



**Redevelopment
HANDBOOK**

4th Edition

September 2018

DISCLAIMER

These materials are intended for general information purposes only and do not constitute legal advice. These materials should not be used or relied upon as a substitute for a review of applicable statutes, regulations, rulings and court decisions. The reader should consult legal counsel to determine how laws apply to specific situations. These materials were prepared in September, 2018, and, consequently, will not reflect changes in law subsequent to that date.

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INTRODUCTION

The Redevelopment Association of Indiana is comprised of members of redevelopment commissions established by cities, towns and counties throughout the state, as well as the professional staff of those redevelopment commissions. One of the association's principal missions is to serve as an information and educational resource for its members. The following handbook represents the cumulative experience of association members and is intended to provide a practical "how-to" overview of common redevelopment practices.

Part One of the handbook addresses procedural guidelines for establishing a redevelopment commission, creating and amending a redevelopment or economic development area, acquiring and disposing of real estate, available revenues and many other fundamental redevelopment functions. Part Two provides local experience, insight and advice in the use of redevelopment and economic development incentives, establishing and maintaining working relationships with county auditors and assessors, what to expect from local counsel, bond counsel, underwriters and financial consultants, potential issues arising from tax increment finance and reassessment and other issues that have been encountered and addressed by association members. Part Three of this handbook contains the organizational materials for the Redevelopment Association of Indiana.

Individual experiences, confirmed during the development of this document, reveal that while there are legally mandated actions and commonly adopted practices, there is also abundant room for local innovation, creativity and Indiana ingenuity. Please remember that the document is intended as a general guide, and that each and every redevelopment effort is unique in its challenges and opportunities. Good luck in adapting our experience to your project, and remember to stay in close contact with redevelopment counsel.

The Redevelopment Association of Indiana would like to thank Ice Miller LLP for its assistance with revisions to the fourth edition of this handbook. The first edition of this handbook was the joint work product of Ice Miller LLP, Baker and Daniels LLP, Barnes and Thornburg LLP. These materials are intended for general information purposes only and do not constitute legal advice. These materials were prepared in July, 2018,, and should not be used or relied on as a substitute for a review of applicable statutes, regulations, rulings and court decisions. The reader should consult bond counsel or local legal counsel to determine how laws apply to specific situations. This document will not reflect changes in law subsequent to the dates contained herein. Accelerating Indiana Municipalities ("Aim") has not reviewed, and makes no representations concerning, these materials.

For more information about the Redevelopment Association of Indiana, please contact Aim, 125 East Market Street, Suite 100, Indianapolis, Indiana 46204, telephone - (317) 237-6200.

PART ONE: Procedural Guidelines

A. The Department of Redevelopment and the Redevelopment Commission

1. Establishing a Redevelopment Commission

There are two general statutes under which cities, towns and counties may undertake redevelopment and economic development. Indiana Code § 36-7-14-1 et seq. ("General Redevelopment Statute") applies to all counties and municipalities except for Marion County and the four "excluded cities" in Marion County, unless the excluded city adopts an ordinance choosing to be governed by the General Redevelopment Statute. Redevelopment and economic development in Marion County and the excluded cities is undertaken in accordance with Indiana Code § 36-7-15.1-1 et seq. ("Redevelopment Statute.")

The General Redevelopment Statute provides for the creation of a department of redevelopment to be controlled by a commission comprised of five members (or in the case of counties, five or seven members) to be known as the (name of county, city or town) Redevelopment Commission. For Indianapolis and Marion County, the nine-member Metropolitan Development Commission, acting as the redevelopment commission, is the governing body responsible for economic development and redevelopment. Both redevelopment statutes further provide that the clearance, planning, and redevelopment of areas needing redevelopment (formerly referred to as "blighted areas") and the economic development of undeveloped or developing areas under the law are public uses and purposes for which public money may be spent and private property may be acquired. In addition to these two statutes, Indiana Code §36-7-25-1 et seq. ("Additional Commission Powers") provides additional powers for joint projects, taxpayer agreements and contracts with entities involved in education and worker training. For purposes of this Handbook, the discussion will focus on the General Redevelopment Statute and the Additional Powers Statute. All three statutes encourage communities to provide the maximum opportunity for the rehabilitation and redevelopment or economic development of areas by private developers to the extent that the redevelopment or economic development is consistent with the goals and needs of the community. The statutes and Indiana courts have announced that redevelopment and economic development are public purposes and uses for which public funds may be spent and private property can be acquired. It is important to understand that redevelopment and economic development powers are extraordinary tools to promote redevelopment and economic development within a community and that the use of these tools should be used when either the community's regulatory processes or the ordinary operations of private enterprise will not be sufficient to address the conditions requiring redevelopment or economic development.

The department of redevelopment, which is a department of the unit, and the redevelopment commission, which is the governing body of the department of redevelopment, are established through the adoption of an ordinance by the legislative body of the city, town or county wishing to exercise jurisdiction within its respective boundaries, with certain exceptions. The ordinance must state that the unit desires to establish a department of redevelopment to be governed by a redevelopment commission. With the adoption of the ordinance, all of the area within the corporate boundaries of the municipality constitutes a special taxing district for the purpose of levying and collecting taxes that may be levied for redevelopment and economic development

purposes as provided for by law. In a county, the special taxing district includes all of the territory in the county except territory in a municipality that has adopted (or subsequently adopts) an ordinance created a redevelopment commission.

