY OF ST. LOUIS TAX INCREMENT FINANCING POLICY AND APPLICATION PROCEDURE

## A. General Policy

1. It is the policy of the Commission to consider the judicious use of TIF for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will, by creating new jobs and retaining existing employment: eliminate blight, strengthen the employment and economic base of the City, increase property values and tax revenues, reduce poverty, create economic stability, stabilize and upgrade existing neighborhoods and areas, facilitate economic self-sufficiency, and implement the economic development strategy of the City; priority will be given to projects which include downtown development, Brownfield development, rehabilitation of historic structures, development within the empowerment zone and projects with high employment, especially employment of welfare-to-work applicants.
2. Care will be exercised in the use of TIF to thoroughly evaluate each project to ensure that the benefits which will accrue from the approval of the TIF Redevelopment Plan are appropriate for the costs which will result, and that they are equitable to the City and other taxing districts as a whole.

## B. Policy Guidelines. The following criteria are to be used by the City and SLDC staff to evaluate TIF applications.

1. Each TIF applicant must demonstrate that without the use of TIF, the project is not feasible and would not otherwise be completed.
2. If the TIF project will involve the issuance of bonds or notes, the TIF applicant must show that payments in lieu of taxes (PILOTS) and/or economic activity taxes (EATS) generated by the TIF project will at **a minimum** cover the projected debt service 1.25 times.
3. The total amount of TIF assistance should not exceed fifteen **percent (15%)** of the total project costs. This limitation may be waived if the TIF project involves redevelopment of existing structures or the assembly and clearance of land upon which existing structures are located.
4. TIF assistance for public infrastructure is favored; i.e., off-site street improvements, utility, lighting and extraordinary costs associated with removal of existing man-made site conditions.
5. Each TIF application must include evidence that the applicant:
  - a) Has provided documentation illustrating exploration of alternative financing methods other than TIF assistance; and.

- b) Has demonstrated to the City that such applicant possesses financial and technical ability to complete and operate the project.
- 6. Preference will be given to applicants who contribute equity *of at least fifteen percent (15%) of the total cost of the project* or provide a performance bond for the completion *of the project*; projects with equity contributions from the developer in excess *of fifteen percent (15%) will be viewed more favorably.*
- 7. The TIF project shall not negatively impact the credit rating *of the City.*
- 8. TIF projects that create jobs with wages that exceed community average are favored; each TIF applicant will provide the following statistics:
  - a) The total number of *additional employees* that will be hired and potential that they will be hired from the local population; and
  - b) The skill and educational levels, and range *of salary and compensation* required for jobs expected to be created.
- 9. Each TIF Redeveloper shall fully comply with Executive Order #28 dated July 24, 1997 relating to minority and women-owned businesses participation.
- 10. If the project will involve development/redevelopment *of vacant land*, it should conform with the City of St. Louis' Economic Development Plan and serve as a catalyst for further, high quality development or redevelopment.
- 11. Projects involving redevelopment *of existing retail, commercial, office or industrial* should serve to stabilize areas that have or will likely experience deterioration.
- 12. Projects for retail and service commercial uses should be targeted to those that encourage an inflow *of customers* from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City.
- 13. Each TIF Redeveloper shall fully comply (and ensure compliance by "anchor tenants") with the provisions of St. Louis City Ordinance #60275 which is codified at Chapter 3.09 of the Revised Ordinances of the City of St. Louis related to entering into a "first-source" agreement with the St. Louis Agency on Training and Employment ("SLATE").
- 14. Projects involving redevelopment *of existing residential neighborhoods* should serve to stabilize areas that have or are likely to experience deterioration.
- 15. Projects involving new residential development should fulfill a significant housing need for the City's current and/or projected population without substantially impacting public services and facilities including schools. Pass

through agreements may be entered into for identified school district enrollment impacts.

16. Projects involving residential development should encourage a diversity of *household* income levels.
17. Projects involving development/redevelopment of business areas should include information regarding:
  - a) The proposed business type and major tenants;
  - b) The population areas from which the project will draw; and
  - c) The businesses of similar types that would be competing with TIF area businesses.
18. Preference will be given to projects, which do not combine TIF incentives with real estate tax abatement.

