

REGIONAL DEVELOPMENT AUTHORITY

TDD Steering Committee

Quarterly Update to Committee

May 20, 2020



AGENDA

- 1. Welcome & Team and Committee Introductions**
- 2. Approval of Minutes from February 19, 2020 meeting.**
- 3. RDA rail projects & legislative update**
- 4. Community Meetings Update**
- 5. Spotlight: Financial process of funding projects with a TDD**
- 6. Next steps and questions**
- 7. Adjourn**

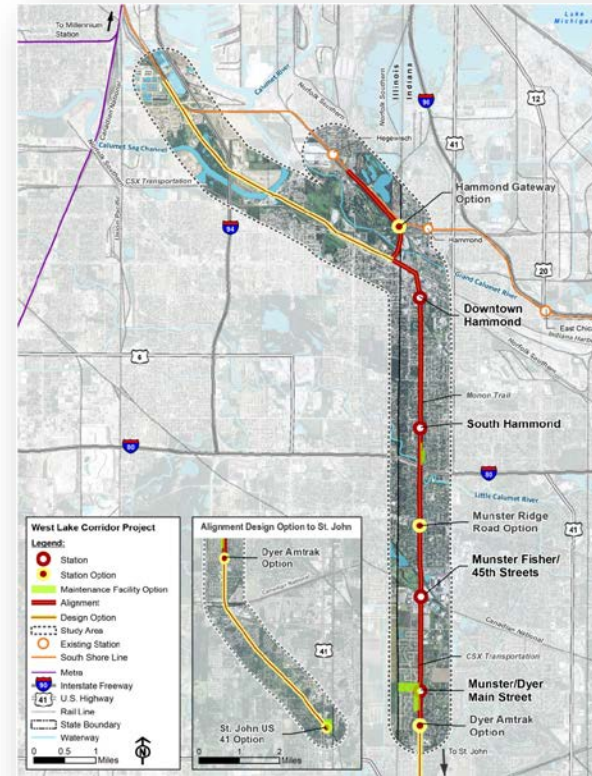
TEAM INTRODUCTIONS

RDA	Policy Analytics	KPMG	MKSK
Bill Hanna	Bill Sheldrake	Vince Dolan	Eric Lucas
Sherri Ziller	Jason O'Neill	Oscar Bedolla	Aaron Kowalski
Dave Wellman	David Reynolds	Tom Harmening Krishna Kilambi	Luis Huber-Calvo

RAIL PROJECTS UPDATE

West Lake Corridor Project

- 9-mile extension to Dyer, Indiana
- First extension of commuter rail in NW Indiana in over a century
- Project Cost: Estimated \$816 million
- West Lake has received permission to “enter into engineering” from the FTA. In this phase, NICTD will complete all design and engineering work. Part of the cost of this will be reimbursed by FTA.
- Entry into engineering is the final stage before negotiating a full funding grant agreement (FFGA).
- In FTA’s annual funding report issued in February, they have set a goal of reaching a FFGA on West Lake in the fall of 2020.



RAIL PROJECTS UPDATE

Double Track Project

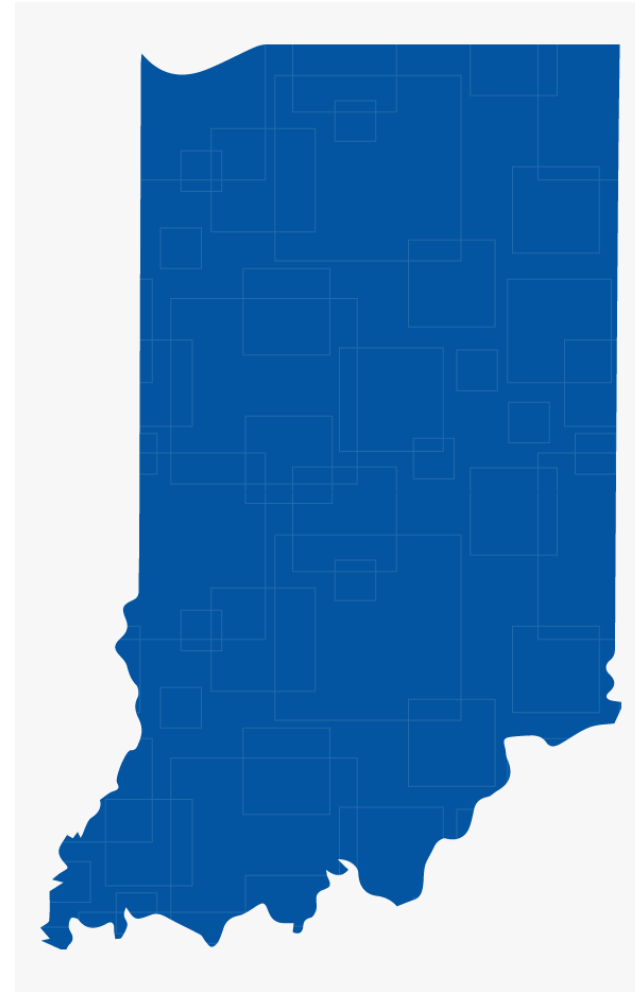
- 25 mile project area, 16 miles new 2nd track, 4 new bridges, 3 new hi-level boarding platforms, 7 new hi-speed crossovers, closing 20 grade X-ings in Michigan City, train/car separation in Michigan City.
- Estimated cost: \$416 million
- Double track has received permission to “enter into engineering” from the FTA. In this phase, NICTD will complete all design and engineering work. Part of the cost of this will be reimbursed by FTA.
- In FTA’s annual funding report issued in February, they have set a goal of reaching a FFGA on double track by June of 2021.



