

TIF District/Project Status Report
Fiscal Year Ending June 30, 2023
(Pursuant to WV Code 7-11B-15)

Municipality: City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Contact: A. Kim Haws, City Manager
304-284-7404/ (fax) 304-284-7430
khaws@morgantownwv.gov

District: Development District No. 5 – Upper Falling Run
Project: Development Project Plan No. 1

1) Aggregate amount and amount by source of revenue:	
Property taxes - current	\$ 0
Interest and penalties on taxes	0
Interest on deposits	<u>0</u>
	\$ 0
2) Amount and purpose of expenditures:	
Professional services	\$ 0
3) Amount of any pledge of revenues, including principal and interest on any outstanding tax increment financing indebtedness:	\$ 0
4) Base-assessed value of the development/redevelopment project area:	\$ 18,360
5) Assessed value for the current year of the taxable property having a tax situs in the development/redevelopment project area:	\$ 0
6) Assessed value added to base-assessed value of the taxable property having a tax situs in the development/redevelopment project area:	\$ 0
7) Payments made in lieu of taxes received and expended:	\$ 0

**TIF District/Project Status Report
Fiscal Year Ending June 30, 2023**

- | | |
|--|--------------|
| 8) Report on Contracts made incidental to the implementation and furtherance of a development/redevelopment project: | None |
| 9) Copy of any development/redevelopment plan, including required findings and cost-benefit analysis: | Attachment 1 |
| 10) Cost of any property acquired, disposed of, rehabilitated, reconstructed, repaired, or remodeled: | \$ 0 |
| 11) Number of parcels of land acquired by or through the initiation of eminent domain proceedings: | None |
| 12) Number and types of jobs projected by the project developer to be created, estimated annualized wages and benefits to be paid to persons filling those jobs: | Attachment 2 |
| 13) Number, type and duration of jobs created and annualized wages and benefits paid: | None |
| 14) Amount of disbursements from the tax increment financing fund during the most recently completed fiscal year: | \$ 0 |
| 15) Annual statement showing payments made in lieu of taxes received and expended during the fiscal year: | None |
| 16) Status of the development/redevelopment project: | Attachment 3 |
| 17) Amount of outstanding tax increment financing obligations: | \$ 0 |
| 18) Additional information: | None |

I hereby certify that the information contained in this report, including all attachments, is true and accurate to the best of my knowledge.

9/25/23
Date


A. Kim Haws, City Manager

SECTION II.

PROJECT INFORMATION

A. DETAILED DESCRIPTION OF PROJECT

Include a description of how the project fits with the overall development plans for the development or redevelopment project area or district or the overall development plans of the municipality, county, or region.

The TIF District

FMHA proposes that the City create the TIF District to be designated as "The City of Morgantown Development District No. 5." A map of the proposed TIF District is provided in Attachment 2. The proposed TIF District includes approximately 20 acres of contiguous real property located in the City's Third Ward, off Liberty Street and running along Braddock Street to the west. The TIF District is being proposed by FMHA for creation by the City for the purpose of facilitating the planning, acquisition, construction and equipping of public infrastructure improvements within the TIF District in connection with the development of the land within the TIF District. The anticipated development of the land within the TIF District is (i) approximately 178 independent living units, 48 assisted living units and 16 memory care units for persons 55 and older living at or below 150% of the area median income and (ii) an apartment complex of approximately 48 two and three bedroom units providing residential living for families where a parent is, or wishes to, pursue higher education.

The TIF Project

FMHA proposes to develop certain public infrastructure improvements within the TIF District, including, without limitation, water lines, sanitary sewer lines, gas lines, stormwater drainage, new road construction and road improvements and other related infrastructure and utilities improvements, all within or benefitting the proposed TIF District (the "TIF Project"), as set forth and more particularly indicated on the map provided in Attachment 2.

Tax Increment Financing Obligations

To finance the costs of the TIF Project, the City proposes to issue tax increment revenue bonds or other obligations (the "TIF Obligations") in an amount not to exceed \$10,000,000, with maturities not to exceed 30-years from the date of the creation of the TIF District. Such TIF Obligations may be issued from time to time in one or more series. Proceeds of the TIF Obligations are generally planned and expected to be used to (i) finance all or a portion of the costs of the TIF Project, including architectural, engineering, legal and other professional fees and expenses; (ii) fund reserves for the TIF Obligations; (iii) fund capitalized interest on the TIF Obligations; and (iv) pay costs of issuance of the TIF Obligations, including costs relating to the creation of the TIF District and preparation and approval of this Tax Increment Financing Application, and related costs. A portion of the costs of the TIF Project may also be paid on a pay-as-you-go basis directly from tax increment revenues.