**C. Accountability Provisions.** TIF applications are expected to include the following:

1. Circumstances under which TIF assistance may be reduced or fully abated if specified minimum requirements are not met as provided for in the Redevelopment Agreement:
  - a) Minimum levels of employment during project implementation;
  - b) Deadline for completion of construction of public infrastructure related to project; and
  - c) Deadline for completion of the entire TIF project pursuant to the Redevelopment Plan.
2. If project involves relocation of business from other areas of the City, limit amount of tax increments to those in excess of the amounts generated at the business' current location.

**D. Financing Methods.**

1. Identify forms of project financing that will be available:
  - a) TIF obligations (bonds or notes) as defined in the Act (will not be issued by the City until certain performance criteria set forth in the Redevelopment Agreement are met); or
  - b) Direct reimbursement to the applicant (will not be expended by the City until certain performance criteria set forth in the Redevelopment Agreement are met).
2. Specify that City will not guarantee repayment of TIF obligations from any other source except TIF revenues authorized by the Act.

3. The City's costs associated with reviewing and processing of the application will be paid by the applicant pursuant to a funding agreement between the applicant and the City. This agreement may provide that a portion of these costs may be reimbursable from TIF revenues prior to funding improvement costs.
4. The City should generally, except in extenuating circumstances, make its contribution of TIF revenues as the "last" dollars into the project to insure that the City is receiving the benefits as represented and agreed to by the Developer in the Redevelopment Agreement. There are two financing options available:
  - a) A TIF Note can be issued to the Developer or its Assignee during construction and, after the Project is satisfactorily completed, the TIF Note can be refunded with the issuance of the TIF Bonds or permanent long-term financing.
  - b) The TIF Bonds can be issued up front and the proceeds placed in escrow and not released until all other financing is in place and expended. In addition, further assurance for completion would be performance and payment bonds for the benefit of the City. If the Developer failed to expend all private proceeds within a specified time frame as provided for in the Redevelopment Agreement, it would result in a redemption of the TIF Bonds with escrowed funds.

#### **E. Term of TIF**

The maximum period for which a TIF can be used is established by the Act at twenty-three (23) years. *Projects, which are for a lesser period (i. e. 10-15 years), are encouraged*

Applicants shall specify the estimated maximum term for full payout of project costs.

#### **Section 11. Application Form**

Twenty copies of the Application Form are to be submitted to SLDC for distribution to the Mayor, the Comptroller, the City Counselor, the President of the Board of Aldermen, the Ward Aldermen in which *project is* proposed, the taxing districts and other appropriate officials in order to evaluate a project's feasibility and desirability. Compliance with these guidelines is required in addition to other statutory provisions set forth in the Act. A TIF application must be evaluated by SLDC staff, the Mayor's office staff, the Office of the Comptroller's staff and the City Counselor prior to consideration by the TIF Commission.

#### **Section 111. Fees.**

The SLDC and the Comptroller's Office intend to recover their administrative costs associated with TIFs. The fees are based on the nature and structure of a financing. The fee will be calculated in addition to issuance costs. There will be a one time minimum application fee (to be returned with application) of \$5,000 made payable, by check, to the St. Louis Development

Corporation. In conjunction with the adoption of a Redevelopment Plan, an initial fee of three tenths of a percent (0.3%) of the value of the TIF project financing will be paid to SLDC and the same amount to the Comptroller's Office. One half of the fee will be paid ten (10) days prior to the Public Hearing, with the remainder paid no more than ten (10) days after the signing of the Redevelopment Agreement. In addition, there will be an annual fee of two tenths of a percent (0.2%) of the outstanding TIF *project financing* paid to SLDC and the same amount to the Comptroller's Office.

