

Policy and Guidelines Tax Increment Financing

City of Cape Girardeau

General Policy

It is the policy of the Commission to consider the judicious use of tax increment financing (TIF) for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will, by creating new jobs and retaining existing employment: eliminate blight, strengthen the employment and economic base of the City, increase property values and tax revenues, reduce poverty, create economic stability, stabilize and upgrade existing neighborhoods and areas, and implement the economic development strategy of the City; priority will be given to projects which include downtown development, Brownfield development, rehabilitation of historic structures, development within the enterprise zone and projects with high employment, especially employment of welfare-to-work applicants.

Care will be exercised in the use of TIF to thoroughly evaluate each project to ensure that the benefits which will accrue from the approval of the TIF Redevelopment Plan are appropriate for the costs which will result, and that they are equitable to the City and other taxing districts as a whole.

Policy Guidelines

The following criteria are to be used by the City to evaluate TIF applications:

1. Each TIF applicant must demonstrate that without the use of TIF, the project is not feasible and would not otherwise be completed.
2. If the TIF project will involve the issuance of bonds or notes, the TIF applicant must show that payments in lieu of taxes (PILOTS) and/or economic activity taxes (EATS) generated by the TIF project will at a minimum cover the projected debt service 1.25 times.
3. The total amount of TIF assistance should not exceed twenty-five percent (25%) of the total project costs. This limitation may be waived if the TIF project involves redevelopment of existing structures or the assembly and clearance of land upon which existing structures are located. Total project is defined as the complete project with all new elements to be constructed included.
4. TIF assistance for public infrastructure is favored; i.e., off-site street improvements, utility, lighting and extraordinary costs associated with removal of existing man-made site conditions.
5. Each TIF application must include evidence that the applicant:
 - (a) Has provided documentation illustrating exploration of alternative financing methods other than TIF assistance; and
 - (b) Has demonstrated to the City that such applicant possesses financial and technical ability to complete and operate the project.

6. Preference will be given to applicants who contribute equity of at least fifteen percent (15%) of the total cost of the project or provide a performance bond for the completion of the project; projects with equity contributions from the developer in excess of fifteen percent (15%) will be viewed more favorably.
7. The TIF project shall not negatively impact the credit rating of the City.
8. TIF projects that create jobs with wages that exceed the median income level of Cape Girardeau are favored; each TIF applicant will provide the following statistics:
 - (a) The total number of additional employees that will be hired and potential that they will be hired from the local population; and
 - (b) The skill and educational levels, and range of salary and compensation required for jobs expected to be created.
9. If the project will involve development/redevelopment of vacant land, it should conform with the City's plans and programs and serve as a catalyst for further, high quality development or redevelopment.
10. Projects involving redevelopment of existing retail, commercial, office or industrial properties should serve to stabilize areas that have or will likely experience deterioration.
11. Projects for retail and service commercial uses should be targeted to those that encourage an inflow of customers from outside the City or that will provide services or fill retail markets that are currently unavailable or in short supply in the City.
12. Projects involving redevelopment of existing residential neighborhoods should serve to stabilize areas that have or are likely to experience deterioration.
13. Projects involving new residential development should fulfill a significant housing need for the City's current and/or projected population without substantially impacting public services and facilities including schools. Pass-through agreements may be entered into for identified taxing entity impacts.
14. Projects involving residential development should encourage a diversity of household income levels.
15. Projects involving development/redevelopment of business areas should include information regarding:
 - (a) The proposed business types and major tenants;
 - (b) The population areas from which the project will draw; and
 - (c) The businesses of similar types that would be competing with TIF area businesses.

Application Form and Fees

An Application Form, supplied by the City of Cape Girardeau, shall be completed and signed by any entity interested in acquiring tax increment financing in the City.

The City of Cape Girardeau intends to recover the administrative costs associated with TIFs. The entity requesting the TIF shall agree to pay all staff/consultant costs for the analysis, development and finalization of the TIF Redevelopment Plan and for the costs of special TIF counsel. The City will estimate the cost of such fees and the requesting entity shall deposit said amount with the City prior to the City convening the TIF Commission. If additional costs are incurred during the project analysis and finalization that exceed the deposit, the developer shall be required to pay such costs.