

# Tax Increment Finance (TIF) Feasibility

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TOWN OF NORTH SMITHFIELD, RI

September 29, 2025

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## PREPARED FOR:

Town of North Smithfield  
83 Greene Street  
North Smithfield, RI 02896

 **camoin**  
associates  
[www.camoinassociates.com](http://www.camoinassociates.com)



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# REPORT SUMMARY

## Purpose

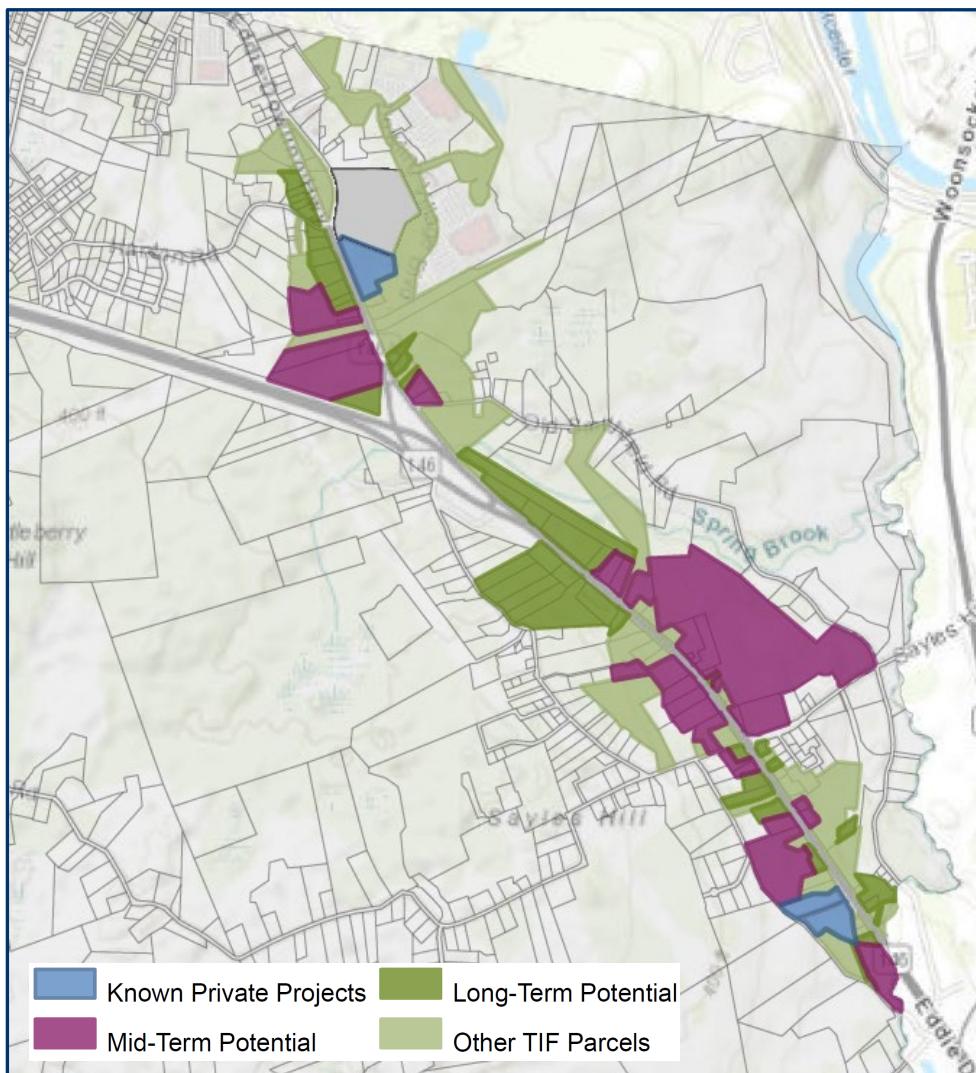
The Town of North Smithfield is evaluating the use of a Tax Increment Financing (TIF) district to support critical public infrastructure improvements along the Route 146/146A corridor, one of the town's most promising areas for new commercial and residential growth. The absence of public water and sewer service in this area has constrained development and limited opportunities to expand the tax base. Establishing a TIF district would allow the town to capture a portion of future tax revenues from new development and reinvest those funds into water and sewer infrastructure without impacting the general fund or raising taxes.

This feasibility study was commissioned by the town and conducted by Camoin Associates as part of Phase I of a multi-phase effort to determine whether a TIF district is a suitable and effective financing tool for North Smithfield's public utility improvements. This study is intended to help the town understand the mechanics, opportunities, and limitations of TIF while evaluating how a district could align with development goals, infrastructure priorities, and the ongoing Route 146 reconstruction.



## Methodology

To assess feasibility, in partnership with the town, we defined a proposed TIF district encompassing 127 parcels totaling 331 acres. The proposed TIF district extends northward along Routes 146-146A from the Lincoln town line and ends just shy of Woonsocket. The district includes a mix of underutilized commercial, industrial, and residential land and was carefully selected for its alignment with the town's development priorities and [Comprehensive Plan \(2019\)](#). The project team evaluated development potential<sup>1</sup> using a combination of stakeholder engagement, local land use knowledge, parcel-level data from the Town Assessor, and regional development benchmarks.



<sup>1</sup> The proposed TIF District includes three sites with near-term projects already in planning, as well as over 70 parcels showing the promise for future development. This latter set of properties are further refined as showing mid-term potential (vacant or notably underutilized sites) likely to be developed within the 6 to 15-year time frame of the proposed TIF district, or long-term potential (also underutilized, though to a lesser degree) and expected to see new project work over the 16- to 20-year time frame.



After identifying the development potential of each parcel in the proposed TIF district, we used a buildout model to estimate future development over a twenty-year timeframe under both low- and high-growth scenarios, projecting new assessed value and incremental tax revenues. TIF revenue estimates were then compared to infrastructure costs to assess financial viability.

