Gorton
Blues
Gray
Ellinger
James
Beard
Stevens
Stinnett
Crosbie
McChord

A G E N D A
PLANNING COMMITTEE
October 16, 2007
1:00 P.M

1. **DDA Land Bank Budget Amendment** – James (1-8)

2. **Tax Incremental Financing** – Stinnett (9-20)

3. **Items Referred to Committee** (21)

"Planning Committee, to which should be referred matters relating to parks, planning and zoning, housing, transportation, grants, legislation and social services."

Council Rules & Procedures, Section 2.102(1)

LEXINGTON-FAYETTE URBAN COUNTY COUNCIL
Memorandum

TO: Planning Committee

FROM: Paul Schoninger
Staff to Council

DATE: August 16, 2007

SUBJECT: DDA Land Bank Budget Amendment

This memo refers to an item placed in Planning Committee by Councilmember Andrea James on June 12, 2007. The memo is meant to provide historical perspective and summarizes Council action on the item.

- At the June 12 2007 Work Session the Administration presented the FY 2007 Purchase of Service Agreement with the Downtown Development Authority (DDA) as a new business item (321-07). Included in the proposed agreement was a budget amendment moving $ 150,000 from Planning for Infill/Redevelopment Efforts to the DDA for a Land Bank Program. (attached)
  - At the June 12 meeting Council moved the land bank budget amendment to there Council Planning Committee.

- At the September 19 2006 Planning Committee, the committee approved a recommendation to move the $ 150,000 from the Division of Planning budget to the DDA. The vote was 6-1 with Stevens voting no. (attached)

- The full Council approved the Planning Committee recommendation at the September 26 Work Session. (attached)

Should you need any further information please do not hesitate to contact me at 258-3208.

Paul Schoninger
Staff to Council

321-07

Lexington-Fayette Urban County Government

Jim Newberry, Mayor

TO: Jim Newberry, Mayor
Charlie Boland, Acting Chief Administrative Officer
Urban County Council Members

FROM: Joe Kelly, Economic Development Officer
Mayor's Office of Economic Development

DATE: June 5, 2007

RE: Downtown Development Authority
FY 2007 Purchase of Service Agreement

This is to request Council approval of, and authorization for the Mayor to execute, the FY 2007 Purchase of Service Agreement ("PSA") with the Downtown Development Authority, Inc. ("DDA").

With the downtown area as its focus, the DDA, among other things, facilitates development and redevelopment projects within Fayette County, coordinates policies and programs relating to public investment for financing such projects, establishes design and related standards or guidelines and coordinates the activities and involvement of LFUCG departments in such projects, as well as other similar downtown oriented activities.

In addition, the DDA has also been tasked in the PSA with the creation, implementation and administration of a Land Bank Program to provide assistance to non-profit or for-profit developers in the development of under utilized and/or vacant land for housing and mixed use projects by acquiring and assembling parcels for sale to such developers or by reimbursing such developers for all or a portion of the cost of land acquisitions for such projects.

Under the terms of the PSA, LFUCG will continue to provide office space, parking, furnishings and equipment, accounting and bookkeeping functions, access to employee and organizational insurance coverage, and an appropriation of $204,880.00 ($179,880.00 appropriated in the FY 2007 Budget and $25,000.00 appropriated by Council in December of 2006) for general services and

 3

321-07

$150,000.00 for the Land Bank Program (Council recommended transferring funds from the Division of Planning; a budget amendment is in process). The FY 2007 PSA was originally brought to the Council in September of 2006 (Blue Sheet 492-06), but was removed from the docket so that it could contain the requirements for the Land Bank Program that were being developed at that time.