See Section II.E for more detailed financing information and Section II.G for additional information on the proposed TIF Obligations.

B(1)

ESTIMATES

Projected Increase in value of the taxable property in the development or redevelopment project area or district upon successful completion of the TIF Project:

The estimated increase in the taxable value of property in the TIF District is provided in the table below. The Estimated Appraised Value is provided in greater detail in the "CALCULATION OF PROJECTED NET PROPERTY TAX INCREMENT" analysis attached to Section II.G – Tax Increment Financing Obligations.

Projected Increase in Appraised Values of Taxable Property in the TIF District (\$)*

Assessment Year (July 1)	Tax Year (June 30)	Class IV Real/Personal (\$) ¹
2015	2016	Base Year
2016	2017	0
2017	2018	9,000,000
2018	2019	33,000,000
2019	2020	33,000,000
2020	2021	33,000,000
2021	2022	33,000,000
2022	2023	33,000,000
2023	2024	33,000,000
2024	2025	33,000,000
2025	2026	33,000,000
2026	2027	33,000,000
2027	2028	33,000,000
2028	2029	33,000,000
2029	2030	33,000,000
2030	2031	33,000,000
2031	2032	33,000,000
2032	2033	33,000,000
2033	2034	33,000,000
2034	2035	33,000,000
2035	2036	33,000,000
2036	2037	33,000,000
2037	2038	33,000,000
2038	2039	33,000,000
2039	2040	33,000,000
2040	2041	33,000,000
2041	2042	33,000,000
2042	2043	33,000,000
2043	2044	33,000,000
2044	2045	33,000,000

¹ Based on information provided by FMHA, including approximately \$30,000,000 in real property assessed valuation and \$3,000,000 of personal property assessed valuation. See Section II.G for more detailed information.

ESTIMATED BREAKDOWN OF PROJECT COSTS

The Estimated Breakdown of Project Costs below are anticipated to be fully financed from TIF Obligations and from Pay-As-You-Go funds from the TIF Fund (as hereinafter defined). See Section II.G – Tax Increment Financing Obligations and Section II.E – Financing for more detailed information. The table below includes estimated TIF Project contingencies and professional services costs.

	Estimated Amount*	Proposed Financing Method
1. Capital Costs		
2. Financing Costs	\$ 284,779	TIF Obligations
3. Professional Services		
4. Land		
5. Relocation Costs		
6. Environmental Impact Studies		
7. Public Information		
8. Construction of Public Works	\$ 5,000,000	TIF Obligations
9. Costs of the sale/lease of City property that results in a loss to City		
10. Obligations Capitalized Interest	\$ 452,221	TIF Obligations
11. Obligations Reserve Funds		TIF Obligations
Total Project Costs:	\$ 5,737,000	

*Notes to Items 1 through 11:

- 2) Estimated Financing Costs for the TIF Obligations as provided in Section II.G.
- 3) Estimated Professional Services costs are included in Construction of Public Works.
- 8) See Section II.C for estimated breakdown of Project costs.
- 10) Estimated capitalized interest on the TIF Obligations as provided in Section II.G.
- 11) If the TIF Obligations are privately placed with the entity constructing, managing and/or operating the project developed within the TIF District, a Reserve Fund for the TIF Obligations should not be required. A Reserve Fund will likely be required for the TIF Obligations if the TIF Obligations are privately placed with a bank or publicly offered or refunded in the future.

FINANCING

Estimated Sources, Amounts, Rate and Term¹

To finance the TIF Project, the City proposes to issue the TIF Obligations with maturities not to exceed 30 years from the date of the creation of the TIF District. The TIF Obligations are planned to be issued in one or more series. Proceeds of the TIF Obligations are generally expected to be used to (i) finance all or a portion of the costs of the TIF Project; (ii) fund reserves for the TIF Obligations; (iii) fund capitalized interest on the TIF Obligations; and (iv) pay costs of issuance of the TIF Obligations and related costs, including costs relating to this Tax Increment Financing Application and related costs. To the extent that surplus tax increment funds are available, portions of the TIF Project may be financed on a "pay-as-you-go" basis directly with such funds.

Sources	Amount (\$)	Interest Rate	Maturity	Anticipated Payoff	Status
TIF Obligations, Series 2016	5,737,000	5.00%	June 1, 2046	June 1, 2034 ²	Public Hearing on Project and District scheduled.
Total	5,737,000				

¹ Amounts and interest rates are preliminary and subject to change based on market conditions at the time of sale of the TIF Obligations.

