

URBAN COUNTY COUNCIL
PLANNING COMMITTEE SUMMARY

January 22, 2008

Ms. Gorton chaired the meeting, calling it to order at 1:01 pm. All committee members were present except CM Crosbie and VM Gray. CM Myers attended as a non-voting member.

I. Tax Incremental Financing

Harold Tate and Kim Bryant from Greenbaum law firm told the committee today's presentation would highlight both types of programs, and simplify the language contained in the committee packet. He explained the information is established by the state and legislation, adding he would like to come back to the full council at a later date with more specifics.

There are two types of programs; Signature TIF which is projects over 200 million dollars and Mixed Use Urban Blight Projects, which run from 20 million up to 200 million dollars.

Mr. Tate outlined the process explaining the format for submittal, which first includes holding public hearings to create development districts and obtain agreement on projects to pursue, with the state having the final say. Both programs are geared towards urban areas, mainly undeveloped parcels and intended for public infrastructure such as parking garages, sanitary sewers, parks, plazas, etc.

Mr. Tate said the TIF program is not an additional tax on a parcel of land, you would continue to receive the original tax, but as the land is improved, developed and built on the difference in the tax assessment is what is eventually used to pay for it. He mentioned bond or special assessment financing can be done, which is a good tool to rejuvenate and revitalize downtown and a profitable way to return back to the community. Most TIF programs are a 20 year process of assessment which is used by the development district to help pay.

He encouraged the committee to review the information in the packet saying the process is also new to his organization as they have never applied for a TI, but is excited about the new legislation and opportunities for economic development.

CM Stevens asked where the money goes as the property tax escalates, how the property gets accessed and details of the subsidy.

Mr. Tate explained additional revenue and a series of taxes, which as a joint venture, the state and local government temporarily forego, agreeing not to receive any addition taxes for 20 years later.

Ms. Bryant further explained there are no taxes actually forgiven, the additional tax increments are captured and the increases used for public use.

CM Stevens asked Mr. Tate and Ms. Bryant to present an example and comparison for their next meeting that explains details of different ways taxes are manipulated for these programs.

CM Beard asked what specific taxes were involved and was told the two most common taxes considered are occupational license and property taxes, however, school taxes are exempt and dedicated taxes such as Lextran are believed to be exempt also. He also asked if there were any provisions to guarantee occupational taxes down the road and was told there was no provision for guarantees in the statue. What is the definition of blighted area, which is described in the statue a three square mile or smaller radius with 2 or 3 criteria required making it a blighted area. The intent of the programs is not to condemn certain properties but to refurbish underutilized land. He reconfirmed this is not a tax abatement but a tax diversion situation.

CM Gorton explained the library receives a portion of the local property taxes and what impact that might have on these programs. Ms. Bryant said she was not aware of this but would research the issue and report back. CM Gorton asked about zoning, which is addressed early on in the land bank process and requires lots of partnering between the developer, Planning Commission and other entities involved. There was also a question about an updated 2008 chart for the Signature program, which Ms. Bryant promised to provide.

CM Myers asked if there was a set number on amount of development districts and was told the limit is no more than 20% of tax base can be located in one district. He also asked if this focus could also be used outside New Circle Rd. and was told yes but it might be more difficult to qualify as mixed urban blight designation.

CM Gorton asked if there were any Signature TIF proposals being considers and was told there were a couple of projects on the drawing board and the DDA would like to keep moving forward on this process and suggested another meeting, perhaps a workshop to keep the Planning Committee and council informed.

A motion by CM Beard, seconded by CM James to have another meeting prior to a 7:00 pm Thursday Council Meeting, Feburary 7, 2008 at 5:00 pm to see an updated draft/revised presentation and conduct further discussion on this issue. Motion passed.

2. DDA Land Bank

Kim Bryant explained the state statute is very flexible and allows for LFUCG, the Commonwealth of Kentucky and the Fayette Co. school district to establish a not for profit entity to acquire land for the purpose of building affordable, residential property. But is not limited to residential and could be designated as commercial, industrial or public use property such as parks. However, this is not a program designed to generate income. Those three entities would establish an inter local cooperation and agreement. The land bank has a 3 member board of directors who must be residents of Fayette County and may have its own staff to administer the program.

