



City of Cortland  
City Hall  
25 Court Street, Cortland, NY 13045  
Mayor Brian Tobin  
Telephone – (607) 758-8374 Fax – (607) 756-4644  
[Mayor@cortland.org](mailto:Mayor@cortland.org) [www.cortland.org](http://www.cortland.org)

## PROCLAMATION

### *October 2015 Domestic Violence Awareness Month*

- WHEREAS,** 1 in every 4 women will experience domestic violence during her lifetime, and approximately 15.5 million children are exposed to domestic violence every year;
- WHEREAS,** when a family member is abused, it can have long-term damaging effects on the victim that also leave marks on family, friends, and the community at large;
- WHEREAS,** domestic violence is widespread and is devastating to society as a whole, but particularly women and children; violence against women and children is a prevalent social ill due to the historical imbalance of power in gender and age;
- WHEREAS,** the problem of domestic violence is not confined to any group or groups of people, but crosses all economic, racial, gender, educational, religious, and societal barriers, and is sustained by societal differences;
- WHEREAS,** the crime of domestic violence violates an individual's privacy, dignity, security, and humanity due to the systemic use of physical, emotional, sexual, psychological, and economic control and/or abuse;
- WHEREAS,** victims should have help to find the compassion, comfort, and healing they need, and domestic abusers should be punished to the full extent of the law;
- WHEREAS,** it is important to recognize the compassion and dedication of the individuals who provide services to victims of domestic violence and work to increase public understanding of this significant problem;
- WHEREAS,** we are a community that treats people with respect and dignity, and as equals,

**NOW THEREFORE,** in recognition of the important work done by domestic violence programs and victims' service providers, I, Brian Tobin, Mayor of the City of Cortland do hereby proclaim the month of October 2015 as Domestic Violence Awareness Month and urge all citizens to actively participate in the scheduled activities and programs sponsored by the YWCA's Aid to Victims of Violence to work towards the elimination of violence against women and girls.

IN WITNESS WHEREOF, I have hereunto set my hand this 1<sup>ST</sup> day of October, in the year of two thousand fifteen, and of the Cortland New York.

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Brian Tobin, Mayor of Cortland, New York



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## PROCLAMATION

### ***OCTOBER 2015 NATIONAL BREAST CANCER AWARENESS MONTH***

- Whereas;*** this year, more than 230,000 women and 2,000 men will be diagnosed with breast cancer in America. The heartache and the pain of this disease will touch too many of our mothers, fathers, daughters, and sisters, and too many families will bear these burdens. During National Breast Cancer Awareness Month, we recognize all those who know the anguish of breast cancer, and we stand behind the efforts to improve care and bring attention to this disease.
- Whereas;*** when breast cancer is caught early, treatments work best and survival rates increase. That is why all women and men should be familiar with the risk factors and symptoms of this disease and speak with their health care provider about the risk of breast cancer and the importance of recommended mammograms. All Americans can learn more by visiting [www.Cancer.gov](http://www.Cancer.gov).
- Whereas;*** today, more Americans are surviving breast cancer than ever before, but there is more work to do, Researchers are working every day to improve the lives of breast cancer patients, survivors, and their families; This month, as we honor those lost to breast cancer, let us join with the loved ones who celebrate their memory and the patients who battle this disease every day, as well as our Nation's advocates, medical researchers, and health care providers. Together, we renew our commitment to better prevent, detect, and treat breast cancer, and we continue our work toward a future free from cancer in all its forms.

***NOW THEREFORE,*** in recognition of the importance of bringing awareness to this disease and of early detection I, Brian Tobin, Mayor of the City of Cortland do hereby proclaim the month of October 2015 as Breast Cancer Awareness Month and urge all citizens to join in activities that will increase awareness of what Americans can do to prevent breast cancer.

IN WITNESS WHEREOF, I have hereunto set my hand this 7<sup>th</sup> day of October, in the year two thousand fifteen, and of the Cortland New York.