## What We Found

Pare Engineering estimated the total cost of necessary water and sewer infrastructure at approximately \$53.3 million. The development buildout model, based on known projects, land use patterns, and density assumptions, anticipates between \$187 million and \$619 million in new assessed value across a twenty-year timeframe over the current base levels. Applying current tax rates to those projections, TIF-supported tax revenues could reach as high as \$58.5 million during that period. The financial analysis indicates that, while projected revenues may fully cover project costs under high-growth scenarios<sup>2</sup>, they are insufficient under low-growth conditions, necessitating supplemental funding sources. Supplemental funding sources can take the form of different methods, such as implementing user connection fees, sewer assessments, federal appropriations and/or state grants such as from the RI Infrastructure Bank. While the high growth scenario indicates that there is enough revenue to be sufficient, the Town of North Smithfield should still consider integrating some level of connection fees to support the project costs long-term.

### Project Cost and Projected TIF Revenues

Public Development Projects	Project Costs	
Total Water System Costs	\$23,320,000	
Total Sewer System Costs	\$29,970,000	
<b>Total Combined Water and Sewer Systems Costs</b>	<b">\$53,290,000</b">	
Anticipated 20-Year TIF District Build Out	Low-Growth	High-Growth
Total Assessed Value Growth over Current Base Level	\$187,299,704	\$618,667,032
<b>Cumulative Property Tax Revenue Growth</b>	<b>\$18,435,086</b>	<b>\$58,534,001</b>

**Note:** Assessed value growth and tax revenue growth measured over current base level. Valuations reflect Dec 2024 assessment and 2025/2026 tax rates

**Source:** Camoin Associates

<sup>2</sup> This is dependent on how much of the incremental tax revenue is committed to the TIF fund. See page 17 for detailed breakdowns.



# Recommendations

Establishing a TIF district is more than a legal exercise; it is a strategic process that requires careful planning, community engagement, and disciplined long-term management. While Rhode Island's Tax Increment Financing statute (RIGL Chapter 45-33.2) provides the framework for creating and operating a TIF district, it does not provide explicit guidance on building public support or maintaining smooth operations over time. The following provides a set of recommended tasks and strategies intended to guide the town through each phase of the Tax Increment Financing process from initial groundwork and adoption to long-term implementation. By approaching TIF implementation as both a financial tool and a community-driven development strategy, the town can position the district to unlock private investment, fund critical infrastructure, and support growth that aligns with its economic and land use goals.

## Public Understanding & Education of TIF as a Financial Tool

Building community understanding and providing education on the usefulness of TIFs is an important part of the process, not only to fulfill statutory hearing requirements but to ensure lasting support for the district. Informal public meetings, advisory committees, and simple tools like surveys and posting on the Town website can help distribute information and identify local priorities. TIF education is critical to communicate clearly what it is and what it is not. It is not a new tax. It is a tool to reinvest a portion of *future* tax revenues from *new* development back into the district itself. This self-financing feature must be clearly explained using accessible materials, real-world visuals, and alignment with the town's broader planning goals. The message should always focus on what matters to residents: better infrastructure, jobs, and smart growth without burdening the general fund.

## Professional Preparation

Before bringing a proposed TIF district forward for formal approval, the town should assemble a strong technical team, including knowledgeable TIF consultants and bond counsel familiar with both the letter and intent of Chapter 45-33.2. Financial modeling must be grounded in reliable valuation data and infrastructure cost estimates and be reviewed by qualified advisors. Internal coordination with the Planning Board, finance director, tax assessor, and other relevant municipal departments will reduce friction and ensure smooth handoffs during the process.

Once the legal process begins, transparency becomes paramount. While Rhode Island requires only a single public hearing with a 10-day notice, North Smithfield may choose to hold additional public sessions as the planned project is sizable and the public is, thus far, likely unfamiliar with TIF. Additional hearings, supplemental briefings, and user-friendly materials (e.g., one-pagers, district maps, FAQs) can demystify the process and strengthen support. All official documents, including the TIF Master Plan, district map, cost estimates, and financial projections, should be made available online through a dedicated webpage. This allows the public to follow along and reinforces the town's commitment to open governance.



## Work will Continue After Adoption

Successful TIF districts are not “set and forget.” Clear administrative procedures must be in place, including designation of the responsible board or official, protocols for managing and disbursing funds, and systems to track statutory metrics such as job creation and project milestones. The town must maintain separate accounting for the TIF fund, as required by statute, and consider engaging external auditors familiar with public finance to ensure compliance. A strong internal framework not only safeguards the town’s financial integrity but ensures that statutory deadlines, like the required annual report to the Division of Municipal Finance due each September 1, are consistently met.

Sustained public communication also remains essential post-establishment of the TIF district. Hosting annual updates, reporting project progress in regular newsletters, and marking visible milestones (e.g., road improvements, new development groundbreakings) keeps the public invested in the district’s success. If expectations shift or project timelines evolve, early and honest communication is key. And because the statute allows for periodic updates to the TIF Master Plan (every five years), the town should treat this as an opportunity to refresh priorities and confirm that the district is still aligned with its original public purpose.

Finally, the town should prepare for uncertainties. Market cycles, shifting development trends, or unforeseen costs can affect project feasibility. For this reason, scenario-based planning, maintaining reserves for debt service, and maintaining regular dialogue with legal and financial advisors is advisable. The town should also stay alert to any changes in state law that affect implementation.

The legal authority to create a TIF district in Rhode Island is clear. But long-term success depends on preparation, transparency, technical rigor, and ongoing community trust. Proper planning, sound financial oversight, and public-facing communication will allow North Smithfield to implement a TIF district that both meets its infrastructure needs and maintains long-term support from both residents and businesses.



# INTRODUCTION

The Town of North Smithfield is exploring the use of Tax Increment Finance (TIF) to finance key infrastructure improvements, particularly water and sewer lines, to unlock private development potential along Route 146 and the 146A corridor. This corridor is already the focus of major roadway improvements by the Rhode Island Department of Transportation (RIDOT), and investing in additional infrastructure provides more opportunities for development. A TIF would allow the town to capture new tax revenues from anticipated growth and channel those funds towards high-priority public projects without raising taxes town-wide or drawing from its general fund. The ultimate goal would be to use TIF as a targeted, self-sustaining tool to advance long-term economic development and improve quality of place.

