

# The Distributional Effects of TIF on Economic Inclusion

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# Distributional effects of TIF

- Background on TIF as a primary redevelopment tool.
- Who uses it and how?
- Application versus intent
- St Louis case study
- Policy implications



# TIF as a redevelopment tool

- Original intent to clear and redevelop blighted areas.
- Evolved into a popular tool as a work-around voters and federal bureaucracy.
- Criticism focuses on diversion of public revenue to private goods.
  - Often the knee-jerk reaction is to eliminate the program or tool, e.g. eminent domain.
- Current trends away from tool
  - California
  - Illinois



# St Louis Case

- Were incentives used differently in areas characterized by different degrees of racial or economic disparity?
- Did patterns of racial or economic isolation shift after the completion of incentive projects?
- Were tax incentives used in areas characterized by neighborhood distress?
- Did the use of incentives reduce neighborhood distress over time (both in the immediate area and in the surrounding areas)?



# TIF Typology

<b>Single Use – Hotel</b>	<b>Primary use focused on single use hotels, which are smaller than convention center projects.</b>
<b>Single Use – Industrial</b>	Self explanatory use
<b>Single Use – Office</b>	Self explanatory use
<b>Single Use – Residential</b>	Self explanatory use
<b>Single Use – Retail</b>	Self explanatory use

# TIF Typology

<b>Hotel-Convention</b>	<b>Primary use focused on large convention center projects that include hotels.</b>
<b>Infrastructure</b>	TIF is structured as a district and funds pay for infrastructure, any use included, e.g. Lafayette Square.
<b>Mixed Use - No Residential</b>	Primary use focused on more than one use excluding residential, primarily retail and office but could include industrial and office.
<b>Mixed Use - With Residential</b>	Primary use focused on residential space with at least one other use, primarily retail but also including office.

# TIF Municipal Findings

- Municipal Racial and Economic Disparity at time of 1st TIF project:
  - 22% mod to very high concentrations of non-white persons
  - 34% mod to very high concentrations of white persons
  - 37% mod to very high concentrations of low-income households
  - 35% moderate to very low concentrations of low-income hhlds

# TIF Distress Index

- Municipal Distress at time of 1st TIF project :
  - 37% were moderate to very stable
  - 35% were moderate to very distressed
  - 40% showed an overall decrease in neighborhood distress between 1990 and 2011
  - 60% showed an overall increase in neighborhood distress between 1990 and 2011.