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Brian Tobin, Mayor of Cortland, New York



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## PROCLAMATION

### ***OCTOBER 2015 ANTI-BULLYING AWARENESS MONTH***

- WHEREAS,*** we must safeguard schools and communities for our children, and through our recognition of the serious issues that face them each day, offer our children an environment that holds promise and security, and
- WHEREAS,*** many organizations, school districts, educators and parents have publicly expressed concern about the bullying of children; and
- WHEREAS,*** each day an estimated 160,000 children refuse to go to school because they dread the physical and verbal aggression of their peers, and the loneliness that comes from being excluded and made the target of rumors and cyber-bullying; many more students attend school in a chronic state of anxiety; and
- WHEREAS,*** it is important that we acknowledge and heighten awareness about the serious issues and the negative effects of bullying, including the long-term damage it can cause in our youth as well as the risks of teenage suicide; and
- WHEREAS,*** providing a safe physical and emotional environment is a significant goal and a personal responsibility of each individual; and
- WHEREAS,*** it is time to “**Stand-UP for Character – DOWN to Bullying!**”

***NOW THEREFORE BE IT PROCLAIMED,*** that I, Brian Tobin, Mayor of the City of Cortland do hereby designate the month of October 2015 as Anti-Bullying Awareness Month as a symbol of our commitment to the year-round struggle against bullying and call on all of our citizens to make awareness and prevention a daily exercise to help put an end to bullying.

IN WITNESS WHEREOF, I have hereunto set my hand this 6<sup>th</sup> day of October, in the year two thousand fifteen and of the Cortland New York.

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Brian Tobin, Mayor of Cortland, New York

**mayorofc**

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**From:** Mack Cook  
**Sent:** Thursday, September 24, 2015 12:33 PM  
**To:** Brian Tobin; ward1; ward2; ward3; ward4; ward5; ward6; ward7; ward8; lawdept  
**Cc:** mayorofc; Rich Cunningham (rich@thomadevelopment.com)  
**Subject:** TIF discussions  
**Attachments:** TIF-Sept2002.pdf

Mayor and Members of Common Council

At the next Council meeting I would like to place on the agenda a brief presentation on the possible creation of a "Clinton Avenue Tax Increment Financing (TIF) District". I envision that this discussion with encompass quite a few Council sessions and public hearings before any decision could be reached. The purpose of this first presentation would be to outline the general principals and mechanics of a TIF district. In other words a brief introduction to the concept-- no decisions, no conclusions.

I have attached to this email a general description (primer) on tax increment financing in New York State. Should you have the time I would encourage you to take a quick browse at this information.

Mack

# Learning from Experience: A Primer on Tax Increment Financing

## SUMMARY

To fund the estimated \$1.5 billion extension of the No. 7 subway and perhaps other redevelopment proposals on Manhattan's Far West Side, there has been increasing discussion of using a borrowing method known as tax increment financing, or TIF. The basic idea underlying TIF is that a city or town finances an improvement in a specific district with the property tax revenue generated by that improvement. While TIF has been used extensively throughout the country in cities such as Chicago, Los Angeles, and Washington, D.C., it has never been used here.

This report provides a primer on TIF—what it is, key features of the laws that authorize it, the types of projects undertaken, some of the reasons for its popularity, and a review of how it has worked in some other localities. Among the lessons from our review:

- While TIF has proven to be an effective and flexible financing method in a variety of settings, some municipalities have encountered problems with their projects, including insufficient revenue to pay debt service.
- TIF has been used to finance a variety of public works projects, but most have been small-scale. Larger projects usually have been joint ventures, mostly with private partners. No TIF project has been as costly as the proposed No. 7 extension.

The report concludes with a discussion of issues that will have to be considered before relying on TIF for financing the proposed subway extension. These considerations will be more closely examined in a subsequent IBO report that will look at the viability of tax increment financing for extending the No. 7.

**New York City  
Independent Budget Office  
Ronnie Lowenstein, Director  
110 William St., 14th floor  
New York, NY 10038  
Tel. (212) 442-0632  
Fax (212) 442-0350  
e-mail: [lbo@lbo.nyc.ny.us](mailto:lbo@lbo.nyc.ny.us)  
<http://www.lbo.nyc.ny.us>**

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## INTRODUCTION

Extension of the No. 7 subway line west and south from Times Square is seen as critical to the success of several of the major proposals for development of Manhattan's Far West Side as an extension of midtown.<sup>1</sup> These include proposals from the Department of City Planning, the NYC2012 Olympic Committee, and the Group of 35, chaired by Senator Charles E. Schumer and former Treasury Secretary Robert E. Rubin. To pay for the estimated \$1.5 billion subway extension—and possibly other capital improvements in their plans—each of these groups propose using *tax increment financing* (TIF), a method of financing projects never used before in New York City.<sup>2</sup> This report provides a primer on TIF—what it is, key features of the laws that authorize it, how it has been used in other places, and some of the reasons for its popularity.