This initiative directly advances the town's stated goals by aligning public infrastructure investment with targeted private development. Consistent with the town's [Comprehensive Plan \(2019\)](#), the proposed TIF district:

- Encourage development along Route 146 and 146A.
- Preserves the town's character by drawing investments away from rural areas
- Encouraging new business development and supporting job creation
- Expanding the commercial tax base
- Leveraging private investment to fund public priorities.

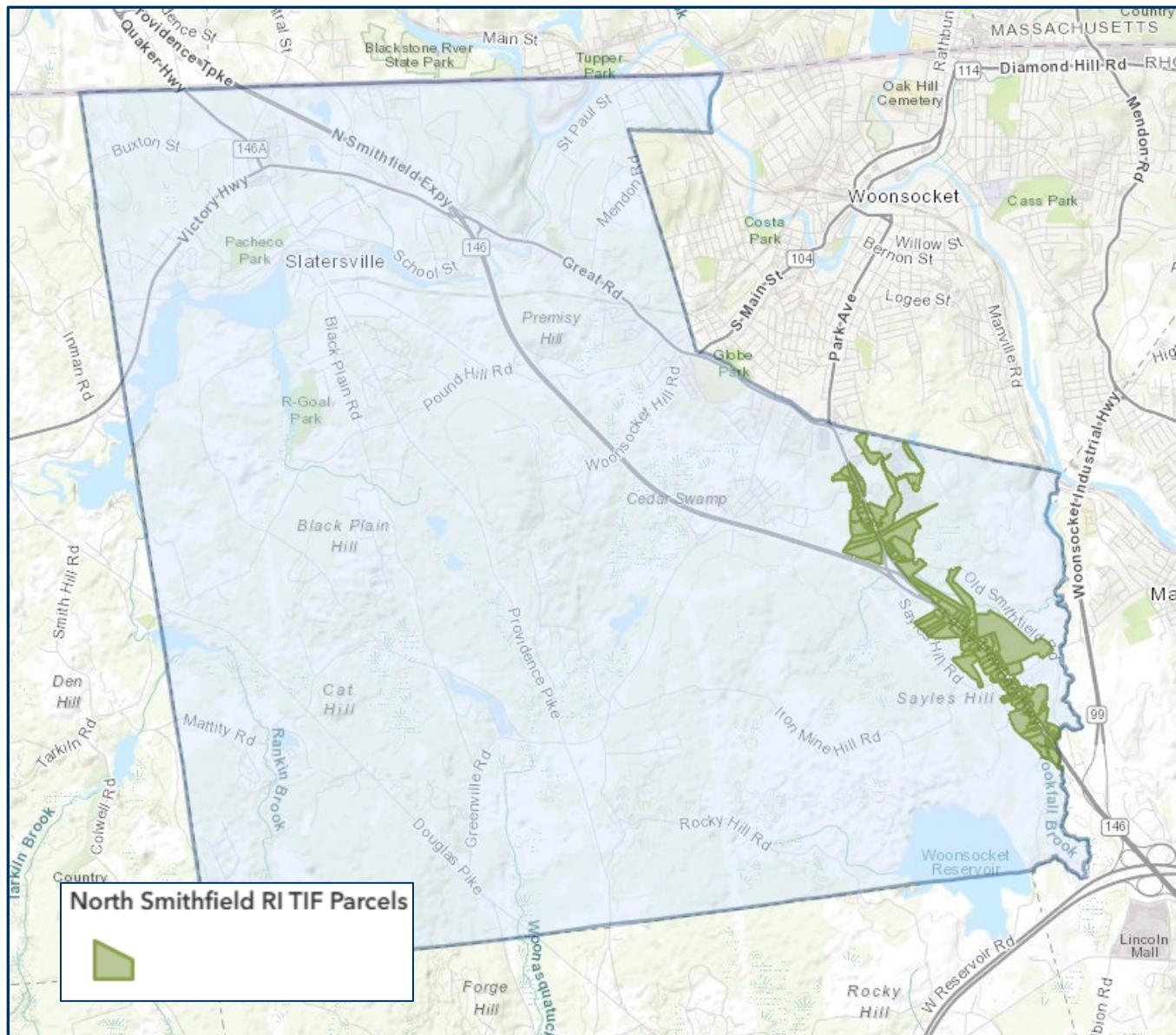
With RIDOT's ongoing construction improvements setting the stage, the town has a time-sensitive opportunity to accelerate infrastructure readiness and position the corridor for sustainable growth. A TIF offers a practical and timely solution to unlock development potential and enhance the area's appeal as a destination for investment.



# DEFINING THE PROPOSED TIF DISTRICT

The proposed TIF district is comprised of 127 parcels totaling 331 acres. Starting at the Lincoln town line, it includes properties adjacent to 146 to the northwest before following 146A nearly to the Woonsocket line. This collection of parcels includes underutilized industrial, commercial, and residential parcels and was selected because they would be the direct beneficiaries of the additional water and sewer buildout under consideration.

Currently, multiple development projects are found in the planning pipeline, along with many vacant and underutilized parcels with low improvement-to-valuation ratios. The expectation is that these planned projects, along with the likely development within the proposed TIF district, will yield steady growth in the incremental property valuations over the coming decades.



# PUBLIC INVESTMENT NEEDS

Reliable public infrastructure is the foundation of new private development. The town has identified critical investments in water and sewer systems necessary to support growth within the proposed TIF district. These upgrades are prerequisites for new development and long-standing community priorities that have lacked funding under traditional means.

The Pare Corporation, an engineering and planning services firm based in Lincoln, RI, has prepared cost estimates for the water and sewer system projects currently under consideration. The cost of the new water system is estimated at \$23 million, which includes installation of a new water main, tank and pump station construction, and engineering and contingency costs. In addition, \$30 million is required for the new sewer system, including installation of the main line, pump station construction, and engineering and contingency costs. Combined, the new water and sewer system shows a total cost of \$53 million.

