

The TIF Report



A periodic report on the City of Huntsville's Tax Increment Financing Districts

No. 6 – June 2022

General Review

The City has established nine tax increment financing districts from 2000 to 2017. These districts have and will greatly benefit the residents of Huntsville. This report is issued periodically to inform City leaders and the public about the ongoing activities related to the districts.

In the year 2000, the City embarked on an ambitious plan to enhance Huntsville City Schools and stimulate business development. Huntsville City Schools needed money to renovate aging facilities and build new schools, which bolsters educational excellence and attracts new residents to the City. Secondly, the potential for significant business development in certain parts of the City were inhibited by the lack of adequate infrastructure. Business growth is critical to the City bringing employment opportunities, higher income and more consumer choices. All of this increases the taxpayer base and profits, creating added revenue to fund government services.

The City created special tax districts to pay for the public improvements. These special tax districts are known as a Tax Increment Financing Districts or TIFs for short and has been permitted under Alabama law since 1989. The principle is simple—the City makes public improvements in a defined geographic area with the intent of stimulating economic development. As the developments occur, the value of the property within the district and surrounding areas increases, which in turn produce more property tax revenue. Through a TIF, the City is allowed to use the

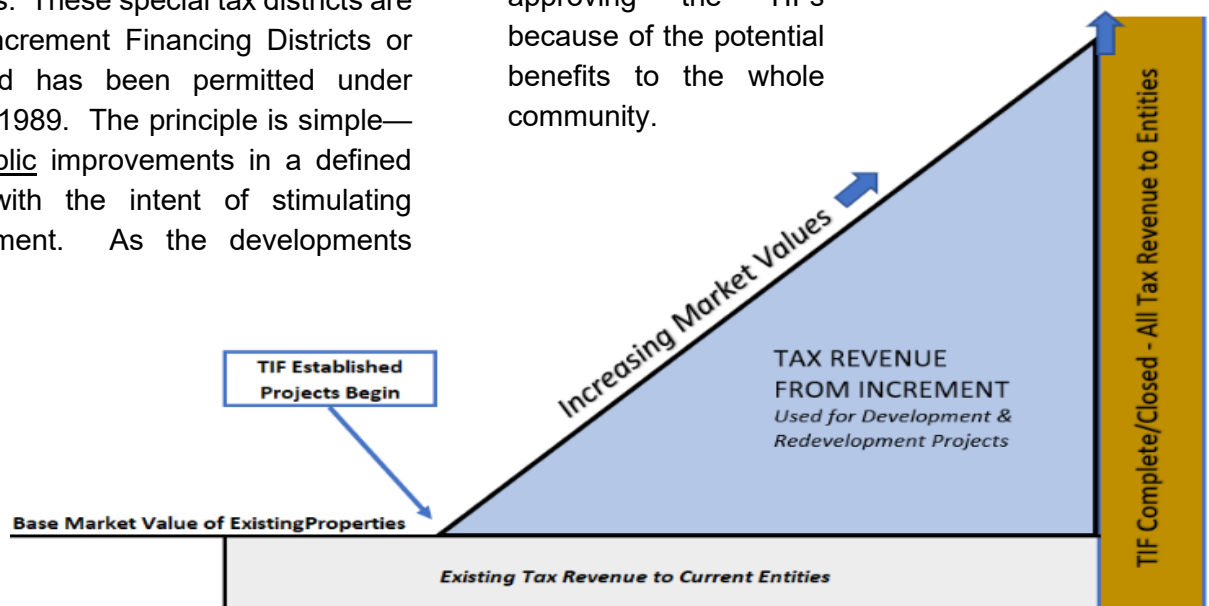
increased property tax revenue to pay for the improvements within the district.

Note: This report contains estimates and projections. Numbers are unaudited and provided to enhance the readers knowledge and understanding.

TIFS Do Not Raise Taxes

People commonly misunderstand a TIF to mean that property taxes have been raised within the district. This is not the case—under Alabama law, only voters can approve a change in property taxes. TIFs only use the increase in revenue from existing taxes that occur as the value of district property rises over time.

