

VERMONT ECONOMIC PROGRESS COUNCIL (FY09-TIF-01)

TOWN OF MILTON: TOWN CORE TIF DISTRICT

APPROVAL CRITERIA DETERMINATIONS, EXCLUSIONS, AND CONDITIONS

Note: Any references to infrastructure projects, real property development, parcels, values, increments, etc. contained in this document are stated as represented in the Milton Town Core TIF District application submitted on December 5, 2008, and will need to be adjusted in the TIF District Financing Plan to reflect any conditions and exclusions included in the Council approval.

I. Project Summary:

The Town of Milton has created a Tax Increment Financing District, known as the "Milton Town Core TIF District," ("District") that consists essentially of a corridor along Route 7 starting from the Light Industrial zoning area (I1) east of Lake Arrowhead, west along Main Street, south along Route 7 through the downtown area, west along Route 7 to Interstate 89 and to include an area on the west side of Interstate 89. For a map of the District as created by the Town of Milton, see:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/TIF%20Map.pdf>

Pursuant to 32 VSA §5404a(h), on December 5, 2008, the Town of Milton ("Town") submitted an application to the Vermont Economic Progress Council (the Council) requesting approval to utilize incremental property tax revenues for TIF District infrastructure debt.

A. PROPERTY:

The District included approximately 668 properties encompassing about 1,090 acres (3.3% of total land acreage in the Town). The total assessed value of the parcels, as certified by the town lister, was \$142,045,010, as of April 1, 2008 (2009 value), representing about 15% of the total 2009 Municipal Grand List Value, which was \$950,893,000 according to the 2009 Municipal Grand List report:

<http://www.state.vt.us/tax/pvrannualreports.shtml>.

A complete list of the properties included in the TIF District, as presented in the application, was included in Appendix J, Table 1:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Town%20Core%20TIF%20District%20Plan%20-%20Part%201%20-%20RevisedSept08.pdf>

The total assessed value of the parcels, which establishes the Original Taxable Value, or base value, of the TIF District was certified by the town lister at \$142,045,010, as of April 1, 2008 (2009 value). See Appendix I:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Process%20Requirement%202%20-%20Appendix%20I.pdf>

B. INFRASTRUCTURE:

The infrastructure improvements, which would start between 2010 and 2014, include the expansion of a wastewater collection system, a water system loop, and various transportation improvements including new roads, intersection improvements, street reconstruction, new sidewalks, street lighting, and transportation improvements to enhance vehicular and pedestrian safety, such as municipal parking, a park and ride, and a multimodal center. Total infrastructure costs are estimated to be \$28.5 million, including a 5% escalator, 15% contingency, and related costs. Total debt is estimated to be \$45.7 million, including financing costs.

Summary of infrastructure project costs:

Water:	\$ 165,000
Sewer:	\$ 4,300,000
Transportation:	\$24,000,000
TOTAL:	\$28,465,000

Details on the proposed infrastructure projects are included in Appendix J, Pages 46-58 and Tables 3-7:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Town%20Core%20TIF%20District%20Plan%20-%20Part%201%20-%20RevisedSept08.pdf>

C. REAL PROPERTY DEVELOPMENT:

The projected development and redevelopment to occur includes all types of residential units with an average market value of \$203,000, commercial development including an ice rink, retail storefronts, a small amount of light industrial, and some industrial development.

A list of the expected real property development projects and the potential development schedule known at the time of application are included in Appendix J, page 68 and table 9:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Town%20Core%20TIF%20District%20Plan%20-%20Part%201%20-%20RevisedSept08.pdf>

An Addendum describing the location of these real property developments is included in the application:

<http://economicdevelopment.vermont.gov/Portals/0/Addendum%20to%20Appendix%20J.pdf>

An Addendum describing the status of these projects is included in the application:

<http://economicdevelopment.vermont.gov/Portals/0/Status%20of%20Projected%20Real%20Estate%20Development%20Projects.pdf>

D. REVENUE ESTIMATES:

The base (Grand List 2008) value of the properties expected to be improved as a result of the District is \$13 million. The estimated assessed value after the infrastructure improvements and redevelopment is \$175.2 million, for a \$162.2 million incremental value (\$43.4 homestead and \$118.8 non-homestead). Milton estimates the generation of \$75.1 million in incremental property taxes during the 20 year TIF District increment retention period (2010 -2029): \$17.3 million in municipal property taxes, with \$4.3 million (25%) going to the Milton municipal general fund and \$13 million

(75%) going to TIF debt; and \$57.7 in state education fund revenues, with \$14.2 (25%) going to the education fund and \$43.5 (75%) to the TIF debt. This raises a total of \$56.5 million to retire the TIF debt. (Note: 100% of any incremental revenue raised beyond the cost of the debt reverts back to taxing authorities - the town and state).

The incremental revenue expected to be raised is outlined below. These revenues will be generated because of infrastructure improvements, which would not occur without the TIF District approval and will cause real property development and redevelopment to occur that otherwise would not occur without the infrastructure.

Incremental Revenue	Total	TIF 75%	Muni/Educ Fund 25%
Municipal	\$17.3 m	\$13.0 m	\$04.3 m
Education	\$57.7 m	\$43.5 m	\$14.2 m
TOTAL	\$75.0 m	\$56.5 m	\$18.5 m

E. EXISTING TIF DISTRICTS:

The Council notes that Milton has two existing TIF Districts, created in 1998 under the Economic Advancement Tax Incentive program parameters, known as the Husky TIF (North) and the Catamount Industrial Park TIF (South). The legislature approved an extension of the period during which incremental property taxes can be retained for TIF debt for an additional ten years (through 2019). These TIF Districts combined encompass 1030 acres (North 681; South 348). The total Milton land acreage in TIF, if the Town Core TIF District is approved, would be 2,120 acres or about 6.4% of Milton’s total land acreage. The current (2008 Grand List) assessed value of the properties in the existing TIFs is \$32,456,790. Approval of the Town Core TIF District would put a total base property value of \$174,000,000 or 18% of the total Municipal Grand List in TIF, for the overlapping 10 years.

F. MILTON TOWN CORE TIF DISTRICT PLAN

A complete TIF District Plan is included as Appendix J of the Milton Town Core TIF District application: <http://economicdevelopment.vermont.gov/Programs/VEPC/VEPCBoardPage/tabid/375/Default.aspx>

The Plan includes the statement of purpose, plan summary, map, list of properties, list of infrastructure projects and related costs, and projected development and redevelopment projects, including current assessed values, projected assessed values and projected revenue increments.

