



# Tax Increment Financing

GUIDELINES



**FORT  
MYERS**

**CRA**



**FORT MYERS  
COMMUNITY  
REDEVELOPMENT  
AGENCY**

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## **Fort Myers Community Redevelopment Agency**

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## What is TIF?

Tax Increment Financing (TIF) is a special funding tool available to local municipalities that spurs economic development which otherwise would not occur. When a Redevelopment Area (RA) is created property owners within the district continue to pay the same property tax rates as those outside the district. The difference is that tax collections, over and above the “base value” are placed into a special fund that is used to pay for project costs. The use of TIF varies from project to project and area to area. In some cases, the CRA uses TIF to promote redevelopment of older parts of the community. In other cases, the CRA uses TIF for land acquisition and construction of infrastructure. The following outlines the CRA’s guidelines regarding TIF.

## Purpose

The purpose of this Guideline is to articulate to existing or potential businesses the Fort Myers Community Redevelopment Agency’s (CRA) desire to promote economic development that is consistent with the CRA’s Redevelopment Plan(s) and provides a community benefit that will ultimately be shared by the taxing entities (City and County) impacted through the establishment of Redevelopment Area (RA).

Notwithstanding compliance with any or all the guidelines herein, the provision of TIF rebate is a guideline choice to be evaluated on a case-by-case basis by the Community Redevelopment Agency Board of Commissioners (BOC). The burden of establishing the public value of TIF shall be placed upon the applicant and the application must substantially meet the criteria contained herein. The Community Redevelopment Agency staff will present TIF request first to the CRA Advisory Board and then to the BOC’s with a recommendation from the Advisory Board.

Guidelines and other criteria listed herein does not guarantee the provision of TIF rebate assistance nor does the approval or denial of one project set precedent for approval or denial of another project.

## Basic Provisions

As a matter of policy, the Fort Myers Community Redevelopment Agency (CRA) will consider using TIF to assist private development in those circumstances where the proposed private project shows a *demonstrated financial gap* and that the financial assistance request is the minimum necessary to make the project feasible. The developer is expected to have exhausted every other financial alternative(s) prior to requesting the use of TIF, including equity participation, other federal and state funds, bonds, tax credits, loans, etc.

It is the intent of the CRA to provide the minimum amount of TIF assistance to make the project viable and not solely to broaden a developer’s profit margin on the project. Prior to consideration of a Tax Increment Rebate (Rebate) request, the CRA will undertake (at the requestor’s cost) an independent analysis of the project to ensure the request for assistance is valid.



In requesting a Rebate, the developer must demonstrate that there will be a substantial and significant public benefit to the community by eliminating blight, strengthening the economic and employment base of the City, positively impacting surrounding neighborhoods, increasing property values and the tax base, creating new and retaining existing jobs.

Each project and location is unique and therefore every proposal shall be evaluated on its individual merit, including its potential impact on city service levels, its overall contribution to the economy and its consistency with the Redevelopment Plan, and other community planning documents. Each project must demonstrate probability of financial success.

### **“BUT FOR” TIF**

The fundamental principle and that which the CRA must determine through information provided by the developer is that the project would not occur “but for” the assistance provided through TIF Rebate. The burden is on the developer to make this case to the CRA and not the CRA to make this case for the developer. Should this “but for” determination not be made, TIF for the project cannot be approved.

### **TIF Objectives**

The CRA will consider utilizing TIF to meet the following basic objectives:

- 1) Stimulate and continue revitalization of a Redevelopment Area (RA) by:
  - a. Improving infrastructure.
  - b. Creating a variety of housing opportunities to increase the number of residents.
  - c. Preventing or eliminating slums and blighting conditions.
  - d. Constructing mixed-use developments.
  - e. Attracting desirable businesses and retaining existing businesses.
  - f. Encouraging development projects that enhance the streetscape and pedestrian experience and improve the vitality of the RA by adding interest and activity on the first floor of mixed- use buildings.
- 2) Promote efficient usage of land through redevelopment of blighted areas.
- 3) Strengthen the economic base of the City and support Economic Development.
- 4) Stabilize and upgrade targeted neighborhoods.
- 5) Create and retain family supporting jobs in the City.
- 6) Increase property values and tax revenues.
- 7) Leveraging the maximum amount of non-city funds into a development and back into the
- 8) community.