² The TIF Obligations are planned to be issued with a final maturity in 2046. To the extent Excess Funds (as defined in Section II.G) are used to redeem outstanding obligations, it is projected that the TIF Obligations could pay off as early as 2034.

ALTERNATE FUNDING

What alternate sources of funding have been explored? Why are they unavailable for this project?

The TIF Project costs generally include design and construction of roads and related improvements and water, sewer and gas utilities, as described in Section II.A and Section II.C, all of which are public improvements. Due to the cost, these improvements cannot be provided at the level demanded by the location from private funding. FMHA has explored all other sources of funding, including, but not limited to bank financing, equity partnerships, public financing, federal and state grants and loans. Although the City receives Community Development Block Grant Funds, which are earmarked for community based projects including affordable housing rehabilitation and street and sidewalk improvements, such Funds are not in an amount sufficient to complete the TIF Project. Utilizing tax increment financing will allow the proposed projects to be planned and constructed in the most efficient and inexpensive process available to the City and FMHA. Without the availability of tax increment funds for the proposed projects, the ability of the State of West Virginia (the "State"), the City and FMHA to provide all of the necessary infrastructure to support the TIF Project will not occur.

If TIF obligations are expected to be issued, the following information must also be included:

1. *Amount of indebtedness to be incurred: Not to exceed \$10,000,000*
2. *Other revenues to be used to finance debt (other than tax increments in the TIF Fund): None*
3. *Type/amount of other monies to be deposited in TIF Fund for the development project area or district: None*
4. *If less than the full tax increment is to be used, explain how the excess will be used or distributed:*

Any principal and interest on TIF Obligations Issued by the City shall be payable from the tax increment financing fund (the "TIF Fund") established for the TIF District. Any revenues in the TIF Fund that are not: (i) used for the payment of the principal of and interest on TIF Obligations, (ii) held in reserve funds established by the issuance of TIF Obligations, (iii) held in debt service funds for the payment of capitalized interest on TIF Obligations; (iv) used to pay administrative costs and expenses for servicing the TIF Obligations, or (v) used for approved TIF Project costs within the TIF District, shall be deemed "excess funds" at the end of each fiscal year.

"Excess funds" may be used for (i) the scheduled payment of the principal of and interest on subsequent TIF Obligations, (ii) payment of accrued but unpaid debt service due to insufficient TIF Funds to make prior debt service payments on subsequent TIF Obligations, (iv) payment of annual administrative costs and expenses for servicing subsequent TIF Obligations, (v) funding for "pay as you go" projects in the TIF District approved in a Project Plan or Project Plans pursuant to W.Va. Code §7-11B (the "Act"), (vi) distribution into current funds of the appropriate levying bodies, (vii) retention in the TIF Fund for approved future project costs and/or debt service relating to the issuance of additional tax increment revenue bonds and/or (viii) all other purposes for which TIF Fund monies may be expended pursuant to the Act. To the extent that excess funds are not used for any of the purposes set forth in this paragraph, such excess funds shall be used for early repayment of outstanding TIF Obligations in accordance with the terms thereof.

5. *Terms for early repayment of the TIF obligations:*

The City plans to issue TIF Obligations in one or more series with a final maturity approximately 30 years from the date of the creation of the TIF District. Upon payment in full of the outstanding principal of, interest on and redemption premium, if any, for the TIF Obligations and all administrative or annual expenses related to the TIF Obligations and/or the TIF District, the City shall dissolve the TIF District; provided, however, that if the City has approved one or more Project Plans subsequent to the issuance of the TIF Obligations, the TIF District shall not be dissolved prior to its statutorily mandated termination unless all obligations payable from the TIF Fund for such Project Plan or Project Plans have been fulfilled.

6. *Attach a letter from a bond counsel and/or financial underwriter stating that the proposed project could support tax increment financing bonds or other obligations and the terms and conditions of such offering.*

Investment Bank/Placement Agent: Piper Jaffray & Co.
Address: 405 Capitol Street, Suite 613, Charleston, West Virginia 25301
Telephone: (304) 343-7101

A letter prepared Piper Jaffray & Co., Investment Bank/Placement Agent for the TIF Project is provided in Attachment 17 stating that the TIF Project could support the issuance of TIF Obligations within the limitations and subject to the assumptions stated therein.

Attachment 16: Analysis showing the fiscal impact on each local levying body. The analysis will consider the costs incurred by the local levying bodies and how those costs will be offset/funded. Possible costs include the effect on schools, public services, utilities, etc.