II. Approval Timeline:

Municipal Notice of Intent to Apply Filed:	September 18, 2007
VEPC Staff meeting with Town Officials:	October 29, 2007
Earliest Date Application Could be Filed:	November 18, 2007
Municipal Notice of Hearing on TIF District Plan:	Mar. 20, 2008, August 4, 2008
Municipal Hearing(s) on TIF District Creation and Plan:	April 7, 2008, Sept. 15, 2008
Municipal Legislative Body Vote on TIF District Creation:	April 7, 2008; Sept. 15, 2008
Municipal Legislative Body Vote on TIF District Plan:	April 7, 2008; Sept. 15, 2008
TIF Plan Filed and Recorded with Town Clerk:	September 16, 2008
Assessed Values Certified by Town Lister:	December 3, 2008
TIF District Application Filed with VEPC:	December 5, 2008
Preliminary Review of TIF Plan by VEPC:	January 23, 2009
VEPC Tour of District, Public Comment, Start Initial Review:	February 26, 2009
VEPC Initial Review and Deliberation Continued:	March 26, 2009
VEPC Final Review and Conditional Approval:	April 30, 2009

III. Power and Life of District Timeline:

Date TIF District Created by Vote of Municipal Legislative Body:	September 15, 2008
Date TIF District Life Began: (12:01 a.m. on)	April 1, 2008
Deadline to Incur Any TIF District Debt:	March 31, 2028
Deadline to Incur Debt Without Requirement for Re-approval of TIF District Plan by VEPC:	March 31, 2018
Deadline to Incur Debt That Can be Paid with Incremental TIF District Revenues:	March 31, 2018
Deadline to trigger retention period without change to Original Taxable Value	March 31, 2013
Period During Which Any TIF Debt Must be Retired:	As Authorized by Select Board
Length of Debt Service for each Debt instrument	As Authorized by Select Board
Twenty Year Period During Which Incremental Property Tax Revenues May be Retained to Finance TIF District Debt:	20 Yrs from April 1, 2008 or the date first TIF debt incurred
Date TIF District Ends	Date/Hour all TIF debt is Retired

TIF District Application Review Criteria:

Summary of Approval Criteria Determinations

A. Purpose and But For:

The Council has determined that the TIF District presented by the application meets the statutory purpose of a TIF District; and the Council has determined that the public infrastructure projects, as conditioned by the other findings herein, would not occur or would occur in a significantly different and less desirable manner, except for the utilization of incremental property tax revenues to pay TIF infrastructure debt and related costs, and that the potential real property development or redevelopment, as conditioned by the other findings herein, would not occur or would occur in a significantly different and less desirable manner unless the proposed infrastructure is developed.

B. Nexus:

The Council has determined that nexus is shown and supported for all parcels, proposed infrastructure projects, and potential real property development, with the exception of the following parcels, which, as a condition of approval of this TIF District application, must be excluded for lack of nexus:

- The nineteen (19) parcels included on the TIF District map that are in the area known as Checkerberry Square, specifically: Four (4) parcels on the north side of Ethan Allen Highway between the corner of Chrisemily Lane and Bert's Mobile Home Park; Three (3) parcels on east side of Chrisemily Lane; Six (6) parcels between Ethan Allan Highway and Checkerberry Square Road; Five (5) parcels on north side of Checkerberry Square Road; and one (1) parcel west of Nancy Court and south of Checkerberry Square Road. These parcels are within Sewer Service Area #6 and have wastewater service and are already developed.*
- The eight (8) parcels included in the Zoning area known as Light Industrial (I1) located north of Main Street and west of North Road.*

C. Proportionality:

The Council has determined that the infrastructure projects proposed at 75% proportion (Park & Ride; Multimodal Facility) are approved at that rate and all projects proposed at 100% are approved, with the exception of the following projects, which, as a condition of approval of this TIF District application, must have an adjusted proportionality as indicated:

- All TIF District sidewalk projects: 90% paid with TIF revenues*
- All TIF District lighting projects: 90% paid with TIF revenues*
- All TIF District municipal parking facilities: 90% paid with TIF revenues*
- Wastewater Collection Extension to Industrial Area 0% (Note: Project excluded under Location Criteria)*

D. Process Requirements:

The Council has determined that all the required process steps have been taken by Milton, all required process documentation is in order, that the project has clear local and regional significance for employment, housing, and transportation improvements and therefore the Process criterion is met.

E. Location Requirement (Milton’s application addressed “Location Criteria #4 – Development or redevelopment will be compact and high density and occur in or near existing residential and commercial development.”):

The Council has determined that the proposed real property development will occur in or near existing residential and commercial development and, as proposed, meet TIF program definitions of high density and compact, with the exception of the following parcels and related infrastructure project, which, as a condition of approval of this TIF District application, must be excluded:

- *The five (5) parcels included in the zoning area known as General Industrial (I2) and the two (2) parcels making up the Interstate Commercial (C1) zoning area, both located west of Interstate 89 and south of West Milton Road, and the sewer extension project listed in the TIF District application as “wastewater collection to industrial area.”*

Additionally, the nine (9) parcels which are located in the General Industrial (I2) zoning area west of the Ethan Allen Highway (Route 7), east of Interstate 89, and south of West Milton Road, are included in the Milton Town Core TIF District, subject to the fulfillment of all of the following conditions:

- *The Town of Milton satisfies condition #30 included in the Act 250 land use permit amendment #4C0046-7A issued on December 1, 2003 and the District #4 Environmental Commission issues an amended permit that becomes final, which allows for access to the municipal wastewater system from these parcels;*
- *Public infrastructure projects with nexus to these parcels, including but not limited to, connection to the municipal wastewater system, are included in the Milton Town Core TIF District Financing Plan and such infrastructure encourages industrial development on these parcels that is compact and high density and complies with the applicable zoning requirements; and*
- *The Town of Milton presents evidence to the Council on the first two conditions, the Council determines that the first two conditions are met, and the Council approves the Milton Town Core TIF District Financing Plan.*

If these conditions are not met and/or the TIF District Financing Plan is not approved, these parcels are excluded.

F. Project Requirements (Milton’s application addressed *Project Criteria A: The project requires substantial public investment over and above the normal municipal operating budget or bonded expenditures; Project Criteria B: The development includes new affordable housing; and Project Criteria E: The development will enhance transportation*):

The Council has determined that the TIF District application meets Project Criteria A, Project Criteria B, and Project Criteria D and therefore finds that three of the five Project Criteria have been met.

G. TIF District Financing Plan

As required by statute, the Town of Milton will submit a TIF District Financing Plan at a later date for consideration by the Council. The Financing Plan must be submitted to, and considered and approved by, the Council prior to Milton requesting municipal approval to secure financing (24 VSA §1894(c)).

V. TIF District Application Review Criteria: Criteria and Finding Detail

A. PURPOSE (24 VSA §1893) AND BUT FOR (32 VSA §5404a(h)(1)):

“The purpose of tax increment financing districts is to provide revenues for improvements that serve the district and related costs, which will stimulate development or redevelopment within the district, provide for employment opportunities, improve and broaden the tax base, or enhance the general economic vitality of the municipality, the region, or the state.”

“ Review each application to determine that the new real property development would not have occurred or would have occurred in a significantly different and less desirable manner but for the proposed utilization of the incremental tax revenues. A district created in a designated growth center under 24 V.S.A. § 2793c shall be deemed to have complied with this subdivision. The review shall take into account:

(A) The amount of additional time, if any, needed to complete the proposed development within the tax increment district and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing.

(B) How the proposed development components and size would differ, if at all, without education property tax increment financing.

(C) The amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that shall be used to pay the municipal tax increment bonds.”

In effect, the Council must determine:

- Whether the public infrastructure improvements would occur or would occur in a significantly different and less desirable manner without the utilization of the incremental property tax revenues; *and*
- Whether the real property development would occur or would occur in a significantly different and less desirable manner without the public infrastructure development.

