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CITY OF GARDNER
MASSACHUSETTS 01440-2630

OFFICE OF THE
CITY COUNCIL



March 16, 2023

CITY COUNCIL INFORMAL MEETING

Date: Monday, March 20, 2023
Time: 6:45 P.M.
Location: City Council Chambers, Room 219, City Hall

AGENDA

District Improvement Financing (DIF) Presentation by Camoin Associates

CITY COUNCIL OF GARDNER

Elizabeth J. Kazinskas

ELIZABETH J. KAZINSKAS

Council President

NOTICE: Items listed on the Council Calendar are those reasonably anticipated by the Council President to be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.



City of **GARDNER**

City Presentation

City of Gardner, MA
March 20, 2023



AGENDA

- Introductions
- What Has Been Done So Far
- What is District Increment Financing
- How has DIF been used
- Next Steps
- Questions & Discussion

**WHAT HAS BEEN DONE
SO FAR**

WHAT HAS BEEN DONE SO FAR

- 2011 –Urban Renewal Plan
- 2012 – Urban Renewal Plan, Mill Street Corridor
- 2022 – District Increment Financing Feasibility Analysis
 - Found DIF would generate funds to offset public investment
- 2023 (ongoing) – Phase 2 of the DIF analysis
 - Refine assumptions
 - Create DIF Master Plan

WHAT IS DIF?

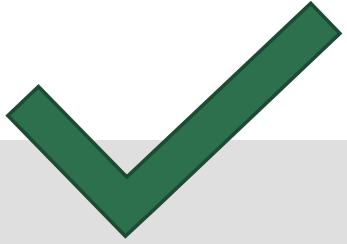
WHAT IS DISTRICT IMPROVEMENT FINANCING (DIF)?

- Financing method to **catalyze economic development**
- Allows some or all of future property tax revenues from development to be dedicated to support infrastructure, projects, and programs related economic development
- Property tax increment can be used to help finance public development costs
- Portion of incremental revenues not dedicated for DIF can be transferred to General Fund and once DIF expires, all revenues go to general fund





It is ***not*** a new tax or a special assessment on top of the existing property tax.



It ***is*** a tool that enables a community to identify and capture tax revenue from new private investment that has been *catalyzed* by public investment.

KEY DIF TERMS

Development District

A specified area within the corporate limits of a city or town which is to be developed by the municipality under a Development Program. Also referred to as a **DIF District**.

Development Program

A statement of means and objectives designed to improve the quality of life, the physical facilities and structures and the quality of pedestrian and vehicular traffic control and transportation within a Development District.

New Growth

Increases to the assessed value of a property, as a result of development or other changes.

New Growth generates new tax revenue and enables you to raise your tax levy limit.

Tax Increment Revenue

All annual increases in the municipality's limit on total taxes assessed that are attributable to parcels within the DIF District.

Tax Increment Revenue is additional revenue that is collected because of New Growth in the DIF District.


WHAT DIF DOES

- Establishes the Original Assessed Value of the District,
- Measures New Growth each year and the cumulative increases, or Tax Increment
- Calculates and captures revenues from the Tax Increment

Mechanics of DIF

1. Identify a district
2. Identify public projects and estimated costs
3. Estimate revenues from increased assessed values from new private investment
4. Make policy choices on revenue capture, capital plan, duration of district
5. Adopt through local process
6. Manage over time: identify, collect, and spend revenues, complete public projects

