

TIF EXTENSIONS



CITY OF CLEVELAND
Mayor Justin M. Bibb

Key Context

Limited Time Opportunity to Extend Eligible TIFS

From October 3rd, 2023 to December 31st, 2023, Ohio municipalities, townships and counties have the limited-time opportunity to extend duration of TIFs that have generated at least \$1.5M in TIF service payments in *any* prior year.

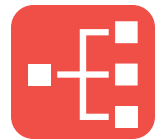
Typically, local governments are only allowed to extend a TIF if service payments met the \$1.5M threshold *in the year immediately prior*.

On January 1st, 2024, the policy reverts back to the more restrictive terms and TIFs may only be extended if they have exceeded \$1.5M in the year immediately prior.

Objectives



Capitalize on a limited-time opportunity to extend eligible TIFs (**EXTENSION WINDOW October 3rd, 2023 to December 31st, 2023**)



Enable remote TIF authority to allow for revenue captured to be distributed outside of TIF parcel



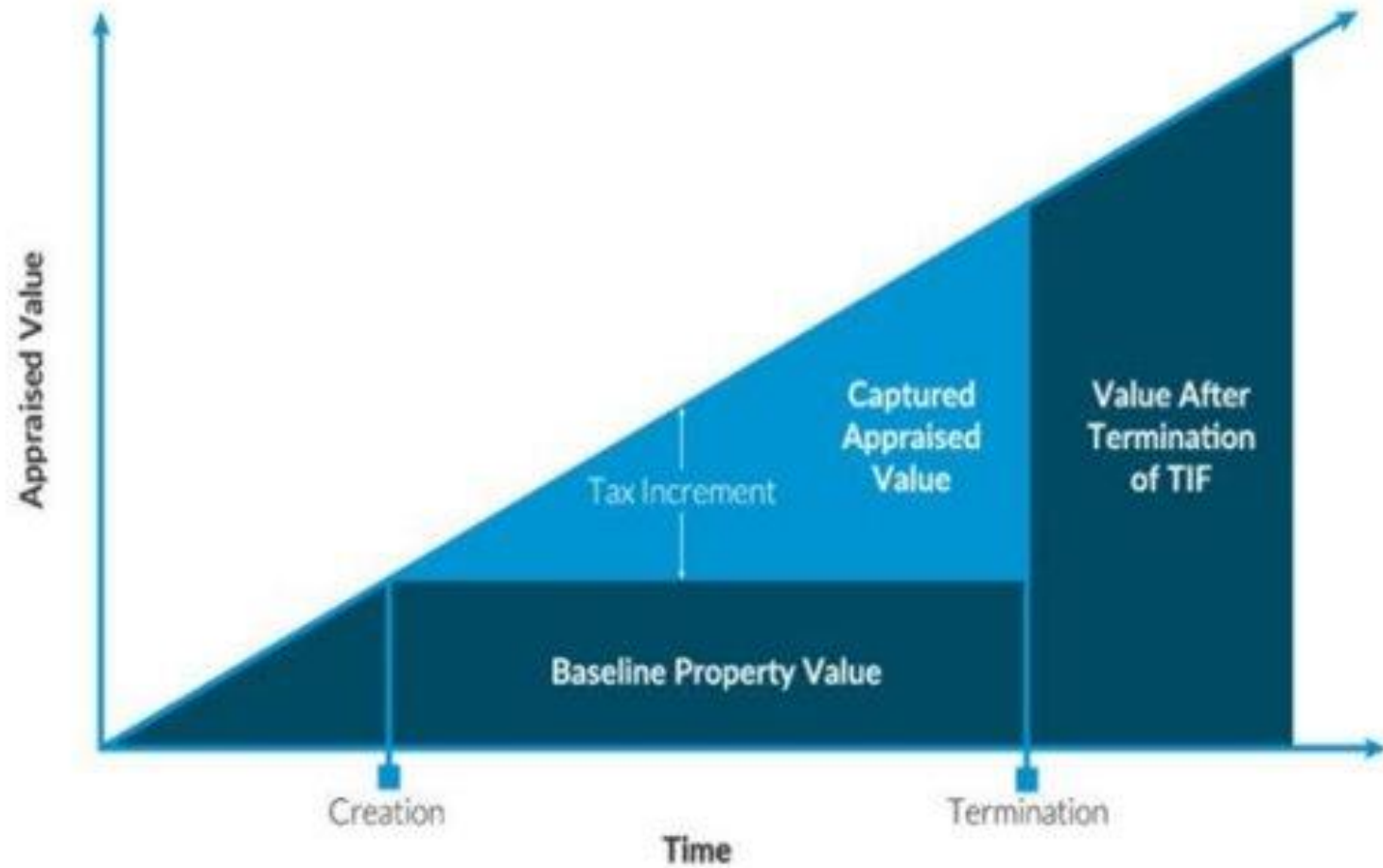
Take the first essential step toward creating the Shore-to-Core-to-Shore TIF District

What is a Tax Increment Financing (TIF) District?