**Section IV.** Developer Reporting Requirements.

Upon execution of the Redevelopment Agreement, the Developer is responsible to provide quarterly reports of incremental revenues of businesses located within the District as long as the Redevelopment Agreement is in place. All leases signed with the Developer within the TIF District must include a provision that the lessee will provide the requested information to the Comptroller's Office and SLDC. In the event that there are other businesses within the TIF District that do not have a lease with the Developer, these businesses must also submit the requested information to the Comptroller's Office and SLDC regarding incremental revenues. A form will be included in the Redevelopment Agreement which will be sent to the developer and businesses within the TIF District from the Comptroller's Office and SLDC requesting the tax receipts.

**Section V.** Project Design Review.

Before issuance of a building permit for any part of the Project, SLDC shall first sign off on project design through a review process to assure that it is consistent with the approved Redevelopment Plan and overall SLDC design standards

**Submit twenty (20) copies of the following application to:**

**TIF Commission of the City of St. Louis  
c/o St. Louis Development Corporation  
1015 Locust Street, Suite 1200  
St. Louis, MO 63101  
Attn: Dale Ruthsatz**

**TIF APPLICANT'S STATEMENT OF EXPERIENCE AND QUALIFICATIONS**

**A. Applicant**

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Applicant (Developer's) Name Telephone/FAX/E.mail

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Street Address City/State/Zip

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Applicant's IRS Number

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Name and Title of Responsible Officer Telephone/FAX/E.mail

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Street Address City/State/Zip

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Attorney for or Authorized Representative of Applicant Telephone/FAX/E.mail

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Street Address City/State/Zip

List other development team participants such as attorneys, consultants, bond counsels, architects, engineers, etc. affiliated with the applicant on this project, together with their address and telephone number.

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List all St. Louis City residents and firms, women and minorities associated with the development entity or members of the development team.

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**B. Project Description**

A brief description of this proposed project:

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**C. Substantial and Significant Public Benefit**

A description of the public benefit to the City resulting from the development of this project:

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**D. TIF Necessary For The Implementation of This Project:**

Demonstrate that without TIF this project is not feasible and could, therefor, not be developed:

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**E. Bond/Note coverage:**

Preliminary evidence showing that the projected PILOTS and EATS generated by this project will cover the projected TIF debt service at least 1.25 times.

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**F. TIF Assistance Ratio**

Show what percent the proposed TIF would be of the total overall anticipated development budget.

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**G. Public Infrastructure**

Show what percent of the overall TIF budget would be invested in public infrastructure.

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**H. Available Alternative Financing**

Provide evidence that the applicant has explored alternative financing methods for this project before applying for the use of TIF.

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**1. Financing and Technical Ability**

Provide evidence that the applicant possesses financial and technical ability to complete/operate this project.

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**J. Equity/Performance Bond**

Show that the applicant has access to sufficient equity/performance bond to satisfy the needs of this project.

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**K. City Credit Rating**

Demonstrate that this public/private partnership will not negatively impact the City's credit rating.

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**L. Job Creation**

Estimate the total number of jobs that will be created by this project together with a preliminary estimate of the anticipated skills, education levels and salary ranges expected.

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**M. Economic Impact on Adjacent Properties**

Outline how this project might act as a catalyst for nearby development and/or help stabilize adjacent neighborhoods.

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**N. Broad Customer Base for Commercial Uses**

If this project includes commercial uses, outline the potential tenants, demonstrate how the project will either attract customers from outside the City or provide retail/services currently in short supply in the City, and discuss how the new uses might impact nearby competition.

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**O. Residential Projects**

If this project includes residential uses, outline how it will help fulfill a significant need for diverse income housing in the City, and how it will impact public services of the City and the other taxing districts.

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**P. Other Public Incentives**

List other public incentives, if any, which are being sought by the applicant in furtherance of this project.

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**Q. TIF Obligations not Guaranteed by the City**

Acknowledge that the TIF being sought will not require any guarantees by the City.

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**R. Budget/Source Outline**

Outline the expected overall development costs and the proposed sources of funding.

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**S. Site Control**

List all properties needed for this project, their current ownership, their status of occupancy, and proposed method of acquisition and relocation, if necessary.

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**T. Schedule**

Provide a preliminary project implementation schedule.

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I hereby certify that all the information in this application is true and complete to the best of my knowledge.

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Applicant's signature

Title

Date