Joe Kelly, Economic Development Officer
Mayor's Office of Economic Development

cc: Harold Tate, President/Executive Director
Downtown Development Authority
Barbara B. Sledd, Deputy Commissioner of Law
Department of Law

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PROPOSED LAND BANK PROGRAM FOR INFILL/REDEVELOPMENT

A healthy community is a strong community that provides opportunities for planned growth in a rational way in all areas of the community, not just in the suburbs. Lexington is experiencing a renaissance in the downtown and its surrounding area with new projects that offer opportunities including new residential units, retail, entertainment and office space. Infill and redevelopment of our downtown and areas inside New Circle Road will provide more options for developers for areas of development, and concentrated actions to facilitate such development will allow for community growth while reducing pressure on development at the urban edge.

To proactively support encourage infill and redevelopment, the Lexington-Fayette Urban County Government needs many tools for developers to use that will assist development. A tool that the Mayor is offering is a Land Acquisition Program (Land Bank Program) that would assist in the development of under utilized and/or vacant land within New Circle Road. Parcels of land would be acquired and assembled, if necessary, to create suitable building sites.

The land bank program would allow for land to be acquired at various locations within New Circle Road that then would be resold quickly back to a developer for new projects. This acquisition program would encourage redevelopment in older communities that generally have little available land and neighborhoods that have been blighted by an out-migration of residents and businesses. This program could also act as a tool for planning long-term community development. Successful land bank programs revitalize blighted neighborhoods and direct reinvestment back into these neighborhoods to support their long-term community vision. Conditions can be included in the sale to address specific community concerns such mixed-income and affordable housing, architectural design, and many other matters.

While abandoned and vacant properties depress property values, discourage property ownership, and attract criminal activities in the surrounding area, a land acquisition program would provide tools to quickly turn these underutilized properties back into usable parcels that reinvest in the community's long-term vision for its neighborhoods. This program would also act as an economic and community development tool to revitalize blighted neighborhoods and business districts. Land bank programs can benefit urban schools, improve tax revenues, expand housing opportunities, remove public nuisances, assist in crime prevention and promote economic development.

This program would sell parcels at discount to non-profit or for-profit developers to build affordable housing projects, or encourage reimbursement of land cost funds through the HOME program that is administered by the LFUCG Division of Community Development.

The program will only acquire properties where a willing seller is involved. The program will not seek to utilize eminent domain to acquire parcels except where necessary due to title encumbrances or other similar impediments which could only be overcome by government action.

Planning Committee September 19, 2006
Summary/Table of Motions

Attending: Farmer (Chair), Ellinger, Stevens, Wigginton, Myers, Stinnett, McChord. Shafer also attended but was not recognized as part of the quorum.

Urban Development Incentives

Committee heard a presentation from Harold Tate, with the Lexington Downtown Development Authority regarding infill/redevelopment incentives. Topics addressed included housing land bank, property tax moratorium, an infrastructure fund pool, underground utilities, streamlining the permitting process, on street parking credits, reauthorization of an enterprise zone program and public art.

<u>On a motion by Wigginton, second Stinnett the Committee recommended that $ 150,000 in the Planning Division budget earmarked for infill/redevelopment capital be allocated to the DDA. Vote was 6-1 (Stevens-No)</u>

Mr. Tate stated that he wanted to include Planning in any discussion to use funds for infill/redevelopment efforts.

In response to a question from Mr. McChord, Mr. Tate indicated that a land bank may need between $ 2-5 million long term.

Mr. McChord suggested that the Fayette Alliance may want to help raise funds for a land bank as they will benefit from a vibrant urban core by relieving pressure for more suburban and rural development.

Dr. Stevens indicated that funds in a land bank would be re-used as part of a revolving loan and not a direct subsidy to land owners.

In response to questions from Dr. Stevens, Mr. Tate stated that brownfield studies are eligible for EPA assistance.

Mr. Myers stated that infill/redevelopment efforts should be expanded beyond the downtown to any areas where redevelopment could improve the community.

Mr. Stinnett asked about the property tax moratorium efforts. <u>On a motion by Stinnett, second Myers the Committee requested that Law examine the existing moratorium and identify what can be done to expand this to new development. The motion passed unanimously.</u>

Mr. Myers asked about tax incremental financing and first time home buyer financing.

