



DIF 102:

BEGINNING TO ASSEMBLE YOUR DISTRICT IMPROVEMENT FINANCING

GOAL OF THIS WEBINAR

To show communities the beginning steps for assembling a DIF:

Forming and managing an effective DIF Advisory Committee or working group;
and

Assembling the first elements of a DIF document that presents the District and the Development Program for adoption and implementation.



SYLLABUS


1. Review of DIF 101 & Success Factors
2. DIF District and Development Program
3. Assembling a DIF Team
4. Creating your Report
5. Homework for DIF 201
6. Questions

REVIEW – DIF DEFINED

“DIF” means District Improvement Financing

- Massachusetts General Laws Chapter 40Q
- Amended to allow local approval without state review
- Enables communities to pledge future tax revenues from a designated area to planned economic development projects
- Multiple DIF projects are allowed but the area of all DIF Districts combined cannot exceed 25% of community area
- Maximum term is 30 years

REVIEW - HOW DIF PAYS FOR ECONOMIC DEVELOPMENT



Communicates that a district is targeted for growth, and states a community's goals

Attracts new private investment by improving the district with infrastructure, and initiatives such as workforce training

Captures new tax revenues from the New Growth and makes them available to fund the projects that drive growth

SUCCESS FACTORS

DIF is a tool

Start by evaluating what you want to accomplish.

Understand its functionality

It's not a new tax, or a guaranteed revenue stream. You have to attract New Growth.

Local support is critical

The approval process can be time consuming, but don't overlook public engagement.

Let the projects drive

A good fit among what you're planning and where, and the expected outcomes, is key.

KEY DIF TERMS

Development District
"Where"

A specified area within a city or town in which projects will be created to improve infrastructure, increase employment, and other goals. Also referred to as a DIF District.

Development Program
"What"

A plan to make and finance projects in a DIF District. It presents the projects and estimated costs, and a financial plan that will be implemented to achieve the community's goals for the DIF District

Invested Revenue District (IRD)
"What Funds?"

The portion of a DIF District from which the Tax Increment revenue is captured to fund projects in the Development Program.

The IRD include be the entire DIF District, or a portion of it.

Invested Revenue Development Program "IRDDP"

Adds key information about financial plans and revenue estimates to the Development Program.

DIF
DISTRICT
&
INVESTED
REVENUE
DISTRICT (IRD)

Each District Establishes the “Where”

- **DIF District = where projects will be implemented**
- **IRD = where the new tax revenue can be captured to fund DIF District projects**
- **IRD does not need to include entire DIF District but must be *within* it**

DEVELOPMENT
PROGRAM
&
INVESTED
REVENUE
DISTRICT
DEVELOPMENT
PROGRAM
(IRDDP)

What you're doing and how you're paying

- **Development Program lays out the plan to create projects in the DIF District = goals, projects, broad financial plan, operation & maintenance**
- **IRDDP adds a more detailed financial plan, with revenue estimates, debt expectations, & fiscal impacts (if any)**
- **IRDDP should be a *component* of your Development Program**

WHAT ARE YOU CREATING?

Four sets of activities lead to acceptance and adoption

Forming an Advisory Committee or informal working group to get the work done

Assembling a document that describes your District, Development Program, IRD & IRDDP

Educating elected officials and key private stakeholders about DIF

Gathering public support with hearings, information sharing, outreach

ASSEMBLING A TEAM

DIF TEAM ORGANIZATION AND GOALS

Your DIF Team can be a formal advisory committee or an informal working group – or one of each.

Create the DIF with a team that offers broad knowledge and garners support from elected officials and stakeholders

- *Leadership*
- *Economic Development*
- *Assessment*
- *Finance*
- *Planning*
- *Public Works*
- *Legal*

Manage the DIF with a team of core town or city staff who have the expertise and are already involved in similar or related tasks

WHAT YOUR TEAM(S) WILL DO

Create:

- Formulate goals and objectives for the Development Program
- Determine the DIF District and IRD boundaries
- Select projects, including any public/private partnerships
- Prepare documents that meet statutory requirements and inform the community
- Shepherd the adoption process and work with elected officials
- Plan and implement public outreach

Manage:

- Calculate, collect, and deposit the annual Tax Increment revenues
- Manage Development Program funds and accounts and ensure audits are performed
- Oversee project progress and DIF performance
- Report to legislative body

CORE TEAM EXPERTISE



Economic
Development



Property
Assessment



Finance,
Treasury, & Tax



Planning, Zoning, Code
Enforcement, & Public
Works

DUTIES & RESPONSIBILITIES

- Provide leadership and communication as DIF is developed, adopted, and implemented
- Propose goals; lead or facilitate discussion
- Propose projects and gather information
- Establish a schedule and facilitate adoption
- Oversee implementation



Economic
Development

DUTIES & RESPONSIBILITIES



Property Assessment

- Share preliminary parcel information to create District and estimate revenue; advise when final will be available
- Advise of assessment change dates/plans such as recognition of New Growth, scheduled revaluation
- Certify parcels and value at adoption; confirm 25% or less of community area
- Annually: calculate New Growth and certify Tax Increment and revenue

DUTIES & RESPONSIBILITIES



Finance,
Treasury,
& Tax

- Assist with and review estimates of revenue, tax rates, and of proposed captured percentage
- Participate in identifying sources of capital such as grants; facilitate grant applications or borrowing
- Annually: deposit the Tax Increment revenues captured by DIF into the Development Program Fund, and manage accounts
- Annually: maintain financial records, provide fund balance and performance information, and ensure that all accounts are audited



Planning,
Zoning, Code
Enforcement
& Public
Works

DUTIES & RESPONSIBILITIES

- Participate in the discussion of goals and “fit” between projects and goals
- Provide preliminary details and costs of proposed projects
- Recommend timeframe and order of construction
- Recommend zoning changes that may facilitate goals and projects
- Advise on any need for specific building code and appearance requirements

TEAM PLANNING AND MANAGEMENT

- ☑ Establish a proposed schedule right away – let members know when their expertise is needed and when deliverables (e.g. parcel list) will be due
Will be preliminary – expect to revise it and don't wait for perfect information
- ☑ Determine the size of your team – identify and invite the staff with core expertise first, then add members who will help with educating elected leaders and with public outreach
You may assemble a larger advisory committee for creation and adoption, then designate an internal team with core expertise for implementation and management
- ☑ Clearly identify roles and deliverables, especially for internal staff
Look for timeframes and tasks that fit within existing responsibilities to minimize additional work

TEAM PLANNING AND MANAGEMENT

- ☑ Schedule regular short meetings or calls to update full team on progress and needs
- ☑ Identify tasks that need discussion, such as evaluating “fit” of goals and projects, and reviewing revenue estimates, and schedule 45 – 60 minute sessions
- ☑ Prepare meeting agendas and include task checklists to identify next steps and show progress
- ☑ Use online collaboration or work sharing tools to facilitate progress measurement and document development

CREATING YOUR REPORT

DIF REPORT GOALS & PURPOSE

A single report centralizes information for elected leaders, business, and community:

- **Tells the reader about your community and why DIF is an effective tool for your goals**
- **Provides essential information about goals and projects**
- **Presents estimates of revenue expectations and capital plans**
- **Explains what DIF is designed to do and how it works, including the local adoption process**
- **Attaches or references overall community strategic economic development plans/reports**

REPORT COMPONENTS



Development District and IRD

- District boundary and description
- Assessed value and use of parcels
- Identification of parcels that will generate Tax Increment revenues (may be all or a subset)



Development Plan and IRDDP

- Statement of means and objectives (goals)
- Project narrative, list, and costs
- Financial Plan with revenue estimates
- Operation and Management Plan



Community Context and Adoption

- About the community and why/how DIF will implement your goals
- Description of legislative action to adopt and supporting documents
- Assessor's certification of parcel values

REPORT COMPONENTS - PROGRESS

DIF 101 HOMEWORK

- Create a goals statement, with supporting detail at least as notes
- Identify preliminary projects and begin a table with costs
- Prepare a narrative statement about each project and how it furthers your goals

TABLE OF CONTENTS

Introduction

- Community goals and purpose of DIF
- Information about DIF as a tool and description of the approval process*

Development District and IRD

- Description of the District and IRD
- Summary parcel information with details in an attachment