In a municipality, three of the five commissioners are appointed by the municipal executive, while the remaining two redevelopment commissioners are appointed by the municipal legislative body. In a county with a five-member commission, the board of commissioners (the county executive) appoints three of the members, while the remaining two redevelopment commissioners are appointed by the county council. In a county with a seven-member commission, the board of commissioners appoints four members, while the county council appoints the remaining three members. The original redevelopment commissioners are appointed to serve from the date of their appointment until the first day of January in the second year after their appointment. Thereafter, each commissioner is appointed in January and serves a one-year term or until his/her successor is appointed. The commissioners must take an oath of office, and the oath is then attached to the commissioners' appointments and filed with the clerk of the unit. Prior to serving as a commissioner, each appointee must execute a bond payable to the State in the amount of \$15,000. The bond must be conditioned on the faithful performance of the duties of the office of commissioner, with the cost of such bond to be paid by the redevelopment special taxing district. In order to be appointed, a candidate must be at least eighteen years of age and must be a resident of the unit the redevelopment commissioner serves. A redevelopment commissioner who does not otherwise hold a lucrative office for the purpose of Article 2, Section 9 of the Indiana Constitution may receive a salary or a per diem. All redevelopment commissioners are entitled to reimbursement for expenses necessarily incurred in the performance of their duties. The individuals selected to serve on a redevelopment commission may not have a pecuniary interest in any contract, employment, purchase or sale undertaken by the redevelopment commission and are also subject to the criminal conflict of interest statute (IC 35-44.1-1-4).

In addition to the voting members, each redevelopment commission must have a nonvoting adviser, appointed by the executive of the unit that established the department of redevelopment. The nonvoting adviser must be a member of the governing body of a school corporation that is wholly or partly located in the redevelopment district. The nonvoting adviser is not entitled to a salary, per diem, or reimbursement of expenses, serves for a term of two years and until a successor is appointed, and serves at the pleasure of the official that appointed the nonvoting adviser.

At the first meeting of the redevelopment commission, which must occur within thirty days after the members are appointed, and at their first meeting of the year thereafter, the redevelopment commission must elect a president, a vice-president and a secretary from the membership. The fiscal officer of the unit serves as the treasurer of the redevelopment commission, has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer.

2. Open Meetings

All meetings of the redevelopment commission are subject to Indiana's Open Door Law (the "ODL"), codified at IC 5-14-1.5-1 et seq. The ODL generally requires all meetings of a majority of members the governing body of a public agency, including the redevelopment commission, to conduct public business in an open meeting, so that the public may be fully informed and so that the public may attend and record those meetings. Notice of a public meeting must be posted (not published) at least 48 hours (excluding Saturdays, Sundays and legal holidays) before the stated time of the meeting, at the principal office of the redevelopment commission or at the building where the redevelopment commission meeting will take place. There are a few instances in which the redevelopment commission may meet in "executive session," in which members of the public are not permitted to attend. These exceptions generally relate to the acquisition of real property and negotiations with industrial and commercial prospects. A separate statute, IC 36-7-14.5-9.5, permits members of the redevelopment commission to participate in a meeting by means of electronic communication that permits all members attending and all members of the public to simultaneously communicate with each other.

3. Public Records

The records of the redevelopment commission are subject to the Access to Public Records Act ("APRA"), codified at IC 5-14-3-1 et seq. All records of the redevelopment commission are public record and fall into three categories: (i) records that are confidential and are not disclosable; (ii) records that the redevelopment commission may, in its discretion, choose not to disclose; and (iii) records that must be disclosed. A request to inspect or copy a public record may be made in person, by telephone, by letter, e-mail or facsimile. The redevelopment commission should acknowledge receipt of a public records request as promptly as possible. This is not a denial, but may prevent future concerns about the timeliness of the actual response to the request..

B. Redevelopment Commission Mission and Redevelopment Process

1. Mission

The redevelopment commission's mission is to address the conditions associated with areas in need of redevelopment and the underutilization of land and/or barriers to development. This mission requires a set of goals, objectives, which are formulated through study of the jurisdiction, identification of problem areas, strategic planning, and interaction with policy makers and developers. The redevelopment commission should review its goals and objectives at least annually.

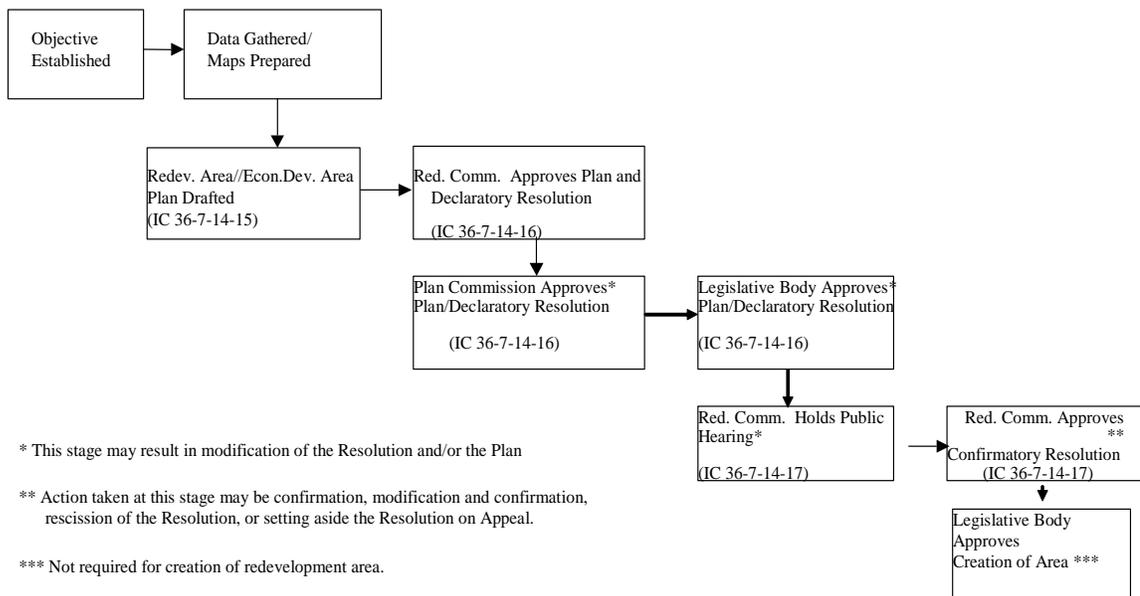
2. General Redevelopment Process

The following steps provide a general outline of the redevelopment process. Every project is unique, and the configuration of a specific project will likely make one or more of the following steps inapplicable.

