

REGIONAL DEVELOPMENT AUTHORITY

TDD Steering Committee

Quarterly Update to Committee

November 18, 2020

ILLINOIS

INDIANA



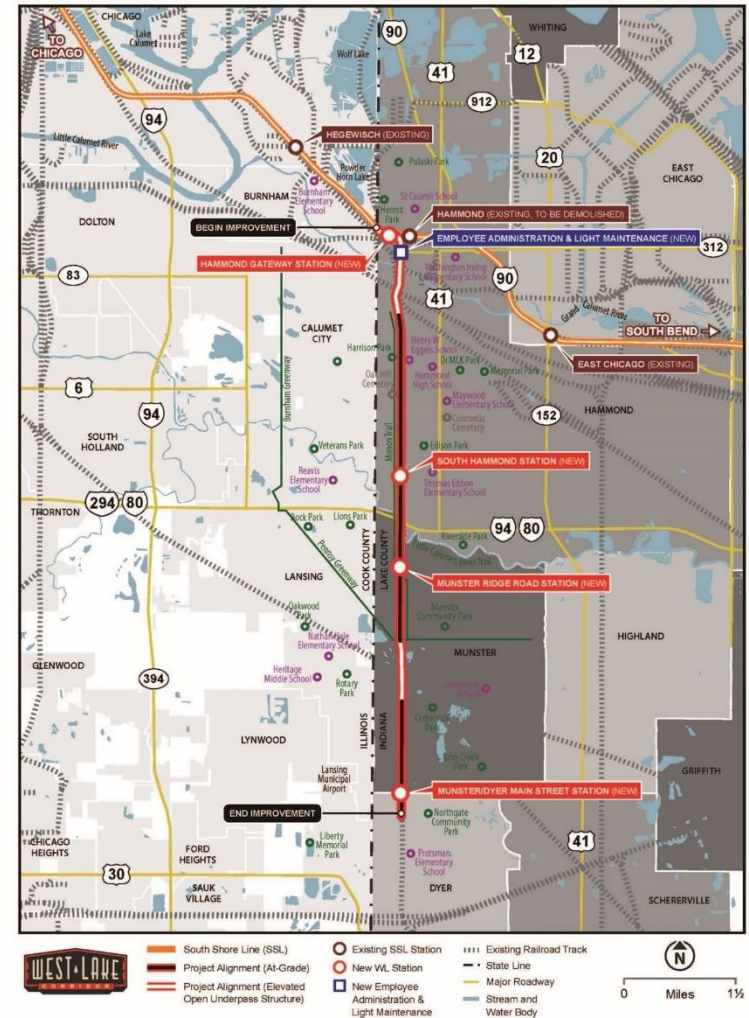
AGENDA

1. Update on the progress of the rail projects
2. TDD Project Update
3. TIF vs. TDD Big Picture
4. TDD Implementation
5. TIF/TDD Overlap
6. 2021 TDD Steering Committee Calendar

RAIL PROJECTS UPDATE

West Lake Corridor Project

- 9-mile extension to Dyer, Indiana
- First extension of commuter rail in NW Indiana in over a century
- Project Cost: Estimated \$852 million
- NICTD has provided the notice to proceed to design-builder Paschen to begin work on construction of the rail line.
- **The FTA has fully executed a FFGA on West Lake and the groundbreaking occurred on October 28, 2020.**



RAIL PROJECTS UPDATE

Double Track Project

- 25 mile project area, 16 miles new 2nd track, 4 new bridges, 3 new hi-level boarding platforms, 7 new hi-speed crossovers, closing 20 grade X-ings in Michigan City, train/car separation in Michigan City.
- Estimated cost: \$454.7 million
- Double track has received permission to “enter into engineering” from the FTA. In this phase, NICTD will complete all design and engineering work. Part of the cost of this will be reimbursed by FTA.
- FTA has set a goal of reaching a FFGA on double track by January 20, 2021.



