

# **Mechanics of Tax Increment Zones & North Beach Tax Increment Reinvestment Zone Details**



TIRZ #4 Board Meeting  
October 20, 2020



# Tax Increment Financing

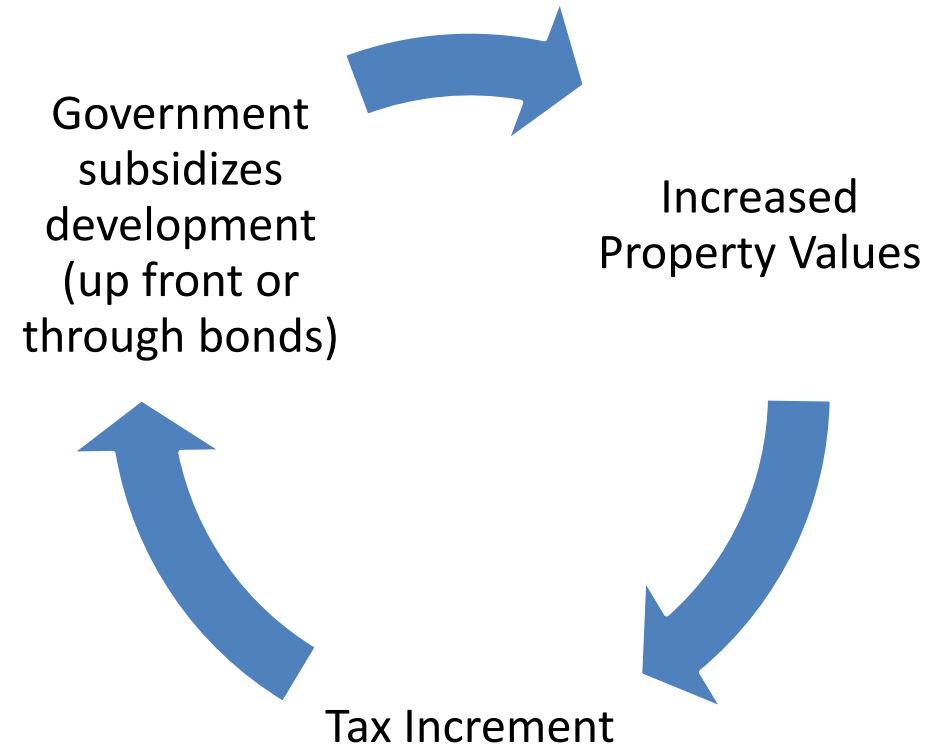
---

- Tool that allows local governments to finance needed structural improvements and enhanced infrastructure in a designated area.
  - Improvements to area support and promote viability of existing businesses and attract new businesses.
  - Improvement costs are repaid with future tax revenues generated by growth, or increment, above the base year
  - Each taxing entity determines the level of participation in the zone:
    - Participation may be a percentage or all of tax collected
    - Participation may be capped at a total dollar amount, time period or both
    - Participation may be all or part of the tax rate
-