LEGISLATIVE UPDATE

HB 1279

- Establishes a non-profit entity to act as the state's chief development officer to help facilitate land development for the TDD.
- Raises capital: non-profit entity can solicit and accept various funding in order to carry out and further TDD initiatives.
- Provides financial support to any entity for TDD projects.
- **The bill did not pass due to last minute negotiations on issues unrelated to the RDA proposal**
- **Both Rep. Ed Soliday, who sponsored the legislation, and RDA President/CEO Bill Hanna, have expressed a desire to try again in the next session.**





COMMUNITY MEETING UPDATE

- Munster – May 24, 2019
- Dyer – July 15, 2019
- Michigan City – July 30, 2019
- Hammond – October 7, 2019
- East Chicago – January 31, 2020
- Portage/Ogden Dunes – March 4, 2020
- Gary – March 6, 2020
- Porter – March 13, 2020

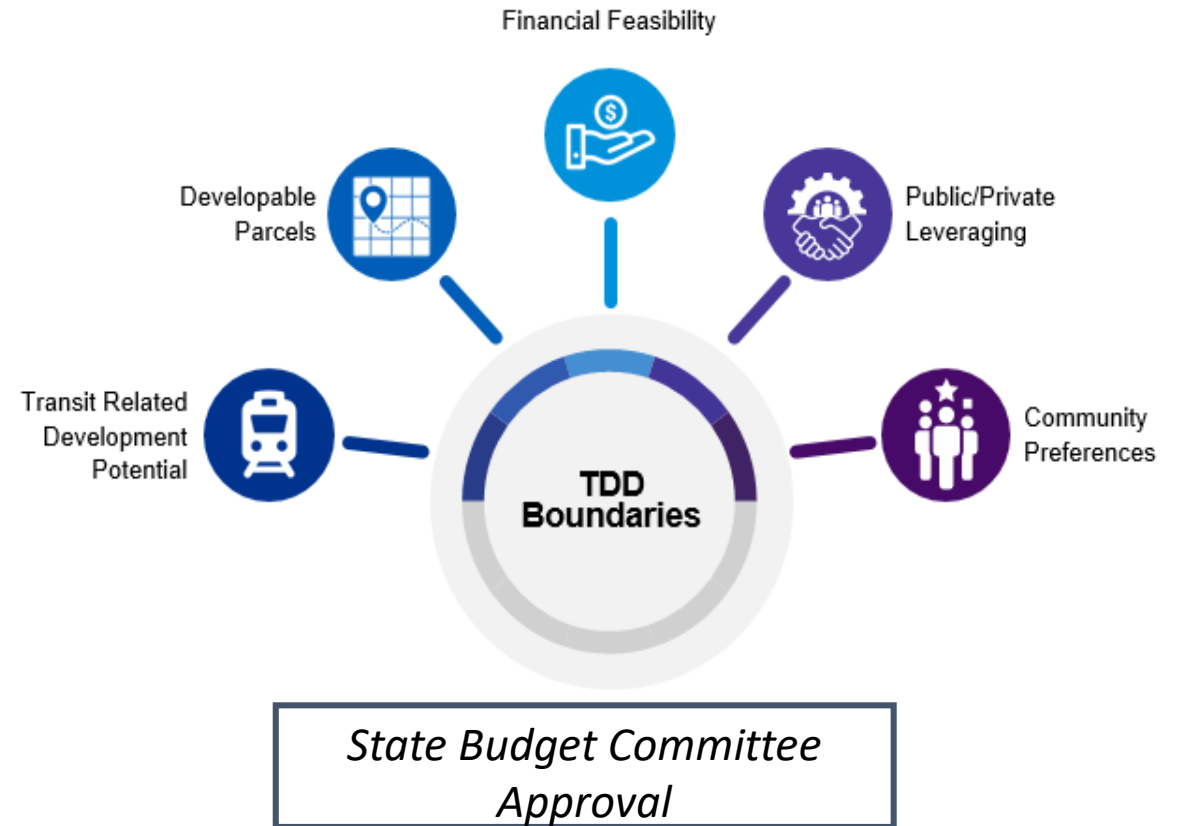
TDD Project Funding

Promoting transit oriented development will require RDA and local communities to collaborate to mobilize resources to promote TDD

How can local communities get started?