A. Formulate goals and objectives.

- B. Gather data/prepare a map of the proposed area and draft plan.
- C. Adopt a declaratory resolution, including the proposed redevelopment or economic development plan and a factual report that supports the findings and determinations contained in the declaratory resolution..
- D. If there is a plan commission with jurisdiction over the proposed area, obtain plan commission approval of declaratory resolution and plan.
- E. Obtain approval of the plan commission's approval from the unit's legislative body.
- F. Publish notice of a public hearing to be held by the redevelopment commission on the declaratory resolution and plan. File copy of notice with plan commission.
- G. Prepare and distribute tax impact statement (when an allocation area is being established or expanded). Distribute tax impact statement and notice of public hearing to each taxing unit located wholly or partly in the proposed allocation area.
- H. If the declaratory resolution establishes an economic development area, obtain approval by the unit's legislative body of the establishment of the area.

**Redevelopment Area / Economic Development Area
Redevelopment Process**



C. Designating a Redevelopment Area or an Economic Development Area

Preparation of Declaratory and Confirmatory Resolutions for Redevelopment Areas and Economic Development Areas:

1. General

A. Declaratory Resolution

1. Purpose: To declare that the area in need of redevelopment is a menace to the social and economic interest of the jurisdiction and its inhabitants. **OR** To declare that the plan for an economic development area cannot be achieved by regulatory processes or the ordinary operation of private enterprise without resort to redevelopment powers and that the accomplishment of the plan for the area will be a public utility and benefit as measured by the attraction or retention of permanent jobs, an increase in the property tax base and improved diversity of the economic base and that it will be of public utility and benefit to acquire the area and redevelop or develop it.
2. Content:
 - a. State the general boundaries of the area and the interests in the land within the boundaries that the department of redevelopment proposes to acquire, if any.
 - b. It is sufficient to describe the boundaries of the area by its location in relation to public ways or streams, or otherwise, as determined by the commissioners. Property excepted from the acquisition may be described by street numbers or location.
 - c. State that studies, maps, and plats of the proposed area have been prepared and are available to the public for inspection, along with a list of owners of property proposed to be acquired and an estimate of the cost of acquisition and redevelopment.
 - d. State that a public purpose is being served by the involvement of the redevelopment commission, such that the area in question is “in need of redevelopment” (formerly “blighted”) (or is underdeveloped and or has barriers to future development, in the case of an economic development area) to an extent that cannot be corrected by regulatory processes or the ordinary operations of private enterprise without resort to the powers of the redevelopment commission. Also state that the public health and

welfare will be benefited by the acquisition and redevelopment or development of the area.

- e. Include language necessary for the establishment of a tax allocation (TIF) area, if desired. This provision must include a statement that the allocation area expires on the date that is not more than twenty-five years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. If an allocation provision is included, the declaratory resolution provision must also include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision
- f. Prepare maps and plats showing: (i) the boundaries of the area in which property would be acquired for, or otherwise affected by, the establishment of the area or the amendment of the resolution or plan for an existing area; (ii) the parts of the area acquired, if any, that are to be devoted to public ways, levees, sewerage, parks, playgrounds, and other public purposes under the redevelopment plan.
- g. Prepare lists of the owners of the various parcels of property proposed to be acquired for, or otherwise affected by, the establishment of an area or the amendment of the resolution or plan for an existing area.
- h. Prepare an estimate of the costs to be incurred for the acquisition, redevelopment and economic development of property.
- i. Provide a plan for the redevelopment or development of the area and a statement of facts stating the justification for the designation of the redevelopment area or economic development area.
- j. Prepare a factual report supporting the findings and determinations made in the declaratory resolution.

B. Confirmatory Resolution

- 1. Purpose: To take final action establishing the area.
- 2. Content:
 - a. It is helpful, and may be necessary, to include input from the plan commission, city or town council, and the public. The resolution

may be further modified and confirmed based on evidence and testimony presented at the public hearing.

- b. Recite the actions that have been taken to obtain the approval of the plan commission, and the city or town council and to hold a public hearing.
- c. Much of the public purpose and benefit language of the declaratory resolution is repeated in the confirmatory resolution. Both resolutions are recorded upon the adoption of the confirmatory resolution by the commission.
- d. Provide a statement of facts stating the justification for the designation of the redevelopment area or economic development area.
- e. Again include language necessary for the establishment of the area.

2. Particulars of Redevelopment Areas and Economic Development Areas

A. Contents of Redevelopment Area Declaratory Resolution:

- 1. Resolution should include information that justifies the finding of “need for redevelopment”:
 - a. lack of development;
 - b. cessation of growth;
 - c. deterioration of improvements;
 - d. character of occupancy;
 - e. age;
 - f. obsolescence;
 - g. substandard buildings; or
 - h. other factors that impair values or prevent a normal use or development of the property (such as highly fractionalized ownership).
- 2. Provide facts that substantiate the benefit: elimination of one or more of the above-listed conditions; describe the improvement(s) to be constructed, both public and private, and the benefits to be derived therefrom.

3. Find that the plan for the redevelopment area conforms to the plan of development for the unit.

B. Contents of Economic Development Area Declaratory Resolution:

1. Findings, supported by facts, that establish the public purpose: the plan for the economic development area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resort to the powers allowed under law because of:
 - a. lack of local public improvements;
 - b. existence of improvements or conditions that lower the value of the land below that of nearby land;
 - c. multiple ownership of land; or
 - d. other similar conditions.
2. Findings, supported by facts, that substantiate the benefit: the accomplishment of the plan for the economic development area will be a public utility and benefit as measured by:
 - a. the attraction or retention of permanent jobs;
 - b. an increase in the property tax base;
 - c. improved diversity of the economic base; or
 - d. other similar public benefits.
3. Finding, supported by facts, that the plan for the economic development area conforms to the plan of development for the unit.