# Economic Separation by Municipality

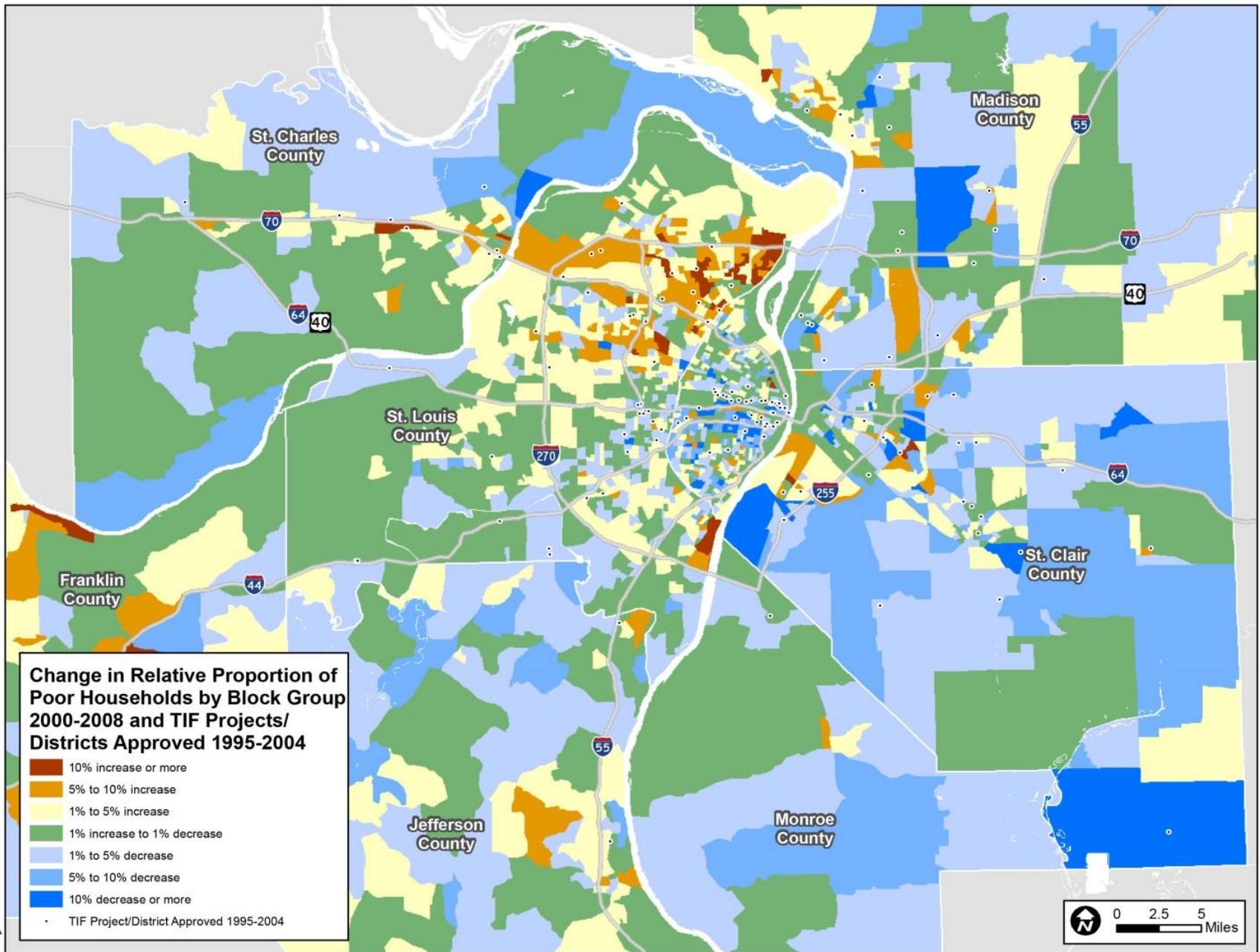
All MO TIF projects*	Totl	Low to very low concentrations of poor persons		In-balance - reflecting regional proportion		Moderate to very high concentrations of poor persons	
		-2 to -4		-1 to 1		2 to 4	
Hotel-Convention	1	1	100%	0	0%	0	0%
Infrastructure	3	1	33.33%	0	0%	2	66.67%
Mixed Use – No Residential	40	20	50%	4	10%	16	40.00%
Mixed Use - With Residential	59	3	5.08%	3	5.08%	53	89.83%
Single Use – Hotel	8	1	12.50%	1	12.50%	6	75.00%
Single Use – Industrial	6	1	16.67%	0	0%	5	83.33%
Single Use – Office	9	1	11.11%	0	0%	8	88.89%
Single Use – Residential	28	0	0%	1	3.57%	27	96.43%

# Racial Separation by Municipality

All MO TIF projects*	Total	Moderate to very high non-white		In-balance - reflecting region		Moderate to very high white	
		-2 to	-4	-1 to	1	2 to	4
Hotel-Convention	1	0	0%	1	100%	0	0%
Infrastructure	3	2	66.67%	0	0%	1	33.33%
Mixed Use – No Residential	40	15	37.50%	20	50%	5	12.50%
Mixed Use - With Residential	59	52	88.14%	5	8.47%	2	3.39%
Single Use – Hotel	8	6	75%	2	25%	0	0%
Single Use – Industrial	6	4	66.67%	0	0%	2	33.33%
Single Use – Office	9	8	88.89%	1	11.11%	0	0%
Single Use – Residential	28	27	96.43%	1	3.57%	0	0%
Single Use – Retail	53	18	33.96%	20	37.74%	15	28.30%

