



# Town of Windsor

## Tax Increment Financing Policy

*Tax Increment Financing (TIF) is a local economic development tool, permitted under Connecticut law, that allows municipalities to use all, or a portion of the tax revenues generated from a new capital investment to assist in project development. TIF is designed to encourage industrial, commercial, retail or mixed-use development; increase employment opportunities; and broaden the tax base of the municipality.*

*The authority for creation of tax increment financing districts is established in state law:*

**CHAPTER 105B – TAX INCREMENT DISTRICTS**

Town Council Adopted: June 6, 2022

# INTRODUCTION

Tax Increment Financing (TIF) is a local economic development tool, permitted under Connecticut law, that allows municipalities to use all, or a portion of the real property tax revenues generated from a new capital investment to assist in project development. TIF is designed to encourage industrial, commercial, retail, mixed-use, and multi-family housing development; increase employment opportunities; and broaden the tax base of the Town of Windsor.

The purpose of this Policy is to provide a framework for the Town by which applications for TIF can be evaluated. Notwithstanding compliance with any or all of the guidelines below, the creation of a TIF District and development of Credit Enhancement Agreements (CEA) is a policy choice to be evaluated on a case-by-case basis by the Windsor Town Council.

The burden of establishing the public value of a TIF shall be placed upon the applicant and the application must substantially meet the criteria contained herein. The Town Council, however, reserves the right to consider any TIF proposal provided a majority of the Council believes that acceptance of the TIF is in the best interest of the Town of Windsor.

TIF Districts may be designated for up to 20 years and can be extended by vote of the Town Council. The percentage of capture of incremental taxes will be determined as each TIF District Master Plan is approved. The designation of a TIF district requires proper notice, a local public hearing, an advisory opinion of the Planning and Zoning Commission, and the majority vote of the Town Council.

## General Provisions

Applications for Tax Increment Financing (whether initiated by the Town or requested by a developer or business) will be considered by Town staff and the Economic Development Commission - with all final approvals vested with the Town Council. Amendments to existing TIF Districts will follow this process. The terms and specific details of each TIF CEA agreement are developed on a case by case basis. The Town Manager and the Manager's designated departments will negotiate for the Town based on the merits of the project and this policy, following the process laid out in the Application Requirements Section. In developing the application, the applicant (the Town or the developer) shall meet the following basic provisions, as well as the policies and requirements stipulated in subsequent sections.

TIF is a tool that permits a municipality to further local projects by using all or some of the new property taxes from a capital investment within a designated geographic district. The Town has the right to retain TIF proceeds for public infrastructure improvements or TIF eligible expenses. The municipality has the option of using the "incremental" taxes to fund eligible municipal economic development activities, retire bonds it has issued for the project, or reimburse a developer or business for development project costs (via a *Credit Enhancement Agreement or CEA*).

## Eligible Expenses

Eligible TIF expenses include but are not limited to:

1. Capital costs, including, but not limited to,
  - a. the acquisition or construction of land, improvements, infrastructure, public ways, parks, buildings, structures, railings, street furniture, signs, landscaping, plantings, benches, trash receptacles, curbs, sidewalks, turnouts, recreational facilities, structured parking, transportation improvements, pedestrian improvements and other related improvements, fixtures, and equipment for public use,
  - b. the acquisition or construction by the private sector of land, improvements, infrastructure, buildings, structures, including facades and signage, fixtures, and equipment for industrial, commercial, residential, mixed-use or retail use or transit-oriented development,
  - c. the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and fixtures;
  - d. environmental remediation;
  - e. site preparation and finishing work; and,
  - f. all fees and expenses associated with the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;
2. Financing costs, including, but not limited to, closing costs, bonding issuance costs, reserve funds, and capitalized interest;
3. Real property assembly costs;
4. Costs of technical and marketing assistance programs;
5. Professional service costs, including, but not limited to, licensing, architectural, planning, engineering, development, and legal expenses;
6. Maintenance and operation costs;
7. Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees, other agencies, or third-party entities engaged in the implementation of a district master plan; and,
8. Organizational costs relating to the planning and the establishment of the tax increment district, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public about the creation of tax increment districts and the implementation of the district master plan.

## **Documentation**

The applicant is required to provide all documentation associated with the application. This documentation becomes the basis by which the project's implementation is reviewed for compliance with final approvals.