## HOW TIF WORKS

In theory, tax increment financing works as follows:

- a geographic area is designated (the TIF district)
- a plan for specific improvements in the TIF district is developed
- bonds are issued and the proceeds are used to pay for the planned improvements;
- the improvements encourage private development and thus raise property values above where they would have been without the improvement
- with higher values, property tax revenues rise, and
- property tax revenue from increased assessments over and above the level before the TIF project began (the tax increment) is used to service the debt.

In some states, private developers can also arrange their own financing, and the municipality uses the tax increment to reimburse the developers as the tax revenues are received.

In the case of the Far West Side, the various plans indicate that the TIF district could include much of the area between 28<sup>th</sup> and 42<sup>nd</sup> Streets between 9<sup>th</sup> and 12<sup>th</sup> Avenues. The key improvement to be financed would be the extension of the No. 7 line west from Times Square.<sup>3</sup>

## STATE AUTHORIZATION

Although TIF differs from traditional methods of financing public investments, it is still a form of public debt and as such must be authorized by state legislation. The first state law to authorize tax increment financing was passed by California in 1952, although most states were slow to follow.<sup>4</sup> By 1970, just six more states had enacted laws authorizing TIF—Minnesota, Nevada, Ohio, Oregon, Washington, and Wyoming.

By 1997, however, 48 states had enacted TIF laws, and the District of Columbia joined the list in 1998. New York's TIF law (General Municipal Law Section 970-a *et. seq.*) was passed in 1984. As of today, North Carolina and Delaware are the only states that have not authorized the use of tax increment financing—although the Delaware House of Representatives recently passed TIF legislation.

The widespread adoption of TIF laws since 1970 reflects a combination of several factors. While the continued decline of urban areas—particularly of central cities—created a growing need for redevelopment in the 1970s and 1980s, federal assistance for urban renewal projects fell, and voter opposition to new taxes rose. Tax increment financing represented a politically viable tool for local government officials to publicly finance infrastructure and other economic development initiatives without drawing on existing revenues or proposing new taxes.

*Characteristics of TIF laws.* Like TIF laws in most states, New York's law provides TIF as a tool to eliminate "blight," subject to the constraint that a municipality can only engage in redevelopment which "...cannot be accomplished by private enterprise alone..." (General Municipal Law Section 970-b Legislative findings and declaration). The law stops short of saying how this private enterprise condition should be satisfied, however, and gives the municipality significant discretion in defining blight.<sup>5</sup> Relatively few state laws provide quantitative criteria to be applied in identifying blight. Some state laws explicitly allow the use of TIF for economic development without a finding of blight.

Under New York State's law, a municipality has the power to issue TIF bonds.<sup>6</sup> In contrast to general obligation bonds, TIF bonds are not secured by the "faith and credit" of either the city or the state, and the TIF debt does not count against the municipality's constitutional debt limit. Like general obligation debt, however, interest on TIF debt may be tax exempt if it satisfies certain criteria set out in the federal Tax Reform Act of 1986.

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Although some states allow municipalities to use sales or personal property tax revenue to finance TIF debt, the law in New York and most other states allow only real property taxes to be used. Specifically, the New York law requires that property taxes for the TIF district be divided as follows: the municipality receives an amount equal to the current property tax rate applied to the last assessed property value for the TIF district before the TIF district was formed; once the municipality has been paid, the remaining revenue can be used to pay the service on the TIF debt; if there is any excess revenue, it must be returned to the municipality.

New York State's current TIF law has no provision for sharing the tax increment with other taxing entities—although in the case of New York City, which is a single tax entity that provides all services typically provided by a municipality, school district, and county combined, such a provision would be irrelevant if it did exist. In some states in which entities other than the municipality have claims on local property taxes (school districts and counties, in particular), state laws require that these other entities get a share of the tax increment. For example, California requires that a TIF district allocate a fixed percentage of the tax increment to the other tax entities, and the required percentage rises with the age of a project. Such provisions allow the other tax entities to benefit from growth within the TIF district.