Also, no City, school or county property tax income is reduced because of the TIFs; it is only the natural tax growth that is captured. The Huntsville Board of Education and Madison County Commission/Limestone County Commission partnered with the City in approving the TIFs because of the potential benefits to the whole community.



Schools – Roads – Jobs

The City is spending TIF money on public improvements and economic development. Long-term investment in schools, roads and industrial parks that thousands of people use every day. Due in large part to the improvements, the City has seen and will continue to see millions into billions of investment dollars over the next twenty plus years on housing, stores, office buildings and factories. The people of Huntsville involved in all areas of the economy are benefiting financially.

Equally important are the children attending new and better schools, people advancing in the workforce, diversity in the economy, and increase choices in restaurant and retail shopping for our citizens and visitors alike.

Local government benefits too. Sales tax growth has remained above regional and national averages from which city and county governments and schools derive more operating money. Because businesses are attracting more people from outside the city, they pay a larger share of the overall taxes collected. Also, school property taxes not included in the TIFs are growing which increase operation and capital funding to our schools.

Financial Stability

The money the City has borrowed to pay for the public improvements will be repaid with TIF property taxes. Credit rating agencies consider this more stable than using sales taxes, and the City maintains a triple-A credit rating, the highest in Alabama, since establishing the TIFs.

TIF 1 – Retail

Goal – Stimulate retail development in the west.

Huntsville is the regional shopping destination, but it was competing with the unique retailers found in nearby large cities. By diversifying retail shopping opportunities, more people would “shop Huntsville.”

Also, since retail sales tax is a large portion of City revenue, increasing it would provide more funding for City services and Huntsville City Schools.

The district, which opened in 2000, was comprised mostly of the sixty-acre property known as Westside Center. The adjacent roads were improved at a cost of \$2.3 million, \$700,000 less than expected. The \$50 million Westside Center is anchored by Huntsville’s first Super Target store and has stimulated the development of new businesses and annexations throughout the area.

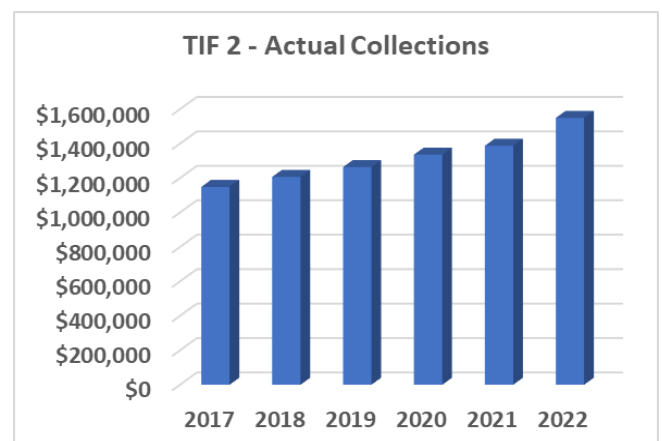
[TIF 1 ended in 2006. Three years ahead of schedule, because of better-than-expected tax collections.](#)

TIF 2 – Schools/Retail

Goal – Build a new Huntsville High School and stimulate retail development in the central part of the City.

The district was established in 2000. The most important project in TIF2 was the renovation and construction of a ‘New’ Huntsville High School, which at the time, was the City’s oldest school. The City provided \$10 million to the Huntsville Board of Education for this purpose.

The second project helped to revitalize the aging Parkway City Mall. Because parking space was very limited on the thirty-acre property, the City agreed to provide \$5.5 million to help build a mall parking garage. The developer gave the garage to the City for free public parking and pays all cost of



operations. The \$60 million new Parkway Place Mall includes premier anchor and specialty retailers for this area. To lessen concerns about long-term tax values, the City required the developer to guarantee the annual tax payment.

Fiscal Year 2022 - Actual

Collected Property Tax:	\$ 1,549,244
FY22 Debt Payment	\$ 1,548,582
Balance of Debt Payments	\$ 5,614,289

TIF 3 – Schools

Goal – Build new schools in west Huntsville.