Milton provided a narrative and testimony explaining that the development of the downtown core cannot occur as envisioned by the community and described in numerous town studies and documents unless the infrastructure included in the TIF District plan is built. The written evidence provided includes:

Appendix A, Need Narrative/But For Statement:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/But%20For%20Review%20-%20Appendix%20A.pdf>

Milton Comprehensive Plan (Appendix M – NOTE: Large document):

<http://www.milton.gov/office2.com/vertical/Sites/%7BCC846766-1AF1-45AA-B77D-5E2B594AA552%7D/uploads/%7BD2F0BB52-16BC-4A68-BF7E-69E957FA0FB6%7D.PDF>

Town Core Streetscape and Transportation Plans:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Milton%20Town%20Core%20Transportation%20Plan%20-%20Appendix%20F.pdf>

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Streetscape%20Excerpt%20-%20Appendix%20G.pdf>

Economic Development Strategy

<http://www.milton.govoffice2.com/vertical/Sites/%7BCC846766-1AF1-45AA-B77D-5E2B594AA552%7D/uploads/%7B5650F794-7F22-4D10-9719-DAFA653D3956%7D.PDF>

Milton stated that the infrastructure projects are required for the development of the Town Core into the vibrant, livable, walkable, downtown-style community envisioned by the Town of Milton as described in numerous town studies and plans.

The “Town Core TIF District” uses the term “town core” as part of the TIF District name, but includes areas that are outside of the “Town Core” as defined by the planning areas included in the *2008 Town of Milton Comprehensive Plan*. These areas are the general industrial areas between Route 7 and I-89 (which is part of the “Catamount” planning area) and the general industrial area and interstate commercial areas west of I89 (which are part of the “Lamoille” planning area).

The Town Core is the area of town where the greatest mix of uses and highest density will, and should occur. According to the application, the infrastructure improvements described are necessary to stimulate the development and redevelopment of the town core area to its full potential.

Milton stated that without these infrastructure improvements, the real property development or redevelopment either would not occur at all or would occur in a materially different manner. For example:

- Without the proposed sewer connections planned for the Downtown Business District and Milton Crossroads Market Place (MCMP) area and the proposed industrial areas west of the interstate, properties will remain undeveloped or will not be developed to the fullest potential. Parcels will remain vacant in the core area of town, which has been zoned for the highest density commercial and residential development because developers cannot realize the full build-out potential, at highest densities, without available municipal wastewater services. (Appendix A, pp 1-3. See also: Recommendation 4-6, 2008 Milton Economic Development Strategy p56; Appendix D: 2008 Milton Wastewater System Expansion Study, section 7-1.)
- Housing and commercial/retail units would not be built because they cannot meet required zoning density requirements without municipal wastewater services. Fewer units of housing and commercial/retail units would be built at lower density because they will have to use on-site septic, resulting in fewer housing units and commercial space. (Appendix A, pp 1-3)
- Without the water loop planned for Bombardier Road, the town cannot ensure the integrity of the water system and provide adequate water pressure and fire flows. The project is essential to protect the health and safety of current and future residents and businesses in the town

core. (Appendix A, pp 1-3. See also 2002 Milton Water Facilities Plan Update, p11; Recommendation 4-6, 2008 Milton Economic Development Strategy p56)

- The planned transportation improvements will avoid further deterioration of the level of service along Route 7 and reconstruct intersections that are already classified as High Crash Locations. Continuation and deterioration of these conditions will preclude development along the corridor at its full potential and could preclude any development in certain areas due to permitting restrictions which could be overcome with appropriate improvements. Even if certain development were allowed to proceed, the result would be development occurring in a materially different and less desirable manner because the traffic congestion and risk will be detrimental to the quality of life and safety for Milton residents and neighboring residents who travel the Route 7 corridor. (Appendix A, pp 1-3. See also: Appendix F Milton Town Core Transportation Plan; Appendix G Streetscape Study; Strategies 2 and 6, Route 7 Land Use and Transportation Study; Strategy 4, Milton Economic Development Strategy).
- The planned sidewalk and lighting projects will ensure connectivity of the downtown core to several walkable neighborhoods with connection to and throughout the town core area. The result without these improvements is less desirable because the projects reduce the reliance on automobiles and ensure that neighborhoods are connected, walkable, and safe. Further, without the improvements the transportation corridors would not meet town and regional transportation goals. (Appendix A pp 1-3. See also: Milton Comprehensive Plan, Ch.6; Chittenden County Regional Plan, p8.15; Strategies 2 and 6, 2008 Milton Land Use and Transportation Study; Appendix G, 2007 Town Core Streetscape Study).
- The alternative transportation projects – municipal parking, multimodal center, park and ride – also reduce the reliance on automobile use and traffic. The development that would occur would be less desirable because it would not be designed to be connected to public transportation and would not be designed and built to complement the town core plan, which envisions a downtown core surrounded by residential, retail, and commercial areas that are all inter-connected. (Appendix A, pp 1-3. See also: Appendix F Milton Town Core Transportation Plan; Appendix G Streetscape Study; Strategies 2 and 6, Route 7 Land Use and Transportation Study; Strategy 4, Milton Economic Development Strategy).

The Council received public comment confirming that some desired development projects cannot proceed without the projected infrastructure projects.

In short, the infrastructure projects are intended to ensure that development occurs where the town intends and in a manner intended to accomplish the kind of vibrant, connected town core envisioned by the town plan and the regional plan. The infrastructure projects will help ensure that the development occurs within the town core area and not outside the area designated and zoned by the town for infill and growth.

But For: Sub-Questions A, B, and C:

The town addressed the additional time it would take and additional cost to build the proposed infrastructure without the TIF revenue. The town's combined annual debt service expenditures

(municipal and school) has been, on average, about \$750,000 per year since 1998 (See Appendix A, p3 and Table 1). The proposed infrastructure projects, if they proceeded on a timeline projected using TIF, would add another \$2,000,000 per year (See Appendix A, Table 2). This represents a 366% increase in debt service annually. It is very likely that this kind of debt increase would not be approved, so the town would have to delay many projects well into the future, perhaps staggering them over the next 20 to 30 years. Given construction cost increases, the overall debt costs would increase exponentially. For example, a delay of just 5 years for each project would add another \$7.9 million dollars in construction costs.

Without the TIF revenue many, if not all, of the infrastructure projects would not occur or would be delayed to the point that they would be too expensive because of added construction costs. This would result in fewer affordable housing units and commercial growth because of limitations on water and sewer, and more restrictions on the ability of developers to access their property. Any development that does occur would be of lower densities, which is at odds with the town and regional plans, and is materially less desirable because it will not develop as a vibrant, functioning downtown connected to multiple walkable neighborhoods. Further, such development as might occur without the infrastructure will result in much lower net property tax revenue being generated.

In response to But For Sub-question C, the town projected the following incremental revenues due to the planned infrastructure and development that is projected to occur:

Incremental Revenue	Total	TIF 75%	Muni/Educ Fund 25%
Municipal	\$17.3 m	\$13.0 m	\$04.3 m
Education	\$57.7 m	\$43.5 m	\$14.2 m
TOTAL	\$75.0 m	\$56.5 m	\$18.5 m

The infrastructure projects proposed and the development expected to occur appear to fulfill the statutory purpose for TIF Districts. If the infrastructure is built, the TIF District will provide revenues for the improvements and related costs that serve the district, which will stimulate development or redevelopment within the district. If the real property developments occur, they will provide employment opportunities, improve and broaden the tax base, and enhance the general economic vitality of the municipality, the region, and the state.

The town provided extensive evidence and makes a sound case that the infrastructure will not be built without the incremental education property tax revenue that will be generated by the development that will occur because of the infrastructure. The town also provides reasonable explanations and evidence showing the extra costs that would be incurred and extra time it would take to accomplish the TIF goals without the incremental revenue.