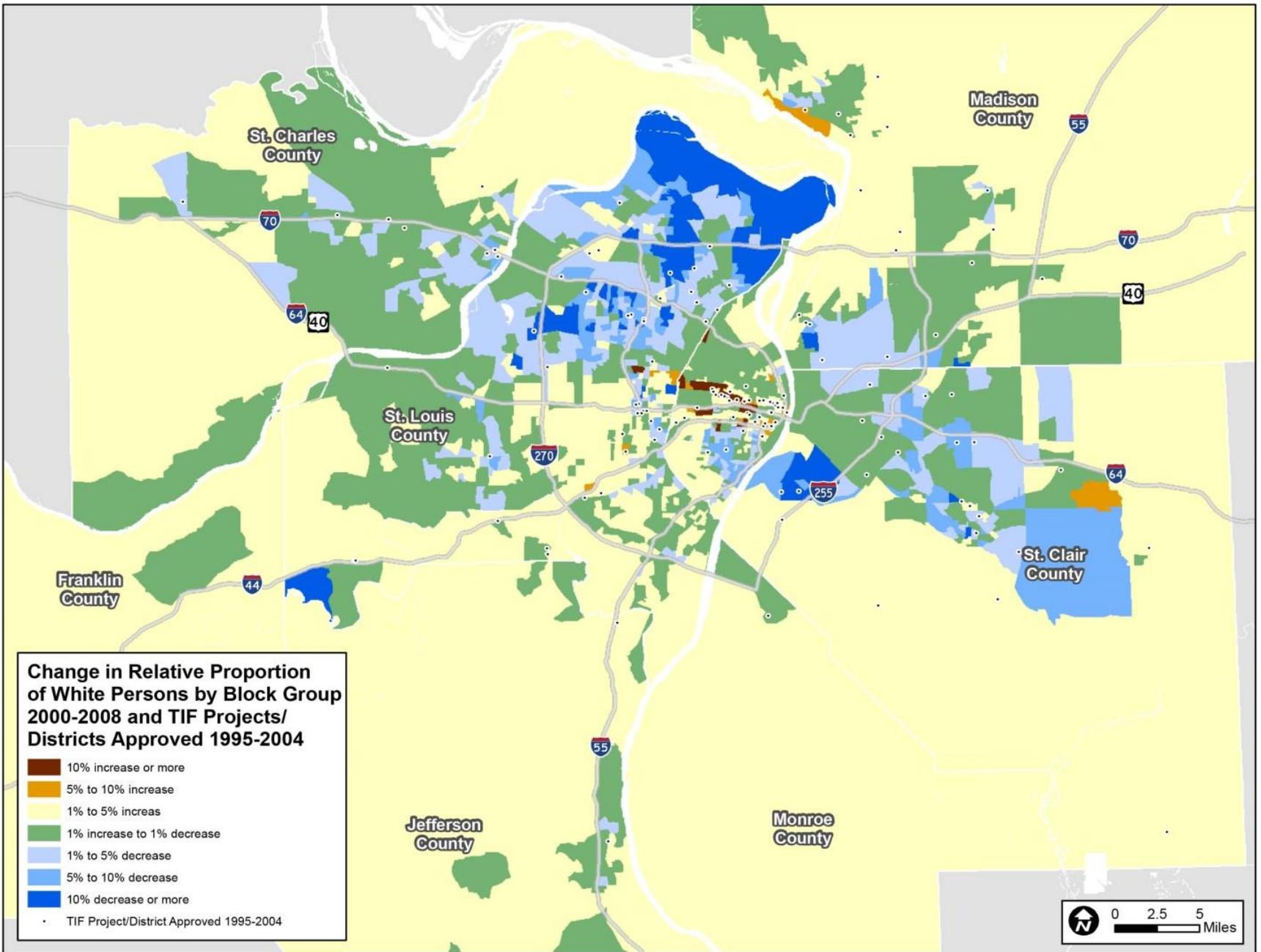
# Neighborhood Distress by Municipality

*All MO TIF projects	Total	Moderately to very stable		Average		Moderately to very distressed	
		-2 to	-4	-1 to	1	2 to	4
Hotel-Convention	1	0	0%	1	1	0	0%
Infrastructure	3	1	33.33%	0	0%	2	66.67%
Mixed Use - No Residential	40	15	37.50%	7	17.50%	18	45%
Mixed Use - With Residential	59	2	3.39%	4	6.78%	53	89.83%
Single Use – Hotel	8	1	12.50%	0	0%	7	87.50%
Single Use – Industrial	6	1	16.67%	0	0%	5	83.33%
Single Use – Office	9	1	11.11%	0	0%	8	88.89%
Single Use - Residential	28	0	0%	0	0.00%	28	100%
Single Use - Retail	53	16	30.19%	13	24.53%	24	45.28%