Preliminary Cost/Benefit Analysis

The property tax increment from current levies from the State, the City, the County and the Board of Education will be deposited in the TIF Fund. The benefits and costs on levying bodies as a result of current and planned development within the TIF District are highlighted in the table below.

Benefits and Costs	State	City	County	Board of Education
Benefits:				
Excess Levy	No	No	No	Yes
B/O taxes	No	Yes	No	No
Jobs / Economic Development	Yes	Yes	Yes	Yes
Excess Funds ¹	Yes	Yes	Yes	Yes
Costs :				
Water / Sewer / Stormwater	No	Yes	No	No
Roads	Yes	Yes	No	No
Fire / Police	No	Yes	No	No
Trash	No	Yes	No	No
Education	No	No	No	No

¹ There will be a benefit to the levying bodies to the extent Excess Funds are available in the TIF Fund and if such funds are paid to the appropriate levying body. The tax increment will also be distributed to the levying bodies upon the termination of the TIF District.

School Aid Formula

The Board of Education current levy is set, statewide, by the Legislature and for tax year 2015 is: Class II: 38.80 cents/\$100; and Class III & IV: 77.60 cents/\$100. Public schools also are funded by the school aid formula that allows a certain dollar amount per pupil. For purposes of the local share calculation in the school aid formula, the aggregate incremental assessed value is not included. As the school boards are not charged for the tax increment, the state aid to schools formula makes up the difference. Therefore, the Project Plan does not have a negative effect on funding that is made available to the Board of Education.

Estimated Increase in Tax Collections from Current Levy Rates after Expiration of the TIF District

Much of the development in the TIF District is expected to have a life of over 30 years. After the expiration of the TIF District, the four current property tax levies (Board of Education, County, City and State) will be paid to these levying bodies. Anticipated tax collections for the TIF District for Tax Year 2046, when compared to of taxes collected for Tax Year 2016 (the Base Year), represent an increase of \$155,232 in taxes paid to the County, \$250,958 to the Board of Education, \$161,700 to the City and \$3,234 to the State. The estimated increase is based on the current levy rates for tax year 2015 for Class IV property (reported in cents per each \$100 of assessed value): County (48.00), Board of Education

(77.60), City (50.00) and State (1.00). Note that the foregoing estimates do not include any inflation factor.

Estimated Increase In Tax Collections from Excess Levy Rates

The Board of Education has an excess levy as follows (cents per \$100 valuation, fiscal year ending June 30, 2016):

Tax Year 2015	Class II	Class III/IV
School Excess Levy Rate	33.98	67.96

The estimated increase in excess levies paid to the Board of Education based on the estimated taxable incremental property value in the TIF District as provided in Section II.B(1) and Section II.G is as follows:

Tax Year	Tax Due Date (April 1)	Estimated Increase (\$)
2018	2019	59,941
2019	2020	219,783
2020	2021	219,783
2021	2022	219,783
2022	2023	219,783
2023	2024	219,783
2024	2025	219,783
2025	2026	219,783
2026	2027	219,783
2027	2028	219,783
2028	2029	219,783
2029	2030	219,783
2030	2031	219,783
2031	2032	219,783
2032	2033	219,783
2033	2034	219,783
2034	2035	219,783
2035	2036	219,783
2036	2037	219,783
2037	2038	219,783
2038	2039	219,783
2039	2040	219,783
2040	2041	219,783
2041	2042	219,783
2042	2043	219,783
2043	2044	219,783
2044	2045	219,783
2045	2046	219,783

¹ Based on the "CALCULATION OF PROJECTED NET PROPERTY TAX INCREMENT" analysis attached to Section II.G - Tax Increment Financing Obligations.

B(2) ESTIMATES

Number of jobs to be created by this project in the project area or district. Estimated jobs are as follows:

Estimated Job Creation within the TIF District

Job Category:	Professional	Clerical/ Administrative	Skilled	Semi-Skilled	Unskilled
Wages:	\$75-\$150K	\$25-\$75K	\$40-\$75K	\$20-\$40K	\$15-\$20K
Benefits:	Benefits will be provided consistent with industry standards.				
Jobs Created:	2	5	10	30	30

Construction Jobs: All projects will be either constructed by full-time and/or part-time contract employees or bid for laborers, equipment operators, carpenters, concrete finishers, truck drivers, etc. These jobs will have reasonable expectations of producing retaining and/or contributing to approximately 77 jobs within the classes previously mentioned.

Development District No. 5 – Upper Falling Run
Development Project Plan No. 1

STATUS OF PROJECT:

Proposed projects include the following public improvements: new road construction and other road improvements, water lines, sanitary sewer lines, gas lines, storm water drainage, and other related infrastructure and utility improvements.