## Infrastructure Cost Estimates - Route 146/146A Corridor

<b>Water System</b>	
Water Main Installation	\$8,222,200
Water Storage Tank Construction	\$4,955,000
Booster Pump Station Construction	\$2,325,000
Engineering and Contingency Costs	\$7,810,000
<b>Total Water System Costs</b>	<b>\$23,320,000</b>
<b>Sewer System</b>	
Gravity Sewer Main Installation	\$10,982,500
Pump Station #1 Construction	\$4,275,000
Pump Station #2 Construction	\$4,275,000
Existing Rock Cliff Pump Station Improvements	\$245,000
Engineering and Contingency Costs	\$10,190,000
<b>Total Sewer System Costs</b>	<b>\$29,970,000</b>
<b>Total Combined Water and Sewer Systems Costs</b>	<b>\$53,290,000</b>

**Source:** Pare Corporation



# ESTIMATED DEVELOPMENT ACTIVITY AND POTENTIAL TAX REVENUES

## Identifying properties and timeframes for likely new development

With the district parcels identified, development potential reflecting new investment in the district can be estimated. The assessed value of the total stock of all real estate within the Proposed TIF district is measured based on data provided by the Town of North Smithfield's Assessor's Office. This includes the assessed value of both land and improvements for each parcel. In addition, the associated annual tax revenues are calculated separately. The buildout analysis identifies **three types of properties that are likely to see development over the TIF's twenty-year timeframe**<sup>3</sup> based on specific characteristics. Properties were then individually assigned to these three types based on buildout potential<sup>4</sup>:

### 1) Near-Term Projected Development — Identified projects in planning

This includes projects identified by the town that are likely to be constructed over the first five years of the TIF program.

### 2) Mid-Term Potentially Developed Parcels — Improvement Share<sup>5</sup> less than 25%

Mid-term development potential properties show current improvements at a notably low level compared to the land's valuation. These parcels show an improvement in valuation equal to 25% or less of the total valuation and are largely made up of vacant lots. Properties with a mid-term potential for development are slated to most likely see development in years 6 through 15 of the TIF program.

### 3) Long-Term Potentially Developed Parcels — Improvement Share<sup>5</sup> between 25% and 65%

The parcels with long-term potential for development show a somewhat modest level of current improvements, but that share is in the range of 25% to 65%. These properties are considered to have a likelihood of development over the latter portion of the TIF program in years 16 through 20.

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<sup>3</sup> While Rhode Island statute allows a TIF to remain in place for up to 40 years, the current analysis assumes a TIF extending for twenty-years. This shorter time frame was chosen so as to be more attractive to the broader community. It is recommended, however, that a 30-year term may be preferable as this would extend the period of TIF revenues and allow for longer term bonds with lower annual payments.

<sup>4</sup> Following the initial categorization, each parcel was re-evaluated by the Town of North Smithfield. Based on the town's assessment, several properties were then reassigned to different potential buildout categories (near-, mid-, or long-term) based on this local knowledge. This review greatly enhanced the initial, more mechanical process, providing a more curated listing of parcels and their opportunities for development.

<sup>5</sup> Improvement Share = Assessed Improvements Value / Total Assessed Value



Three parcels have been identified with plans currently in place for private development within the proposed North Smithfield TIF district.

For those sites that fall into the mid-term potential, there are 31 parcels. There are an additional 44 parcels with long-term development potential. Counts and acreage of parcels with known private projects in place, or those showing mid-term or long-term potential, are shown below.

In total, 78 parcels covering 179 acres are identified as showing likely development activity over the coming 20 years. Note that many of the parcels found in the proposed TIF District are modest in size and would not allow for larger commercial or residential development. A degree of parcel assemblage, the combining of multiple parcels to form one larger development site, would likely be required to facilitate using the land found in the district to its most productive use.

#### Parcels by Development Potential Category

Category	Parcels	Acres	Share
<b>Limited Future Development Potential</b>			
Public Facility/Project	1	32.5	9.8%
Not Developable	5	11.3	3.4%
Currently Utilized to Potential	43	108.3	32.7%
<b>Subtotal</b>	<b>49</b>	<b>152.2</b>	<b>45.9%</b>
<b>Future Development Likely</b>			
Known Private Project (Yrs 1 to 5)	3	11.4	3.4%
Mid-Term Dev. Potential (Yrs 6 to 15)	31	109.9	33.2%
Long-Term Dev. Potential (Yrs 16 to 20)	44	57.9	17.5%
<b>Subtotal</b>	<b>78</b>	<b>179.2</b>	<b>54.1%</b>
<b>Total</b>	<b>127</b>	<b>331.4</b>	<b>100%</b>

Source: Camoin Associates



## Estimating new development activity and incremental assessments over time

New development over time is the sum of projects currently in the planning process, plus estimates of anticipated mid- and long-term commercial/industrial and residential development:

- For those properties currently in planning, the increase in assessed value is based on the known investment anticipated for each property. The three known projects are anticipated to see taxable property assessments registering \$3.4 million above current levels.
- The total areas of development potential for both mid-term (109.9 acres) and long-term (57.9 acres) are each shared out between residential and commercial/industrial categories based on the proportions of these two land uses currently found within the Proposed TIF district. Rounding the observed shares yields the ratio applied to the total acreage, with 55% designated as residential and 45% designated as commercial/industrial. Note that, while these shares are based on historical development patterns, the actual distribution of new development between residential and commercial/industrial may well reflect a notably different split.

**Parcels by Development Potential Category and Type**

	Parcels	Acres
<b>Residential - 55% of Total</b>		
Mid-Term (Yrs 6 to 15)	17	60.4
Long-Term (Yrs 16 to 20)	24	31.8
<b>Subtotal</b>	<b>41</b>	<b>92.3</b>
<b>Commercial - 45% of Total</b>		
Mid-Term (Yrs 6 to 15)	14	49.5
Long-Term (Yrs 16 to 20)	20	26.1
<b>Subtotal</b>	<b>34</b>	<b>75.5</b>
<b>Residential and Commercial</b>		
Mid-Term (Yrs 6 to 15)	31	109.9
Long-Term (Yrs 16 to 20)	44	57.9
<b>Total</b>	<b>75</b>	<b>167.8</b>

**Source:** Camoin Associates

- For new commercial/industrial space, a range of low and high Floor Area Ratios (FAR)<sup>6</sup> is applied to the amounts of mid-term and long-term acreage derived above. Values for these FAR factors are based on observed levels found within and around North Smithfield and are set to 0.10 sf of new development per sf of land area for the low end of the range and to 0.30 sf of new development per sf of land area for the high end of the range. This provides a projection of the amount of new commercial/industrial building area anticipated for the district.
- Applying an assessment value per sf then provides the lower and higher ranges of likely incremental valuation anticipated within the district. The value/sf is set to \$235, which is the estimated cost of commercial development based on data provided from the construction cost information service, RS Means (2025).