A TIF (tax increment financing) district is a designated area where new property taxes generated by an increase in property values contribute to a public improvement fund instead of normal taxing jurisdictions.

How it works:

- 1** A township, municipality, or county puts a TIF in place.
- 2** Over time, property values within the TIF increase.
- 3** The property taxes on any increase in property value can be used for eligible "Public Improvements," and debt can be issued to generate more proceeds upfront.



From Tax Increment Financing: A Primer, courtesy of the Citizens Budget Commission.

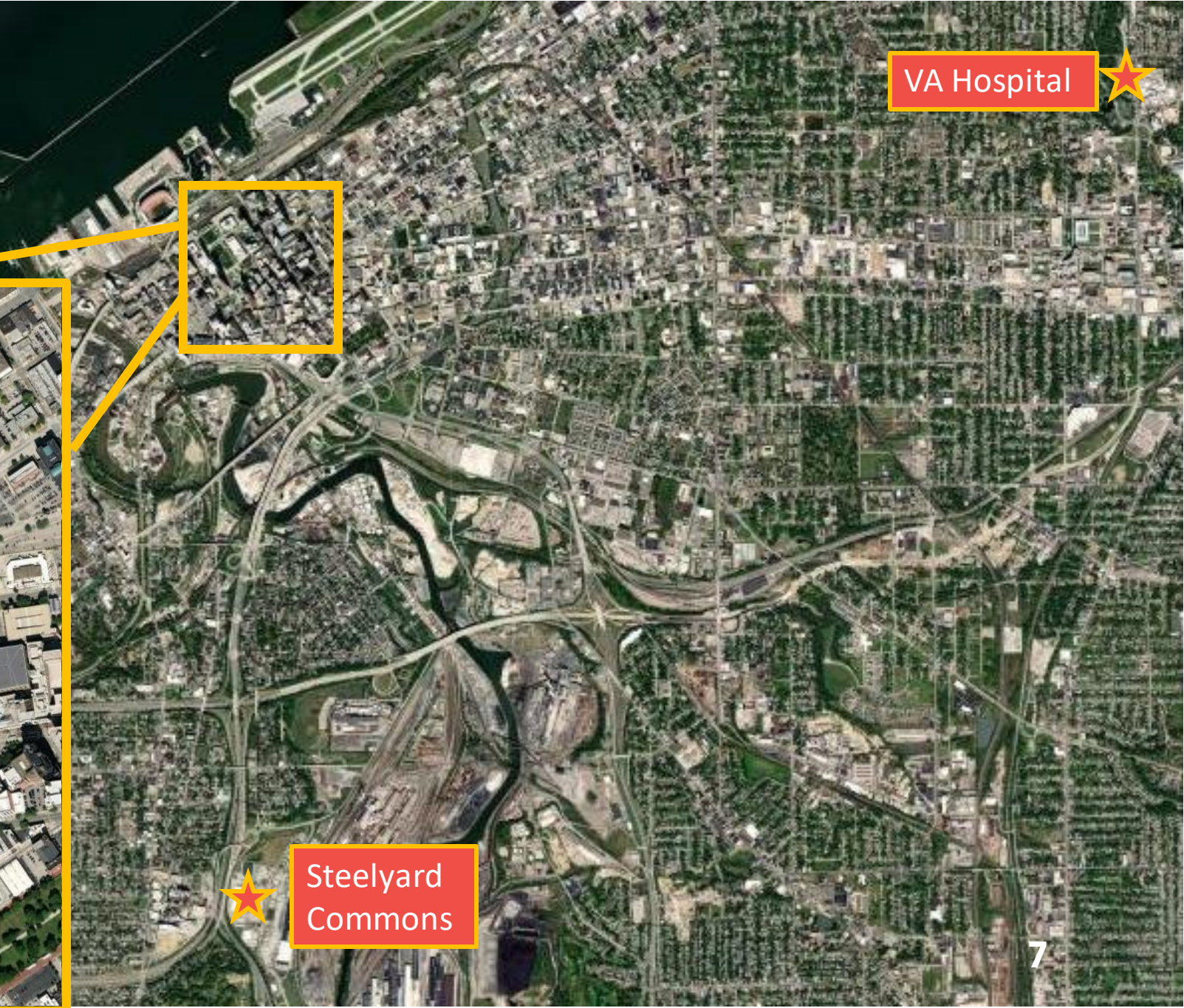