Therefore,

The Council has determined that the plan presented by the Milton Town Core TIF District application meets the statutory purposes of a TIF District as stated in 24 VSA, §1893; and, in accordance with 32 VSA, §5404a(h)(1), the Council has determined that the public infrastructure projects, as conditioned by the other findings herein, would not occur or would occur in a significantly different and less desirable manner, except for the utilization of incremental property tax revenues to pay TIF District infrastructure debt and related costs, and that the potential real property development or redevelopment, as conditioned by the other findings herein, would not occur or would occur in a significantly different and less desirable manner unless the proposed public infrastructure is developed.

B. NEXUS (24 VSA §1897(a)):

“ The legislative body may pledge and appropriate in equal proportion any part or all of the state and municipal tax increments received from properties contained within the tax increment financing district for the financing for improvements and for related costs in the same proportion by which the infrastructure or related costs directly serve the district at the time of approval of the project financing by the council, and in the case of infrastructure essential to the development of the district that does not reasonably lend itself to a proportionality formula, the council shall apply a rough proportionality and rational nexus test...”

Milton provided explanations regarding the relationship between each of the planned public infrastructure improvements and the expected real property development and/or redevelopment within the TIF District. They explained how the infrastructure is linked and connected to certain expected real property development, how it will serve the development projects or how it is related to the broad goals of the District, and in certain cases is essential for the development to occur.

See:

Appendix B, Nexus Narrative: <http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Nexus%20Narrative%20-%20Appendix%20B.pdf>

Addendum to Appendix J, Table 9: Location and Zoning District of Expected Real Estate Development Projects:

<http://economicdevelopment.vermont.gov/Portals/0/Addendum%20to%20Appendix%20J.pdf>

Status of Projected Real Estate Development Projects:

<http://economicdevelopment.vermont.gov/Portals/0/Status%20of%20Projected%20Real%20Estate%20Development%20Projects.pdf>

Most of the infrastructure projects can be directly linked to specific potential development projects or can be shown to be essential to achieving the type of development desired and in the locations desired by the town. For example, the “Hourglass” reconfiguration of Middle Rd/Railroad St, while not directly required for any one development, will ensure that the developments proposed can occur in the downtown area and not outside the downtown, ensuring in-fill and utilization of empty lots. If the intersection is not improved, local and state approval for certain projects will not be possible.

Some of the real property development projects have received some level of approval and/or permitting, but the approvals were made with conditions or restrictions that can be resolved by the proposed infrastructure projects. For example, the Pomerleau shopping center development has received state and Act 250 permits which state that the project will not cause unreasonable congestion of unsafe conditions *because* of the proposed “Hourglass” reconfiguration. The Cameron’s Run project, which has perpetually affordable housing, was allowed to precede using onsite wastewater, but the DRB approval was conditional on connection to municipal sewer once it is available.

Others have been denied DRB or other approvals because the proposed infrastructure has not been developed. The Southerberry and Ice Barn projects have not received VTrans approval for access to Route 7 because of the need for the proposed new road parallel to Rt 7.

Other infrastructure projects are meant to serve the District generally by ensuring the TIF achieves desired outcomes. For example, the Multimodal Center, sidewalks, parking lots, and lighting projects cannot be directly linked to a particular real property development, but all will help achieve the transportation enhancement goals of the TIF, the town, and the region.

The Council examined nexus from several perspectives:

1. From the infrastructure perspective:

What areas within the TIF District will be impacted (and therefore have a nexus) by the proposed infrastructure projects? If there is infrastructure proposed that does not serve any portion of the TIF District or would not have anything to do with causing the real property development to occur, it does not have nexus and should not be paid for in any degree by TIF revenues.

The evidence supports the town’s assertion that the following infrastructure projects have a *direct* connection (nexus) with the following potential real property developments. (For descriptions of the infrastructure, see Appendix J. For descriptions of the real property developments, see “Status of Projected Real estate Development Projects” through the links above):

- **Village Core Sewer Expansion:** Cameron’s Run, Bove Brothers Realty, Jolly Associates, Houston Commons, Cary, Michaelides, Papaseraphim, Delaney, Lafountain, Brault.
- **Bombardier Water Loop:** Bove Brotheres Realty, Jolly Associates, Houston Commons, Cary, Devarney, Michaelides, Brault.
- **New Roads (Bombardier to Centre or new road parallel to RT7):** Southerberry, Ice Barn, Turner Estates, Bove Brothers Realty, Jolly Associates, McCormick-Rt7, Cary, Goodrich, Leblanc, Brault, Labell.
- **Main St Reconstruction:** Wagner Woods.
- **Wastewater Expansion West of I-89:** Lamell, Robinson.

All of the remaining infrastructure projects have *indirect* nexus with the real property development projects, some to more degree than others. For example, the housing projects such as Bonnie's Way, Habitat, Meadowlane, Blackberry Lane, etc will benefit from the sidewalk and lighting enhancements, especially those developments meant to serve the elderly. The commercial and retail developments will benefit from the road and intersection improvements and parking enhancements. The other infrastructure projects, such as the Multimodal Center, municipal parking, and Park and Ride have indirect nexus through their overall enhancement of the alternative transportation system.

2. From the TIF area perspective:

If there are areas included in the TIF District that do not have any potential developments and apparently are not being directly served by any of the infrastructure projects, the Council asked why those areas are included in the TIF District. Some of the parcels for which there are no known development projects as of application are indirectly impacted by infrastructure or there just is not a known development or redevelopment project planned at the time of application. However, the town assumes that some of these parcels are likely to be developed as a result of the proposed infrastructure improvements. Therefore, it would not make sense to carve them out. Others are less likely to be developed or are already developed.

A review of the evidence indicated that the following areas did not appear to have any planned real property development or redevelopment and are not directly impacted by infrastructure. (Some may be indirectly served by infrastructure such as lighting, sidewalks, and road improvements):

- a) The "Light Industrial" area north of Main Street between the railroad and North Road.
- b) The "bump-out" on the north side of Route 7, in the "Checkerberry" (M-4) known as Checkerberry Square.
- c) The "bump-out" on the north side of West Milton Road, between Field Ridge Drive and I-89.
- d) The Old Towne Residential/Commercial (M5) area along railroad Street.
- e) The General Industrial area between the Ethan Allen Highway (Route 7) and I-89.

Public comment by town staff, supported by the onsite visit by the Council, indicate that the areas listed above in (c) and (d) are likely to be redeveloped due the infrastructure improvements. However, the Light Industrial area (a) is already served by sewer and no development project is known at this time. The area known as Checkerberry Square (b) is already served by sewer and water infrastructure and is already developed to its full extent. The general industrial area between Route 7 and I-89 (e) is already served by sewer, but access to that sewer line is restricted by an Act 250 condition. Therefore, there are currently no known development projects planned for that area.

Milton provided ample information on the proposed infrastructure projects and the potential real property developments. Additional information has been provided describing the locations of the real property development projects, their status and relationship to the infrastructure projects. Additionally, the Council toured the town and proposed District with the benefit of town staff descriptions of the infrastructure and real property projects during the tour. The Council has also

reviewed GIS mapping overlays of the town and district that included plotting of all the infrastructure and real property projects.