Other rules for TIF projects are relatively flexible under New York State's law. Industrial, commercial, and residential development can all be included in a redevelopment plan for a TIF district.<sup>7</sup> Unlike some states, which impose size (acreage) or time limits on specific TIF projects, New York imposes neither.

### **TYPICAL TIF-FUNDED PROJECTS**

TIF has been used to finance a wide array of projects, including public infrastructure, private development, and brownfield cleanup. Public works projects are typically small-scale. Examples include land acquisition, installation of streetlights and water and sewer lines, roadway expansions, and construction of public parking garages.

Large-scale projects have usually been joint ventures, most often with private partners. In joint ventures, the TIF financing is used only to finance the public contribution to the project. Examples of relatively large TIF-funded projects include the following:<sup>8</sup>

- Chicago helped finance the expansion of the University of Illinois at Chicago (\$50 million in 2000), renovation of several theaters (\$18 million for the Cadillac Theater, for example), and streetscaping of Michigan Avenue in the Central Loop (\$15 million in the late 1990s). Chicago is currently financing the construction of two schools (about \$50 million per school).
- Fremont, California is contributing to the upgrade of four major interstate interchanges (\$50 million for construction in 1999 through 2005) and is planning to finance the construction of a Bay Area Rapid Transit (BART) station (\$75 million).
- Indianapolis helped finance the construction of the Circle Centre mall downtown (\$187 million in 1995) and the United Airlines Maintenance Center (\$244 million in 1991).
- Los Angeles helped finance the renovation of the Los Angeles Central Library (\$135 million in the early 1990s) and expansion of the Los Angeles Convention Center (\$126 million in 1986-1987).
- Minneapolis helped finance 900 Nicollet Mall, a downtown Target store and office complex (\$62 million in 2001), and City Center, a downtown retail and hotel complex (\$50 million in the mid-1980s). It also used TIF to acquire the Target Center, home of the Timberwolves basketball team (\$72 million in 1994).
- San Jose financed the San Jose Arena (\$140 million in 1993) and a convention center (\$163 million in 1986), and it is currently financing its share of the total cost of a Joint City/University Library with San Jose State University (\$73.4 million).
- Washington, D.C. used TIF to help finance the International Spy Museum (\$6.9 million in 2001), the Mandarin Oriental Hotel Project (\$46 million this year), and the Gallery Place Project, a downtown retail and entertainment complex (\$73.6 million this year).

### **THE DRAW AND DRAWBACKS OF TIF**

For local policymakers, TIF has many attractive features. But it also has potential drawbacks that need consideration.

*The TIF draw.* There are several features that draw policymakers to using TIF financing. As noted previously,

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TIF debt typically does not count against a municipality's debt limit, nor is the municipality or state responsible for repayment from sources other than the tax increment for the TIF district. Perhaps equally as important, the local government essentially has full control once the state TIF law is in place. Plans are generally not subject to state approval.<sup>9</sup>

Another factor explaining TIF's popularity is voter opposition to tax increases. Because property tax revenue from pre-TIF assessments flow from the TIF district to the municipality as before, it is possible to portray any additional property taxes paid by property owners in the TIF district as payment for benefits received from TIF improvements.

*Potential drawbacks.* While TIF has proven to be an effective and flexible financing method in a variety of settings, some municipalities have encountered problems with their TIF projects.

*Sufficient revenue.* Actual TIF revenues may fall short of the projections made when the TIF bonds were sold. Unlike a municipality with a variety of revenue sources to draw upon for debt service obligations, a TIF district generally has only one source: incremental property taxes. A shortfall risks default or a bailout using other municipal revenues, undermining the reason for using TIF in the first place.

A revenue shortfall can occur for a variety of reasons. The projected level of development might not be reached—or might be reached with significant delay. Assessed property values for a TIF district might also decline, at least temporarily. The city of St. Petersburg, Florida ran into difficulties in its TIF districts because of recession, public acquisition of private property, and acquisition of private property by tax-exempt entities within the district, removing them from the TIF tax base as well.<sup>10</sup> In their Bayboro Harbor TIF district (established in 1988), for example, the actual 1998 taxable property value for the district was \$20.7 million—about 60 percent less than the projection made at the start of project, and about 25 percent less than its pre-TIF value of \$28.1 million.