Development Program and IRDDP

- Statement of Means and Objectives
- Facilities to be Constructed and Use of Private Property: table and narrative
- Address specific impacts e.g. housing
- Operation and Maintenance Plan
- *Financial Plan (DIF 201)*

* Provided in model report

REPORT COMPONENTS – NEXT STEPS

DIF 102 HOMEWORK

Development District and IRD

- Information: description of District and boundaries
- *IRD Narrative*: if it shares the same boundaries and parcels, state this, or
- If it is a smaller area within the District, describe why and where
- Data: summary of parcels by use type in document, full list with values as an Attachment

Development Program and IRDDP

- Statements about additional plans or impacts as required by statute
- Operation and Maintenance Plan, preliminary

TABLE OF CONTENTS

Introduction

- ✓ Community goals and purpose of DIF
- ✓ Information about DIF as a tool and description of the approval process*

Development District and IRD

- Description of the District and IRD
- Parcel information, summary

Development Program and IRDDP

- ✓ Statement of Means and Objectives
- ✓ Facilities to be Constructed and Use of Private Property: table and narrative
- Address specific impacts e.g. housing
- Operation and Maintenance Plan
- *Financial Plan (DIF 201)*

* Provided in report template

REPORT COMPONENT:

FINANCIAL PLAN

Purpose

- Satisfy statutory requirements
- Inform private business investors and community about the expected resources for your Development Program

Timeframe to Create

- Revenue Estimates – when you have parcels, values, and New Growth estimates
- Project Costs – how much funding you will need
- Capital Plans – when you have Revenue Estimates and can identify funding sources and funding gaps

Required Information

- Cost estimates of the Development Program and sources of capital
- Revenue Estimates
- Percentage of Tax Increment to be captured and applied
- Estimated impact on taxing jurisdictions in the District

DIF 201 Webinar will cover the Financial Plan

SUCCESS FACTORS

Align your DIF team with their existing roles

Operation and management should be as similar as possible to other tasks

Manage DIF team like any other

Schedule communication as well as deliverables

Understand the role and framework of the DIF Report

Use it as a communication tool for important audiences

Create your Report as you go

Expect to update and revise – don't wait for complete information

Team Member Identification and Roles Discussion

- Identify who has the necessary expertise
- Describe what role that person will have
- Evaluate workload and schedule constraints
- Develop ideas to use existing tasks to generate needed DIF components

Deliverable – Working Group List

- List name, title/position, contact information
- Add brief description of each individual's responsibilities
- List or describe any actual deliverables (e.g. Assessor's Certification at adoption) *create a placeholder for each individual and fill in as project continues*

Can be one team for both creation and management, or two teams

HOMework

1. Preliminary DIF team and/or working group

HOMework

2. Development District and IRD

Use an area you are considering for a DIF – the most important outcome is to understand how to think about your District's size and characteristics

Development District and IRD (from Slide 18)

- Description of District and boundaries
- IRD Narrative: if it shares the same boundaries and parcels, state this, *or*
- If it is a smaller area within the District, describe why and where
- Data: summary of parcels by use type and as percentage of the area of the community based on:
 - ✓ Parcel ID/ Map ID
 - ✓ Acres in parcel
 - ✓ Zoning or use code
 - ✓ Sub-use (if any)
 - ✓ Assessed Value
 - ✓ Levy for parcel
 - ✓ Existing TIF or special zone (if any)
 - ✓ Tax status
 - ✓ Inclusion in IRD?

DIF DISTRICT HOMEWORK - WORKSHEET

Table: DIF Parcels by Use Type		
Use Type	Acres in District	Percent of Acreage in District
Commercial/Industrial		%
Residential		%
Vacant		%
Municipal		%
<u>Tax Exempt</u>		%
Total Proposed DIF District	(sum of categories)	100%
25% Test: Existing and Proposed DIF Districts		
Existing DIF Districts, Combined		n/a
Proposed DIF District		n/a
Total Existing & Proposed DIF		n/a
Total Community Acres		n/a
Total Acres in DIF Districts as a Percent of Total Community Acres		(DIF ÷ Community)%



QUESTIONS ?

Are you ready for DIF 201?



DIF 201 DEVELOPMENT PROGRAM & FINANCIAL PLAN