TDD Project Update

- Public Engagements Scheduled
 - Munster Ridge Road – Wed. 11/18 6:00 PM (CDT)
 - Munster/Dyer Main St. – Wed. 12/2 6:30 PM (CDT)
 - Ogden Dunes – Thursday 12/3 6:30 PM (CDT)

The engagements will be virtually held via Zoom and everyone is welcome to attend

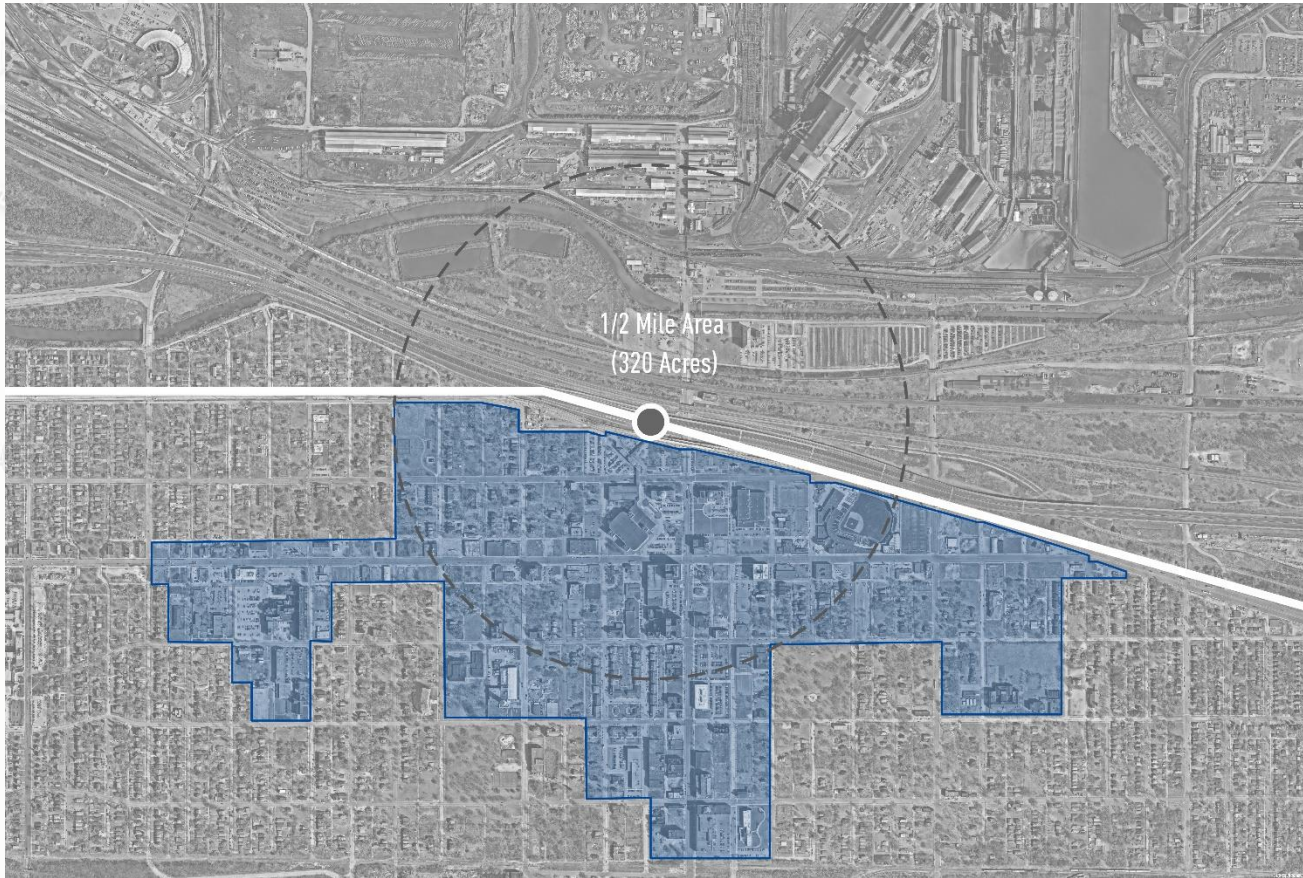
- Boundary Study Areas have been presented to:
 - Munster Ridge Road and Main St.
 - Dyer Main St
 - Hammond Gateway
 - Portage
 - Ogden Dunes
 - Michigan City
 - Gary Miller
 - East Chicago
- New TDD Website -- nwitdd.com