Huntsville citizens know that City stability and growth depend largely on a quality education system. The Huntsville City Schools have a good national reputation, but enrollment was generally in decline prior to 2001. This is directly related to a slowdown in residential development and population growth in the City. School facilities were aging citywide and lacking in the west side. Strong population growth and new facilities in the county exacerbated the situation.

Using TIF3, the City provided Huntsville City Schools \$30 million to build Providence Elementary and Columbia High and paid \$10 million for adjacent road improvements. The district encompassed 15,000 acres which included large developed and undeveloped properties. Thousands of homes have been built in west Huntsville over the past ten years, inside the TIF and in newly annexed properties.

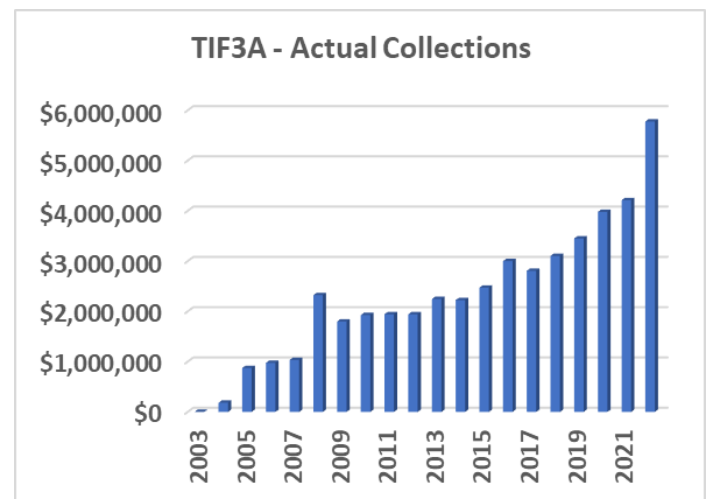
[TIF 3 ended in 2012, eleven years ahead of schedule, because of better-than-expected tax collections.](#)

TIF 3A – Schools/Industry

Goal – Improve eight northwest City schools and stimulate industrial development.

The City purchased 500 acres in northwest Huntsville in 1999, to establish a new industrial park. In 2001, Toyota Motor Manufacturing purchased a

substantial portion of the park to build its first North American V-8 engine plant. The \$230 million facility opened in 2003, and several expansions of the plant were made. In anticipation of this, the City created TIF3A, which includes 5,600 acres surrounding the new North Huntsville Industrial Park. TIF3A also provided \$12 million for capital improvements to eight northwest schools located in the district: Johnson High, Rolling Hills Elementary, West Mastin Lake Elementary, ASFL/Davis Hills Elementary/Middle, Ed White Middle, Highlands Elementary, and Lakewood Elementary.



Fiscal Year 2022 - Actual

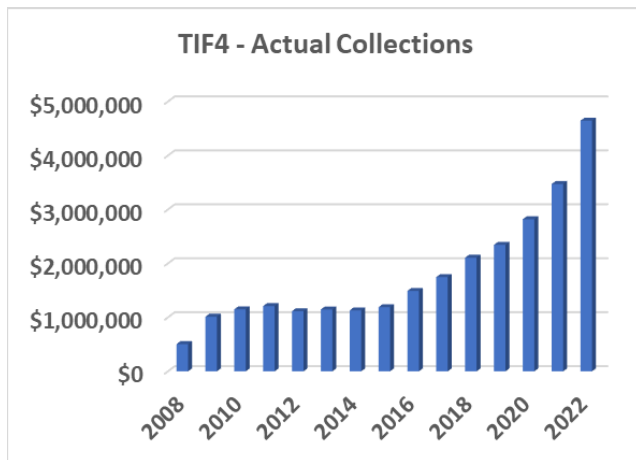
Collected Property Tax:	\$ 5,776,348
FY22 Debt Payment	\$ 829,670
Balance of Debt Payments	\$ 8,838,600

TIF 4 – Downtown/Schools

Goal – Revitalize downtown Huntsville.