D. Components of a Redevelopment/Economic Development Plan

As part of the declaratory resolution, the redevelopment commission needs to adopt a plan for the economic development area or redevelopment area. The plan needs to include the following:

1. Maps and plats showing:
 - A. The boundaries of the area in which property would be acquired for, or otherwise affected by, the establishment of the area or the amendment of the resolution or plan for an existing area;
 - B. Location of various parcels of property, streets, alleys and other features affecting the acquisition, clearance, replatting, replanning, rezoning, or redevelopment of the area;

- C. Parcels of property to be excluded from acquisition; and
 - D. Parts of the area to be acquired that are to be devoted to public ways, levees, sewerage, parks, playgrounds and other public purposes.
2. Lists of owners of parcels of property proposed to be acquired.
 3. Estimated costs of any required land acquisition and other redevelopment or development expenses.

The plan should also describe the activities the redevelopment commission will undertake and the types of projects the redevelopment commission will pursue and include facts to support the findings.

E. Establishing an Allocation Area

Tax allocation (aka, "TIF") areas can be established at the time of establishing the redevelopment area or economic development area or the plan can be amended at a later time to add tax allocation provisions.

1. At the time a redevelopment area or economic development area is established:
 - A. The redevelopment commission adopts a declaratory resolution that includes a provision establishing a tax allocation area. The allocation area can be all or part of a redevelopment or economic development area. The allocation provision expires twenty-five years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. The commission may designate a taxpayer with property in the allocation area for purposes of capturing tax increment on depreciable personal property (in addition to real property) if the taxpayer's property in the allocation area will consist primarily of industrial, manufacturing, warehousing, research and development, distribution or transportation related projects and will not consist primarily of retail, commercial or residential projects. For allocation areas created or expanded after June 30, 1997 in a redevelopment area (June 30, 1995 for economic development areas), growth in the assessed value of residential real property cannot be captured.
 - B. The declaratory resolution and supporting data are submitted to the plan commission to determine whether the redevelopment (or economic development) plan conforms to the plan of development for the unit.

- C. Following approval by the plan commission, the declaratory resolution is submitted to the unit's legislative body for approval of the order of the plan commission.
 - D. Following approval of the order of the plan commission by the legislative body, the redevelopment commission must conduct a public hearing and take final action on a confirming resolution. The notice of the redevelopment commission's public hearing must be published according to IC-5-3-1 and must also be sent to the plan commission, board of zoning appeals, board of public works, park board, building commissioner and any other departments, bodies or offices of the unit having to do with unit planning, variances from zoning ordinances, land use, or the issuance of building permits. Notice must also be given to each taxing unit that is located wholly or partly within an allocation area along with a statement as to the estimated economic benefits and costs incurred by the allocation area and the anticipated impact on tax revenues of each taxing unit. (Sometimes referred to as a "Tax Impact Statement")
 - E. Following the public hearing, the confirming resolution can be approved, rejected, or approved with modifications.
 - F. The final declaratory resolution and confirmatory resolution adopted by the redevelopment commission must be recorded and if an allocation provision is included, filed with the county auditor and the department of local government finance.
 - G. The legislative body of the unit must approve an economic development area.
2. Subsequent to the establishment of a redevelopment area or economic development area:

A redevelopment commission may amend a previously adopted declaratory resolution to add an allocation provision. The process for subsequently adding an allocation provision is virtually identical to the process described above.

F. Amending a Declaratory Resolution or Redevelopment/Economic Development Plan

- 1. The same process used to approve the original declaratory resolution and plan must be used to amend a declaratory resolution, redevelopment plan or an economic development plan.
 - A. The redevelopment commission adopts a declaratory resolution which clearly outlines the changes that are to be made to the plan for the area. These changes could be: (i) additions (or deletions) to the list of property to be acquired; (ii) addition (or deletion) of an allocation area or modifications to the boundaries of an existing allocation area; or (iii) changes to the proposed projects or land uses previously identified for the unit. In addition to the findings required for the

original establishment of a redevelopment area or economic development area, the redevelopment commission must make certain additional findings with respect to the amendment:

1. The amendment is reasonable and appropriate when considered in relation to the original resolution or plan and the purposes of the redevelopment statutes;
 2. The resolution or plan, with the proposed amendment, conforms to the comprehensive plan for the unit;
 3. It will be of public utility and benefit to amend the area or plan for the area; and
 4. Any territory added to the area is designated as part of the existing redevelopment or economic development area.
- C. The declaratory resolution and supporting data are submitted to the plan commission with jurisdiction to determine whether the redevelopment (or economic development) plan conforms to the comprehensive plan of the unit.
- D. Following approval by the plan commission, the declaratory resolution is submitted to the legislative body for approval of the order of the plan commission.
- E. Following approval of the order of the plan commission by the legislative body, the redevelopment commission will conduct a public hearing and take final action on a confirming resolution. The notice of the redevelopment commission's public hearing must be published according to IC-5-3-1 and must also be sent to the plan commission, board of zoning appeals, board of public works, park board, building commissioner and any other departments, bodies or officers of the unit having to do with unit planning, variances from zoning ordinances, land use or the issuance of building permits. If an area is being expanded, or parcels are being added to the acquisition list, notice must also be given to each affected neighborhood association. If an allocation area is being amended, notice must also be given to each taxing unit that is located wholly or partly within an allocation area as to the estimated economic benefits and costs incurred by the allocation area and the anticipated impact on tax revenues of each taxing unit. If the proposed amendment changes parts of the area that are to be devoted to a public way, levee, sewerage, park, playground or other public purpose, the proposed land use of the area, or requirements for rehabilitation, building requirements, proposed zoning, maximum densities or other similar requirements, then the redevelopment commission must send the notice of public hearing to all affected neighborhood associations. (The redevelopment commission may require that neighborhood associations register with the redevelopment commission and may also require that neighborhood associations encompass a part of the geographic area included in or proposed to be included in the redevelopment or economic development area). This notice must be sent at least ten days before the public hearing.

- F. Following the public hearing the confirming resolution can be approved, rejected, or approved with modifications.
- G. The Declaratory Resolution and Confirmatory Resolution as amended by the redevelopment commission must be recorded, and if an allocation area is included, filed with the county auditor and the department of local government finance.
- H. The unit's legislative body must approve the enlargement of an economic development area.