The Council reviewed each proposed infrastructure project and its nexus to the parcels included in the TIF District and the potential real property development projects. The Council also reviewed each parcel included in the TIF District, whether any potential real property development is projected for that parcel and whether there is nexus to the proposed infrastructure projects. In all cases, there is nexus between the proposed infrastructure projects and one or more parcels.

In some cases, the nexus is indirect or the proposed infrastructure benefits the District as a whole or is integral to the overall goals of the District plan, such as the development of multiple connected walkable neighborhoods. However, there are a few parcels for which there are no known potential real property developments planned and/or no discernable nexus to planned infrastructure projects.

Therefore,

In accordance with 24 VSA §1897(a), the Council has applied a rational nexus test and determined that nexus is shown and supported for all parcels, proposed infrastructure projects, and potential real property development, with the exception of the following parcels, which, as a condition of approval of this TIF District application, must be excluded for lack of nexus:

- The nineteen (19) parcels included on the TIF District map that are in the area known as Checkerberry Square, specifically: Four (4) parcels on the north side of Ethan Allen Highway between the corner of Chrisemily Lane and Bert's Mobile Home Park; Three (3) parcels on east side of Chrisemily Lane; Six (6) parcels between Ethan Allan Highway and Checkerberry Square Road; Five (5) parcels on north side of Checkerberry Square Road; and one (1) parcel west of Nancy Court and south of Checkerberry Square Road. These parcels are within Sewer Service Area #6, have wastewater service, and are already developed.*
- The eight (8) parcels included in the Zoning area known as Light Industrial (I1) located north of Main Street and west of North Road.*

C. PROPORTIONALITY (24 VSA §1897(a)):

“ The legislative body may pledge and appropriate in equal proportion any part or all of the state and municipal tax increments received from properties contained within the tax increment financing district for the financing for improvements and for related costs in the same proportion by which the infrastructure or related costs directly serve the district at the time of approval of the project financing by the council, and in the case of infrastructure essential to the development of the district that does not reasonably lend itself to a proportionality formula, the council shall apply a rough proportionality and rational nexus test...”

Milton provided narrative and data evidence, including reference to various studies, to support the percentage of project costs that should be paid with TIF revenues. Further information was requested and provided by the town, including copies of traffic studies for some of the proposed real property developments, which refer to traffic flows through the impacted intersections.

See:

Appendix C, Proportionality Narrative

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Proportionality%20Narrative%20-%20Appendix%20C.pdf>

Status of Projected Real Estate Development Projects:

<http://economicdevelopment.vermont.gov/Portals/0/Status%20of%20Projected%20Real%20Estate%20Development%20Projects.pdf>

Milton indicated that 100% of all the infrastructure projects in the TIF District should be covered by TIF revenues, with the exception of the Park and Ride and Multi-Modal Center. Milton states that 75% of the park and ride and multimodal projects should be covered by TIF revenues. Portions of some of the projects, such as street lighting, will take place inside and outside the District. Only the costs of those projects that are within the District are included, at 100%.

The Council toured the TIF District to see the current transportation infrastructure, reviewed the relevant studies and analyzed the information provided by the municipality. Additionally, the Council utilized a rating matrix using several factors to help determine if a project should have 100% proportionality or some lower proportion. The factors include:

1. Location: Within, Partially in, not within, the TIF District
2. Impact on TIF District: Direct, Indirect, None; Essential, Somewhat essential, Not essential; Major, Minor, None.
3. Impact on Real Property Development: Direct, Indirect, None; Essential, Somewhat essential, Not Essential; Major, Minor, None.
4. Required for a real property development to occur: Yes, Somewhat, Not
5. Required for broad TIF outcome: Yes, Somewhat, Not
6. Other potential sources of Revenue available: Yes, Maybe, No

Therefore,

In accordance with 24 VSA §1897(a), the Council determined that the financing for the majority of the infrastructure projects and related costs shall be at 100% as proposed because the projects directly serve the District. The Council further determined that other infrastructure projects are essential to the development of the district but do not reasonably lend themselves to a proportionality formula, and therefore the Council has applied a rough proportionality test. As a condition of approval of the Milton Town Core TIF District application, financing of TIF District infrastructure projects and related costs shall be subject the following proportionality:

- *Village Core Sewer Expansion:* 100%
- *Bombardier Water Line Loop:* 100%
- *Hourglass Intersection:* 100%
- *New Roads – Town Center:* 100%
- *New Roads – Route 7 parallel:* 100%
- *Rebecca Lander Intersection:* 100%
- *Main Street Reconstruction:* 100%
- *Park and Ride:* 75%

- *Multimodal:* 75%
- *Sidewalk projects:* 90%
- *Lighting projects:* 90%
- *Municipal parking projects:* 90%
- *Wastewater Collection Extension to Industrial Area:* 0% (Note: Project under Location criteria)

D. PROCESS CRITERIA (32 VSA §5404a(h)(2)):

“Process requirements. Determine that each application meets all of the following four requirements:

(A) The municipality held public hearings and established a tax increment financing district in accordance with 24 V.S.A. §§ 1891-1900.

(B) The municipality has developed a tax increment financing district plan, including: a project description; a development financing plan; a pro forma projection of expected costs; a projection of revenues; a statement and demonstration that the project would not proceed without the allocation of a tax increment; evidence that the municipality is actively seeking or has obtained other sources of funding and investment; and a development schedule that includes a list, a cost estimate, and a schedule for public improvements and projected private development to occur as a result of the improvements.

(C) The municipality has approved or pledged the utilization of incremental municipal tax revenues for purposes of the district in the same proportion as the utilization of education property tax revenues approved by the Vermont economic progress council for the tax increment financing district.

(D) The proposed infrastructure improvements and the projected development or redevelopment are compatible with approved municipal and regional development plans, and the project has clear local and regional significance for employment, housing, and transportation improvements.”

The following were included in the Milton Town Core TIF District application:

- ✓ Copy of municipal public hearing notices and agendas. (Appendix H, all)
- ✓ Copy of municipal finding of purpose. (Appendix J, page 3)
- ✓ Physical description and a map of TIF District, and listing of properties within District, including SPAN numbers. (Appendix J, pages 4-45)
- ✓ Copy of minutes of municipal legislative body meeting at which TIF District plan was adopted. (Appendix H)
- ✓ Certification from clerk and lister/assessor that plan was recorded. (Appendix I)
- ✓ Copy of certification of original taxable value including date and time established and certified. (Appendix I)
- ✓ Copy of TIF District Plan, which must include (Appendix J):
 - ✓ A map of the municipality with the TIF District indicated (Pg. 5).
 - ✓ A description of the district by its boundaries and properties located within the District (Pg. 3).
 - ✓ Statement of costs and sources of revenue, including sources other than incremental tax revenues (Pgs. 46-220).