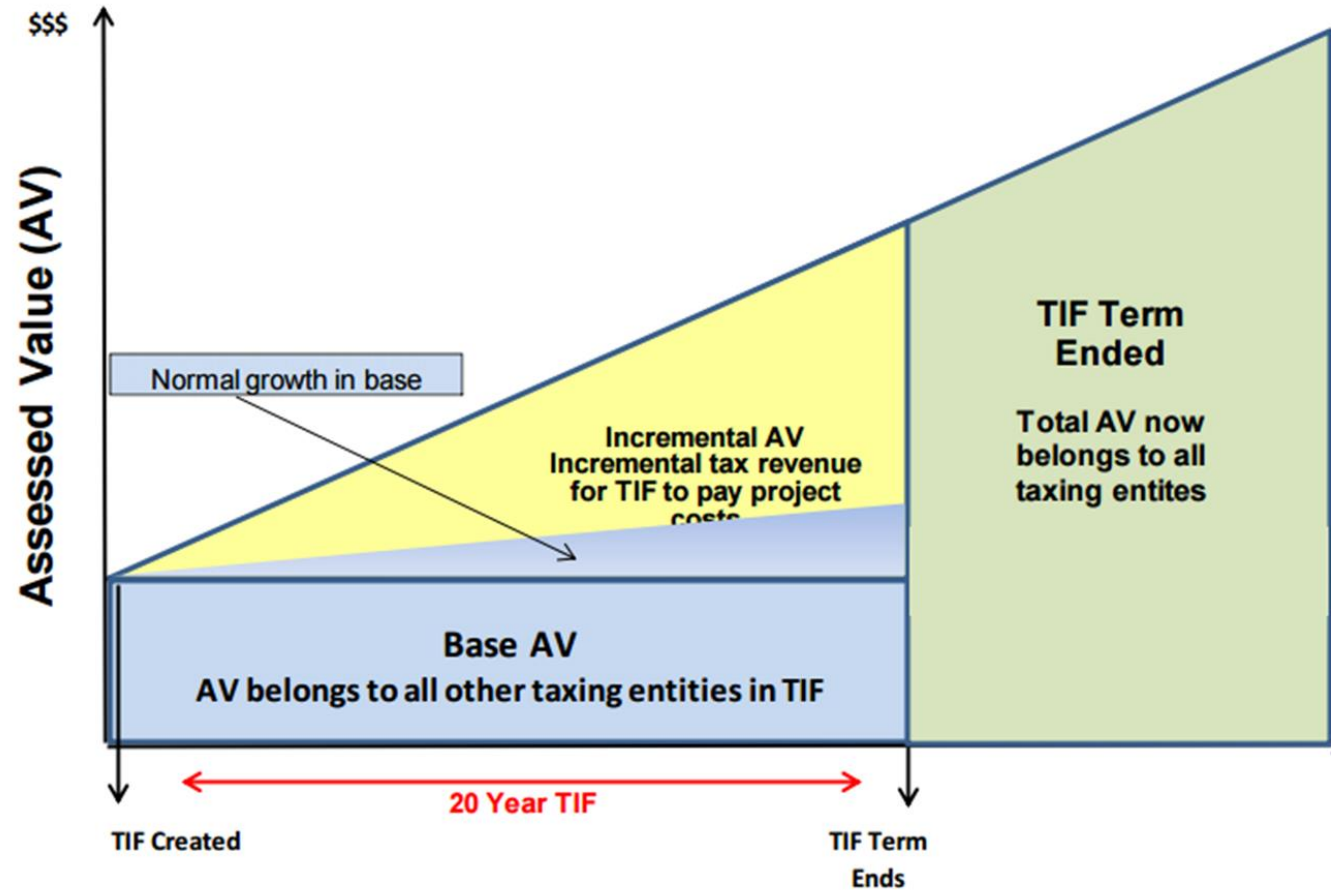
# How TIF's Work

---





# How TIF's Work



Shows normal or market driven portion of TIF growth versus total including developer's investment



# Approved Project Plan Summary

Project Type	Estimated Project Cost
<b>Infrastructure Projects</b>	<b>\$19,944,815</b>
<i>Wayfinding</i>	
<i>Park Improvements</i>	
<i>Demolition of Blighted Structures</i>	
<i>Public Safety</i>	
<i>Drainage</i>	
<i>Residential Streets</i>	
<b>Maintenance Projects</b>	<b>\$2,106,990</b>
<i>Public Spaces Beautification &amp; Revitalization Programs &amp; Services</i>	
<b>Incentives</b>	<b>\$17,838,006</b>
<i>Project Specific Development Agreement</i>	
<i>Property Improvement Program</i>	
<i>Living Initiative</i>	
<b>Administration Cost</b>	<b>\$2,250,000</b>
<i>Creation (up to \$250,000 reimbursement)</i>	
<i>Administration</i>	



# Frazier Hotel Project

---

## Project Specific Incentive Agreement

- Incentive payments begin the first year taxes are levied after construction is completed and the developer receives a Certificate of Occupancy
  - Annual property taxes are collected from all entities in the TIRZ
  - Annual incentive payment to the developer is an amount equal to 95% of the property taxes collected for both the Frazier Hotel and La Vista Point
  - Incentive payments end at the earlier of:
    - The lower of either total projects costs of \$7,826,200 or actual project costs are reimbursed
    - TIRZ expires
    - 18 years after the incentive payments begin
-



# Discussion & Questions

---

## Questions?