G. Tax Increment Replacement

1. In 2002, the General Assembly enacted legislation to provide a process by which local redevelopment commissions could "replace" tax increment revenues not received by changes to property taxes no longer imposed by school corporations. The statute was amended in 2008 when school corporation operating levies were eliminated and the state assumed responsibility for nearly all operational funding for schools. Although the full implementation of the circuit breaker property tax caps since 2012 has made this a less effective tool, certain communities may still use it.
2. Allocation areas under the general redevelopment statute and the Indianapolis redevelopment statute and in which tax increment revenues are currently collected may replace tax increment revenues no longer received as a result of laws enacted by the general assembly and actions taken by the department of local government finance after the establishment of the allocation area that have decreased the tax increment revenues of the allocation area for the next calendar year (after adjusting for any increases resulting from laws or actions of the department of local government finance) below the sum of the amount needed to make all payments that are due in the next calendar year on obligations payable from tax increment revenues and to maintain any tax increment revenue to obligation payment ratio required by an agreement on which any of the obligations are based.
3. Tax increment replacement may consist of: (i) a property tax levy imposed throughout the redevelopment district of the unit that established the redevelopment commission; (ii) a special assessment imposed on taxpayers located in the allocation area; or (iii) a reduction in the base assessed value of the allocation area.
4. The redevelopment commission must conduct a public hearing on the proposed tax increment replacement amount. After the public hearing, the redevelopment commission must submit its decision concerning the tax increment replacement amount to the unit's legislative body. The legislative body may increase or reduce the amount of a property tax or special assessment or determine that a property tax or special assessment should not be levied or collected. The property tax or special assessment are not subject to the maximum levy limits under IC 6-1.1-18.5; they are, however subject to the circuit breaker property tax caps under IC 6-1.1-20.6.

H. Project Financing

Projects may be financed in two ways:

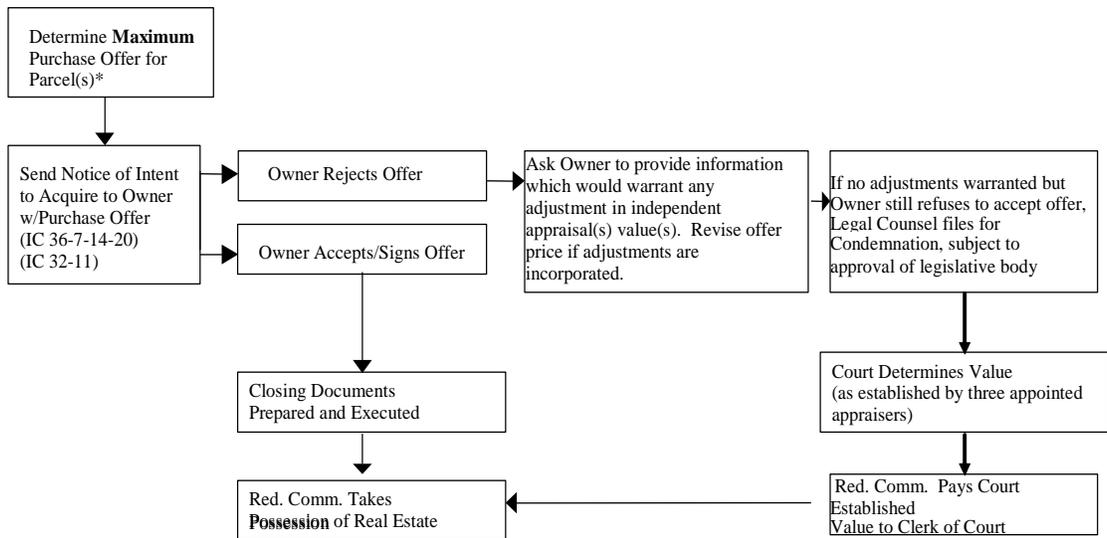
1. Debt Financing – special taxing district (property tax) bonds or leases, TIF bonds or leases, and bonds or leases payable with local income taxes or any other legally available revenues. Bonds or leases may also be secured by local option income taxes, taxpayer agreements, project revenues or any combination of these revenue sources. Utility revenue bonds may also be used to finance improvements All bonds and leases must be approved by the legislative body of the unit.
2. "Pay As You Go" - direct use of TIF revenue available in the allocation fund, local income taxes, project revenues, municipal utility and sewage works revenues, or any other revenues the unit authorizes the Redevelopment Commission to use for the project.

I. Acquisition and Disposition of Real Estate

1. Acquisition:
 - A. Obtain title work to assess encumbrances and determine ownership.
 - B. Hire two independent appraisers to appraise the interest to be purchased or leased.
 - C. Commission establishes price of purchase offer (average of two appraisals). Commission may adopt a resolution to pay an amount greater than the average of the appraisals.
 - D. Send notice to owner along with purchase offer.
 - E. Owner signs and returns purchase offer.
 - F. Order title update and obtain title insurance.
 - G. Correct title defects.
 - H. Prepare closing documents.
 - I. Close the transaction.
 - J. Record the deed.
2. Acquisition when owner does not agree to initial purchase offer:
 - A. Attempt to obtain from owner information that the owner thinks has a bearing on the appraisal.
 - B. Provide information to appraisers.

- C. If information warrants an adjustment in purchase price, consider additional data in establishing a new value and have the redevelopment commission approve the final acquisition offer. The redevelopment commission can pay more than the appraised value as long as it approves the purchase price by resolution.
- D. If no reconsideration of the appraisal is warranted, and owner still refuses to agree to purchase offer, instruct legal counsel, subject to the approval of the legislative body, to file condemnation. (Condemnation can be used by the redevelopment commission in areas needing redevelopment, but not in economic development areas). Condemnation proceedings must be conducted in accordance with applicable statutes, including approval of the use of eminent domain by the legislative body of the unit that established the redevelopment commission.