- ✓ Estimates of assessed values within the District (Pgs. 6-45).
 - ✓ Estimated tax increments in each year (Pg. 219)
 - ✓ Amount of bonded indebtedness to be incurred (Pgs. 66-67)
 - ✓ Duration of the plan (all)
 - ✓ Amount of additional revenue expected to be generated as a result of the proposed development, and:
 - The percentage of that revenue that will be paid to the education fund
 - The percentage of that revenue that will be paid to the municipality
 - The percentage of that revenue that will be paid to the municipality and used to pay the municipal tax increment bonds (Pg. 219)
 - ✓ A general project overview (Pg. 3)
 - ✓ A detailed project description, including:
 - Bonding and other debt instrument approval and financing schedules (Pgs. 50-67)
 - Infrastructure development schedule including description, costs, and build out schedule (Pgs. 50-67)
 - Development and redevelopment schedule including description, costs, and information on who will accomplish development (Pgs. 68-218).
 - ✓ Pro forma projection of related costs that will be paid for by incremental tax revenues including description and amounts. Should include any payments to a designated coordinating agency and any costs incurred prior to approval that will be recouped by the municipality (Pgs 62-64).
 - ✓ Evidence that the municipality is seeking or has obtained other sources of funding and investment (Pg. 220).
-
- ✓ Written statement from top municipal official stating whether the projected development and/or redevelopment are compatible with municipal plan. (Appendix L)
 - ✓ Copies of relevant sections of municipal plan with which project is compatible. (Appendix M)
 - ✓ A written explanation from top municipal official describing how the project has clear local significance for employment, housing, and transportation improvements. (Appendix L)
 - ✓ Written confirmation by appropriate regional planning commission explaining how the projected development and/or redevelopment is compatible with approved regional plan and an explanation of how the project has clear regional significance for employment, housing and transportation improvements. (Appendix L)
 - ✓ Copies of relevant sections of the regional plan. (Appendix N)
 - ✓ Written explanation from top municipal official indicating whether additional local or state permits will be required for the project, which permits will be required and a timeline for approval of the permits. (Appendix L)

See: Appendices H, I, J, K, L, M, and N:

<http://economicdevelopment.vermont.gov/Programs/VEPC/VEPCBoardPage/tabid/375/Default.aspx>

The required evidence is listed above and the items provided in the application are indicated above with a checkmark. All required process steps were taken prior to submitting this application. The TIF District Plan includes all required elements. The municipality is pledging the same ratio (75%) of incremental municipal property taxes as the allowed incremental education property taxes. The municipality and regional planning commission certify, and the plans submitted support, that the proposed infrastructure improvements and the projected development or redevelopment are compatible with the approved municipal and regional development plans, and the project has clear local and regional significance for employment, housing, and transportation improvements.

Additionally, the Director of the Chittenden County Regional Planning Commission provided public comment affirming the CCRPC support for the application.

Therefore,

In accordance with 32 VSA §5404a(h)(2), the Council has determined that all the required process steps have been taken by Milton, all required TIF Plan elements are included, all required process documentation is in order, that the project has clear local and regional significance for employment, housing, and transportation improvements, and therefore the Process Criterion is met.

E. LOCATION CRITERIA:

“Location criteria. Determine that each application meets one of the following criteria:

(A) The development or redevelopment is compact, high density, and located in or near existing industrial areas.

(B) The proposed district is within an approved growth center, designated downtown, designated village center, or new town center.

(C) The development will occur in an area that is economically distressed, which for the purposes of this subdivision means that the area has experienced patterns of increasing unemployment, a drop in average wages, or a decline in real property values.

(D) The development or redevelopment is compact, high density, and located in or near existing commercial or residential areas.” (NOTE: Subdivision (D) repealed effective July 1, 2009).

Milton stated that the application addresses Subsection D, the expected development or redevelopment to occur in the TIF District “is compact, high density, and located in or near existing commercial or residential areas.”

Milton included a map of the TIF District that indicates the existing residential and commercial areas. They state that the TIF District boundaries are within these areas. The TIF District map also indicates the town-designated planning areas for the areas encompassed by the District, which are all residential, light or general industrial, business districts, or commercial.

Map 3-1 (*Existing* Land-Use Types) of the CCRPC Regional Plan designates the areas in and around the TIF District as Residential, Shopping, Service or Trade, or Industrial, with the exception of the area west of I-89 (General Industrial I2 and Interstate Commercial C1) and the area north of Main

Street, between the railroad tracks and North Road (Light Industrial I1), which are partially designated as “Natural Resource Related” or “Undeveloped/Unclassified.” The CCRPC Regional Plan designates these two areas as “transitional” or “enterprise” planning areas (Map 2-1), which are intended to be “where future development is especially encouraged” and “employment centers,” according to the CCRPC plan (Section 2.1).

The Council toured the TIF District and the area surrounding the TIF District. The Council saw first-hand that the potential real property development or redevelopment will be in or near areas that are currently residential, retail and commercial.

The information included in Appendix O indicate that most of the zoning districts that make up the TIF District allow for, and in some cases require compact, high-density development, with lot sizes under one acre, zero foot setbacks and frontage requirements, high lot coverage allowances, and multistory building heights. The exception to this is the areas designated as zoning areas C1 (Interstate Commercial), I1 (Light Industrial) and I2 (General Industrial). These areas allow less dense and less compact development. However, the zoning regulation for the I2 (General Industrial) District states that “Planned unit developments will be encouraged to cluster development in order to preserve and maintain agriculture, open space, natural areas, and forestry lands, and maintain separation from residential neighborhoods.”

The application also includes many specific examples of compact, high-density developments that are expected to occur in the TIF District (Appendix O, Page 2).

Additionally, Map 3-2 (Existing Development Densities) of the CCRPC Regional Plan designates the existing development in the areas encompassed by the TIF District as moderate to high density, again with the exception of the two areas indicated above, which are designated as Undeveloped/Unclassified.

See:

TIF Map:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/TIF%20Map.pdf>

Appendix O, Location Criteria #4:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Location%20Criteria%204%20-%20Appendix%20O.pdf>

CCRPC Plan:

http://www.ccrpcvt.org/index.asp?Type=B_BASIC&SEC=%7B9611EE71-D664-4599-919B-64B6DF0C79CA%7D

Milton Zoning:

http://www.milton.govoffice2.com/index.asp?Type=B_BASIC&SEC=%7BF393DD18-AF88-4F6F-AC22-3DCC34FEC8A5%7D

According to Milton zoning regulations and zoning map, the areas encompassed by the proposed TIF District are zoned (starting at the western end) general industrial (area west and east of I-89), interstate commercial (area west of I-89), mixed use (areas known as Checkerberry, Milton Crossroads Marketplace, Old Towne Residential/Commercial, and Main Street), downtown (Downtown Business District), and light industrial (Light Industrial).

With the exception of the development projected to occur in the industrial parcels on either side of I-89, the development anticipated includes a mix of commercial, retail, and residential projects. The anticipated development is expected to occur as in-fill within areas or similar development or adjacent to similar existing development. Industrial and commercial development is expected in the two parcels astride I-89 and light industrial is expected in the parcel at the far northern end of the TIF, although no project has been identified for that parcel or the general industrial parcel between Route 7 and I-89.

The Council tour of the town and TIF further indicated that the potential development will be in-fill and mixed use. None of the potential development described is out of character with the existing development. It is clear that any potential development will occur "in or near" existing commercial or residential areas. The exception being the general industrial development expected in the area west of I-89. There is existing residential development north across West Milton Road, but the potential industrial development to occur in that area is separated from the rest of the TIF District by I-89.

The purpose of the overall TIF project is to encourage in-fill development that utilizes empty lots in the town core area, utilizing public water and sewer infrastructure, that is pedestrian-friendly and encourages alternative transportation systems.