Tax increments may also drop or grow more slowly than expected due to policy decisions. California's Proposition 13 probably represents the most familiar example of an unexpected change in the property tax code.<sup>11</sup> More recently, when the state of Minnesota took over education

finance last year, the education portion of local property tax increments that previously had gone to TIF projects was redirected to the state. TIF districts suddenly lost about 37 percent of the total increment they had received before the change in policy.

Property tax abatements or exemptions, which are often used as incentives for developers, can also reduce tax revenues below projections if not anticipated correctly. A study of Michigan TIF districts found that taxable property values in some districts actually declined from their base values, despite positive growth in commercial property values. The reason was the concurrent granting of property tax abatements for properties in the districts.<sup>12</sup>

Some project costs or changes in property values also are very difficult or impossible to anticipate. For example, the town of Greenburgh, New York accumulated legal bills and settlement costs when it was sued over the price it paid for a property in its TIF district. The city of East Grand Forks, Minnesota saw a drop in taxable property value in one of its TIF districts when a grain elevator burned down.<sup>13</sup>

To reduce the risk of default, a municipality may designate a relatively large TIF district. Indianapolis did this when it used TIF to finance its downtown Circle Centre mall. Alternatively, a back-up revenue source can be built into the plan. St. Petersburg has used franchise taxes and parking revenue as its secondary revenue source, while East Grand Forks used lease payments and general revenue to fill its gap. Of course, both of these policies redirect resources from other uses and stand at odds with the conceptual underpinnings of TIF.

The Redevelopment Agency of the City of San Jose, California uses a third strategy to reduce the risk of default—joint financing of TIF districts. Bonds are issued for all projects funded by the agency and tax increments from all TIF districts are used to service the debt. Their 2003-2007 Capital Improvement Plan includes 157 capital projects and programs in TIF districts all over the city with a total cost of \$882 million.<sup>14</sup>

Yet another strategy to reduce risk is a loan guarantee from a private developer. Hoffman Estates, a suburb of Chicago, required such a guarantee when it entered a TIF deal with Sears for relocation of its headquarters and development of a new office park in Hoffman Estates. When tax increments have fallen short of required payments, Sears has paid the difference.<sup>15</sup>

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In the event that tax increments do fall far short of projections, the initial debt might be refinanced or restructured. St. Petersburg has taken both measures in recent years, in addition to lining up secondary revenue sources.

*Cost spillovers.* Another potential problem with TIF is spillover of costs to taxpayers outside the TIF district. Municipal service requirements—such as police, fire, sanitation, education, and transportation—will almost certainly rise as development occurs within a TIF district. In turn, the regular property taxes paid to a municipality by property owners within the TIF district—which are based on pre-TIF assessments—could well fall short of the cost of services provided for the TIF district. When this happens, taxpayers outside the TIF district are faced with the tab. The larger the TIF district, the larger this impact will be on the surrounding area.

One source of revenue to cover these additional costs could be the additional sales and income tax revenue generated by the new development in the TIF district. Whether these additional revenues are sufficient will depend on the intensity of the development induced by the TIF-financed improvements and whether other sales and income tax incentives are also available within the TIF district.

Some critics of TIF have questioned whether the amount of tax revenue generated by TIF improvements actually equals the tax increment revenue allocated to pay for the improvements. Using data for a sample of 38 TIF districts in California and 38 matched areas with similar characteristics, the most comprehensive analysis of this question found only four TIF districts where property values outgrew their matches by enough to justify the tax increment received by the TIF districts.<sup>16</sup> A total of eight projects generated at least 80 percent of the revenue they received. Not surprising, the TIF districts with the most vacant land before the projects began showed the greatest tax increment growth. Overall, the study found that the 38 TIF districts collectively generated about half the tax revenue they received. This suggests that, on average, the TIF districts could have generated additional revenue equal to half the revenue generated with the TIF improvements even if the improvements had not been made, and that this revenue would have been available to pay for some portion of the additional services required by the TIF districts or other capital improvements.

*Benefit spillovers.* In direct contrast to concerns about cost

spillovers are concerns about benefit spillovers. If a TIF improvement has regional benefits, many who benefit significantly from the improvement may make no contribution to cover the cost. For example, the taxpayers of Indianapolis are financing a mall and two sports arenas with TIF, while benefits are enjoyed by all in central Indiana.