Real Estate Acquisition

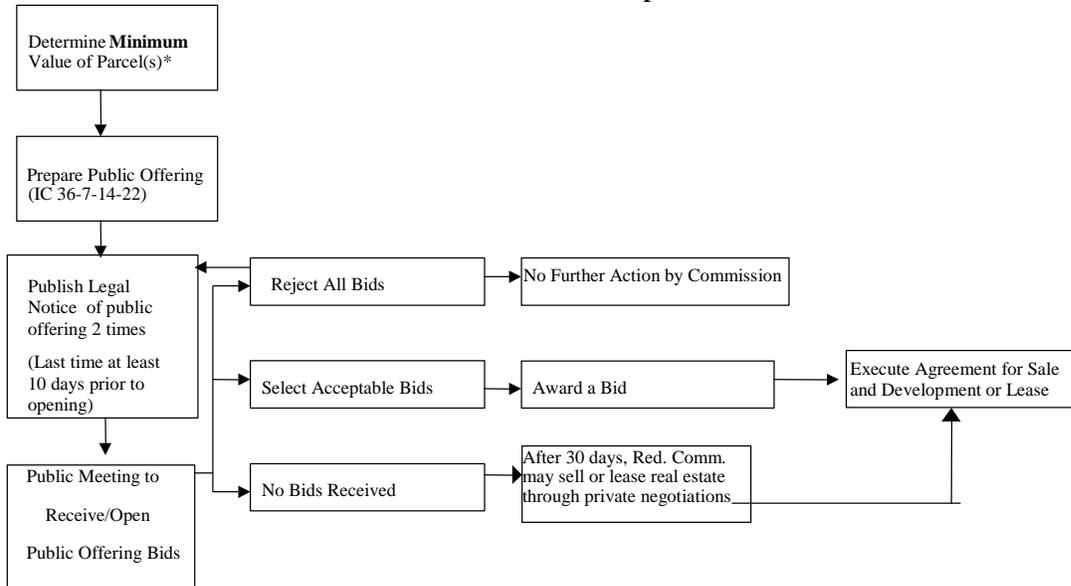


*(By averaging values of two independent appraisals)

- 3. Disposition: Sale or Lease
 - A. Hire two independent appraisers to appraise the interest to be sold or leased.
 - B. Prepare an offering sheet describing the parcel, the minimum price (average of two appraisals), and conditions of the sale.
 - C. Publish twice and post notice (if required) of the offering.
 - D. Conduct a public meeting to open and consider bids.

- E. Either reject all bids or award the sale or lease to the highest and best bidder.
- F. If no bids are received, all are rejected, or all are less than the minimum amount, after 30 days the commission may privately negotiate the sale or lease of the real estate.

Real Estate Disposition



*(By averaging values of two independent appraisals)

J. TIF Calculations

Tax Increment Financing (TIF) is a widely used economic development tool throughout Indiana. Tax increment is used to fund public improvements, real estate acquisition, and other redevelopment costs which typically represent the public side of a redevelopment project. Tax increment represents the growth in assessed value, over and above an existing base assessed value, that is attributable to new growth or development, usually ensuing from a redevelopment or economic development project. Taxes computed from the base assessed value continue to be distributed to the general taxing units (school, library, civil city, township, county, etc.) and in most cases the general taxing units also receive the benefit of capturing increased personal property and residential property assessed value within the TIF district. See section F.1.A. for a description of when depreciable personal property tax increment can be captured and the treatment of incremental assessed value attributable to residential real property.

The county auditor is responsible for the calculation of the actual tax increment to be received by the redevelopment commission. It is important that the auditor has all the necessary documents (confirmatory resolution, economic development or redevelopment plan including a clear and accurate map of the allocation area, real estate parcel listing, etc.) from the redevelopment

commission. In other cases, redevelopment commission staff may work with the auditor to monitor changes that may affect the amount of expected incremental revenue.

It is important that redevelopment staff know that the redevelopment commission is receiving the correct amount of tax increment so that TIF bond issues, leases or other obligations funded with tax increment are not placed in any risk of default.

K. Redevelopment Commission Reporting

The redevelopment commission is required to prepare a variety of reports throughout the year. Some of these reports are for the unit's executive, some are for the unit's fiscal body and some are for the department of local government finance. Other reports are for the benefit of the taxing units that may be affected by actions taken by the redevelopment commission or for the unit's residents and taxpayers.

1. Annual Report to Unit's Executive and Fiscal Body

Under IC 36-7-14-13 (general statute) and IC 36-7-15.1-36.3 (Indianapolis statute), the redevelopment commission is required to file with the unit's executive and fiscal body a report setting out their activities during the preceding calendar year. The report must be filed not later than April 15 of the year following the year for which the report is prepared. A copy of the report must also be filed with the department of local government finance.

a. Contents

- i. members of the redevelopment commission and its officers.
- ii. the number of regular employees and their salaries or compensation.
- iii. the amount of the expenditures made during the preceding year and their general purpose.
- iv. an accounting of the tax increment revenues expended by any entity receiving the tax increment revenues as a grant or loan from the redevelopment commission.
- v. the amount of funds on hand at the close of the calendar year.
- vi. any other information disclosing the activities of the redevelopment commission and the results of such activities.

b. Specific TIF Reporting Requirements for Each Allocation Area in the Unit

The report must also include the following information for the previous year for each tax increment financing district regarding the previous year:

- (1) Revenues received.
- (2) Expenses paid.
- (3) Fund balances.
- (4) The amount and maturity date for all outstanding obligations.

- (5) The amount paid on outstanding obligations.
- (6) A list of all the parcels and the depreciable personal property of any designated taxpayer included in each tax increment financing district allocation area and the base assessed value and incremental assessed value for each parcel and the depreciable personal property of any designated taxpayer in the list.
- (7) To the extent that the following information has not previously been provided to the department of local government finance:
 - (A) The year in which the allocation area was established.
 - (B) The section of the Indiana Code under which the allocation area was established.
 - (C) Whether the allocation area is part of an area needing redevelopment, an economic development area, a redevelopment project area, or an urban renewal project area.
 - (D) If applicable, the year in which the boundaries of the allocation area were changed and a description of those changes.
 - (E) The date on which the allocation area will expire.
 - (F) A copy of each resolution adopted by the redevelopment commission that establishes or alters the allocation area.