Planning Committee September 19, 2006
Summary/Table of Motions
Page Two

Mr. Tate stated that the DDA is working with several banks on a first time home buyers program in the downtown area.

Mr. Farmer stated that Mr. Tate wanted to comment on proposed Festival Market litigation settlement as it relates to infill/redevelopment efforts.

Mr. Tate stated that the $ 500,000 proposed for downtown sidewalks could be converted to a property owner/LFUCG partnership. He stated that property owners are responsible for sidewalk maintenance and that this option would elongate public and private dollars.

Mr. Tate also spoke in favor of the proposed allocation for the 3rd Street/East End Plan. He stated that a plan would improve the area and make it easier for private investment.

Liberty Road Status

Staff provided the monthly update to the Committee. Mr. Bob Bayert introduced Kevin McDonald, KyTC Right of Way Specialist with the District # 7 Office.

Mr. Bayert noted progress on the ROW acquisition as well as utility re location.

Mr. Stinnett asked about timing of the utility relocation and deadlines for ROW acquisition.

Mr. Bayert stated that ROW acquisition and utility relocation should not interrupt construction bidding in May 2007.

Newtown Pike Status

Staff provided the monthly update to the Committee. Andrew Grunwald stated that the two major concerns of the Environmental Impact Statement; financial constraints and the So Broadway Depot mitigation had been addressed.

Mr. Grunwald stated that the project has budget which includes over $ 41 million in uncommitted funds. He stated that the fund should be included in the next 6-year Road project list from the Kentucky Transportation Cabinet.

Mr. Grunwald stated that there were three reasons to construct the Main Street-Versailles Road segment last including adverse impact on the environmental justice area, impact on traffic to

URBAN COUNTY COUNCIL

WORK SESSION SUMMARY

SEPTEMBER 26, 2006

Mayor Isaac chaired the meeting, calling it to order at 3:30 pm. All council members were in attendance except Dick DeCamp.

I. Public Comment – Issues on Agenda - None

II. Requested Rezonings / Docket Approval

A motion by Mr. Farmer to place on the docket, with a public hearing to be held on November 21, 2006 at 6:00 pm, an amendment to article 8-22: Mixed use Projects in the Light Industrial (I-1) Zone, seconded by Mr. Wigginton, passed without dissent.

A motion by Mr. Farmer to approve the docket as amended, seconded by Ms. Shafer, passed without dissent.

III. Approval of Summary

A motion by Mr. Farmer to approve the summary, seconded by Ms. Shafer, passed without dissent.

IV. Budget Amendments

A motion by Mr. Farmer to approve the budget amendments as amended to include #2522, seconded by Ms. Shafer, passed without dissent.

V. New Business

A. Authorization of a Deed of Permanent Sanitary Sewer Easement and Temporary Construction Easement for the North Elkhorn Force Main Project. (518-06) (Martin)

B. Authorization to Purchase a Temporary Construction Easement and Fee Simple Right-of-Way for the Loudon Avenue Improvements Project – 2007. (519-06) (Martin/King)

C. Authorization of a Deed of Permanent Sanitary Sewer Easement for the Comprehensive Sanitary Sewer Project. (520-06) (Martin)

Mr. O'Mara stated this is working and Finance recommends the one year extension.

Dr. Stevens referred to items J-N – why is revenue bonds being issued by someone else other than Lexington.

Mr. Beard stated this has been done in the past. Each municipality has the option to issue up to 10 million in bonds to non profits.

VI. Continuing Business / Presentations

Mayor Isaac passed the Chair to the Vice Mayor.

A. Planning Committee Report

Mr. Farmer provided the report

A Motion by Mr. Farmer, to recommend that $ 150,000 in the Planning Division budget earmarked for infill/redevelopment capital be allocated to the DDA, seconded by Ms. Shafer, passed without dissent.

A Motion by Mr. Farmer, to request that Law examine the existing moratorium and identify what can be done to expand this to new development, seconded by Ms. Gorton, passed without dissent.

B. Special Olympics "Newcomer of the Year"

Mr. Blain presented Detective Jennifer Lube with the "Newcomer of the Year" Award.

