



# CITY OF NEW BEDFORD

## TAX INCREMENT FINANCING BOARD

1213 Purchase Street  
New Bedford, MA 02740

Tel. (508) 991-3122  
Fax (508) 991-7372

Scott W. Lang, Mayor

### **TAX INCREMENT FINANCING PROGRAM POLICY AND GUIDELINES**

City of New Bedford, Massachusetts

*Approved as Amended 1.10.2007*

#### **I. Introduction**

The City of New Bedford is concerned with how best to address blighted, distressed, and underutilized areas. Many of the sites contain abandoned or contaminated facilities. Other is characterized by rundown infrastructure or commercial operations that are not longer economically viable. Such locations create a decrease in assessed property values, a decline in municipal revenue and they are a drain upon municipal services. Traditionally, it has been difficult for the city to attract private investment into these areas. A viable solution is the utilization of the Tax Increment Financing Program (TIF), which has been authorized through the Massachusetts legislature.

#### **II. TIF Program**

Based upon economic development and land use planning principles, the City of New Bedford may designate appropriate locations as TIF Zones. Local designations of TIF Zones help in enabling the City to encourage private development with the assistance of public infrastructure improvements, and property tax incentives. TIF incentives are offered in order to create available capital that will facilitate the financing of designated projects.

All provisions of the City of New Bedford TIF policy are in accordance with M.G.L. c. 40, § 59 and its implementing regulations found under 760 CMR 22.01.

#### **III. TIF Eligibility and Guidelines**

1. Applicants eligible for TIF consideration shall be:
  - a. Manufacturing.
  - b. Retail, wholesale, or service industries which fit one of the following criteria:
    - (1) Located in a distressed area as defined through a city policy.
    - (2) Located in a neighborhood which is demonstrably not served or underserved by the proposed use and said use

has been defined by City of New Bedford policy as a critical need in that neighborhood.

(3) Return of a non-performing parcel to the tax rolls.

(4) Project includes applicant absorbing the cost of remediation for a Brownfield site.

c. Other commercial/industrial projects.

d. Projects with a demonstrated benefit to the environment.

2. Applicant ineligibility for TIF consideration shall include:

a. Professional Services including medical, legal, financial and real estate.

b. Fast food businesses and outlets.

c. Franchises.

d. Uses pertaining to questionable health benefits or practices.

e. National chains.

f. Condominium complexes where the commercial use portion of the Condominium is less than 33% of the assessed value of the entire Condominium complex.

g. Residential only condominium complexes.

h. Subsidized Housing Projects.

i. An exception to the above listed ineligible applicant ineligibility may be allowed should the project demonstrate that it serves a critical economic development need that is identified by city policy. Such an applicant should offer real, defined potential for additional growth stimulation, and it should offer job creation and/or retention in excess of minimum standards defined within sections below, and written out in the TIF Agreement between the City of New Bedford and the TIF applicant.

3. Job retention and/or creation shall be used as a measure to determined the value of savings to be offered using the following minimum guidelines:

a. The equivalent of five new jobs for every \$1.00 through \$50,000.00 in assessed value of TIF relief.

b. The equivalent of ten full time retained jobs for every \$1.00 through \$50,000.00 in assessed value of TIF relief.

c. The City's interest in job creation or retention is for a reasonably significant numbers of jobs. While it is possible that an applicant creating a minimum

or retaining a minimum number of jobs or in some cases less than the minimum number of jobs provided in these guidelines may be successful such applications must be supported by documentation of a majority of the factors enumerated below at paragraph 4, in the application. In all events the minimum level of one full-time job is created as is consistent with state requirements for Certified Projects.

4. Something equal to or less than the minimum job guidelines may be successful but only if the applicant can demonstrate factors beneficial to the overall economic development goals of the City of New Bedford. These factors may include, but are not be limited to the following:
  - a. Five new full time equivalent jobs with a starting wage at least 125% above the minimum wage, or 10 retained full time equivalent jobs with a starting wage of at least 125% above the minimum wage.
  - b. Health care coverage for new or retained jobs.
  - c. Detailed written supporting evidence that “but for” this initiative, the commercial enterprise will locate out of the City of New Bedford or terminate business operations or relocate out of the City of New Bedford.
  - d. Entails an extraordinary risk for the company (i.e. first new business to locate in a blighted area; first to locate on a Brownfield or redevelopment are; first in a specific type of business or industry to locate in the City of New Bedford).
  - e. Applicant will incur remediation costs for a clean up of a designated Brownfield site.
  - f. No other incentives, such as a reduction in taxes, or a similar benefit to the current owner or previous owner of the subject property, if recently acquired.
  - g. The project will not overburden or harm the City’s existing infrastructure.

#### **IV. TIF Agreements**

1. TIF Agreements must include:
  - a. A plan for the life of the Agreement that demonstrates jobs retention, and/or jobs creation and a timetable for same.
  - b. In the case of jobs created, there must be a provision included within the Agreement, illustrating that at least 51% of the jobs must be afforded the opportunity to be filled by City of New Bedford residents with the employer working through established public and quasi-public employment service entities throughout the City of New Bedford.
  - c. A description of the total capital to be expended by the applicant for the project and its general category purposes.

- d. If public improvements are involved, it is necessary to include a description of the public improvements as well a total costs apportioning the amount that can be attributed to the benefit of the project's applicant.
- e. If an exception to the eligibility requirement is a factor, a recitation of those exceptions with a description is necessary.
- f. The property owner agrees to pay City of New Bedford taxes and municipal invoices prior to the end of the fiscal year in which invoice for payment is received.

2. Term of the TIF Agreement:

- a. The maximum standard length of the TIF Agreement shall be for 5 years. Extenuating circumstances, demonstrating a benefit to an articulated city community improvement objective, neighborhood revitalization strategy, and/or economic development goal may result in an extension of the TIF period.
  - b. Standards to be applied in extending a TIF agreement beyond 5 years must include some or all of the following:
    - (1) Reuse of vacant Brownfield property.
    - (2) Jobs to be saved or retained exceed the minimum guidelines by 50% or more.
    - (3) The project is to be located in a distressed neighborhood as measurably defined through government standards (i.e. CDBG Target Neighborhood).
    - (4) There is a verifiable, written offer from another community which would render the five year TIF Agreement as non-competitive.
    - (5) The applicant's project shall convert a non-conforming property to a conforming property.
  - c. All applications must include detailed "but for" reasoning which is to explain how if it were not for assistance offered through this program, it could not reasonably be expected for the project to succeed.
3. All applications are reviewed initially by the Economic Development Coordinator, who may consult with others prior to presenting the application to the TIF Board for its vote. Once the application has been approved by the TIF Board and the TIF contract signed by the applicant, then the contract shall be presented to the City Council for its vote to approve or disapprove the contract. Following an affirmative City Council vote, the Mayor shall execute the TIF contract on behalf of the City of New Bedford. All projects are subject to final approval by the E.A.C.C.
4. All TIF agreements shall contain grounds for revocation of the agreement by the City. These grounds shall include, but not be limited to, violation of the terms of the

agreement, nonpayment of real estate taxes and to the City and non-compliance with targeted job creation projections.

5. TIF agreements will not be entered into for investments that have already been made as of date of the agreements and are for prospective investments only.
6. At the City's discretion, TIF Agreements may also provide for a repayment of the difference between the total amount of tax which would have been due without the TIF and what was due with the TIF in the event the TIF agreement is revoked and the project decertified. This difference will become immediately due and payable as a "payment in lieu of taxes".
7. The City reserves the right to alter these guidelines from time to time or at anytime, in the best interests of the City of New Bedford.