2. Public Meeting with Taxing Units

In 2018, the General Assembly amended the Additional Powers Statute shall annually present information for the governing bodies of all taxing units that have territory within an allocation area of the redevelopment commission. The presentation shall be made at a meeting of the redevelopment commission and must include the following: (1) The commission's budget with respect to allocated property tax proceeds. (2) The long term plans for the allocation area. (3) The impact on each of the taxing units. (b) The governing body of a taxing unit that has territory within an allocation area of the redevelopment commission may request that a member of the redevelopment commission appear before the governing body at a public meeting of the governing body.

PART TWO: COMMON ISSUES FOR CONSIDERATION

A. Should we use incentives? TIF, Tax Abatement, and Others

1. Incentives are tools used by units of state and local government to induce development to locate or expand within the community. Incentives include the use of tax abatement and TIF, as well as land acquisition, site improvements, grants, low-interest loans, and other efforts to reduce the cost of development.
2. Many argue that quality of life issues, such as the availability of housing, a well-educated workforce, quality health services, good public education, a variety of cultural and entertainment opportunities, the local commercial and industrial mix, and other local assets are incentives which can induce development to locate in a specific community.
3. The appropriate use of incentives is a local decision. When used, incentives should be used judiciously and targeted to achieve the objectives of the local community.
4. The thoughtful use of incentives requires a community to consider issues such as:
 - A. Would the development occur without the incentive?
 - B. Does the use of incentives negatively impact existing businesses?
 - C. How does the attraction of new development contribute to the community's economy?
 - D. What will be the short-and long-term impact on the property tax base and other local tax revenues?
 - E. Will there be an increased cost of service delivery to the local taxing units?
 - F. What, if any, opportunities will the community forego by pursuing this development opportunity?

B. The Use of Tax Abatement in a TIF District

1. Tax abatements are typically granted in an effort to induce private investment and increase/retain employment within a given area. A tax abatement may be granted for real property (permanent structures) and/or personal property (new manufacturing and/or industrial production machinery or equipment, or new research and development equipment). Tax abatement may be granted for a term of at least one year, but not more than ten years, resulting in a gradual increase in the assessed value of the firm's new investment.
2. The redevelopment commission may find it helpful to adopt, in cooperation with other interested community institutions, a tax abatement policy regarding the use of tax abatement within a TIF district.
3. The legislative body of the unit that established the redevelopment commission is required to approve tax abatements in an allocation area prior to the council hearing.
4. For tax abatements being considered after the establishment of a TIF district:

A. Abatements may be granted in TIF allocation areas; however, careful consideration of the impact of combining incentives is recommended, particularly net tax increment payable after the abatement.

B. Abatements granted in a TIF allocation area will delay the growth of captured assessed value within the TIF district but have no additional negative effect on the assessed value available to the other taxing units (school, civil city, library, county, township, etc.).

C. The firm requesting the abatement should be made aware of the fact that the granting of tax abatement will reduce the amount of TIF revenue available for infrastructure and other improvements.

C. TIF Notification to Other Taxing Units

1. A taxing unit is a single local political jurisdiction with taxing power. For example, a school corporation, a library system, the county, a township, and a civil city or town are individual taxing units. Each unit sets its tax rate based on its tax levy and assessed value. A tax district is a unique geographic combination of the previously identified taxing units. The tax district's rate is the sum of the tax rates of the taxing units within the district. A TIF district is unique in that its incremental assessed value accrues to the redevelopment district rather than the general taxing units.

2. Indiana Code 36-7-14-17(c) requires the redevelopment commission to notify the overlapping taxing units of the establishment or amendment of an allocation area at least 10 days prior to the public hearing to approve the resolution. In addition, an impact statement is required to be sent to each taxing unit, which delineating the estimated effect, if any, that the allocation area may have on the taxing units.

3. Each year, before June 15, the redevelopment commission must determine whether the incremental assessed value is generating "excess TIF." It must notify the county auditor and each of the overlapping taxing units of its determination in writing. If the redevelopment commission determines that there is "excess TIF," it is required to release incremental assessed value to overlapping taxing units.

D. Establishing Working Partnerships with Auditors and Assessors

1. Local redevelopment officials have a particular mission and sphere of influence concerning the best interests of their town, city, or county. Other professionals, such as auditors and assessors, also have a mission and a sphere of influence within the community. As with many public policy decisions, the creation of a TIF district has the potential of creating both reasonable disagreement and additional work for the auditor's office.

2. Auditors and assessors are the local officials most likely to be impacted by the time and effort required to set up and maintain the property data required to maintain a TIF district.

It is important to work in partnership with these professionals.

3. The auditor provides data that tracks the annual change in assessed value, calculates the impact of reassessment, and monitors assessment appeals. The assessor is required to assess new property (either when construction is completed or on a partial basis as of March 1 of a given year). In other communities, these duties may vary, or the redevelopment commission may provide assistance to the auditor's office. It is essential that the redevelopment commission, the auditor, and the assessor develop effective and efficient work procedures to insure that all information regarding tax increment is timely and accurate.

E. What to expect from bond counsel

In general terms, bond counsel will offer a wide range of services that may be required to insure that the redevelopment commission follows legal protocol through all or a portion of the bond process. Specifically, bond counsel may be asked to provide some or all of the following services.

1. Prepare the required legal documents.
2. Work with the financial consultant and/or underwriter to structure the bond issue.
3. Explain process, bond structure and negotiations, if any, to public bodies.
4. Review proceedings of the governmental body issuing the bonds.
5. Provide a legal opinion on the bonds (validity and taxable versus tax exempt).
6. Assist in closing on the bonds.
7. Provide the redevelopment commission with a final transcript.
8. Frequently assist local counsel and redevelopment commission with negotiations with developers and companies regarding incentives, clawbacks, bond guarantees and the overall transaction.
9. Assist the local counsel and redevelopment commission in preparing for and defending litigation.