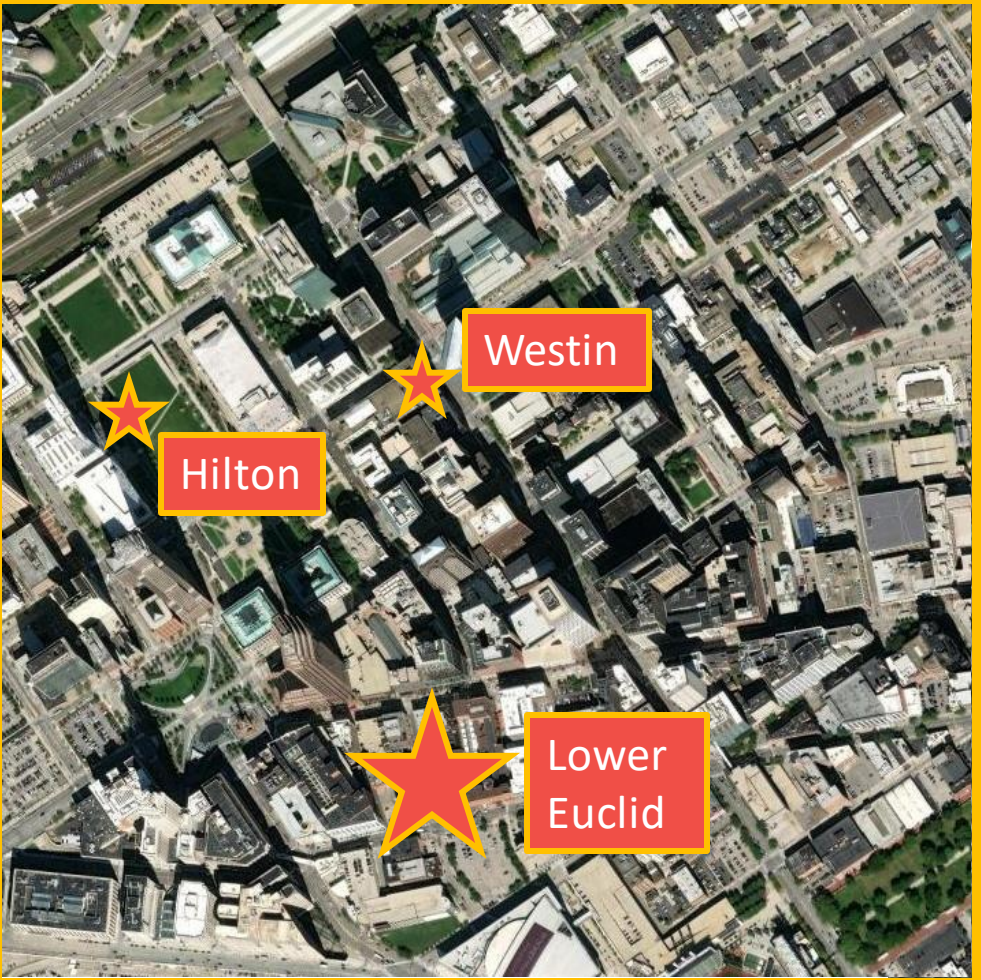
TIFs Eligible for Extension

Eligible TIF	Origination Year	Current Expiration Year	FY 2022 Non-School Revenue
<i>Lower Euclid</i>	2003	2033*	\$1.9M
<i>Hilton</i>	2015	2045	\$570K
<i>Westin</i>	2012	2042	\$807K
<i>Steelyard Commons</i>	2007	2037	\$528K
<i>VA Hospital</i>	2008	2038	\$2.2M
		Total:	\$6.0M

** The City will not receive service payments from these TIF extensions until 2033 at the earliest.*

TIFs Eligible for Extension

Downtown TIFs



What does extending these TIFs do?



Extend service payments

The five TIFs eligible for extension were created as project TIFs, TIFs created to fund a particular project or development.