*Fragmentation of the tax base.* Some observers say that the use of TIF may ultimately lead to fragmentation of the tax base, under which thriving neighborhoods would retain all growth in their property tax collections for their own development, rather than contributing part of this growth to citywide investments and assistance for less prosperous neighborhoods. Concern about fragmentation has been expressed in Chicago, which now has over 100 TIF districts within its boundaries.

*Distribution of development.* Another potential problem is not specific to TIF but instead pertains to all geographically targeted economic development programs. It is possible that TIF projects may simply shift development around the city, rather than attracting new business to New York City from elsewhere in the region and beyond.

This appears to be happening in Columbus, Ohio, where the city has sold more than \$30 million in TIF bonds to finance infrastructure improvements for the new Arena District, a large office and retail development project that is centered on the new home of the Columbus Blue Jackets hockey team. Just a few miles downtown, office vacancy rates are above 20 percent and the City Center mall (which was built in the 1980s with city assistance) sits half empty.<sup>17</sup> Similar criticism has been voiced in Dallas about the proposed Victory office-retail complex between the city's new hockey arena and downtown.<sup>18</sup> Opponents argue that downtown Dallas retailers will be hurt, and they point to other city priorities, including more than \$1 billion in needed roadway repairs elsewhere in the city.

In a worst-case scenario, TIF could shift development from more to less productive locations. If this happens, tax revenue—property, sales, income, and others—could actually be reduced from its potential maximum. A study of municipalities surrounding Chicago found evidence consistent with this hypothesis.<sup>19</sup> Their results suggest that total assessed property values in cities that used TIF grew more slowly than in cities that did not, after controlling for area characteristics.

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*Potentially expensive debt.* Also of concern may be the relative cost of TIF debt. Because TIF debt is not backed by the “faith and credit” of the city or state, investors could view it as more risky than general obligation debt and demand a higher interest rate. To reduce the potential risk of default to investors, policymakers might designate a relatively large TIF district or build in a back-up revenue source, but these tactics have opportunity costs, as noted above.

An additional issue that arises with large-scale TIF-financed projects is required payment of debt service before significant revenue gains are realized. For large projects in a city’s general capital plan, funds may be drawn from alternative sources. But in the absence of such other funding sources, the first several years of debt service must also be borrowed, adding to the total project cost.

### **CONSIDERING TIF FOR EXTENDING THE NO. 7 LINE**

Determining whether tax increment financing is the best financing method—or even a viable one—for the proposed extension of the No. 7 subway line goes beyond the objective of this report. But the information provided above points to some of the major issues that must be addressed when evaluating the subway TIF proposals.

Property tax revenues for the TIF district must be projected cautiously—allowing for potential fluctuations in the real estate market and local economy, construction delays (for the subway and other projects), and other factors that have created financial difficulties elsewhere.

Economic development policies for the TIF district need to be coordinated with development policies for the rest of the city. How will development of the Far West Side impact development elsewhere in the city, and vice-versa? In particular, how will development of Lower Manhattan interact with development of the Far West Side of midtown if the two projects occur at roughly the same time?

The city should also consider the cost of additional municipal services that the TIF district will require as the Far West Side develops. The final plan should estimate these costs and identify how they will be covered.

The Department of City Planning has suggested the need for changes in New York’s existing law, but has not yet indicated what changes would be required. As it stands, the law does not authorize the city to establish a public benefit

corporation to oversee the TIF district, for example, and the city might want to take this approach for many reasons.<sup>20</sup>

*Limits on lessons learned.* Lessons learned from other TIF users may take New York City only so far. Most important, the estimated \$1.5 billion cost for the proposed subway extension dwarfs the project costs financed with TIF to date. TIF has been used in two locations in New York State, the town of Victor in Ontario County and the town of Greenburgh in Westchester County. In both cases, the commitment of the town was relatively small. Greenburgh used approximately \$1.2 million to make road improvements (including the legal costs noted above). Victor provided approximately \$8 million in financing for the renovation and expansion of a mall.

Some projects outside New York State have been larger. But the most costly TIF project IBO identified was the construction of the United Airlines Maintenance Center in Indianapolis in the early 1990s. Although the total cost of the project exceeded \$1 billion, the cost was shared by the city, state, and United Airlines. Indianapolis financed about \$244 million with TIF. Measures that have allowed other cities to use TIF successfully may not work on a project as large as the subway expansion.