HOW DIF PAYS FOR ECONOMIC DEVELOPMENT

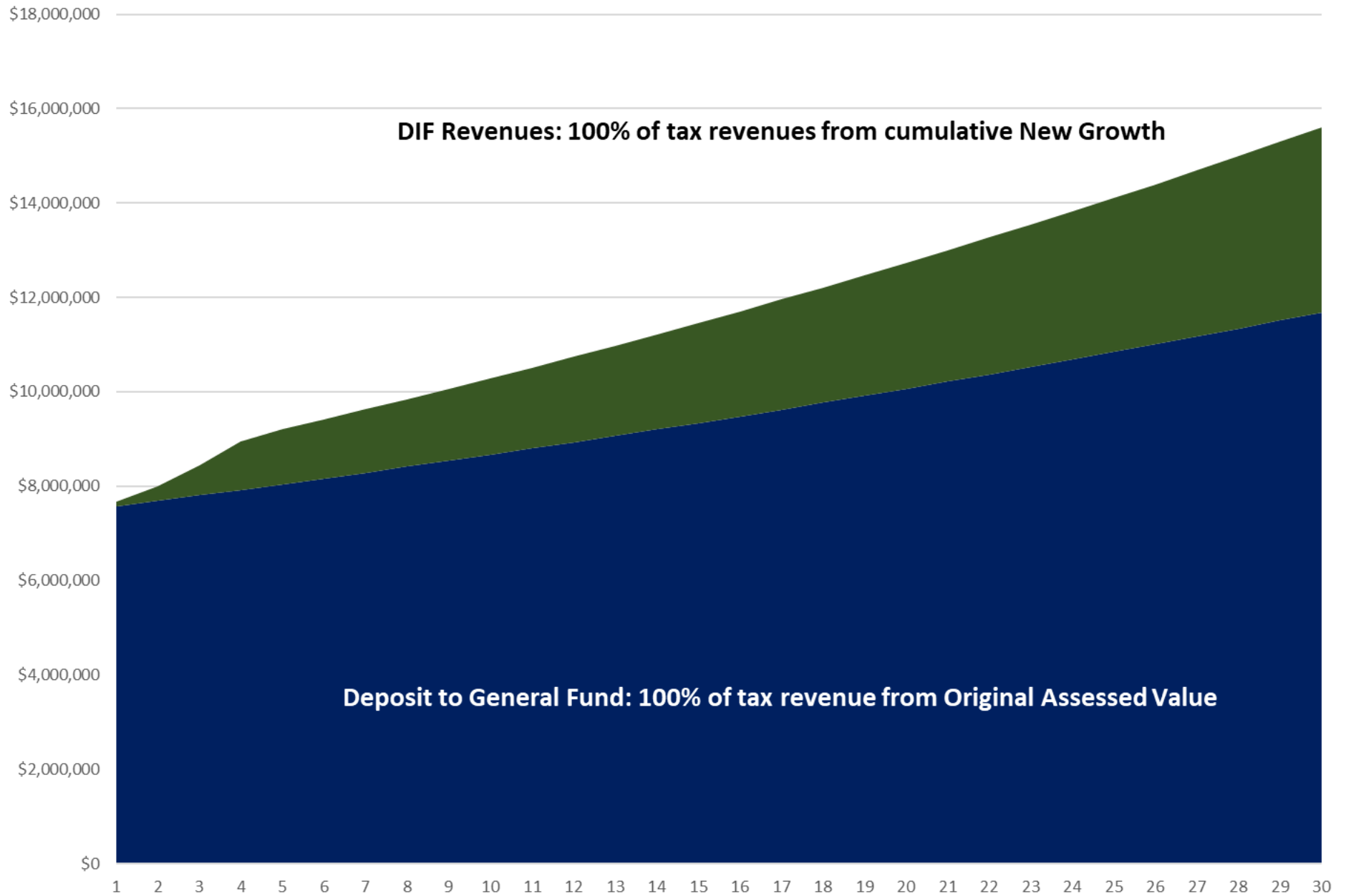


Communicates that a district is targeted for growth, and states a community's goals