The town's zoning regulations for areas included in the TIF District allow for higher densities than the areas outside the TIF District. For example, the Medium Density Residential District (R2) and Low Density Residential District (R3) (both not in the District) have maximum lot coverage of 15% and 35 ft setbacks. The Checkerberry and Old Towne Residential/Commercial Districts have 60% and 50% maximum lot coverage standards, respectively and 20ft front setbacks. The Crossroads Marketplace and Downtown Business Districts have 50-80% maximum lot coverage standards and 0-10 ft setbacks. The Zoning Regulations confirm that the expected development will be compact and high density due to zoning requirements, especially as compared to areas of the town outside the TIF District.

The Council finds that:

- *Statute (32 VSA §5404a(h)(3)(D)) requires that the potential individual real property developments or redevelopment be compact, high density, and located in or near existing commercial or residential areas.*
- *The potential real property development or redevelopment that may occur in the Zoning areas I2 (General Industrial) and C1 (Commercial Interstate) would be located near an existing residential neighborhood, but are both separated from the rest of the TIF District and existing development by Interstate 89.*

- *Based on the descriptions and locations provided, when incorporated with existing development and existing empty lots, representing potential infill development, the potential real property developments and redevelopment is in character and scale and utilizes existing resources.*
- *Because of the zoning and planning in place for the areas of Milton included in the TIF District, the potential development is expected to be of higher density and more compact than areas of town outside the TIF District, with the exception of potential development in the Zoning areas I1 (Light Industrial), I2 (General Industrial), and C1 (Commercial Interstate), which areas allow for densities and development appropriate for industrial areas and encourage clustered development in order to preserve and maintain agriculture, open space, natural areas, and forestry lands, and maintain separation from residential neighborhoods.*
- *The potential real property developments, when combined with the proposed infrastructure projects, will create an area of about a half mile radius that consists of a walkable downtown core (DB1, MCMP) with transportation enhancements (lighting, parking, sidewalks, connections to public transportation) surrounded by several new walkable satellite mixed-use neighborhoods (M4, M5, M6) and the existing residential neighborhoods (R2 and R7), each within a half mile of the downtown core.*
- *Although certain areas with potential development (C1, I1, and I2) are designated in a CCRPC "Existing Use" map as "Natural Resource Related" or "Undeveloped/Unclassified," these designations do not impact future use of these areas. Both areas so designated are designated by the CCRPC as "Transitional" in regards to future use and are zoned industrial by the Town of Milton.*
- *The areas designated Zoning areas I1 (Light Industrial), I2 (General Industrial), and C1 (Commercial Interstate) are all located outside the area designated as the "Town Core" planning area by the Town of Milton 2008 Comprehensive Plan. These areas are in the Lamoille planning area (I2, west of I-89 and C1), Catamount planning area (I2, east of I-89), North Road planning area (I1).*

Therefore, in accordance with 32 VSA §5404a(h)(3), the Council has determined that:

- *The proposed real property development will occur in or near existing residential and commercial development and, as proposed, meet TIF program definitions of high density and compact, with the exception of the following parcels and related infrastructure project, which, as a condition of approval of this TIF District application, must be excluded:*
 - *The five (5) parcels included in the zoning area known as General Industrial (I2) and the two (2) parcels making up the Interstate Commercial (C1) zoning area, both located west of Interstate 89 and south of West Milton Road, and the sewer extension project listed in the TIF District application as "wastewater collection to industrial area."*
- *Additionally, the nine (9) parcels which are located in the General Industrial (I2) zoning area west of the Ethan Allen Highway (Route 7), east of Interstate 89, and south of West Milton Road, are included in the Milton Town Core TIF District, subject to the fulfillment of all of the following conditions:*

- *The Town of Milton satisfies condition #30 included in the Act 250 land use permit amendment #4C0046-7A issued on December 1, 2003 and the District #4 Environmental Commission issues an amended permit that becomes final, which allows for access to the municipal wastewater system from these parcels;*
- *Public infrastructure projects with nexus to these parcels, including but not limited to, connections to the municipal wastewater system, are included in the Milton Town Core TIF District Financing Plan and such infrastructure encourages industrial development on these parcels that is compact and high density and complies with the applicable zoning requirements; and*
- *The Town of Milton presents evidence to the Council on the first two conditions, the Council determines that the first two conditions are met, and the Council approves the Milton Town Core TIF District Financing Plan.*

If these conditions are not met and/or the TIF District Financing Plan is not approved, these parcels are excluded.

F. PROJECT CRITERIA (32 VSA §5404a(h)(4)):

“Project criteria. Determine that the proposed development within a tax incentive financing district will accomplish at least three of the following five criteria:

(A) The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.

(B) The development includes new housing that is affordable to the majority of the residents living within the municipality and is developed at a higher density than at the time of application. “Affordable” has the same meaning as in 10 V.S.A. § 6001(29).

(C) The project will affect the mitigation and redevelopment of a brownfield located within the district. For the purposes of this section, “brownfield” means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.

(D) The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the department of labor.

(E) The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.”

The Milton Town Core TIF District application addressed Criteria A (requires extra public investment), B (New, affordable housing), and E (Transportation enhancements).

Project Criteria A: *“The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.”*

Milton provided data showing their municipal budgets for the current and past five fiscal years; bonds passed in the past ten years; and annual bond debt for the past ten years. They also provided an explanation for why the TIF District requires public investment over and above the normal municipal operating or bonded debt expenditures and how that debt level is substantially over and above normal for that municipality.

See:

Appendix P: Project Criteria #1:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Project%20Criteria1%20-%20Appendix%20P.pdf>

Milton’s municipal operating budget averages \$6.5 million per year and school budgets are over \$23 million. In the past 10 years, Milton has passed 12 municipal bonds totaling \$11 million and 6 school bonds totaling \$9.4 million, for a total of \$20.4 million. The current annual cost to service all bond payments is \$746,263, or about 2.5% of total town budgets.

The average bond debt service for the Town Core TIF is about \$2 million per year, about \$1.250 million more in debt payments each year. If the TIF debt is added to the Milton Town budget, the total debt service would escalate to about 10% of total town budgets.

The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures. Infrastructure costs are expected to total \$28 million (not including financing costs), which is three times the normal combined Milton municipal budget. Current bond debt is about \$750,000 or 2.5% of total town budgets. If the bond costs of the TIF infrastructure were added to the Milton town budgets, the bond debt service would escalate to \$1.250 million annually or 10%. This is clearly over and above what is normal for the town. Without local and state TIF financing, the Town would need to delay many of the proposed projects well into the future, exponentially increasing construction and financing costs.

Therefore,

In accordance with 32 VSA §5404a(h)(4)(A), the Council has determined that the proposed infrastructure development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.

Project Criteria B: *“The development includes new housing that is affordable to the majority of the residents living within the municipality and is developed at a higher density than at the time of application.” Affordable has the same meaning as in 10 V.S.A. § 6001(29).”*

Milton provided data on the current housing supply in Milton; data on the estimated change in housing stock due to the TIF development; data on the estimated market values and costs per unit; and data on estimated income for prospective residents of the new housing.

See:

Appendix Q: Project Criteria #2

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Project%20Criteria%202%20-%20Appendix%20Q.pdf>

Appendix J: TIF Plan – Table 9

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Town%20Core%20TIF%20District%20Plan%20-%20Part%201%20-%20RevisedSept08.pdf>

Status of Projected Real Estate Development Projects:

<http://economicdevelopment.vermont.gov/Portals/0/Status%20of%20Projected%20Real%20Estate%20Development%20Projects.pdf>

Milton stated that there are currently 584 units of housing within the TIF areas, including 229 single-family detached units, 28 mobile homes, 166 multifamily/condo units, 54 duplexes, 15 triplexes, 51 apartments, and 41 units of senior housing. The average market value of existing units is \$157,000.