A second limitation of existing evidence on TIF is its lack of information about how private development responds to major infrastructure projects, as would be required in the Far West Side proposals. The large TIF-financed infrastructure projects that IBO identified were generally parts of larger plans with private developers lined up in advance. Because the scale and timing of the private development response to the No. 7 subway extension would be pivotal to success of the proposed TIF financing, the development responses to other major infrastructure projects—including the New York City subway—should be examined carefully as part of the evaluation of TIF.

*Written by Theresa J. Devine*

## END NOTES

<sup>1</sup> The geographic definition of the West Side targeted for development varies somewhat. The Department of City Planning defines it as the 59-block area defined by West 24<sup>th</sup> and West 28<sup>th</sup> Streets on the south, West 42<sup>nd</sup> Street on the north, Seventh and Eighth Avenues on the east, and the Hudson River on the west. See New York City Department of City Planning, *Far West Midtown: A Framework for Development*, NYC DCP #01-21, page 3.

<sup>2</sup> The Manhattan Borough President's proposal also includes extension of the Number 7 as one of several transportation options for development of the Far West Side and TIF as one of a few financing options.

<sup>3</sup> The exact route for the Number 7 extension is also unsettled. One route under consideration is west from Times Square to 8<sup>th</sup> Avenue, south along 8<sup>th</sup> Avenue to 34<sup>th</sup> Street or 33<sup>rd</sup> Street, and then west again to a new transportation hub near 11<sup>th</sup> Avenue. See New York City Department of City Planning, *Far West Midtown: A Framework for Development*, NYC DCP #01-21, page 50.

<sup>4</sup> For a discussion of TIF laws in place as of 1997, see Craig L. Johnson and Kenneth A. Kriz, "A Review of Tax Increment Financing Laws," in Craig L. Johnson and Joyce Y. Man, *Tax Increment Financing*, State University of New York Press, 2001. For an earlier survey, see Jack R. Huddleston, "A Comparison of State Tax Increment Financing Laws," *State Government*, Volume 55, Number 1, 29-33. For discussion of the history and mechanics of TIF, see J. Drew Klacik and Samuel Nunn, "A Primer on Tax Increment Financing," in Craig L. Johnson and Joyce Y. Man, *Tax Increment Financing*, State University of New York Press, 2001.

<sup>5</sup> Section 970-c, part (a), defines a "blighted area" as "an area within a municipality in which one or more of the following conditions exist: (i) a predominance of buildings and structures which are deteriorated or unfit or unsafe for use or occupancy; or (ii) a predominance of economically unproductive lands, buildings or structures, the redevelopment of which is needed to prevent further deterioration which would jeopardize the economic well being of the people."

<sup>6</sup> Nearly all states and the District of Columbia allow debt to be issued for TIF projects.

<sup>7</sup> Some states have even more flexible rules. For example, Illinois allows municipalities to use TIF to fund workforce development programs that will improve the skills of current and prospective workers in a TIF district. For discussion, see *NCBG's TIF Handbook*, Second Edition, Neighborhood Capital Budget Group, Chicago, IL, 2001.

<sup>8</sup> Amounts shown are TIF-financed amounts; total project costs may be much higher. All amounts were obtained from TIF program officers or agency reports.

<sup>9</sup> In New York, the municipality must file an annual report with the state Comptroller's office, but state approval is not required for project plans or bond issues. Similar rules apply in California and elsewhere.

<sup>10</sup> See *1998 Annual Report: Downtown St. Petersburg*, City of St. Petersburg Community Redevelopment Agency.

<sup>11</sup> Under Proposition 13, the property tax rate is 1 percent of market value, with market value defined as the last sale price plus a maximum of 2 percent per year or the rate of inflation, whichever is lower. Revenue projections on pre-existing TIF projects did not anticipate this change in 1978. It should be noted, however, that Proposition 13 also had the effect of increasing the use of tax increment financing in California, because Proposition 13 effectively prevented local governments from using General Obligation debt. The number of TIF projects jumped from 297 in 1976-80 to 489 in 1981-85. (See *Community Redevelopment Agencies Annual Report: Fiscal Year 2000-01*, California State Controller, Figure 19) A law passed in 1986 allowed tax increases above Proposition 13 levels to finance general obligation debt, but only with a two-thirds vote at the local level. TIF remains much easier to implement.