## **Geographic Boundaries**

The Town Council reserves the right, during the application process, to establish the size of the district necessary to meet the needs of the applicant or to meet the needs of infrastructure or other municipal improvements deemed necessary.

## **Personal Property**

Personal property shall not be included in the calculations for the TIF.

## **TIF ADVISORY COMMITTEE**

The Economic Development Commission (EDC) is designated and charged with advising the Town Council and Town Manager on the creation and implementation of the District Plans. The EDC may provide advisory recommendations as to the implementation of District Master Plans, make proposals and recommendations regarding revisions to District Master Plans and provide advisory comments to the Town Manager on the annual TIF budget for the operation and maintenance of the Districts for submission to the Town Council for approval. The EDC will solicit input from town staff, as well as residents and property owners within proposed or approved districts, including the opportunity for one or more citizen representatives with a connection to the district to be seated on the advisory committee during the development of its recommendations.

## **OVERVIEW OF CREDIT ENHANCEMENT AGREEMENTS**

Credit Enhancement Agreements (CEAs) are a mechanism for providing assistance to property owners or developers undertaking development projects in the TIF District. A CEA is a contractual agreement between the Town and applicant that allows the Town to provide reimbursements of future incremental property tax revenues to the Applicant. This policy outlines the eligibility requirements, guidelines, process, and other details for how and when the Town will enter into CEA agreements.

The Town will review CEA applications on a case-by-case basis and is not obligated or bound to enter into a CEA.

### **CEA Goals**

The Town of Windsor's goal for entering into a CEA is to create incentives for private partners, such as property owners or developers, to undertake improvements to privately owned parcels in a TIF District that would not otherwise be undertaken because the costs of such improvements make them financially infeasible.

### **General Provisions**

**AMOUNT OF FUNDS.** The TIF funds reimbursed/returned to the developer will not exceed, over time, the amount of funds agreed to in the TIF document. The applicant is required to submit all documentation that will justify the expenditure to be reimbursed as estimated in the Credit Enhancement Agreement.

**TERMS.** Terms shall be negotiated between the Town and the applicant on a case-by case basis. Agreements can extend up to the full term of the district; and up to 100% of the annual TIF Revenues associated with the captured incremental value from the property can be reimbursed to the property owner depending on the merits. The term of the agreement shall not exceed the number of years remaining in the life of the district.

**SUSPENSION AND RECAPTURE OF BENEFITS.** The Credit Enhancement Agreements shall contain provisions for the suspension, termination, and/or recapture of benefits to the applicant. These actions will occur when the applicant does not meet the compliance standards outlined in the CEA. This would also include any statements or representations made by the applicant which would have a

bearing on the Town Council's decision to participate in a TIF and at what level. The agreements shall also provide for the termination and/or recapture of benefits from the applicant if the applicant relocates all or a substantial portion of the Windsor operation outside the town, during the term of the agreement and for three years beyond the term of the agreement.

### Requirements

The Town of Windsor will consider a project for assistance through a Credit Enhancement Agreement only if all of the following requirements are met:

1. The TIF project must provide for the improvement of a property included in the Town of Windsor's Priority Redevelopment Properties List and Policy adopted December 2, 2002, as amended from time-to-time. The Town Council reviews the Priority Redevelopment Properties List on an annual basis.
2. The developer is able to demonstrate that "but for" the TIF assistance requested, the project in question could not reasonably be expected to move forward.
3. The Town Council has approved a District Master Plan for the project area in question.
4. TIF assistance is provided to the proposed development only to the degree necessary to accomplish the proposed development and only in a prudent and fiscally responsible manner.
5. The Tax Assessor reviews and opines as to the tax increment projected to be realized from the proposed development.
6. Neither the developer nor any related or affiliated persons or entities (including all partners and corporate stockholders with a 25% or greater interest in the developer, directly or indirectly) are delinquent on Town taxes or any other obligations to the Town
7. Unless otherwise specifically approved by the Town Council, the Town's commitment to provide TIF assistance is contingent upon commencement of the project within six (6) months of site plan approval and construction complete with two (2) years of site plan approval.
8. The developer demonstrates to the satisfaction of the Town the capacity to undertake and complete the proposed project.
9. The developer and the Town execute a legally binding development agreement.