C. Accessibility Awareness Day

Dr. Stevens presented a proclamation declaring February 28, 2006 as Accessibility Awareness Day.

D. National Awareness of Mental Illness Week

Ms. Gorton presented a proclamation declaring October 1-7, 2006 as Mental Health Awareness Week to Ms. Kelli Gunning.

E. Emergency Preparedness

Ms. Dugger made a presentation to Council regarding what people living in mobile home parks do during severe weather.

Department of
Revenue

Tax Increment Financing

Welcome to the Division of Tax Increment Financing's webpage. We hope you'll find the site helpful as you consider Kentucky's TIF program.

The Kentucky Department of Revenue's Division of Tax Increment Financing administers the laws that relate to state tax increment financing projects, including working with government agencies to gather and evaluate the necessary tax related data for proposed projects.

The division will serve as the portal for information relating to applications and analysis for state participation TIF projects, will work with agencies in administering the grant contract, and serve as the record keeping unit for all state tax increment financing projects.

Many components of Kentucky's TIF laws are new, created by the passage of House Bill 549 in the 2007 General Assembly. This site contains pertinent and up-to-date information relating to KY TIF laws, including the statutes that apply to state participation. Also, you'll find TIF applications and the Division of Tax Increment Financing contact information.

Tax Increment Financing Applications

Signature Project Program - 2007 (199K)

Commonwealth Participation Program for Mixed Use Redevelopment in Blighted Urban Areas (161K)

Commonwealth Participation Program for State Real Property Ad Valorem Tax Revenues (86K)

Signature Project Program on or after 1/1/08 (198K)

Contact Information

Related Content

Kentucky Revised Statutes Relating to TIF

Kentucky Administrative Regulations Relating to TIF

Summary of the Provisions of 2007 HB549 (67K)

Note: These documents are in Adobe Acrobat Reader (.PDF) format. To download a free copy of the Abode Acrobat Reader click on the following icon.

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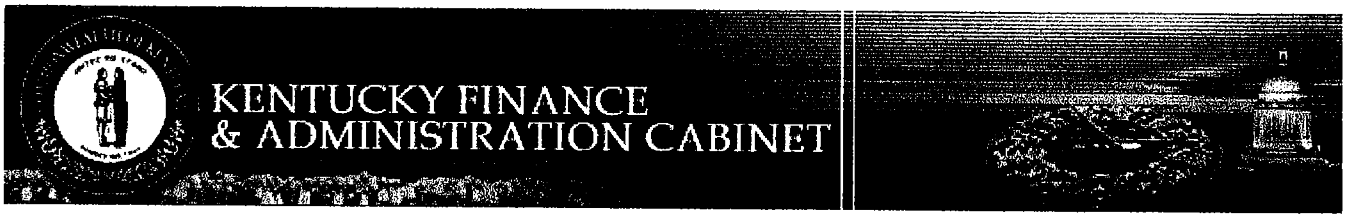

Tax Increment Financing

Bylaws

July 25 Presentation

Summary of the Provisions of 2007 HB549

HB549 establishes a new, comprehensive, statewide tax increment financing program that makes this financing method available in every city and every county in Kentucky. The first step for all programs is the establishment of a TIF development area by a city, a county, or a combination of cities and counties acting jointly. Two types of local TIF development areas are authorized. One type of local TIF development area, which is available for use on vacant land, is *local only*, which means that the local government cannot ask for state participation. The second type of local TIF development area, which is primarily for the redevelopment of blighted areas, qualifies for state participation if the requirements for state participation are met. There are three separate state participation programs available, each of which have different requirements for qualifications. Details are provided below.

Prior Law

There were tax increment financing laws on the books prior to the passage of HB 549, however the most attractive program that offered state participation was available only in Jefferson County, and the other statutes were difficult to read and understand. Thus, prior to the passage of HB 549, the only TIF districts with state participation were in Jefferson County.

