

# City Council Agenda Memo

**From:** Mike Struck, Community Development Director

**Meeting:** November 28, 2023

**Subject:** Resolution 23-109: Tax Increment District #15 Project Plan

**Person(s) Responsible:** Mike Struck, Community Development Director

## **Summary:**

Adoption of a Tax Increment District #15 Project Plan, detailing the proposed improvements, associated costs, and the plan for financing the improvements.

## **Background:**

The City of Brookings is proposing the creation of Tax Increment District #15 to construct improvements in the south-central portion of the community for an affordable housing project. The City of Brookings is proposing to partner with a private developer and utilize a portion of the tax increment revenue for public improvements along Main Avenue South, between 8<sup>th</sup> Street South and Trail Ridge Road / 12<sup>th</sup> Street South.

State law (SDCL 11-9-13) requires the Planning Commission adopt a Project Plan for each Tax Increment District and submit the plan to the governing body. The plan must contain specific information as stated in SDCL Chapter 11.

The Developer is responsible to front the costs of the project improvements and will only be reimbursed property tax increment generated from development occurring within the district. The aggregate assessed value of the taxable property in Tax Increment District #15, plus the tax increment base of all other existing districts, is less than two (2%) percent of the total assessed value of all taxable property in the City. State law restricts the maximum percentage to 10 percent.

## **Item Details:**

Tax Increment District #15 proposes to construct public improvements consisting of water, sanitary sewer, storm sewer, drainage facilities, sidewalks, and site grading for the development of workforce housing meeting the needs of the 2022 Brookings Area Housing Study.

The creation of Tax Increment District #15 is a public/private partnership as the developer will construct the necessary improvements for affordable housing project and the City intends to construct public improvements enhancing Main Avenue South between 8<sup>th</sup> Street South and Trail Ridge Road / 12<sup>th</sup> Street South. The developer is responsible for fronting the project costs and will be reimbursed only to the extent

positive tax increment is generated. The total project costs are estimated at \$5 million. The proposed improvements lie within the proposed boundaries of the district.

The Planning Commission must provide a recommendation on the project plan to the City Council for creation of a TIF District.

**Legal Consideration:**

None

**Strategic Plan Consideration:**

- 1) Fiscal Responsibility – Tax Increment Financing is a mechanism to utilize property tax increment to assist in funding infrastructure improvements benefitting the economic well-being of the City.
- 2) Economic Growth – Infrastructure improvements allow development of commercial structures and workforce housing to assist in expanding economic opportunities and labor force of business and industry.

**Financial Consideration:**

Tax Increment Financing is a pay-as-you-go financing mechanism in which the developer fronts the costs of improvements and is only reimbursed what the district generates in tax increment revenue.

**Options and Recommendation:**

The City Council has the following options:

1. Approve as presented
2. Approve as amended
3. Deny
4. Move the item to a study session
5. Discuss / take no action / table

The Planning Commission votes 8-0 recommending approval. Staff recommends approval.

**Supporting Documentation:**

Memo

Resolution

Project Plan

Minutes