To revitalize the aging core of the City, thereby renewing residential neighborhoods and stimulating downtown residential and commercial development, TIF 4 was established in 2006. The City provided \$13 million to Huntsville City Schools to help rebuild Lee High School and renovate Butler High. In northeast Huntsville, the City built Harris Hills Boulevard to incentivize retail development on Highway 72. TIF 4 was also used to build or expand new public facilities, including the downtown public

safety precinct, Von Braun Center and Art Museum. The national recession began about the time TIF 4 initiatives were underway, which delayed the anticipated developments, so the tax projections were revised and TIF 4 investments were curtailed to a sustainable level. The Embassy suites hotel that opened in 2006, the new Lee High School which opened in 2012, and the Twickenham Square residential-retail-office development are premier projects associated with TIF 4.



Fiscal Year 2022 - Actual

Collected Property Tax:	\$ 4,646,260
FY22 Debt Payment	\$ 4,172,446
Balance of Debt Payments	\$ 29,622,945

TIF 5 – Redstone Arsenal

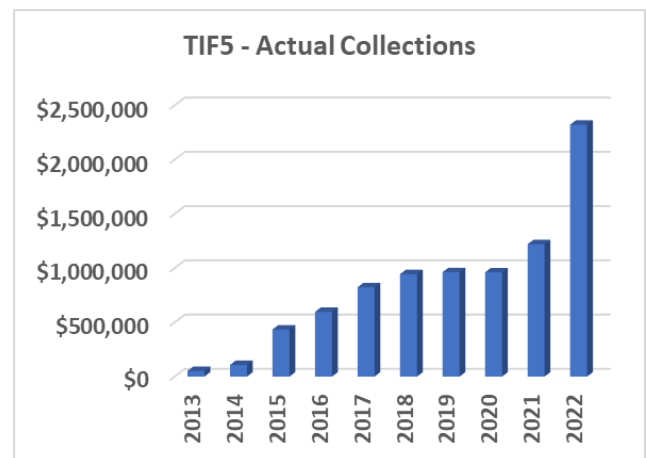
Goal – Provide infrastructure in support of the U.S. Army at Redstone Arsenal.

The activities of the U.S. Army and NASA on Redstone Arsenal and the hundreds of community businesses that support them have been the core of Huntsville's intellectual and economic strength since the late 1950's. The base has grown significantly as a result of the BRAC decisions in 1995 and 2005, FBI relocation and even the recently announced decision to base US Space Command Headquarters in Huntsville. Operations and office space for government and contractor activities was very

limited. The Army approved the "enhanced use lease" ("EUL") project for Redstone, which allows the base to lease certain property for development.

In 2010, the City established TIF 5, partnering with a national office park developer to create the Redstone Gateway Park, a \$1 billion office park located on four hundred acres of EUL property, which will support Redstone initiatives for many years to come, and compliment the diverse activities occurring across the street at Cummings Research Park West. The City will construct infrastructure and related assets over fifteen years to support the twenty-year build-out of the development.

TIF 5 will collect property taxes on the development over thirty-five years to repay the City's investment. The private developer is financing the City's infrastructure costs, essentially eliminating the City's financial risk related to the development, although the City will finance the costs with traditional debt when the property taxes reach certain thresholds and is forecasted to sustain principal and interest of the project amount.



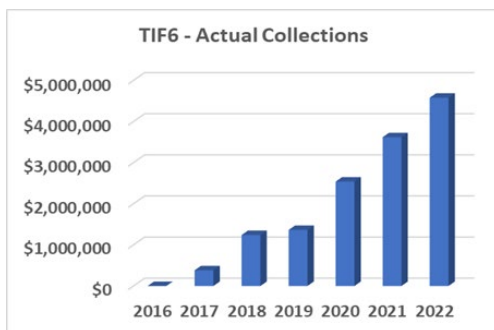
Fiscal Year 2022 - Actual

Collected Property Tax:	\$ 2,321,532
FY22 Debt Payment	\$ 697,527
Balance of Debt Payments	\$ 17,518,312

TIF 6 – I-565 Greenbriar Exit

Goal – Infrastructure – Western Growth Corridor.