- Establish community and economic development goals for TDD that collaborate with RDA to **promote private partnerships**
- **Complete early acquisition of strategic parcels** that will help to support TOD projects
- **Leverage available funding** (HUD, Casino proceeds, General Fund etc.) to help incentivize and fund TOD projects
- Identify and **prioritize projects** that will generate tax increment to seed and grow available funding

House Enrolled Act (HEA) -1144 -2017



Typical TDD Projects

The following summarizes the characteristics of preferred TDD Projects. RDA is working with communities in the Northwest Indiana region to determine and develop a pipeline of TDD projects.



Alignment with the community goals and priorities



Supports density and sustainability to enhance the quality of living in targeted communities



Development that creates incremental revenues in the form of property taxes, and income taxes



Meets current and future community needs



Robust mixture of real estate and infrastructure developments



Promote Return on Investment



Demonstrates absorption and utilization capabilities that generate positive cash flows



Projects that bolster transit use and create income diversity



Creates opportunities for future expansion and real estate developments



Located in the half to one-mile distance from the existing / proposed stations

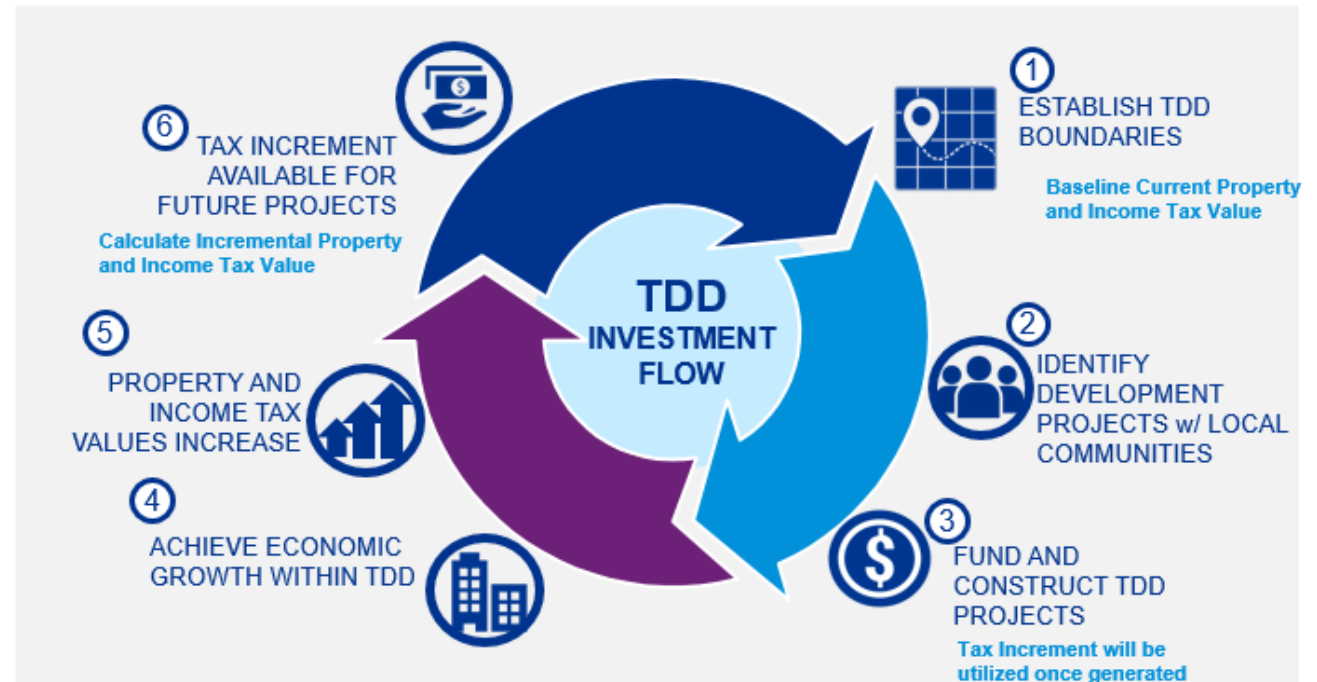
RDA encourages communities to identify development/redevelopment projects that fit above characteristics.

RDA will work with local communities to fund a diversity of projects prioritizing projects that create incremental tax value for each TDD

What projects will create value?