TRANSIT DEVELOPMENT DISTRICT (TDD) BIG PICTURE

- TDD legislation established in HEA 1144-2017 (IC 36-7.5-4.5).
- TDD's were established to facilitate investment and redevelopment around transit station areas.
- Incremental revenues from a TDD located in Lake or Porter Counties go to the NWI RDA.
- Incremental revenues in LaPorte or St. Joseph Counties go to the local Redevelopment Commission.
- TDD's are established by resolution of the RDA Board, with approval by the State Budget Committee.
- TDD's collect both incremental property taxes and local income taxes, and revenues must be used within the district where collected.
- The district expires no later than 2047, under current legislation.

BOUNDARY PARAMETERS

Half Mile Area (Illustrative Boundary) = 320 Acres



- TDD's are limited to 320 acres in the first iteration and may be expanded to 640 acres.
- TDD's may be irregular in shape.
- TDD's must encompass the rail station and parking.

TAX INCREMENT FINANCE (TIF) BIG PICTURE

- TIF legislation established in the 1980's (IC 36-7-14).
- TIF's are created by local Redevelopment Commissions (RDC) to facilitate either redevelopment or economic development in areas meeting statutory conditions.
- Incremental revenues from a TIF go to the establishing redevelopment commission for statutorily permissible uses.
- TIF's are created by resolution of the RDC, with confirmation by the fiscal body of the local unit of government.
- TIF's collect incremental property tax revenue from real property and, in some cases, depreciable business personal property.