<sup>6</sup> Floor Area Ration (FAR) measure the square feet of building area per acre of land



- Similarly, new multifamily<sup>7</sup> residential units for the district are projected by applying estimated units per acre density measures to the amounts of mid-term and long-term acreage figures cited above. These values are again based upon observed residential density found within and around the TIF area and are set at five units/acre for the low end of the range and 15 units/acre for the high end of the range.
- Increased assessment values are then created by applying a standard assessment per unit figure to the anticipated number of new units. Based on existing valuations within the TIF, and with recently developed multifamily properties found at the Residences at Dowling Village seeing assessed values of \$390,000 and up, a more conservative assessment per multifamily unit used in this analysis is set to \$300,000/unit.

#### Development Parameter Values

	Low	High
<b>Development Ranges per Acre</b>		
Residential Units/Acre	5	15
Commercial Floor Area Ratio (FAR)	0.10	0.30
<b>Assessed Value of New Development</b>		
Residential \$/Unit	\$300,000	
Commercial \$/sf	\$135	

**Source:** Camoin Associates

- In order to project new development activity, the anticipated mid-term increase in valuation (both commercial/industrial and residential) is evenly distributed over the six- to fifteen-year time period.
- Similarly, new development projections of anticipated long-term increases in valuation (both commercial/industrial and residential) are evenly distributed over the sixteen- to twenty-year time frame.

In summary:

- Near Term Projected Development = Identified projects in planning
- Comm/Indust Potential Development (high) = Potential Comm/Ind Acreage \* FAR(h)<sup>8</sup>
- Comm/Indust Potential Development (low) = Potential Comm/Ind Acreage \* FAR(l)
- Residential Potential Development (high) = Potential Res Acreage \* Units/Acre(h)
- Residential Potential Development (low) = Potential Res Acreage \* Units/Acre(l)

<sup>7</sup> This analysis focuses only on the potential for multifamily developments within the proposed TIF district. Single-family home building and/or improvements are excluded from the buildout scenarios.

<sup>8</sup> Values for FAR(x) and Units/Acre(x) (x = high and low) are determined based on observed current conditions and discussions with the Town of North Smithfield.



Anticipated valuations for known private projects, along with mid-term and long-term estimates of new valuations, are combined to provide total anticipated net new growth potential within the Proposed TIF district over the coming twenty-year timeframe. Based on this aggregation, total net new growth sums to \$187 million under the low-growth scenario and climbs as high as \$619 million under the high-growth scenario by 2045, as seen below.

These tables also provide a breakdown of projected net new assessed value by land use (residential and commercial). These values are then used to estimate potential tax revenues from new growth in the district.

#### Projected Net New Growth

#		Low	High	Timeframe
	Known Private Projects	\$ 3,454,400	\$ 3,454,400	2026-2030
<b>Residential and Mixed Use Residential/Commercial</b>				
	Mid-Term Dev. Potential	\$ 81,612,138	\$ 262,935,373	2031-2040
	Long-Term Dev. Potential	\$ 39,284,707	\$ 134,777,357	2041-2045
<b>Commercial/Industrial</b>				
	Mid-Term Dev. Potential	\$ 43,217,701	\$ 144,461,343	2031-2040
	Long-Term Dev. Potential	\$ 19,730,759	\$ 73,038,560	2041-2045
	<b>Total New Growth</b>	<b>\$ 187,299,704</b>	<b>\$ 618,667,032</b>	<b>Through 2045</b>

**Source:** Camoin Associates



## Estimate anticipated incremental tax revenues over time

With an established estimate of anticipated commercial/industrial and residential property assessment growth extending out over the coming 20 years, appropriate tax rates can be applied to project a low and high range for incremental tax revenues that are likely to accrue within the Proposed TIF district. Based on these figures, the town can then plan its next steps in providing financing for the planned infrastructure improvements.

Commercial/Indust Incremental Tax Rev<sup>9</sup> = Comm/Indust Potential Devel \* Comm/Indust Tax Rate  
Residential Incremental Tax Rev<sup>9</sup> = Residential Potential Devel \* Residential Tax Rate

Tax rates used in this analysis are based on mill rates published by the Town of North Smithfield.

### FY 2025 Tax Mill Rates

Residential	<b>\$11.499</b>
Commercial/Industrial	\$16.936

**Source:** Town of North Smithfield

These residential and commercial tax rates are applied to the projected new growth within the District to yield estimates of overall tax revenues that the town can anticipate accruing. These revenues may then be used to fund TIF-supported projects. Total TIF tax revenues equal \$18.4 million under the low-growth scenario, with high-growth revenues measuring \$58.5 million. Note that, for purposes of this analysis, property valuations and tax rates are held constant at second quarter, 2025 levels (December 2024 valuations and 2025/2026 mill rates). Over the twenty-year timeframe of this analysis, rising property valuations and adjustments to tax rates will likely result in stronger tax revenue growth currently estimated. These changes would be difficult to project, however, and holding assessments and tax rates fixed provides a more conservative outlook on potential benefits accruing to the proposed TIF District.

### North Smithfield - Cumulative TIF District Growth Based Tax Revenues

	Low Revenue Scenario	High Revenue Scenario
<b>Total Growth (Assessed Value)</b>	<b>\$187,299,704</b>	<b>\$618,667,032</b>
<b>Total Revenue (Property Tax)</b>	<b>\$18,435,086</b>	<b>\$58,534,001</b>

**Source:** Camoin Associates

<sup>9</sup> Incremental Tax Revenues are estimated for both low- and high-growth scenarios



## Distribution of the Proposed TIF District Tax Revenues to the TIF Fund

The proportion of tax revenues accrued from new growth valuations that are allocated to the TIF fund rather than the general fund is at the discretion of the town. Rhode Island statutes allow for this share to range from 0% to 100%, and should the town decide to move ahead with a TIF, it will need to determine this proportion. Note that, if it chooses, the town may create a schedule for the share of new tax revenues going to the TIF fund to adjust over time. The town may also adjust the share as needed over the course of the TIF program.

