



Date: August 23, 2011

To: **City of Gainesville,**

**Audit, Finance, and Legislative Committee**

Alachua Habitat for Humanity would like to thank the Committee for the opportunity to consider a proposal to implement Tax Increment Financing for our affordable housing programs. The idea for this request came from a 2004 agreement Alachua Habitat for Humanity has had with the County of Alachua in which we receive annual reimbursements for costs incurred improving properties located on the County's tax rolls. The reimbursed amount is roughly equivalent to the increase in taxes resulted by the improvements.

Under the proposal we are putting forward to the City, we are using a calculation similar to the one that we have been using for the County TIF. The only change has been in how we have defined the base year. In the calculations that have been illustrated in the attached spreadsheet, we used the year prior to the year of construction of each of the 31 properties built within the City as the base year to assess initial property values. These initial assessments are then subtracted from their respective assessed property value for the current year (for our examples, we have used the year 2010). This results in an increase of \$1.75 million in assessed values for properties developed by Alachua Habitat within the City of Gainesville. Applying the TIF formula using the 2010 city general fund millage of \$4.2544, would result in a reimbursement for the year 2010 in the amount of \$7,071. However, since AHFH did not perform any construction on property within the City in 2010, there would have been no reimbursements to claim, and the resulting reimbursement would have been \$-0-.

With the implementation of TIF for Alachua Habitat, the City of Gainesville benefits from an improved tax base and AHFH benefits from reimbursements that can be applied to future construction projects and encourages AHFH to build on sites within the City. We look forward to the Committee's favorable concurrence this proposal.

Sincerely,

Scott Winzeler

Executive Director

Alachua Habitat for Humanity

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## How Our Proposal would be Calculated

2010 Assessed values of properties within the City of Gainesville developed by Alachua Habitat for Humanity	\$1,883,690
Less Base Year assessed values of properties	\$ 134,200
Difference	\$1,749,490
Multiplied by the 2010 City general fund millage, \$4.2544	\$ 7,443
Discounted by 5% to cover City's administrative costs	\$ 7,071

Did AHFH build in the City during 2010?

Yes: AHFH submits copies of construction invoices for \$7071 for reimbursement

No: No TIF is paid