To support infrastructure improvements in the western growth corridor near I-565 and Greenbriar Road, TIF 6 was created in 2016. Funding from TIF 6 helps the City build infrastructure to support economic development in the district. The Polaris plant was the cornerstone project, but other industrial and commercial development soon flourished in the district, building on the base project.



Fiscal Year 2022 - Actual

Collected Property Tax:	\$ 4,578,747
FY22 Debt Payment	\$ 1,442,725
Balance of Debt Payments	\$ 22,572,793

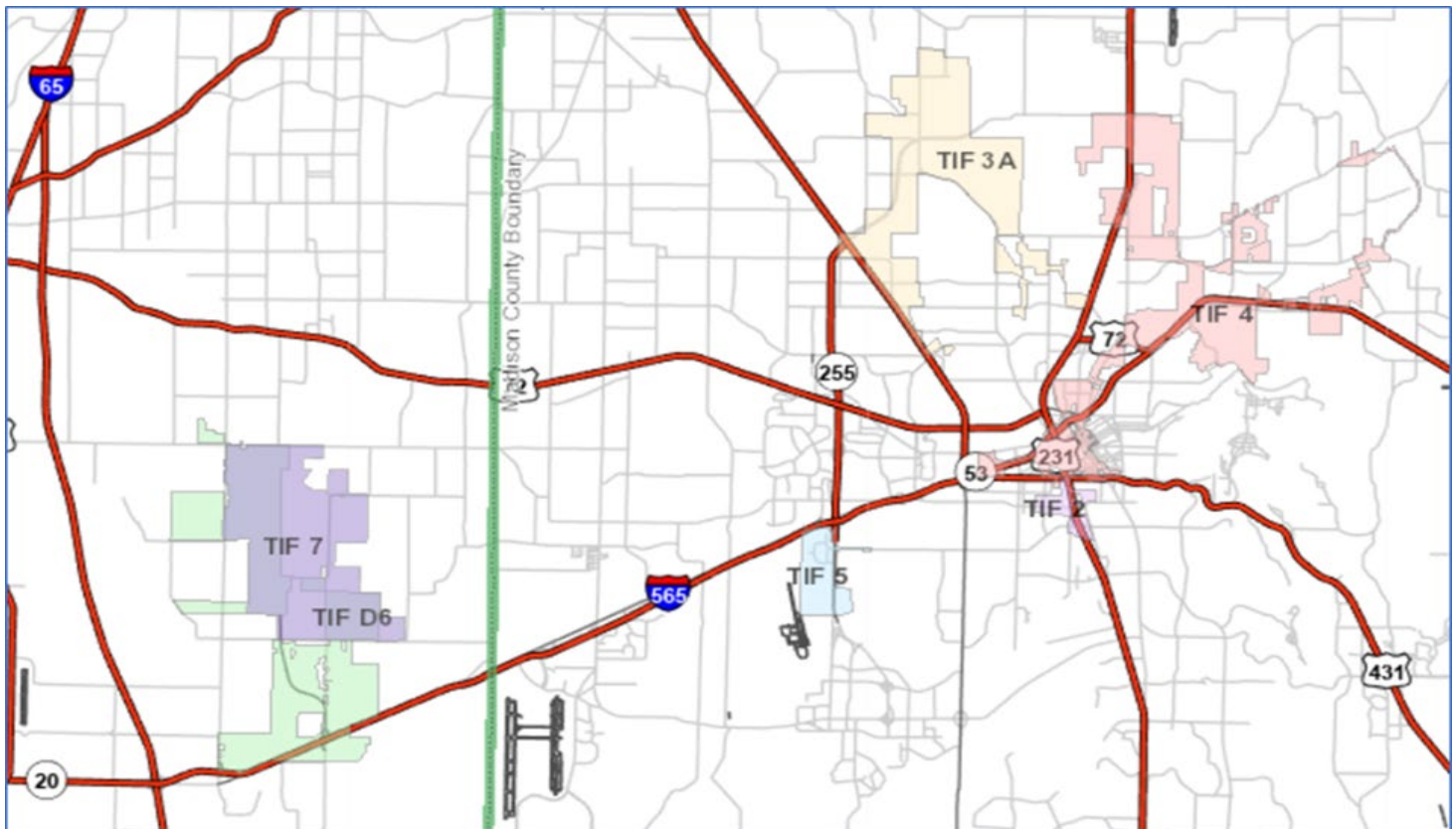
TIF 7– Mazda Toyota

Goal – Industrial Recruitment – Western Growth Corridor.

To support the industrial recruitment of the Mazda Toyota plant. This recruitment and infrastructure in this area will bring economic investment to the western corridor of the City. Multiple industrial site construction is underway. The first phase of the Mazda Toyota plant is open with the second line scheduled for this fall. The City has widened and improved both Greenbriar Parkway and Old Highway 20 in conjunction with both this TIF and TIF 6 industrial recruitment projects.

Fiscal Year 2022 - Actual

Collected Property Tax:	\$ 6,259,809
FY22 Debt Payment	\$ 7,677,947
Balance of Debt Payments	\$121,184,482



CITY OF HUNTSVILLE
TAX INCREMENT FINANCING DISTRICTS SUMMARY

	TIF 1	TIF 2	TIF 3	TIF 3A	TIF 4	TIF 5	TIF 6	TIF 7
	CLOSED		CLOSED					
Start date	5/1/00	5/11/00	9/28/00	5/14/01	9/30/06	5/18/10	9/30/15	3/15/17
Required ending year	2030	2030	2030	2031	2036	2045	2045	2047
Current Estimated ending year	2006	2029	2012	2024	2035	2038*	2034	2047
*City Borrow								
Taxes Projected to-date	1,756,400	17,375,908	24,133,445	37,418,000	21,173,972	4,209,030	5,984,646	0
