

CRA Developer Agreement Tax Benefit Issues

Clarification & Guidance
CRA Board – June 2025

1

Tax Increment Benefits Agreement Framework

Incentivizes redevelopment
via tax increment
reimbursement.



In addition to a few other
requirements,
reimbursement is contingent
upon property improvement
and increase in tax base.

2

Formal Board Interpretation Needed

Clarify agreement intent and terms.

Authorize City to pay Developer based on taxes received.

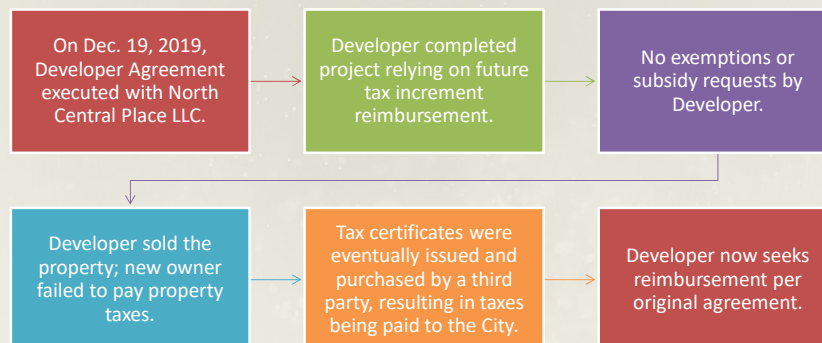
Avoid Precedent Risk: Prevent inconsistent application.

After direction is given on this item, a resolution adopting the clarifying terms will be brought before the CRA for adoption.

CRA to consider revisions to subsequent tax increment benefit agreement; new template and resolution would be brought back to CRA based on its direction.

3

Background Context



4

Agreement Provisions (Relevant Sections)

- Reimbursement tied to 'Incremental Property Taxes actually received by the CRA'.
- Requisitions require proof of eligible costs paid by Developer.
- Developer is prohibited from requesting property tax exemptions or subsidies
- Developer benefits not transferable without CRA approval

Agreement Silent

- Who must pay taxes or own the property to trigger reimbursement.
- Guidance on post-sale benefit eligibility, i.e., ownership retention requirement for Developer to receive benefit.

5

Key Legal and Practical Issues

Ambiguity in Payor: Agreement is silent on whether reimbursement is contingent on Developer or subsequent owner paying taxes.

Developer Reliance: Developer relied on reimbursement to complete project and retained no ownership but continued right to claim benefit.

City Received Taxes: Regardless of delinquency, taxes were eventually received by the CRA through third-party tax certificate holder.

Benefit Continuation: Developer has not violated exemption prohibition; ownership transfer not explicitly voiding benefit under current agreement.

Risk Exposure: Failure to pay may result in Developer litigation; CRA liability exposure increases absent interpretive clarification.

6

Recommended CRA Board Clarification

Intent Recognition: CRA intended to incentivize redevelopment through reimbursement of taxes actually received—regardless of payor.

Authorize Payment: As long as no exemptions were filed and taxes were received by the City, Developer should remain eligible for reimbursement.

Protect CRA Interest: Clarify that if *any* future property owner claims exemptions, reimbursement will be voided for that year.