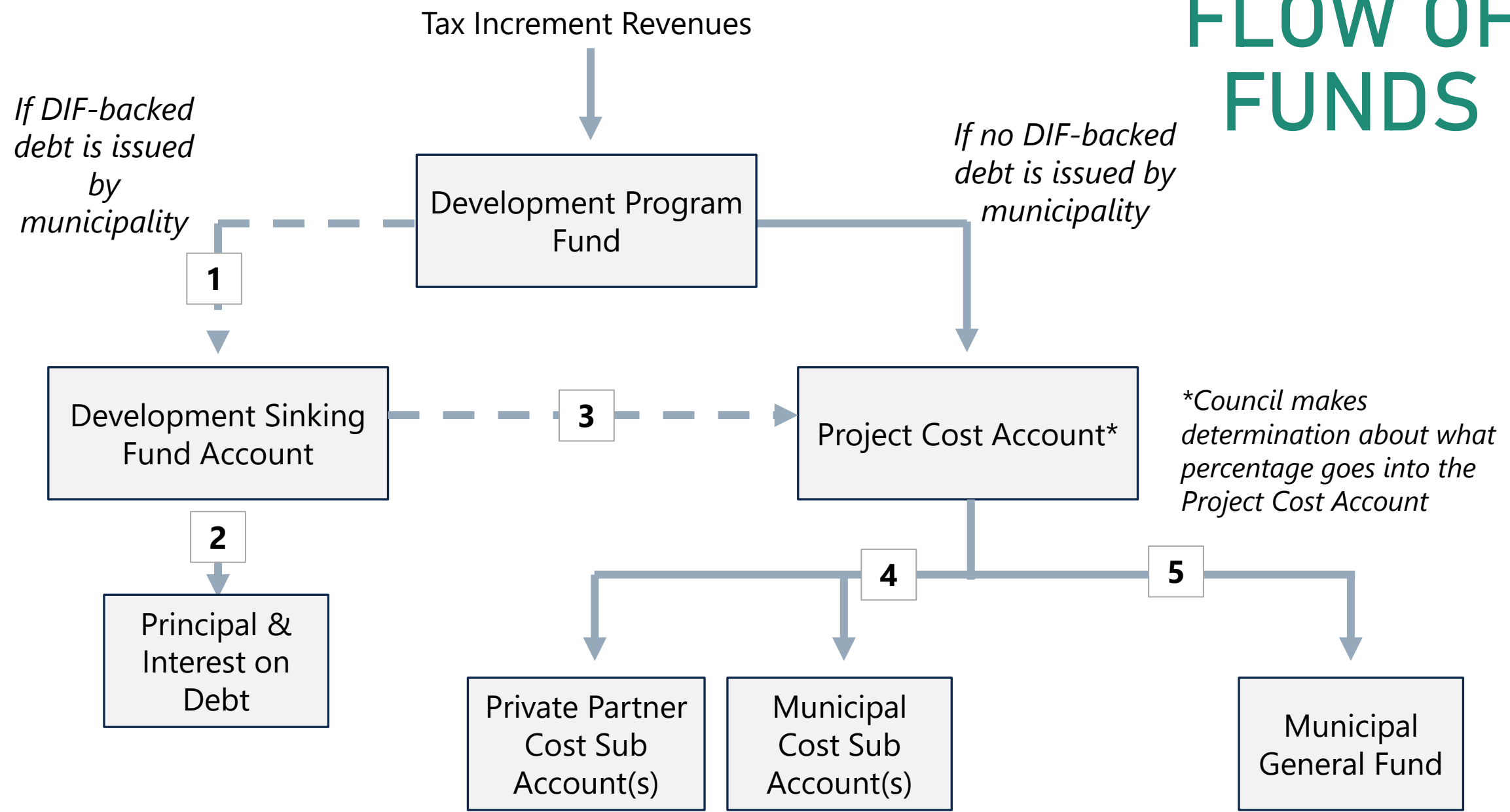
Attracts new private investment by improving the district with infrastructure, and initiatives such as workforce training

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

DIF Revenues and the General Fund



FLOW OF FUNDS



TYPES OF INVESTMENT

Eligible Public Project Costs



Capital &
Workforce
Investment



Land & Leasing



DIF Creation &
Administration

**HOW ARE COMMUNITIES
USING IT?**

WHAT ARE MASSACHUSETTS COMMUNITIES DOING WITH DIF?