Continuation of Prior Law

HB549 date limits the old tax increment financing statutes, which means that the old laws will continue to apply to tax increment financing districts created

Related Content

Click here for Department of Revenue's TIF site.

TIF Regulations

Section by Section Summary of HB549

Presentation to the State Tax Increment Financing Commission

Meeting Notification

Date: Monday, Oct. 8

Time: 3:00 p.m.

Location: Capitol Annex

Room: 154

before the passage of HB549, but no new TIF development areas can be created or governed under the old laws after the passage of HB549. All new TIF development areas must be created under the provisions of HB549.

Development Areas Must Be Established by Local Governments

Under the provisions of HB549, all development areas for TIF must initially be established by a city or county or a combination of cities and counties acting jointly. All development areas are subject to the following conditions:

The maximum size cannot exceed three square miles; and

The total amount of property within a city or county that may be in a TIF development area cannot exceed 20 percent of the total value of taxable real property within the jurisdiction(s) establishing the TIF development area.

Two Types of Local Development Areas

There are two types of local tax development areas that can be established under HB549. HB549 provides detailed requirements for the establishment of a development area, including public hearing requirements, ordinance requirements, and parameters for agreements establishing the development area and pledging financial support. Support at the local level can be provided through the entire development area, or on a project by project basis. The two types of local development areas are as follows:

Local Only Development Areas - The local only TIF development area may be established by a local government on vacant land. The local government may pledge up to 100 percent of incremental property taxes and occupational license taxes for up to 20 years.

Blighted Urban Redevelopment Areas - These development areas may be established by a city or county in an area that meets two of seven specified blight/deterioration conditions established in HB549, such as abandonment or deterioration of structures, presence of environmentally contaminated land, and deterioration of public infrastructure. The local government may pledge up to 100 percent of incremental property taxes and occupational license taxes for up to 20 or 30 years. Projects in this type of development area are eligible for state participation if they meet the requirements.

State Participation Programs

There are three state participation programs available. State participation is based on specifically identified projects within a development area, and incremental revenues are available from the actual footprint of the project. In other words, increments from tax revenues not actually part of the project footprint cannot be pledged to support a project. *Footprint* is defined as the actual perimeter of a discrete, identified project within a development area within which capital investments are made.

Tax Increment Financing Commission and the Division of Tax Increment Financing

The Commission is as established in Section 15 of HB549 of the 2007 regular session of the Kentucky General Assembly. Specifically, the Commission shall be composed of the following members: the secretary of the Finance and Administration Cabinet (Mike Burnside), the state budget director (Brad Cowgill), the secretary of the Cabinet for Economic Development (John Hindman) the secretary of the Commerce Cabinet (George Ward), the chairperson of the Kentucky Economic Development Finance Authority (Jean Hale), the dean of the University of Kentucky Gatton College of Business and Economics (Dean Deuanathan Sudharshan), and the dean of the University of Louisville College of Business (Dean Charles Moyer.)

HB549 also establishes a division within the Department of Revenue to provide staffing services to the commission, and to handle the administrative tasks associated with the application and review process.