F. What to expect from an underwriter

There are two broad categories of underwriters' responsibilities to the client: Planning the financing and selling the bonds. The duties of the underwriter should include:

1. Financial planning

- A. Estimating the costs necessary to carry out the project(s), the funds required to repay bonds sold for the financing, and the likelihood of those funds being available.
2. Documentation preparation or review
 - A. Attorneys typically prepare the resolutions and financing documents, but underwriters provide input, review, and comment on them and sometimes prepare the official statement describing the documents and the project to investors.
3. Public meeting presentations
 - A. Assisting the Commission in explaining the financing to public boards.
 - B. Explaining the financing to investors.
4. Bond issue recommendations
 - A. Repayment dates, use of ratings and bond insurance, types of covenants or collateral, and the combination of serial bonds and term bonds.
5. Underwriting the bonds
 - A. Underwriting a bond issue means that the investment banking firm purchases the bonds from the redevelopment commission at a fair price whether or not the bonds have all been sold to investors.

G. What to expect from a financial consultant

1. A financial consultant may be hired to assist the redevelopment commission on a wide variety of tasks ranging from documentation of historical revenue trends and an estimate of future incremental revenue to assistance in structuring the bonds.
2. When debt is incurred through the use of TIF, determination of future incremental revenue is a critical task. The estimate requires careful consideration of assessed value to be gained through new (post base year) growth and the expiration of any existing tax abatements. An estimate of the change in tax rate over time is another essential element of accurate incremental revenue projections. Each redevelopment commission may wish to evaluate the size and capabilities of their staff before deciding which or any of the following services are required from a financial consultant.
 - A. Gather and present historical tax base and tax rate data.
 - B. Review the estimated sources and uses of public funds.
 - C. Analyze the financial viability of the project.
 - D. Prepare preliminary and final incremental revenue projections.

- E. Prepare and analyze alternative financing/debt retirement scenarios (including bond rating and/or insurance).
- F. Prepare a preliminary and final official statement.
- G. Conduct public sale of bonds or assist with negotiated sale of bonds.
- H. Assist with bond closing.

PART THREE: REDEVELOPMENT ASSOCIATION OF INDIANA BYLAWS

Redevelopment Association of Indiana Bylaws

ARTICLE I - NAME

This organization shall be known as the Redevelopment Association of Indiana, hereinafter referred to as "RAI".

ARTICLE II - MISSION/GOALS

It shall be the mission of the RAI to enhance the economic redevelopment of cities, towns, and counties in the State of Indiana. To this end, the RAI shall:

1. Serve as an educational resource and share information.
 2. Strive to affect policies and programs that impact economic redevelopment.
 3. Strive to foster and maintain strategic alliances that will enhance economic redevelopment.
 4. Monitor state legislation, federal legislation, and trends that influence the economic redevelopment of Indiana's cities, towns, and counties.
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ARTICLE III - MEMBERSHIP

Membership shall be open to any person professionally or voluntarily engaged and involved in the economic redevelopment of a city, town, or county of the State of Indiana. ***This includes members of a redevelopment commission, the executive director of a redevelopment department or organization, and employees of a redevelopment department or organization. Eligibility questions shall be referred to the RAI membership for consideration.*** Other individuals may join upon the approval of a majority vote of members present at a regularly scheduled meeting. Annual dues shall be established by the RAI in cooperation with Accelerate

Indiana Municipalities (“Aim”) to cover production and mailing of publications and the administrative costs of staffing the RAI.

ARTICLE IV - OFFICERS (GOVERNANCE)

Officers shall consist of a president and president-elect. Officers shall serve a term of two (2) years. The president-elect shall automatically succeed the president at the conclusion of the president’s term of office. A president-elect shall be nominated and elected during the annual meeting by a majority vote of those members in attendance.

The president shall preside at all meetings of the RAI. The president may also appoint sub-committees that may be necessary from time to time to facilitate the functions and policy direction of the RAI. The president may call other meetings, as needed, to perform the functions of the RAI. In the event the president is unable to attend, the president-elect shall preside at meetings.

The RAI shall also be served by a secretary. The secretary shall be assigned from the staff of Aim. The secretary shall attend all meetings as a non-voting member. The secretary shall provide administrative and technical support to the RAI.

ARTICLE V - MEETINGS

The annual meeting of the RAI shall be held in conjunction with the Aim annual conference. In addition to the annual meeting, the RAI shall meet at least three (3) other times during the fiscal year. One of these meetings should be held in conjunction with the Aim legislative event.

A minimum of two individuals present from member organizations may constitute a quorum, however, for expenditures over one thousand dollars (\$1,000), excluding management fees, majority approval by the member organizations is required. Electronic participation in meetings and in voting is permitted.

The fiscal year of the RAI shall run from July 1 to June 30 of each year.

ARTICLE VI - STAFF

Administrative oversight of the RAI shall be provided by Aim. As such, Aim shall:

1. Serve as secretary to the RAI.
2. Arrange for space and attend all meetings.
3. Keep minutes of meetings.
4. Maintain RAI records in the Aim offices.
5. Provide notice of meetings.
6. Collect and account for RAI finances.
7. Provide meeting space during the Aim annual conference and legislative event.
8. Provide members with a subscription to the Aim publications, electronic newsletters and educational events.

ARTICLE VII - VACANCIES

If the office of president becomes vacant for any reason, the president-elect automatically fills the vacancy. A vacancy in the office of president-elect shall be filled at the next regularly scheduled meeting. A person selected to fill a vacancy shall serve the remaining portion of the vacated officer's term.

ARTICLE VIII - AMENDMENTS

Amendments to these by-laws may be made by a majority vote of those members in attendance at any regularly scheduled meeting.

ARTICLE IX - DISSOLUTION

In the event the RAI is dissolved, the remaining funds on hand shall revert to the Aim Foundation.

PART FOUR: DISCLAIMER

The information and procedures set forth in this handbook are subject to constant change and therefore should serve as a foundation for further investigation and study of current law and procedures related to the subject matter covered therein. Further, forms contained within this handbook are samples only and were designed for use in a particular situation involving parties who had certain needs which these documents met. All information, procedures and forms contained herein should be very carefully reviewed and should serve only as a guide for use in specific situations.

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