To illustrate how much revenue could be available to finance TIF-supported projects, low- and high-growth figures were calculated based on providing 50%, 75%, or 100% of these revenues to the TIF fund. Available funding for the TIF varies widely, depending on the proportion of incremental revenues being dedicated to the TIF fund — from \$9.2 million under the low scenario, when only half of all new tax revenues are allocated to the TIF, to as much as \$58.5 million under the high scenario, with all of the incremental tax revenues dedicated to the fund.

**North Smithfield - Alternate Allocations Ranges for TIF Revenues Over 20 Years**

	<b>Low Revenue Scenario</b>	<b>High Revenue Scenario</b>
Total Growth (Assessed Value)	\$187,299,704	\$618,667,032
<b>Total Revenue (Property Tax)</b>	<b>\$18,435,086</b>	<b>\$58,534,001</b>
<b>50% to General Fund/50% to TIF Fund</b>		
Revenues to General Fund	\$9,217,543	\$29,267,000
Revenues to TIF Fund	\$9,217,543	\$29,267,000
<b>25% to General Fund/75% to TIF Fund</b>		
Revenues to General Fund	\$4,608,772	\$14,633,500
Revenues to TIF Fund	\$13,826,315	\$43,900,501
<b>0% to General Fund/100% to TIF Fund</b>		
Revenues to General Fund	\$0	\$0
Revenues to TIF Fund	\$18,435,086	\$58,534,001

**Source:** Camoin Associates

Once the TIF revenue share figure is established by the town, more precise year-by-year estimates of fund flows can be created. These would then provide a detailed view of the potential cash flow available to the town on a year-by-year basis. This information can then guide the decisions as to how the overall financing of the potential projects might move forward. In the event that a project is financed through bond issuances, this detailed view of anticipated cash flow will, in turn, provide visibility into what portion of debt servicing might be covered by TIF revenues.



# PROJECT COSTS AND TIF REVENUES

The cost of moving forward with the development activity identified by the Town of North Smithfield is estimated at **\$53.0 million for the combined water and sewerage development project.**

Regarding potential TIF revenues, projected new assessed valuations are significant. Projected increased assessed property valuations register between \$187 million and \$619 million in new assessed value over the twenty-year TIF program. These valuations translate to substantial **incremental increased tax revenues<sup>10</sup>, cumulatively measuring between \$18.4 million and \$58.5 million over the twenty-year timeframe.**

This analysis shows the potential for the town's identified priority projects to find a degree of financial support through the revenue-generating capacity of the proposed TIF district. **The projected TIF revenues register within a wide range, but suggest the ability to provide at least one pillar of support to the infrastructure projects.** With a conservative revenue capture rate of 50%, the TIF would produce funding capable of paying from one-sixth (17%) to as much as one-half (55%) of the cost of these critical infrastructure investments.

## Project Cost and Projected TIF Revenues

Public Development Projects	Project Costs	
Total Water System Costs		\$23,320,000
Total Sewer System Costs		\$29,970,000
<b>Total Combined Water and Sewer Systems Costs</b>		<b>\$53,290,000</b>
Cumulative TIF Revenue	Low	High
50% of Tax Rev to TIF Fund	\$9,217,543	\$29,267,000
75% of Tax Rev to TIF Fund	\$13,826,315	\$43,900,501
100% of Tax Rev to TIF Fund	\$18,435,086	\$58,534,001

**Source:** Camoin Associates

<sup>10</sup> These figures represent total spending levels and cumulative TIF tax revenues. Further analysis would be required to evaluate the amount of funds needed over time to service any bond issuances used to finance the public investments under consideration. This deeper analysis would occur during the development of an official TIF Master Plan.



# ADDITIONAL CONSIDERATIONS

## Public Support

Interviews with several business and economic development stakeholders with interests in the public infrastructure voiced support for the development activity. Indeed, extending available water and sewer systems along the Route 146/146A corridor would greatly expand the development possibilities of the abutting properties.

Currently, property owners considering commercial or residential development are required to sink one or more wells to provide water to the project while also building out their own wastewater treatment system. Both of these investments are very expensive. In addition, there is no certainty that either or both would pass environmental review or that a well would yield sufficient amounts of potable water.

This is the crux of the reasoning behind the proposed buildout. Currently, the area within the district remains highly constrained regarding potential use due to significant cost considerations. Property owners know that the availability of water and sewer lines would unlock development potential and reduce the costs and risks associated with development. Access to public utilities is essential for supporting water-intensive commercial uses. In addition, water and sewer availability can open doors to public incentives or partnerships that further enhance the property's financial viability.

## Project Financing

Initial estimates show potential cumulative TIF revenues approaching or possibly even exceeding the cost of the proposed infrastructure buildout. These tax revenue figures are, however, the anticipated cumulative revenues over a twenty-year period. The proposed infrastructure buildout would likely be completed within a few years, with full payment due within that same timeframe. A pay-as-you-go proposition based on the TIF revenues would not be a feasible financing scheme. Rather, development financing would need to be facilitated through TIF bond funding and other loan and grant programs. Specific sources of these financing options include:

- **RI Drinking Water State Revolving Fund (DWSRF)** focuses on funding projects to improve drinking water infrastructure and to ensure safe drinking water supplies. It draws from federal capitalization grants, administered by the Rhode Island Department of Health (RIDOH), to fund public water system infrastructure upgrades based on priority ranking under the Safe Drinking Water Act. [More information here.](#)
- **RI Clean Water State Revolving Fund (CWSRF)** focuses on funding projects related to wastewater, stormwater, and other water pollution abatement initiatives. It is also administered through the Rhode Island DEH and provides low-interest loans for both water and wastewater projects. Principal forgiveness may also be granted, but largely for disadvantaged communities or PFAS-related projects. [More information here.](#)



- **Rhode Island Infrastructure Bank** administers both the DWSRF and the CWSRF to provide for capital loans to communities across the state. [More information here.](#)

Several more sources of potential capital financing are available to communities expanding or strengthening their water and wastewater treatment systems, which, unfortunately, are not likely candidates to assist North Smithfield's currently planned infrastructure expansion. These include programs for large regional water systems and those intended for more rural areas or communities, or those of limited means.