Section by Section Summary of the Provisions
HB 549
Monday, March 12, 2007

Section	Provision
1	**Declarations and Purposes** Provides that the legislation serves a public purpose, and encourages involvement of private enterprise in development areas
2	**Purposes of the Act** Outlines the three types of TIF programs established by the legislation • Local only TIF for previously undeveloped land (Section 4) • Local TIF for redevelopment – may apply for state participation (Sections 5 – 7) • State participation TIFs which includes 3 components – Property tax only, the Signature Program, and a program for the redevelopment of blighted urban areas involving most state taxes (Sections 16 through 21)
3	**Definitions**
4	**Local Development Areas – No State Participation** • Allows any city or county to establish a local development area for previously undeveloped tracts of land • Limited to no more than 1,000 acres in each 12 month period • The total amount that can be designated as a local development area or a development area (established under Sections 5-7) within a city or county cannot exceed 20% of the assessed value of all taxable real property within the jurisdiction of the city or county, measured at the time the property is included in the development area • Requires a public hearing, an ordinance and a local development area agreement. • State participation is not available under this type of development area
5	**Development Areas – Conditions for Establishment** Allows any city or county to establish a development area with the following conditions: • The area must be contiguous and cannot exceed 3 square miles • The total amount that can be designated as a local development area (established under Section 4) or a development area within a city or county cannot exceed 20% of the assessed value of all taxable real property within the jurisdiction of the city or county, measured at the time the property is included • The area must meet 2 or more of 7 listed conditions relating to deterioration and blight. • The local government must find that the development would not occur without public investment, that the benefits outweigh the public costs of the project, and that the area immediately surrounding the development area has not been developed, or if it has, why the development area needs public investment to be developed.
6	**Development Areas – Requirement for a Development Plan** • Requires the adoption of a development plan for the development area that includes specifically identified provisions • Requires a public hearing on the development plan
7	**Development Areas – Requirement for an Ordinance** Requires the adoption of an ordinance establishing the development area and making other required findings and approvals
8	**Development Areas – Amendments, Changes, and Revisions** Establishes the process that must be followed to amend, change or revise a development area or development plan

Section by Section Summary of the Provisions
HB 549
Monday, March 12, 2007

Section	Provision
21	**Monitoring and Oversight of Project Grant Agreements** • Requires the office to certify the minimum capital investment prior to any incremental revenues being released by the Commonwealth and requires any increments earned prior to certification of the minimum capital investment to be placed in escrow until minimum capital investment is certified • Requires the office to monitor project grant agreements and verify expenses • Requires the office to track incremental revenues released • Requires the office to provide quarterly reports to the commission
22	**Payment of Pledged Increments** Establishes the process for the payment of pledged increments to the city, county or agency administering the development area
23	**Limitation on Pilot TIF Program** Limits the applicability of the existing pilot TIF statutes to development areas established prior to the effective date of the Act that have agreements executed prior to the effective date of the Act.
24	**Limitation on other TIF Programs** Limits the applicability of the existing TIF statutes to development areas established prior to the effective date of the Act that have agreements executed prior to the effective date of the Act
25	**Amends KRS 132.012** to Include property in development areas in the definition of abandoned urban property.
26	**Amends KRS 131.020** to establish the Division of Tax Increment Financing within the Office of the Commissioner of the Department of Revenue.
27	**Amend KRS 91A.390 to conform**
28	**Sales tax exemption** – Provide a sales tax exemption for construction materials purchased to construct a project meeting the requirements established by Section 18 of the Act that are used in the portion of the project not included in the project grant agreement.
29	**Emergency Clause**

Summary of the Provision of 2007 HB549

Overview

HB549 establishes a new, comprehensive, statewide tax increment financing program that makes this financing method available in every city and every county in Kentucky. The first step for all programs is the establishment of a TIF development area by a city, a county, or a combination of cities and counties acting jointly. Two types of local TIF development areas are authorized. One type of local TIF development area, which is available for use on vacant land, is local only, which means that the local government cannot ask for state participation. The second type of local TIF development area, which is primarily for the redevelopment of blighted areas, qualifies for state participation if the requirements for state participation are met. There are three separate state participation programs available, each of which have different requirements for qualifications. Details are provided below.

Prior Law

There were tax increment financing laws on the books prior to the passage of HB 549, however the most attractive program that offered state participation was available only in Jefferson County, and the other statutes were difficult to read and understand. Thus, prior to the passage of HB 549, the only TIF districts with state participation were in Jefferson County.

Continuation of Prior Law

HB549 date limits the old tax increment financing statutes, which means that the old laws will continue to apply to tax increment financing districts created before the passage of HB549, but no new TIF development areas can be created or governed under the old laws after the passage of HB549. All new TIF development areas must be created under the provisions of HB549.

Development Areas Must Be Established by Local Governments

Under the provisions of HB549, all development areas for TIF must initially be established by a city or county or a combination of cities and counties acting jointly. All development areas are subject to the following conditions:

The maximum size cannot exceed three square miles; and

The total amount of property within a city or county that may be in a TIF development area cannot exceed 20 percent of the total value of taxable real property within the jurisdiction(s) establishing the TIF development area.