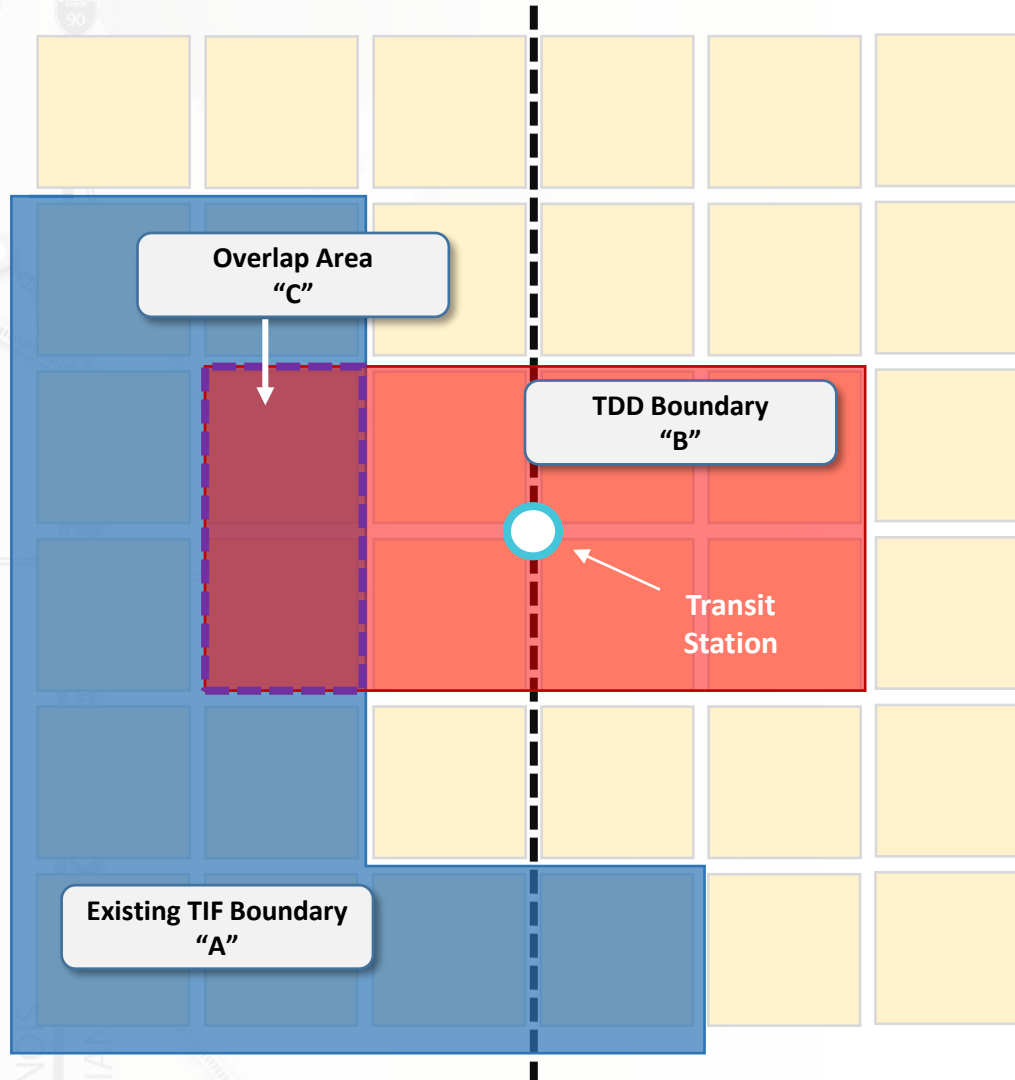
TDD IMPLEMENTATION

- The RDA is implementing the TDD legislation, with its planning team, by working with communities surrounding the stations along both the West Lake and South Shore Double Track lines.
- The RDA is meeting with representatives from each community to find consensus around the TDD boundary definition, and a vision for the character of development within the boundary.
- The RDA planning team is evaluating the economic and fiscal potential for development within each TDD boundary.
- The RDA will, in conjunction with municipal leadership, convene public engagement sessions regarding the boundary decision in each municipality to solicit community feedback and build consensus for the development strategy.
- The RDA Board, by statute, will hold two public hearings on each TDD boundary decision allowing for public input.
- The RDA Board will pass a resolution establishing the boundary for each station area in a public meeting and will present its resolution with supporting documentation to the State Budget Committee for approval. This is likely to take place in mid 2021.

TIF/TDD OVERLAP?

- The statute allows TDD's to overlap established TIF districts.
- Where an overlap occurs, the statute anticipates that the municipality and the RDA will negotiate on the distribution of the incremental property tax revenues within the overlapped area.
- The establishing of a TDD which overlaps a TIF district cannot impair the commitment of debt service to existing bond obligations.
- This decision of the allocation of the incremental revenues and the timing of their use will be stated in a written Memorandum of Agreement (MOA). Additional issues regarding the timing and nature of the developments may be treated in the MOA.
- The County Auditor will separately account for incremental revenues within the overlapped TIF/TDD area.
- The incremental local income tax revenues are distributed to the RDA/RDC, for use within the TDD from which they were derived.

ILLUSTRATIVE EXAMPLE OF A TIF/TDD OVERLAP



- The total TIF increment revenue (A and C) will be distributed by the County to the RDC.
- Per the MOA, a portion of the overlapped revenue (C) will be distributed by the RDC to the RDA.
- The non-overlapped TDD increment revenue (B) will be distributed by the County to the RDA.
- All incremental local income taxes within the TDD boundary (B and C) are distributed to the TDD.