- Revitalize downtowns
- Support long-term infrastructure plans
- Return under/unused property to taxable use
- Encouraging community-desired mix of business, housing, recreation



Town of Dedham, Adopted May 20, 2019

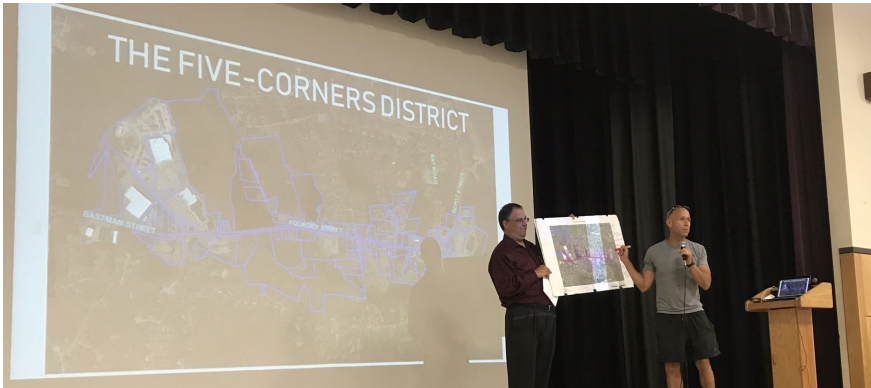
Providence Highway District

- *DIF District Adoption to catalyze community conversation*
- *Work with MassDot to improve Route 1*
- *Connect to greenspace at Wigwam Pond and Charles River*
- *Adopt Development Program after Town Master Plan complete*

City of Amesbury, South Hunt DIF, Adopted February 13, 2019

Atlantic Center Youth Sports Facility with Office, Restaurant

- *\$400,000 MassWorks grant facilitated by DIF*
- *Tax Increment Financing Approved*
- *\$40 million private investment*
- *DIF will fund road improvements to support project*



Town of Easton, Adopted May 20, 2019

Five-Corners District

- *Implements Envision Easton plans for vibrant mixed use*
- *Reduces betterments for critical sewer infrastructure costs*
- *Sidewalks, streetscapes, connectivity can be funded*

KEY STEPS

Planning:

- Why (purpose)
- What (projects)
- Where (district)

We Are Here



Approval:

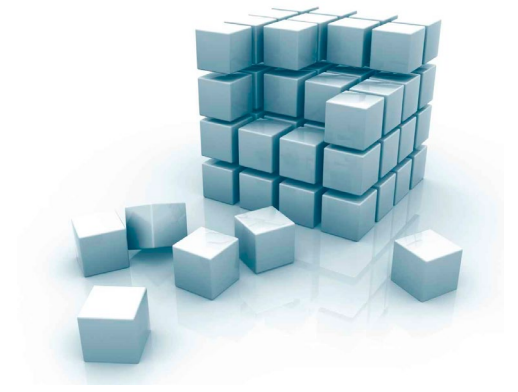
- Communications, engagement
- Local review and approval

Implementation and Monitoring:

- Internal tracking and reporting
- Reporting to policymakers and public

NEXT STEPS

- Refine public and private project list
- Update build out analysis
- Measure the potential new revenue and potential uses of funds
- Draft of legislative documents
- Council approval process



QUESTIONS & DISCUSSION

Rachel Selsky, Project Manager

Jim Damicis, Principal

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HOW DIF GENERATES AND CAPTURES REVENUE

Original Assessed Value (OAV): \$3 million

Property Taxes Paid on OAV: \$59,850

(\$3 million X tax rate at 19.95 per \$1,000 of value)

Available to General Fund: \$59,850

Assessed Value (AV) of New Growth: \$10 million

Tax Revenues from New Growth in Year 1: \$199,500 (\$10 million x tax rate of 19.95)

\$997,500 of Cumulative New Growth with DIF, by Year 5

(assumes no other New Growth or tax rate changes)