**EXTENT OF TOWN'S OBLIGATION.** Under any CEA, the Town's obligation to make a periodic payment under the CEA will only arise to the extent the Town receives incremental real property tax revenue based on positive captured assessed value of the particular property during the appropriate period. In other words, in any CEA, the Town shall not obligate itself to make fixed payments without

receiving incremental tax revenues nor shall it be obligated to make payments if there is no increased assessed value.

## **MUNICIPAL PARTICIPATION**

The Town will use various criteria to evaluate each application such as:

1. The value of the proposed public infrastructure
2. The project creates public infrastructure facilities that have application beyond the development, such as improvements to traffic patterns, parking facilities, access to water, the incorporation of sustainable technologies, green space, or environmental remediation
3. The project is generally consistent with goals and actions stated in the Town's Plan of Conservation and Development or other approved planning documents
4. The project assists an established business in the Town of Windsor, thus retaining existing employment opportunities
5. The project brings a new business to the community that is consistent with one of the business sectors identified below
6. The project supports, or will support, local efforts and programs that assist in the development of the following business sectors: medical industry, manufacturing, biotechnology, composite materials technology, environmental technology, financial services, information technology, mixed-use and multifamily housing.
7. The project creates long-term, permanent, and quality employment opportunities
8. The project contributes to the unique qualities of the Town, commercial and industrial districts or other areas in need of redevelopment
9. The project improves a blighted building site that will benefit from redevelopment
10. The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers
11. The project creates new multifamily housing that includes at least 20% of the units qualifying as affordable at or below 80% area median income.
12. The project utilizes quality materials and design
13. The project incorporates green technology or other sustainability measures such as LEED (Leadership in Energy and Environmental Design) certified construction, solar installation, EV charging stations or other alternative energy measures.

## **APPLICATION REQUIREMENTS FOR PROJECTS THAT INCLUDE A CREDIT ENHANCEMENT AGREEMENT**

Applicants for a Credit Enhancement Agreement should demonstrate that the Town of Windsor's participation is economically necessary, and that participation is needed to undertake the project. Such justification is demonstrated by:

- The financial need to offset public infrastructure costs unique to the project or site
- The project is one that is supported in Windsor's Plan of Conservation and Development, in its capital improvement program, or in other supporting documents recognized by the Town

- The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to:
  - o Development budget and pro-forma
  - o Financial commitments of project lenders
  - o A project implementation plan and schedule

All such information shall be kept confidential to the extent allowable under the State of Connecticut Freedom of Information statute.

- The developer is compliant with all statutory and regulatory guidelines of the Town of Windsor and the State of Connecticut
- The project represents a minimum investment of five hundred thousand dollars \$500,000 in development costs. The minimum investment shall not include the costs of land acquisition.
- The Applicant’s equity contribution to the project is a minimum of ten percent (10%) of the project.

**Fixed Assessment Agreements (FAA)**

Within a TIF District the Town Council may approve a fixed assessment agreement per the Town’s adopted Assessment Abatement Policy.

**APPLICATION PROCESS FOR A NEW TIF DISTRICT**

The Economic Development Department will coordinate all activities regarding applications for Tax Increment Financing projects, possible CEAs, and TIF Amendments. It is understood that the TIF process can precede other local approvals; however, the final TIF approval may be conditioned on receiving such approvals. Working with applicants, the Economic Development Department will coordinate the following process:

Phase 1: Economic Development Staff will provide information on Windsor’s Tax Increment Financing program to the applicants and discuss the merits of the project proposal(s). Where appropriate, the staff will reach out to obtain preliminary input from Town departments, including the Town Manager, Tax Assessor, Town Attorney, Director of Public Works, Police and Fire Chiefs, and Development Services Team and advise applicants on the findings of Town staff.

Phase 2: The applicant shall file an application with the Economic Development Department including the District Master Plan. The District Master Plan should include all of the information required under State law. Economic Development staff shall review the application for completeness and then submit the application to the Economic Development Commission for their review and recommendation to the Council.