Analysis of potential revenues derived through the implementation of a TIF district shows the potential for this revenue stream to provide at least a portion of the cash flow required to service those debts incurred in order to finance the town's needed infrastructure. In addition, the town may also look towards other income sources tied to the benefits derived from these new water and sewer systems to provide the funds needed to make payments on the debt, such as connection fees or other possible revenue-producing mechanisms.



# TIF FEASIBILITY AND SUITABILITY

Initial calculations show that structuring a TIF along the Route 146/146A corridor, in conjunction with the proposed infrastructure buildout, would generate significant tax revenues. Though additional analysis would be required to more specifically outline the year-by-year flow of funds surrounding construction, funding, and debt servicing, TIF is a financially feasible option for the Town of North Smithfield to use as one component of the funding required to develop the area's water and sewer systems.

Extension of water and sewer infrastructure along Route 146/146A would move North Smithfield towards the goals stated in their [Comprehensive Plan \(2019\)](#). Specifically, the plan calls for the community to concentrate new growth within particular areas of the town, including the Route 146 corridor as a strategic area for targeted investment. Providing utility access in this corridor would serve to catalyze the full development potential of this area, supporting higher-value residential, commercial/industrial, and mixed-use activity, without extending growth pressures into the town's outlying agricultural or residential areas. This allows the town to build employment opportunities and expand its tax base, while preserving its cherished rural landscape found elsewhere in the community.

Equally important, such infrastructure development would capitalize on and enhance the impact of RIDOT's ongoing multi-year reconstruction of Route 146. The Comprehensive Plan recognizes the importance of aligning infrastructure, land use, and economic development planning, and the installation of water and sewer systems subsequent to these highway improvements would allow for transportation development to best facilitate local land use strategy.

This coordination would help the town manage growth, promoting a more compact, infrastructure-efficient development while expanding the commercial tax base. It would also potentially improve environmental safeguards by reducing reliance on private septic systems.

While Rhode Island statutes allow a TIF to extend for as long as 40 years, the current evaluation of a potential TIF in North Smithfield is based on a twenty-year timeframe. This shorter interval may prove preferable with respect to gaining support throughout the community. Rhode Island statute, however, allows for bonds to be issued with a term of up to 30 years. A longer-term bond would lessen payments and allow for tax revenues resulting from later development within the TIF to play a larger part in the financing of the planned infrastructure expansion. As a TIF may not be dissolved while bonds issued under the agreement remain outstanding, it may then be advised that the town extend its proposed TIF to at least 30 years so as to take advantage of longer-term debt obligations.

Note also that, due to the timing of potential TIF revenues, which would grow over time, creation of a TIF would likely not serve to provide sufficient funding to make periodic bond payments over the earlier years of the program. Establishing the TIF while also delaying the water and sewer buildout might allow for some funds to be generated to help with near-term financing, but the most significant potential for new development activity along the corridor would, by necessity, not come until *after* completion of the new infrastructure. The town will, therefore, likely need to identify additional short-term financing options to fill this gap in timing.



# APPENDIX A: THE TIF IMPLEMENTATION PROCESS

The legal requirements to create a TIF district are laid out by Rhode Island statute (§ 45-33.2). This includes the following elements:

## 1. Initial Requirements and Findings

The Town Council must first make a specific finding that the proposed TIF district and master plan will i) contribute to the economic growth or well-being of the town, OR ii) better the health, welfare, or safety of the inhabitants. (§ 45-33.2-25(1))

## 2. Property Condition Requirements

The town must also state that a portion of the real property within the proposed TIF district meets at least one of these criteria:

- Be a substandard, insanitary, deteriorated, deteriorating, or blighted area
- Be in need of rehabilitation, redevelopment, or conservation work
- Be suitable for industrial, commercial, residential, mixed-use or retail uses, downtown development, or transit-oriented development.

This last item will serve as justification of the need for a TIF. (§ 45-33.2-25(4)(i))

## 3. Creation Of A Master Plan

A TIF District Master Plan must be created by the town with several required elements. These are:

- Legal description of district boundaries
- Tax identification numbers for all parcels
- Description of present conditions and uses
- Description of anticipated public facilities/improvements
- Description of anticipated development
- Tax increment district financial plan
- Maintenance and operation plan
- Intended duration of the TIF District (cannot exceed 40 tax years)

§ 45-33.2-26

## 4. Valuation Limitation

The assessed valuation of a TIF district cannot exceed 25% of the total taxable property value. With townwide total assessment valuation of \$2.63 billion and valuation within the proposed TIF district of only \$65.8 million, North Smithfield satisfies this requirement as the proposed district accounts for only 2.5% of total assessed value (\$65.8M / \$2.63B). (§ 45-33.2-25(4)(ii))



## 5. Planning Board Review

Once the TIF District Master Plan is complete, it needs to be transmitted from the Town Council to the Planning Board. The Planning Board then has 90 days (or additional time approved by council) to provide its written opinion, with a finding that the plan is consistent with the town's Comprehensive Plan. (§ 45-22.2-8)

## 6. Public Hearing Requirement

The town is required to hold at least one public hearing with notice published at least 10 days prior to the hearing. The notice must include the date, time, place of hearing, and a legal description of the proposed district boundaries (§ 45-33.2-25(3))

## 7. Final Approval Authority

The TIF district then becomes effective once the Town Council i) approves the establishment of a TIF district, and ii) adopts the Tax Increment District Master Plan. (§ 45-33.2-23(a))

The final approval authority lies with the Town Council, which has the sole authority to adopt the TIF Master Plan. The Planning Board may only provide its opinion.

Note that no state-level approval is required in the creation of a TIF district. However, annual reporting to the Department of Economic Development is required once the TIF is in effect. (§ 45-33.2-18).