Two Types of Local Development Areas

There are two types of local tax development areas that can be established under HB549. HB549 provides detailed requirements for the establishment of a development area, including public hearing requirements, ordinance requirements, and parameters for agreements establishing the development area and pledging financial support. Support at the local level can be provided through the entire development area, or on a project by project basis. The two types of local development areas are as follows:

Local Only Development Areas – The local only TIF development area may be established by a local government on vacant land. The local government may pledge up to 100 percent of incremental property taxes and occupational license taxes for up to 20 years.

Blighted Urban Redevelopment Areas – These development areas may be established by a city or county in an area that meets two of seven specified blight/deterioration conditions established in HB549, such as abandonment or deterioration of structures, presence of environmentally contaminated land, and deterioration of public infrastructure. The local government may pledge up to 100 percent of incremental property taxes and occupational license taxes for up to 20 or 30 years. Projects in this type of development area are eligible for state participation if they meet the requirements.

State Participation Programs

There are three state participation programs available. State participation is based on specifically identified projects within a development area, and incremental revenues are available from the actual footprint of the project. In other words, increments from tax revenues not actually part of the project footprint cannot be pledged to support a project. Footprint is defined as the actual perimeter of a discrete, identified project within a development area within which capital investments are made.

Tax Increment Financing Commission and the Division of Tax Increment Financing

HB549 establishes the Tax Increment Financing Commission to review all applications for state participation. The members are: The Secretaries of Finance, Economic Development and Commerce, the State Budget Director, the chairperson of the KEDFA Board, and the deans of the business schools at UK and U of L.

HB549 also establishes a division within the Department of Revenue to provide staffing services to the commission, and to handle the administrative tasks associated with the application and review process

The Application Process and Monitoring Process

Local governments interested in state participation must submit an application to the Division of Tax Increment Financing, which will conduct an initial review. Some programs require an independent consultant's report as well.

All projects for which state participation is provided must be reviewed and approved by the TIF Commission.

Approved projects are monitored by the Division of Tax Increment Financing.

The Commission is required to report annually to the Legislative Research Commission and the Governor.

Program Details

The details of the state participation programs are as follows:

Commonwealth Participation Program for Real Property Ad Valorem Tax Revenues

• The project must represent new economic activity in the Commonwealth;

• The minimum capital investment is $10 million;

• Not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail;

- Up to 100 percent of the state real property incremental tax revenue may be pledged from the footprint of the project;

- The amount of state revenues pledged shall not exceed 100 percent of approved public infrastructure costs; and

- Amounts can be pledged for a maximum of 20 years.

The Signature Project Program

This program includes two components depending on when the project grant agreement is executed – Significant differences between the components are detailed at the end of this section:

Projects with project grant agreements executed prior to 1/1/08 are subject to the following:

- Requires a minimum capital investment of $200,000,000;

- Must represent new economic activity in the Commonwealth;

- Application of local development provisions apply except no development plan or public hearing is required and some provisions of ordinance requirements do not apply;

- No consultant's report required and no certification of net positive impact required;

- Must be approved by the Commission and monitored by the office;

- State taxes that may be pledged include real property ad valorem taxes, individual and corporate income taxes, the limited liability entity tax, and sales taxes;

- May recover up to 100 percent of approved public infrastructure costs less sales taxes paid, signature project costs less sales taxes paid, and financing costs related to public infrastructure costs over a period of up to 30 years;

- In cities of the first class, may use a portion of the local transient room tax;

- Up to 80 percent of state incremental revenues may be pledged from the footprint of the project; and

• Qualifies for a sales tax refund on the purchase of construction materials that do not qualify as an approved public infrastructure cost or an approved signature project cost.