Phase 3: The Town Council, after referral to the Finance Committee, will determine whether the application is an appropriate use of TIF funding or not. The Town Council shall determine that (A) A

portion of the real property within the proposed district meets at least one of the following criteria: (i) be a substandard, insanitary, deteriorated, deteriorating or blighted area; (ii) be in need of rehabilitation, redevelopment or conservation work; or (iii) be suitable for industrial, commercial, residential, mixed-use or retail uses, downtown development or transit-oriented development; and (B) The original assessed value of a proposed tax increment district plus the original assessed value of all existing tax increment districts within the municipality may not exceed ten per cent of the total value of taxable property within the municipality as of October first of the year immediately preceding the establishment of the tax increment district. If so, the Town Council will schedule at least one public hearing on the proposed District approval and transmit the district master plan to the Planning and Zoning Commission for a written advisory opinion.

Phase 4: Subsequent to public hearing(s) and receipt of a written advisory opinion from the Planning and Zoning Commission, the District Master Plan will be presented to the Windsor Town Council for its final consideration.

Phase 5: During implementation, the Economic Development Department will monitor ongoing public and private investments in the development project to insure their compliance with the policies contained in the District Master Plan.

## APPLICATION PROCESS FOR A CEA IN AN EXISTING DISTRICT

Working with applicants, the Economic Development Department will coordinate the following process:

Phase 1: Economic Development Staff will provide information on Windsor's Tax Increment Financing program to the applicants and discuss the merits of the project proposal(s). Where appropriate, the staff will reach out to obtain preliminary input from Town departments, including the Town Manager, Tax Assessor, Town Attorney, and Development Services Team and advise applicants on the findings of Town staff.

Phase 2: The applicant shall file an application with the Economic Development Department. Economic Development staff shall review the application for completeness and then submit the application to the Economic Development Commission for their review and recommendation to the Council.

Phase 3: The Town Council, after referral to the Finance Committee, will determine whether the application is an appropriate use of TIF funding and whether to extend a Credit Enhancement Agreement.

Phase 4: During implementation, the Economic Development Department will monitor ongoing public and private investments in the development project to insure their compliance with the policies contained in the District Master Plan.



## **Application Fee**

Applications are available through the Economic Development Department, Windsor Town Hall, 275 Broad Street, Windsor, CT 06095.

All developer or business applicants are required to:

- Submit a non-refundable application fee of \$500 at the time of submission to the Town

## **WAIVER PROVISIONS**

The Town Council, in its sole discretion, may waive the provisions of this policy.

## **MODIFICATIONS TO THE TIF POLICY**

This Policy may be modified at any time by a majority of the Town Council.

**TOWN OF WINDSOR  
PRIORITY REDEVELOPMENT PROPERTIES**

The following are the priority redevelopment properties in the Town of Windsor as determined by the Town Council:

<u>Plaza Building</u>	280-294 Broad Street
<u>Tobacco Valley Inn</u>	Dunfey Lane and Bloomfield Avenue
<u>Redevelopment Parcel</u>	418-446 Windsor Avenue
<u>Udolf Property</u>	156 Windsor Avenue
<u>Flamingo Inn</u>	19, 27, 29, and 35 Windsor Avenue
<u>Parcel north of 457 Windsor Ave</u>	459-465 Windsor Avenue
<u>Spillane property next to CITGO</u>	581 Windsor Avenue
<u>Former Scranton Chevrolet Site</u>	125 Poquonock Avenue
<u>Larsens Hardware Property</u>	144 Poquonock Avenue
<u>Former Printing Express Site</u>	20-26 Poquonock Avenue
<u>Windsor Center Plaza</u>	144-152 Broad Street

History

1. Initially adopted, December, 2002.
2. Revised, December, 2007 to delete 33 Mechanic Street and 853 Palisado Avenue.
3. Revised, August, 2010 to add 125 Poquonock Avenue, 147 Poquonock Avenue, and 144 Poquonock Avenue.
4. Revised, April 4, 2011 to add 2000 Day Hill Road.
5. Revised, February 4, 2013 to add 20-26 Poquonock Avenue
6. Revised, December 21, 2015 to delete 69 Mechanic Street, 147 Poquonock Avenue and 240 Broad Street.
7. Revised, January 21, 2020 to delete 2000 Day Hill Road
8. Revised January 4, 2021 to add 451 Windsor Avenue (former Roger Wolcott School)
9. Revised June 6, 2022 to delete 451 Windsor Avenue and add 144-152 Broad Street