

From the Mayor...

November 1, 2019

The City of Warsaw is currently trying to establish two residential tax increment financing (TIF) districts. Residential TIF district legislation was just authorized this year by the Indiana legislature (Senate Enrolled Act 566) to provide Hoosier communities with a new financial tool to address housing shortages for working families.

What is a residential TIF district? What is the purpose of a residential TIF district? How will you be impacted if you already live in the existing residential TIF district? Lets take a look at those questions.

A residential TIF district is a designated area of the city that is being targeted for development that will stimulate new housing construction to meet the needs of the community. There are two districts being proposed in the City of Warsaw.

Locally, four public meetings have recently been held to explain the program and answer questions about the residential districts. Maps of the proposed districts and other details can be viewed on the city website ([www.warsaw.in.gov](http://www.warsaw.in.gov)) under City Spotlights.

Like so many other communities across the Midwest, we are experiencing a housing shortage that impacts our local workforce. TIF revenues will be used to incentivize and stimulate housing to address that shortage.

TIF allows the city to use property tax revenue generated by the newly constructed housing units within the district to go directly to a redevelopment commission and be expended for the benefit of the TIF District. The tax revenue created by the growth in the TIF district is called the "tax increment".

Examples of how residential tax increment can be spent include infrastructure (road and sewer improvements), zero or low interest loan incentives to stimulate unmet housing needs, or other amenities that benefit the district.

If you currently live where the new residential TIF districts are being considered, how will you be affected? All of the land and any buildings or improvements that are within the TIF district when it is established, are not included in the tax increment. Those homes and properties will continue to pay property taxes to the city as they always have. There is no change on the amount of property taxes you will pay or where it goes.

Only property tax revenue from construction after the district has been established will be designated as TIF increment. (The tax rate on new TIF properties is no different than the rate on the established properties.)

The City of Warsaw, along with the county and the Kosciusko County Community Foundation, are currently engaged in a comprehensive, formal housing study to identify and prioritize the specific unmet local housing needs in our county. The purpose of the study is to identify the gaps in the current local housing market (price, location, square footage, rental, owner occupied, single or multi-family, etc.)

A housing strategy will then be developed to address those needs. Specific housing projects, incentives, and gaps in current inventory will be highlighted in the strategy. In addition, other state, local, private, and public funding sources are also being sought to support funding the elements of the strategy.

Housing for our workforce and their families is a significant concern in our community. Residential TIF districts are the first step to solving this problem.