<sup>12</sup> John Anderson, "The Landscape of TIF: Who Uses It?" presentation at conference on TIF, Institute of Government and Public Affairs, University of Illinois, June 2001.

<sup>13</sup> Office of the Legislative Auditor, State of Minnesota, *Tax Increment Financing—Supplementary Report*, Report Number 96-06, March 1996.

<sup>14</sup> City of San Jose Redevelopment Agency, *Proposed 2002-2003 Capital Budget and 2003-2007 Capital Improvement Program*.

<sup>15</sup> Technically, the Hoffman Estates financing mechanism for the Sears deal is not a TIF, but a one-of-a-kind Economic Development Area (EDA) authorized by state legislation created solely for the Sears deal to keep the firm in the state; the EDA law was sunset shortly after the deal was established. Unlike Illinois' TIF law, the EDA law did not require a finding of blight. A total of \$190 million in bonds were issued in 1990-91 for the Sears deal.

<sup>16</sup> Michael Dardia, *Subsidizing Redevelopment in California*, Public Policy Institute of California, 1998.

<sup>17</sup> Michael Brick, "Commercial Real Estate: Downtown Columbus Loses Out to Its Fringe," *The New York Times*, June 19, 2002.

<sup>18</sup> Michael Brick, "Commercial Real Estate: Downtown Dallas Project Mired in Disputes," *The New York Times*, May 1, 2002.

<sup>19</sup> Richard F. Dye and David F. Merriman, "The Effects of Tax Increment Financing on Economic Development," *Journal of Urban Economics*, 2000, Volume 47, 306-328.

<sup>20</sup> See New York City Department of City Planning, *Far West Midtown: A Framework for Development*, NYC DCP #01-21. On page 63, the proposal states that the City would "seek state legislation for a tax increment financing district."

**MEMORANDUM**

TO: Mayor Brian Tobin  
FROM: Rich Cunningham   
RE: Proposed HOME housing application for 2015  
DATE: September 29, 2015

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As you know, the City is currently administering a CDBG program for the rehabilitation of owner-occupied homes occupied by low-to-moderate income (LMI) households located throughout the City. This program has generated a significant wait list of interested and eligible City homeowners. We are, therefore, recommending that the City pursue HOME program funds that are very similar to CDBG funds. The City has had at least three past HOME programs for owner occupied rehabilitation program. Applications for the program are due on October 15, 2015.

The particulars of the Program, as proposed, are as follows:

**Eligibility:** Single unit, substandard structures in City that are owned and occupied by households with incomes under 80% of the County median income (LMI); all taxes must be current; the owner must agree to remain in the home for five years following rehabilitation.

**Funding:** Up to \$25,000 per unit. Funding will be in the form of a deferred payment loan (no monthly payments and decreasing based on time property owned until forgiven after five years).

**Priority:** City may establish priorities depending on pre-applications received; at minimum structures will be assessed for degree of "substandardness" with priority given to structures with most severe conditions and lowest income owners. Priority will also be given to the frail elderly and disabled.

**Security:** City takes mortgage behind existing lenders

Please share this information with Council members and contact me with any thoughts or comments as soon as possible. We will be at the Council's October 6<sup>th</sup> meeting requesting a resolution to approve submission of the grant as required by the CDBG Program. We'd like to get this information to the Council in plenty of time for them to ask questions.



# CORTLAND YOUTH BUREAU

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35 Port Watson Street • Cortland, NY 13045 • (607) 753-3021 • Fax: (607) 753-3023

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**TO:** Mayor Tobin  
Mack Cook, Director of Administration  
Lori Crompton, Finance Department

**FROM:** John McNerney, Youth Bureau Director

**DATE:** October 1<sup>st</sup>, 2015

**RE:** Donations to Jim Partigianoni Scholarship Fund

I would like to ask the Common Council to accept and recognize the following donations which will benefit the Jim Partigianoni Scholarship Trust Fund. Scholarships are available for individuals of all ages, who, for financial reasons, would otherwise be unable to participate in CYB programs.  
Scholarship request forms must be completed and submitted to the Cortland Youth Bureau.

These funds were collected by having a benefit softball tournament for the fund. The amount deposited into the fund should be \$2,211.00. A special thank you to Laurie Crandell Hogan for planning and organizing the successful event.

Feel free to call me with any questions or concerns. Thank you !!!