- TDD legislation allows the RDA to capture **incremental revenues** from both property and income tax
- **Residential and Commercial** developments that pay property taxes will generate revenue for each TDD
- While **infrastructure and land acquisition projects** are both eligible for TDD funding they will not generate tax increment which can be invested for future projects

TDD Investment Process



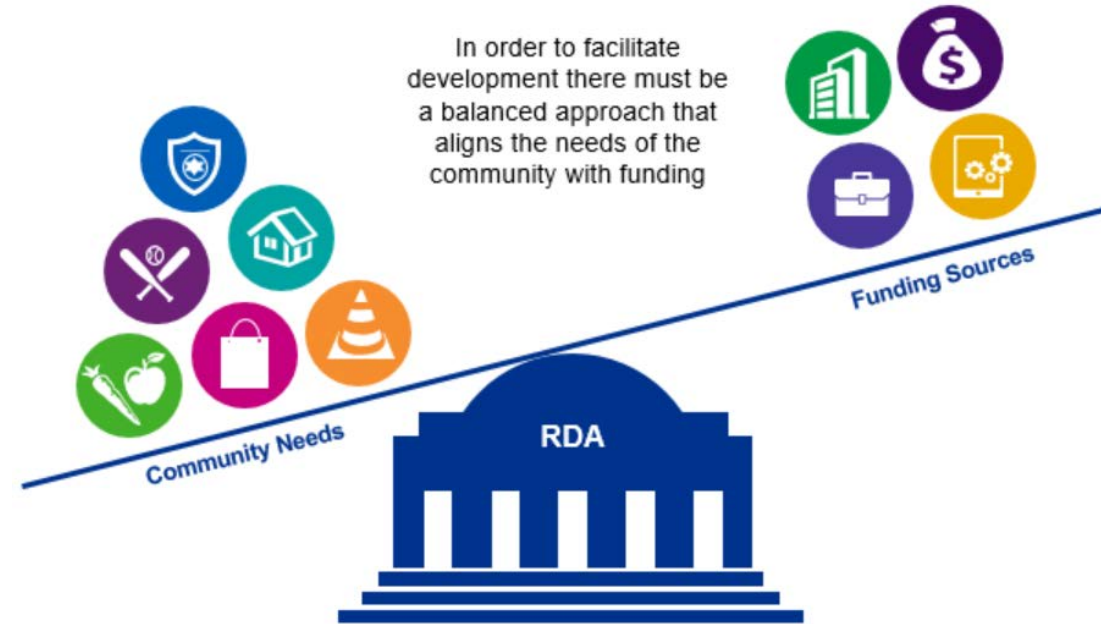
TDD investment process is cyclical and is predicated on the ability to promote projects that produce incremental tax value

Multiple sources of funding can be utilized to meet economic and community needs to support development

Funding Sources by Eligible Community Needs

Community Needs	TIF	HUD	Tax Credits	Grants	USDOT	IEDC	TDD
Streetscape	●	●		●	●	●	●
Land acquisition	●	●		●	●		
Housing	●	●	●	●			●
Commercial	●		●	●		●	●
Retail	●	●	●	●		●	●
Hospitality	●		●				●
Greenspace				●	●		●
Infrastructure*	●	●	●	●	●	●	●

Balancing Needs



Each community will have its specific needs which will require a mix of funding from both private and public sources. Where possible effort should be given to aligning community needs with projects that generate revenue for the TDD district.

* Please note infrastructure projects funded from TDD proceeds are required to be directly connected to a TOD project

Leveraging public policy to attract private investment that creates incremental tax revenue for Transit Oriented Development

Subsidy Request

\$6M

To incentivize private development a subsidy request in the form land and capital is estimated to promote a mixed use project to build 190+ multi-family units and a retail presence



Illustrative Example

Benefits Ratio

9 to 1

Proposed private investment of \$49 M dollars would provide for a strong leverage ratio

Illustrative Mixed-Use Project

Project Details

Total Development Cost:	\$55 million
Total NRSF:	158,000
Total Units:	200 (1 & 2 Bedroom Units)
Total Retail SF:	21,000

Subsidy Approach

The process to estimate the potential private investment will require a detailed analysis of each community's development pipeline and the potential public subsidy required to incentivize private investment. The RDA team will take a two step approach to determine the subsidy and potential private investment benefit for each Transit Development District:

Step 1: Identify Public Subsidy Required

- Conduct a cost-feasibility analysis to estimate the project returns
- Compare estimated project returns to market requirements
- Identify potential sources of subsidy to fill the gap

Step 2: Private Public Leverage Ratio

- Calculate the total potential public investment
- Calculate the potential additional tax revenue resulting from such investments
- Calculate the ratio of public investment to tax revenue

Questions and Next Steps



NEXT MEETING

August 19, 2020

11 a.m.

Purdue Tech Center in Crown Point