This legislation will extend the five eligible TIFs for an additional 30 years. Until year 30, TIF service payments will continue to exclusively fund the projects they were created to support.

From years 31-60, TIF service payments will go to the City. **Spending these funds will require additional legislation.**

Extension will not impact property owners. Property owners will continue to pay taxes at the same rate.

What does extending these TIFs do?

2

Enable remote TIF authority

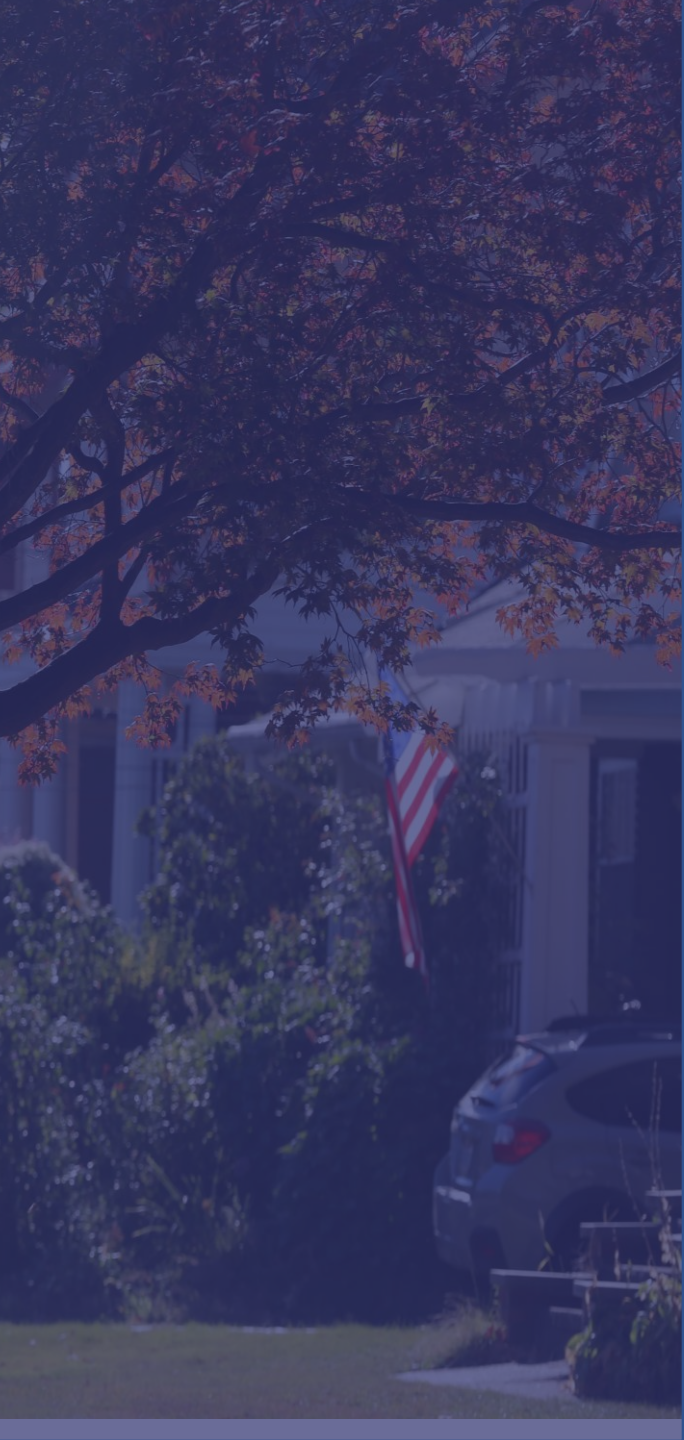
The extension window opened by the State also allows for the creation of **remote TIF authority**: after the original 30-year window ends, TIF revenues can be spent outside of the geography of the TIF.

This legislation will make these remote TIFs during year 31-60, allowing the City to continue capturing the increase in property value from the year the TIF was originated.

What does extending these TIFs do?

3 *Lay the groundwork for the Shore-to-Core-to-Shore TIF district*

These TIF extensions are a critical component of the Shore-to-Core TIF district. TIF extensions, combined with additional legislation revising the City's TIF strategy (anticipated Q1 2024) allow the Administration and City Council to collaboratively fund public infrastructure investments without touching the general fund or issuing debt.



TIF Extensions **KEEP SCHOOLS WHOLE**

Per state law, the extension of eligible TIFs will continue to keep whole the Cleveland Metropolitan School District via payments in lieu of taxes.