Projects with project grant agreement executed on or after 1/1/08 are subject to the following:

• Requires a minimum capital investment of $200,000,000;

• Not more than 20 percent of the approved project costs or 20 percent of the finished square footage shall be devoted to retail;

• The project must result in a net positive economic impact to the Commonwealth, as certified by the consultant's report;

• State taxes that may be pledged include real property ad valorem taxes, individual and corporate income taxes, the limited liability entity tax, and sales taxes;

• Up to 80 percent of incremental state revenues may be pledged from the footprint of the project;

• May recover up to 100 percent of approved public infrastructure costs less sales taxes paid, signature project costs less sales taxes paid, and financing costs related public infrastructure costs over a period of up to 30 years;

• Qualifies for a sales tax refund on the purchase of construction materials that do not qualify as an approved public infrastructure cost or an approved signature project cost.

Significant Differences Between Components:

• Projects with grant agreements entered into prior to 1/1/08 do not have to meet all of the local requirements for establishing a development area, projects with grant agreements after that date do.

• Projects with grant agreements entered into prior to 1/1/08 do not need an independent consultant's report, projects with grant agreements after that date do.

• Projects with grant agreements entered into prior to 1/1/08 in cities of the first class may use the local transient room tax to support the project, projects with grant agreements after that date may not.

The Commonwealth Participation Program for Mixed Use Redevelopment in Blighted Urban Areas

Defines mixed use as including at least two of the following: retail, residential, office, restaurant, or hospitality – to qualify as a use, the use must comprise at least 20 percent of the total finished square footage or 20 percent of the total capital investment.

To qualify a project must:

Be located in an area with at least three of the blight/deterioration conditions listed in Section 3 of HB549;

Be a mixed use project;

Represent new economic activity in the Commonwealth;

Result in a minimum capital investment of at least $20 million but not over $200 million; and

Result in a net positive impact to the Commonwealth.

May recover up to 100 percent of approved public infrastructure costs, and costs related to land preparation, demolition and clearance over up to 20 years.

Effective Date – HB549 included an emergency clause so the provisions of the Act became effective upon the Governor's signature.

Planning Committee- Issues Outstanding

Issue	Member Referred	Date Referred	Status
• Greenway Maintenance Plan	Stinnett	Sept 02	Mar 07/April 07
• Underground Utility Lines	Gray	Feb 03	May 06
• Light Pollution	Gorton	Mar 05*	
• Vine Street Linear Park (Downtown Water Feature)	Gray	May 05	
• Urban Development Incentives	Stevens	Dec 05	May 06
• Liberty Road Project Status	Stinnett	Jan 06	Bi-Monthly Updates
• Neighborhood Improvement Districts	DeCamp	Feb 06	Apr 06
• Newtown Pike Status	Blues	Feb 06	Bi-Monthly Updates
• **Tax Increment Financing (TIF)**	**Stinnett**	**Mar 06**	**Oct 07**
• Old Courthouse Space Utilization	McChord	Apr 06	Ad Hoc Has Not Been Formed
• 2-Way Streets in Downtown	McChord	July 06	
• Property Tax Moratorium	Stinnett	Sep 06	Part of U.D. Incentives
• Noise Ordinance-Fireworks	Stinnett	Sept 06	
• Loudon Avenue Phase 1	James	Oct 06	Quarterly Updates
• Buffering ED Zone	DeCamp	Jan 07	Jan 07
• Board Composition & Accountability– Planning Commission, Board of Architecture Review & Board of Adjustment	Myers	Jan 07	
• Development Plan Adherence	Myers	Jan 07	
• Right of Way Signage	McChord	Mar 07	Moved from Services Committee
• Local Sales Tax Option	Stevens	Mar 07	Moved from Budget & Finance Committee
• Bluegrass Regional Economic Analysis	Stevens	Apr 07	Moved from Budget & Finance Committee
• **DDA Land Bank Budget Amendment**	**James**	**June 07**	**October 07**
• On Street Parking	Beard	June 07	
• I-64 Water Pipeline	Beard	July 07	August/Sept 07
• Student Housing Issues	Stevens	Sept 07	Scheduled Nov 07