Milton estimates the development of 934 net new units of housing within the TIF areas, including 137 single-family units, 549 multifamily units (condo or apartment/rental) 32 duplex units (condo or rental) and 216 units of elderly housing (condo or apartments). The estimated average market value of the units ranges from \$150,000 to \$280,000 with an overall average market value of \$217,000. One of the single-family developments is expected to include 15 units of subsidized affordable housing with a net cost to buyer of \$175,000. Also, Habitat for Humanity plans 5 new single-family dwellings within the TIF District.

Affordable (per statute) for the majority of Milton residents would be units whose purchase can be supported by an income of no more than \$38,138 and for which the total housing costs are no more than \$20,135. Approximately 65 units will be “affordable” by this definition, plus the 15 units expected to be subsidized by Housing Champlain will mean that 80 units or 8.5% of total units will be “affordable.” Another 80% of the units can be defined as moderately affordable.

The project clearly includes the development of new housing. A net increase of 934 housing units are expected to be developed within the TIF District areas. The development expected to occur also includes housing that will be affordable according to the statutory definition. Housing Vermont is expected to provide subsidies for 15 single-family units in the “Cameron’s Run” project, making them perpetually affordable. Additionally, sixty-five other units, including the five Habitat for Humanity single-family units, 16 Meadowlane and 10 Atrium senior housing units, and 24 Bove

Brothers Realty multifamily units, all fall within the TIF statute definition of “affordable.” A large portion of the additional housing to be developed is considered moderate income housing.

The housing will be built at a higher density than at the time of application. The current density is about half a house per acre within the TIF area. After the housing development that is expected to occur, the density will triple to almost 1.5 houses per acre.

Therefore,

In accordance with 32 VSA §5404a(h)(4)(B), the Council has determined that the potential real property development includes new housing that is affordable to the majority of the residents living within the municipality that will be developed at a higher density than the housing density at the time of application.

Project Criteria E: *“The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.”*

Milton has provided detailed information on the transportation improvements and enhancements that are expected to occur as part of the infrastructure improvements in the TIF District. Also, a copy of an application to the Vermont Agency of Transportation for a Transportation Enhancement grant for a portion of the improvements is included.

See:

Appendix J: TIF Plan:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Town%20Core%20TIF%20District%20Plan%20-%20Part%201%20-%20RevisedSept08.pdf>

Appendix R: Project Criteria #5:

<http://economicdevelopment.vermont.gov/Portals/0/TIFApplicationMaterials/Project%20Criteria%205%20-%20Appendix%20R.pdf>

Milton Land Use and Transportation Study:

<http://www.milton.govoffice2.com/vertical/Sites/%7BCC846766-1AF1-45AA-B77D-5E2B594AA552%7D/uploads/%7BCC9AAA41-43E3-41A0-88BE-DD06A2FEDEFD0%7D.PDF>

Recent land use studies conducted for the Town of Milton indicate a 75% increase in traffic by 2025. The studies recommend certain transportation reconstruction projects along Route 7 and feeder streets within the next few years in order to maintain an adequate level of service along Route 7. Further, several stretches of Route 7 were found to currently meet “high crash location” criteria. One intersection within the TIF District is rated as the second highest crash location in the State. The studies concluded that without proposed transportation improvements, traffic congestion within the Town Core will worsen and the high crash intersections will continue to deteriorate.

Milton proposes 17 separate but connected transportation projects to promote alternative modes of transportation, promote safety to pedestrians and vehicular traffic, provide connectivity between neighborhoods and businesses, reduce vehicular traffic congestion, and enhance the Town Core.

The projects include:

- \$3.7 million: Hourglass reconfiguration of Rt7/Middle Road/Railroad St (2)
- \$1.8 million: Sidewalk/Multiuse Path Gap completions (4)
- \$.070 million: Park and Ride Facility
- \$1.5 million: Municipal Parking Facilities
- \$1.8 million: Multimodal Center
- \$5.0 million: Lighting projects (3)
- \$7.7 million: New Road Construction
- \$2.6 million: Reconstruction of Main Street and intersection work

Total: \$24 million

Milton has applied to the Vermont Agency of Transportation for Transportation Enhancement Grant funds for some of the lighting project costs.

The transportation infrastructure contained in the plan not only help the town and region meet the goals and recommendations set forth in the land-use and transportation studies conducted, they also will improve vehicular and pedestrian traffic patterns and flow in the area. Intersection improvements will improve traffic flow, reduce the risk of crashes and protect pedestrians. Sidewalk and multi-use path construction and lighting will encourage recreation and walking throughout the town core. Lighting projects will enhance vehicular and pedestrian safety. New roads will create a grid pattern or network of traditional-sized downtown blocks and neighborhoods and create frontage for additional commercial and retail development. The municipal parking facility will enhance the walkability of the downtown core. Public transportation systems will be improved through the park and ride facility allowing carpooling and reduction in traffic congestion, the municipal parking facility, and the multi-modal center to accommodate a varied mix of transportation options including providing a hub for CCTA bus service, which is expected to connect to Milton.

Therefore,

In accordance with 32 VSA §5404a(h)(4)(E), the Council has determined that the proposed transportation infrastructure development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.

G. TIF District Financing Plan (24 VSA §1894(c) and 32 VSA §5404a(j)):

“Prior to requesting municipal approval to secure financing, the municipality shall provide the council with all information related to the proposed financing necessary for approval and to assure its consistency with the plan approved pursuant to 32 V.S.A. § 5404a(h). The council shall also assure the viability and reasonableness of any proposed financing other than bonding and least-cost financing.”

“The municipality shall provide the council with all information related to the proposed financing necessary to assure its consistency with the plan approved pursuant to all other provisions of subsection (h) of this section. The council shall assure the viability and reasonableness of any proposed financing other than bonding and least-cost financing.”

The TIF District Plan contains much of the information that is required in a TIF District Financing Plan, but a Financing Plan must be submitted separately and contain details on the types of debt instruments that will be utilized, a debt schedule, detail of related costs, detail of other sources of revenue expected, and other information. Because of the conditions and exclusions placed on the approval of the Milton Town Core TIF District Plan in this determination, the Financing Plan is also required to restate the TIF District revenue forecast and other data impacted by the conditions and exclusions, and address the condition placed on the inclusion of certain parcels under the Location Criteria.

The Plan can be submitted after a TIF District Plan is approved by VEPC, but before the municipality seeks approval from the voters to incur TIF District debt. When submitted, the Council must determine that the TIF District Financing Plan is consistent with the TIF Plan. Secondly, if the municipality plans to utilize debt other than bonding, the Council must determine that the project financing is viable, reasonable, and least-cost.

Therefore, the Council further conditions the approval of the Milton Town Core TIF District Plan on the submittal and consideration of a TIF District Financing Plan, which must be submitted in a manner that allows sufficient time for Council review prior to scheduling any vote(s) by the municipality on TIF District debt.

Conditional Approval of Milton Town Core TIF District Application:

On April 30, 2009, the Vermont Economic Progress Council voted 8-0-0 to conditionally approve the TIF District application submitted by the Town of Milton, authorizing the Town of Milton to utilize incremental property tax revenues to finance infrastructure debt incurred by the Milton Town Core TIF District.

FINAL