Taxes Collected to-date	2,288,231	19,226,154	58,485,329	46,271,219	27,086,436	8,421,444	13,722,595	6,589,542
Performance (Collected over Proj)	30.3%	10.6%	142.3%	23.7%	27.9%	100.1%	129.3%	N.A.
Amount Principal borrowed to-date	2,264,276	15,425,833	39,940,000	23,668,611	26,083,607	13,570,000	18,015,013	91,319,250
Ad valorem millage incremented	46.0	46.0	39.5	39.5	46.0	52.5	35.0	35.0
Balance of debt service payments	0	5,614,289	0	8,838,600	29,622,945	17,518,312	22,572,793	121,184,482
Total projects allowed	3,000,000	15,500,000	39,940,000	42,000,000	35,350,000	76,000,000	68,000,000	153,000,000
Total spent on projects to date	2,264,276	15,500,000	39,490,000	25,663,056	30,000,000	76,000,000	7,423,611	109,711,138
McMurtrie Road improvements	1,769,818							
US Highway 72 widening	494,457							
Parkway Place public parking garage		5,500,000						
Huntsville High School		10,000,000						
City schools			30,000,000					
Road improvements			9,490,000					
Northwest City schools				12,000,000				
NHIP area roads				7,893,056				
NHIP improvements				5,300,000				
Landscape Mgt facility - Jordan Lane				470,000				
Art Museum					2,000,000			
Butler High School					3,000,000			
Downtown public safety building					4,000,000			
Harris Hill Service Road					5,000,000			
Lee High School					10,000,000			
Madison County Courthouse					2,000,000			
VBC					4,000,000			
Redstone Gateway Office Park						76,000,000		
Greenbrier Parkway - Tif 6 Phase							6,556,449	
Chase Farm Access Road							116,839	
Sewer Improvements - Tif 6							750,323	
Project New World Land and Improvements								69,863,532
Greenbrier Parkway								21,618,856
Old Highway 20								18,228,751