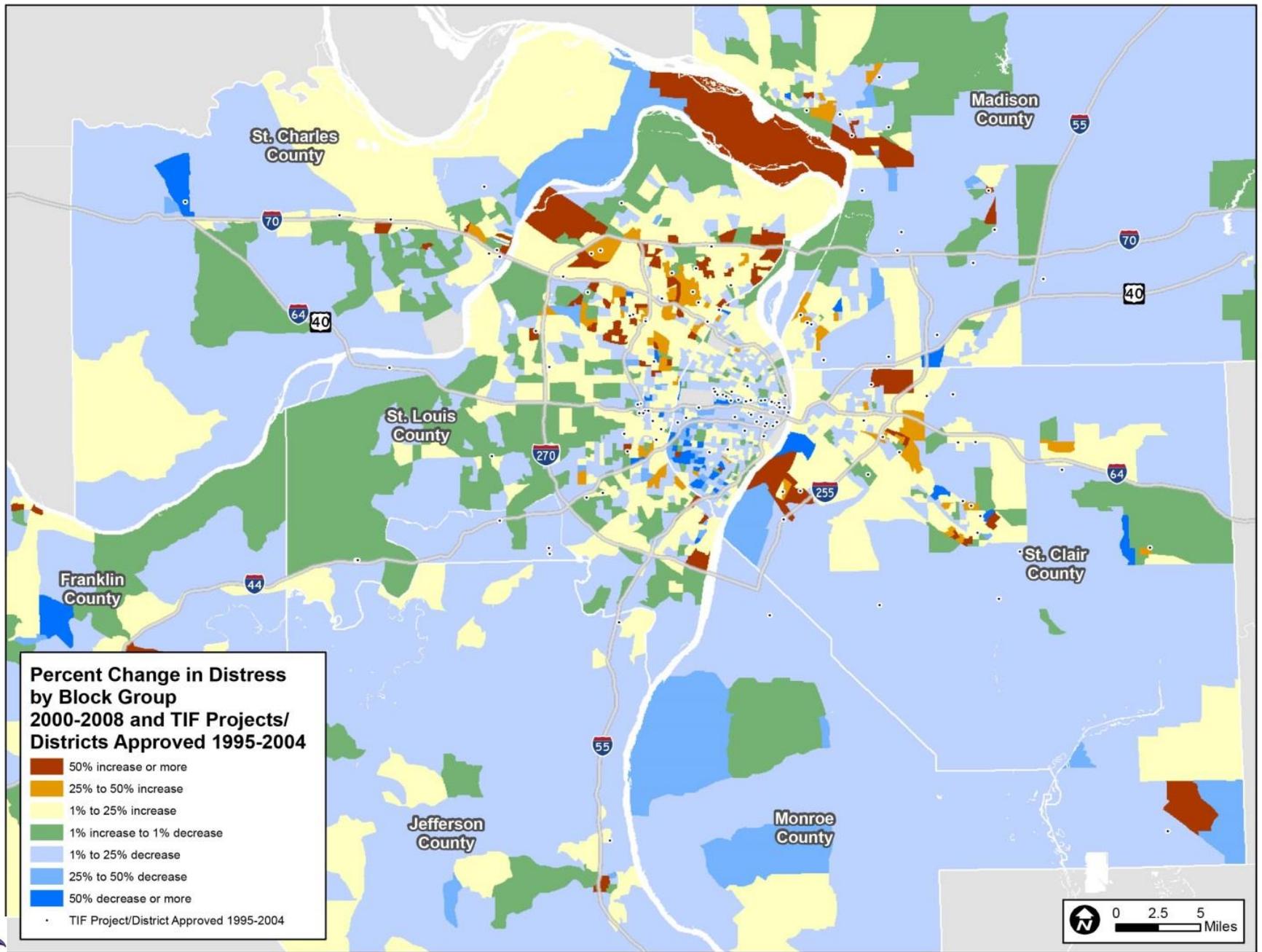
Source: US Census of Population and Housing, Missouri Department of Economic Development





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# Case findings

- TIF is not slowing overall spread of blight
  - Uneven distribution
  - Net spread leads to zero sum
- TIF has contributed to uneven development patterns
  - Sales tax wars
  - High v. low capacity communities, e.g. Pagedale

# Policy Implications

- Responses to the spread of blight
  - Conceptualized as a process rather than a relationship
  - What are the causal factors
  - Potential for targeted interventions
- Question of interjurisdictional equity
  - TIF as infrastructure development
  - Case for regional planning
- Overall policy response
  - TIF tools need to be better connected to what is happening on the ground

