

Parcel B&C TIF Support

Letter to the Editor

April 3, 2020

In February, the Downtown Frankfort, Inc. Board of Directors voted on a resolution in support of creating a Tax Increment Financing (TIF) district to facilitate the development of Parcels B and C in downtown Frankfort. Now we are all consumed with the battle to contain COVID-19 and the health and economic toll it is taking on families and businesses everywhere. Considering the magnitude of the Parcels B and C development, Frankfort has a unique opportunity to facilitate an economic stimulus that is needed for our community now more than ever before.

Real estate developers have choices when making investments. One criterion in the decision making process is the access to necessary infrastructure. It is important to understand that infrastructure like sidewalks, parking garages, and water & sewer capacity have significant costs, but provide no direct revenues for developers. Developers cannot absorb infrastructure costs and still make a profit. If infrastructure costs cannot be absorbed outside of the income stream from development sales and rental income, most large scale developments cannot proceed.

For background, TIFs provide a financing and development tool that captures the future value of an improved property to pay for the current costs of infrastructure improvements. The tax increment is the difference between the amount of occupational and property tax generated before creation of a development area and the amount of tax revenue generated after creation of a development area. TIFs are a proven mechanism for attracting private development to finance public improvements that without the TIF would not occur.

The new tax revenues generated within the footprint of the project do not impact the current tax base. Generally TIFs are approved with only a portion of the new tax revenues dedicated to the infrastructure improvements. A portion of the new tax revenues will truly be new revenues for the city and county, while the entire increase in new property tax revenues will accrue to the city schools.

Without the project city, county and school property taxes will not increase for an undeveloped property that ends up remaining as state property. With the development of Parcels B and C the local tax base will increase without risk to local government. The community also benefits from state tax revenue increments to help defray the infrastructure costs. Additional benefits include the added jobs and fulltime residents furnishing much needed new economic activity for downtown Frankfort. The end result of the development will support retailers, restaurants and other downtown businesses, all of which are struggling to survive due to the COVID-19 crisis. The infrastructure improvements will not only support the proposed development of Parcels B and C, but

will remain for decades to support other development and economic activity for downtown Frankfort.

By approving a financially sound TIF district, The Frankfort City Commission and the Franklin County Fiscal Court have an opportunity to send a message to developers and businesses considering investing in our community, that Frankfort is open for business. Businesses need the reassurance that a community is on board, before expending time, money and limited resources on a development of this scope.

If the TIF district is not approved, the original development plans will be significantly scaled back and possibly abandoned altogether. Frankfort cannot allow this opportunity to pass. It could be years before we are able to entice another developer to invest the time and resources to consider our community. The DFI Board encourages the city commission and fiscal court members to approve a financially sound TIF district for Parcels B and C.

Sincerely,

Rene' F. True

President

Downtown Frankfort, Inc.