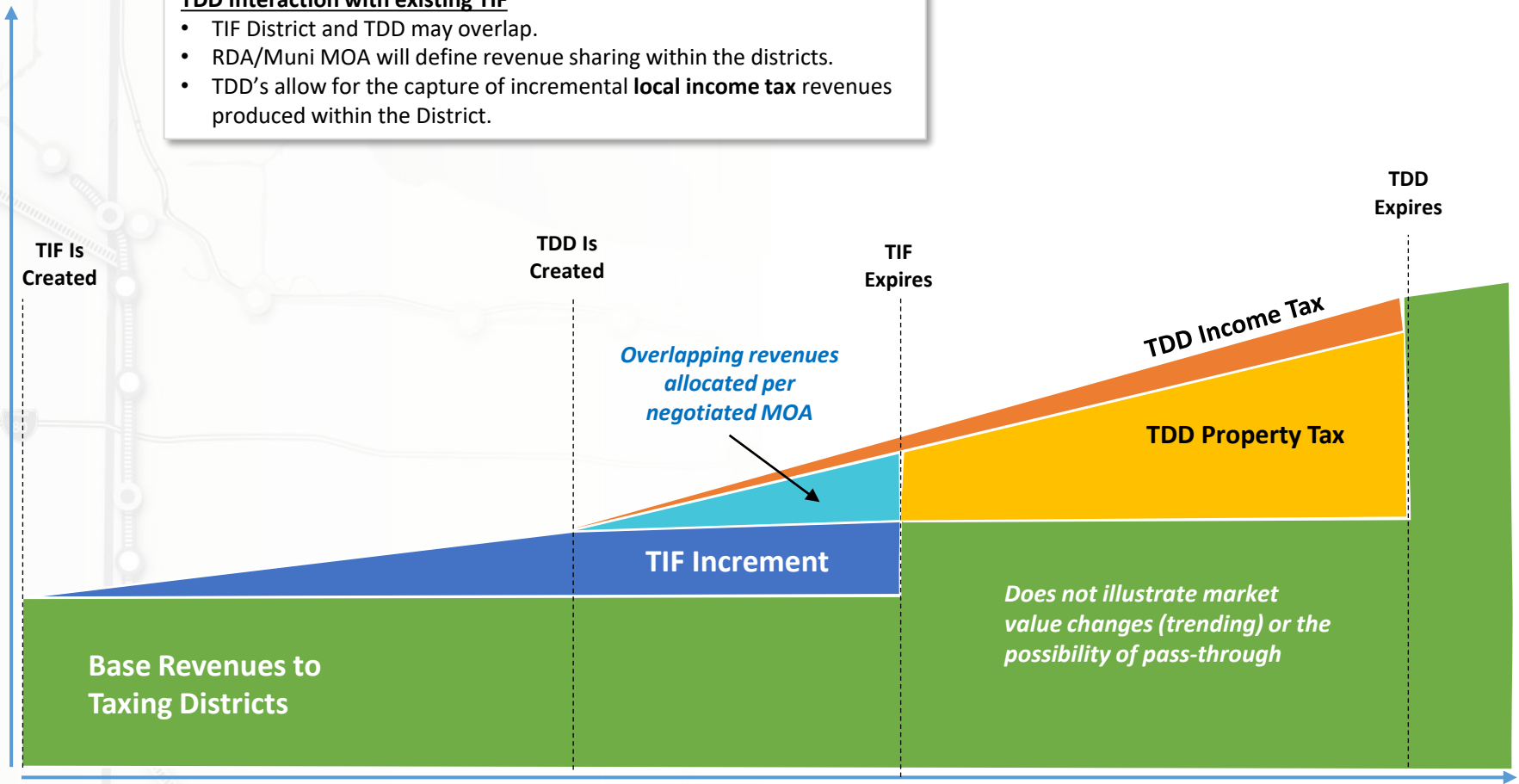
BENEFITS OF A TDD ENHANCING DEVELOPMENT

- A TDD, under current law, will expire on 6/30/2047, this later expiration may serve to extend the duration of increment capture.
- A TDD will provide additional capital to fund development opportunities through the longer life and the capture of local income tax.
- A TDD will expand designated areas reserved for economic and community development.
- A TDD may provide greater flexibility associated with funding eligible projects and project costs through RDA financing.
- A TDD may provide access to innovative funding and financing solutions (e.g. enhanced regional development tax credit).

TIF AND TDD TOGETHER

TDD Interaction with existing TIF

- TIF District and TDD may overlap.
- RDA/Muni MOA will define revenue sharing within the districts.
- TDD's allow for the capture of incremental **local income tax** revenues produced within the District.



CONCLUSION

1. The RDA is implementing the State's assigned mission to develop the areas around the commuter rail stations through TDD's.
2. TDD's can complement existing TIF areas and will increase development opportunities.
3. A negotiated MOA governs the allocation of property tax revenues where TDD's overlap TIF's.
4. TDD's provide additional financing options not available under TIF statutory provisions.



QUESTIONS AND NEXT STEPS





2021 Steering Committee Dates

February 20, 2021

May 19, 2021

August 18, 2021

November 17, 2021

Location: TBD