The statute allows for properties that are up for foreclosure with no acceptable bids, the Land Bank can acquire and automatic acquisition would wipe out all taxes due.

CM Stinnett asked if the land bank program would include everything in the urban service boundary would be eligible, not downtown alone. The reply was yes and a suggestion was made to look at renaming the program to land bank authority since it's not meant as a program exclusively for downtown. He also asked about a time line needed to keep this proposal moving forward and was told the first order of business would be to create a draft agreement that could be forwarded to the Law Department for review.

CM James commented on the land bank program in Louisville and asked Mr. Tate for feedback and critique from Louisville about their program and what is working for them or any revisions/changes suggested. She also asked Chris King, Planning about vacant property evaluation survey and if that might be something to present to the Vacant Property Review Commission once it is up and running.

CM Gorton asked about location, staffing and how the proposed land bank authority would be set up and if at this point, specific neighborhoods have been contacted about the land bank and if not, how would that be handled. The land bank statute does not refer to blighted property and there is no requirement as such. The land bank itself is not the developer, but its board would make decisions regarding the purchase of the property and to whom.

A motion by CM Stevens, seconded by CM James to proceed with an MOU or Inter-Local Cooperation agreement to the LFUCG Dept. of Law to begin negotiations with the two other partners and provide feedback/updates from Louisville, KY regarding their land bank program. Motion passes.

CM Myers asked Mr. Tate for details on how the Downtown Housing Fund and if a program of this type might be available outside of New Circle Rd. He was told this program was specific only to the approx. 900 acres of downtown only.

CM Gorton asked for clarification on the abandoned urban property tax.

3. Trailer Park Quality of Life

CM James gave a brief overview of the subject and how the closing of the Ingleside Trailer Park brought this issue to her attention. She said until there are Code Enforcement issues, there are oftentimes no way to be aware of the specific issues faced by mobile home owners, such as not having front and back exits, which are required and present a safety issue. This also signaled problems with oversight, responsibility and language barriers.

A motion by CM James, seconded by CM Gorton to recess and reconvene after the 2:30 pm swearing in ceremony of the new 11th District Council Member, Peggy Henson. Motion passes.

CM James asked David Barbarie, Law Department about the issue of relocation, once a mobile home park is purchased how relocation of those residents handled is. Mr. Barbarie told the committee the LFUCG does not have a relocation program specifically addressed at mobile home parks. Social Services runs the current relocation programs and any questions regarding that process should be addressed with them. CM James said the needs now are only based on a case by case basis and she would like to see in the future a program designed aimed at assistance for trailer park relocation.

David Jarvis, Code Enforcement covered the city and state regulations for mobile homes, telling the committee his department used International Property Maintenance Codes but the overall enforcement is by the State Fire Marshall's office. Mr. Jarvis stated the biggest issue of enforcement is ownership and responsibility, i.e.: fines, civil penalties etc. Ownership of mobile home parks is verified via PVA records. Mr. Jarvis explained procedure for condemning and demolishing a mobile home.

CM Gorton asked CM Lane to temporarily serve as a Planning Committee member so the quorum could be met for this meeting. He agreed to do so.

Commissioner Koch was asked to comment on Code of Ordinances, Section 13 that appears to predate or right at the time of merger and has not been enacted nor was she aware of any reports that have been generated or collected based on it. She urged the committee to look at what value the collection of these reports would bring in aiding the need outlined today.

A motion by CM Stevens, seconded by CM Beard to form a sub committee to research the trailer parks and the quality of life issue to be chaired by CM James, with CM's Beard Blues and Stinnett as members and report back to the Planning Committee at a later date, Motion passes.

4. Items Referred to Committee

CM Gorton recommended striking all items before 2007 with the exception of the Loudon/Newtown Pike updates and begin a new list as needed.

A motion to adjourn made by CM Gorton, seconded by CM Stevens, Motion passes.

Planning Committee meeting adjourned at 3:05 PM