## Practical Steps

Based on the state guidelines and the governance structure in North Smithfield, the following is a recommended process for development and approval of a TIF Master Plan

1. A full market study is performed, confirming usefulness and providing a more detailed measure of growth potential by type of development or property use; support recommendations for changes to zoning and land-use to support economic development.
2. Zoning ordinances are updated to accommodate the desired style of development preferred for the District.
3. A TIF Advisory Committee is to be formed, made up of town staff and potentially additional community members, to provide guidance on the development of the TIF District Master Plan.
4. A TIF District Master Plan is to be prepared for review and consideration of approval at the request of the Town Council.
5. Once drafted by the TIF Advisory Committee, the Draft TIF District Master Plan is to be sent to the Planning Board for review and recommendation. The Planning Board will then review the Draft for consistency with the town's Comprehensive Plan and ensure that it can meet its stated economic development purposes. A written response from the Planning Board is then required within 90 days of receipt.
6. Upon receipt and review of recommendations from the Planning Board, the Draft TIF District Master Plan shall be sent to the Town Council for review and comment.
7. The Town Council must hold a public hearing on the proposed TIF district and TIF District Master Plan. This public hearing needs to be properly noticed at least 10 days prior to the event in accordance with Chapter 45-33.2-25 of the Rhode Island General Laws.
8. Following the public hearing, the Town Council must i) make the determination that the proposed TIF district meets all statutory conditions and also ii) make a final finding regarding the economic benefit of the TIF district.
9. The Town Council can then vote to establish the TIF district and to adopt the TIF District Master Plan. Both of these actions need to occur as part of the same proceedings.

Following the establishment of the TIF district, several subsequent steps need to be taken. These include:

- Designation of a board or officer responsible for administering the Master Plan. This may be a continuation of the roles of the prior TIF Committee or a newly established group or individual.
- The Town Assessor must certify the original assessed value (OAV) of taxable real property within the district.
- Annual reporting of activities associated with the TIF must be submitted by September 1 each year.



# ABOUT CAMOIN ASSOCIATES

As the nation's only full-service economic development and lead generation consulting firm, Camoin Associates empowers communities through human connection backed by robust analytics.

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## The Project Team

Jim Damicis

Principal

Tori Conroy

Project Manager

John Walker

Senior Analyst

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Impact Analysis



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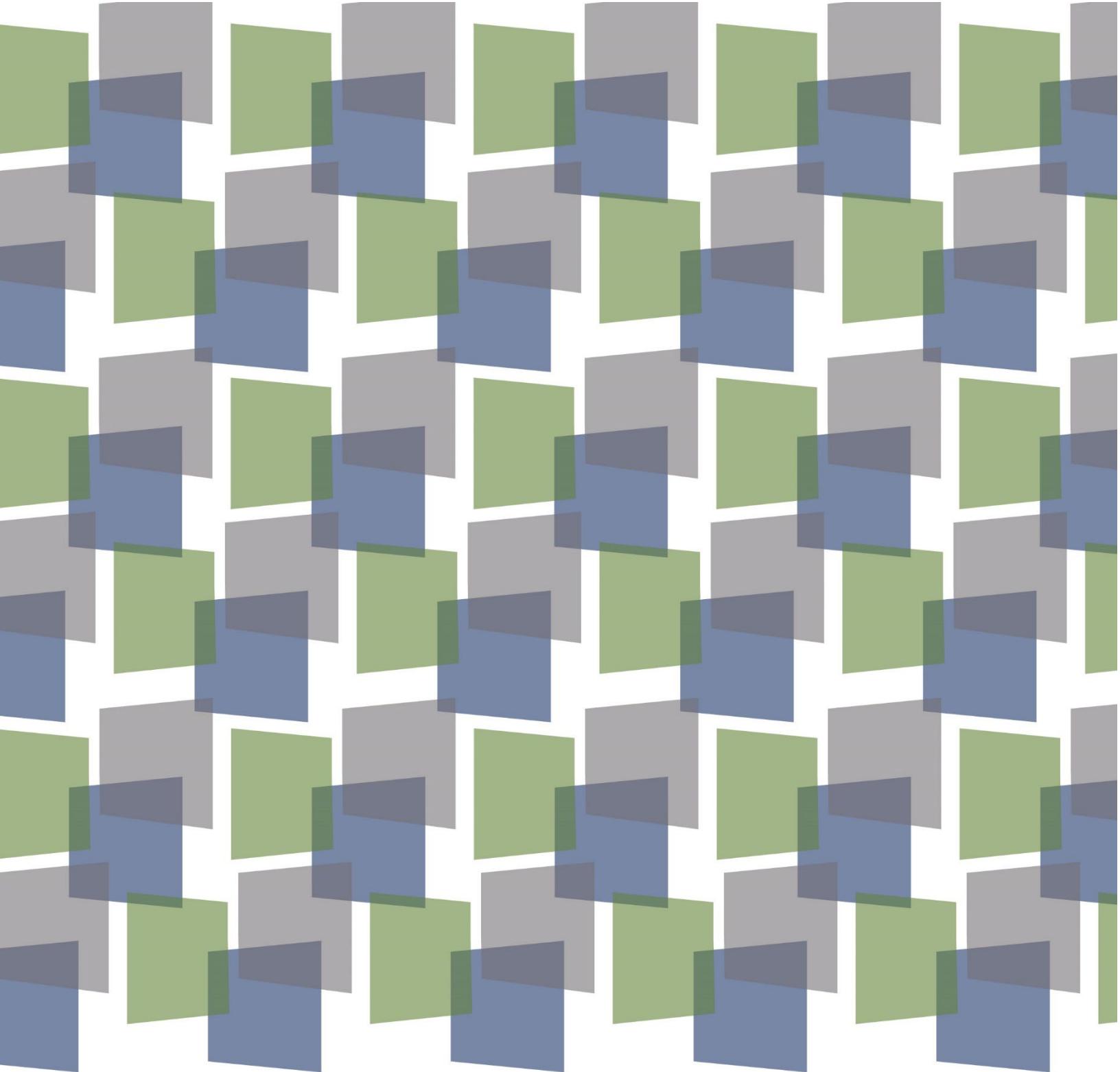


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