The type of development that the CRA will consider TIF funding includes:

- 1) Business development (attraction, retention, expansion). TIF assistance will be evaluated on its impact on existing local markets.
- 2) Mixed-use developments that creatively integrate commercial and retail projects into a residential development.
- 3) Revitalization of historically significant or deteriorated buildings.
- 4) Projects that promote neighborhood stabilization or revitalization.

- 5) Projects that promote industrial development.
- 6) Projects consistent with approved Redevelopment Plan.
- 7) Projects that involve environmental clean-up, removal of slum and blighting conditions.

### What Development is Ineligible?

The CRA will not favor use of TIF funding to help support development outside of the boundary of the Fort Myers Redevelopment Areas.

### Eligible Costs

The following are typical eligible costs.

- 1) Capital costs, including actual costs of:
- 2) Construction of public works or improvements.
  - a. Construction of new buildings, structures, and fixtures; and
  - b. Demolition, alteration, rehabilitation, repair or reconstruction of existing buildings, structures and fixtures, other than historic buildings and structures.
- 3) Real property assembly costs.
- 4) Professional service costs (planning, architectural, engineering, and legal); and
- 5) Relocation costs.

### Criteria for TIF Assistance

All the following financial criteria must be met in order to be considered for TIF assistance.

- 1) **Equity Requirement.** Projects that exceed 30% equity will be looked upon favorably by the CRA. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project. TIF shall not be used to supplant cash equity.
- 2) **TIF Cap.** The total amount of TIF assistance should not exceed 10-20% (except for of total project costs. This limitation may be waived upon approval by the BOC.
- 3) **Self-Supporting Projects.** Each project requesting TIF assistance should generate enough tax increment to cover the requested TIF assistance and a portion of any public infrastructure costs within the district.
  - a. No increment from other private development projects within the area may be used to supplement another project's inability to generate enough tax increment to cover project costs.
- 4) **Internal Rate of Return.** The amount of assistance provided to a developer will be limited to the amount necessary to provide the developer a reasonable rate of return on investment in the project and the subject site. A developer's return on equity, return on cost or internal rate of return will be based on current market conditions as determined by the CRA or CRA's financial advisor.
- 5) **Commitment from Financial Institution.** Provide proof of a commitment by a financial institution, person or entity to provide lending and/or equity for the project sufficient to for financing constructing, equipping, furnishing, and completing the project and the cost related thereto.

## Guideline Criteria

Upon satisfying the TIF program criteria a project will be granted a 50% tax increment rebate. Applicants will have the ability to achieve additional increment revenue necessary to make the project viable up to a maximum of 95% of the increment revenue generated by incorporating at least one or more of the “Community Benefits” listed below.

- 1. Option #1 Affordable Housing:**
  - Designate 10% of the units to be set aside as “Affordable” to address the deficiency of affordable housing in the City of Fort Myers.<sup>i</sup> (Rental or Condo).
- 2. Option #2 Minority Business Enterprise:**
  - Designate a percentage consistent with the City of Fort Myers Minority Business Enterprise (MBE) Program to be set aside for companies/individuals certified Minority Business Enterprise. *(The CRA will make MBE Certified list from the State available, noting a preference for Lee County MBE first. City of Fort Myers Code of Ordinance - ARTICLE V. - MINORITY BUSINESS ENTERPRISE PROGRAM<sup>ii</sup>*
- 3. Option #3 5% of the annual TIF awarded to be contributed to a non-for-profit community organizations whose mission and vision align with and supports the goals and objectives or the Fort Myers Community Redevelopment Agency redevelopment area plans. *(The CRA would provide a vetted list of organizations that would be acquired through a public selection process).***
- 4. Option #4 Out of the Box** Leave room for proposals to incorporate idea from the developer’s creativity and experience, to offer an idea, amenity, or concept that is outside of the box and previous thinking.

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<sup>i</sup> [https://www.hud.gov/program\\_offices/comm\\_planning/affordablehousing/](https://www.hud.gov/program_offices/comm_planning/affordablehousing/)

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[https://library.municode.com/fl/fort\\_myers/codes/code\\_of\\_ordinances?nodeId=SPAADCO\\_CH38FI\\_ARTVMIBUENPR](https://library.municode.com/fl/fort_myers/codes/code_of_ordinances?nodeId=SPAADCO_CH38FI_ARTVMIBUENPR)