

The Distributional Effects of TIF on Economic Inclusion

Sarah L. Coffin, PhD, AICP

Saint Louis University

Center for Sustainability

October 22, 2015



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

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

TIF Typology

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

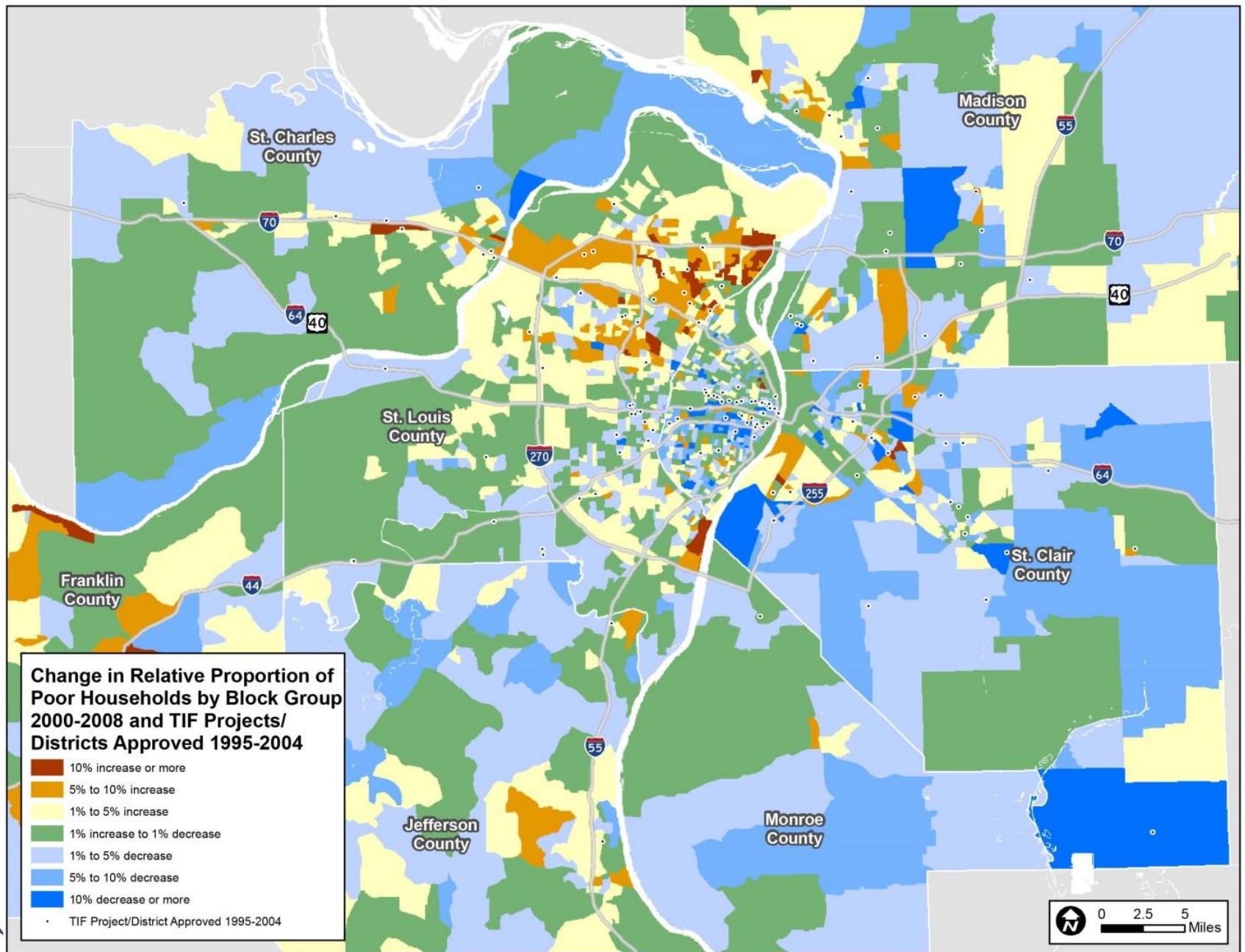
All MO TIF projects*		Low to very low concentrations of poor persons		In-balance - reflecting regional proportion		Moderate to very high concentrations of poor persons	
	Total	-2 to -4		-1 to 1		2 to 4	
Hotel-Convention	1	1	100%	0	0%	0	0%
Infrastructure	3	1	33.33%	0	0%	2	66.67%
Mixed Use – No Residential	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

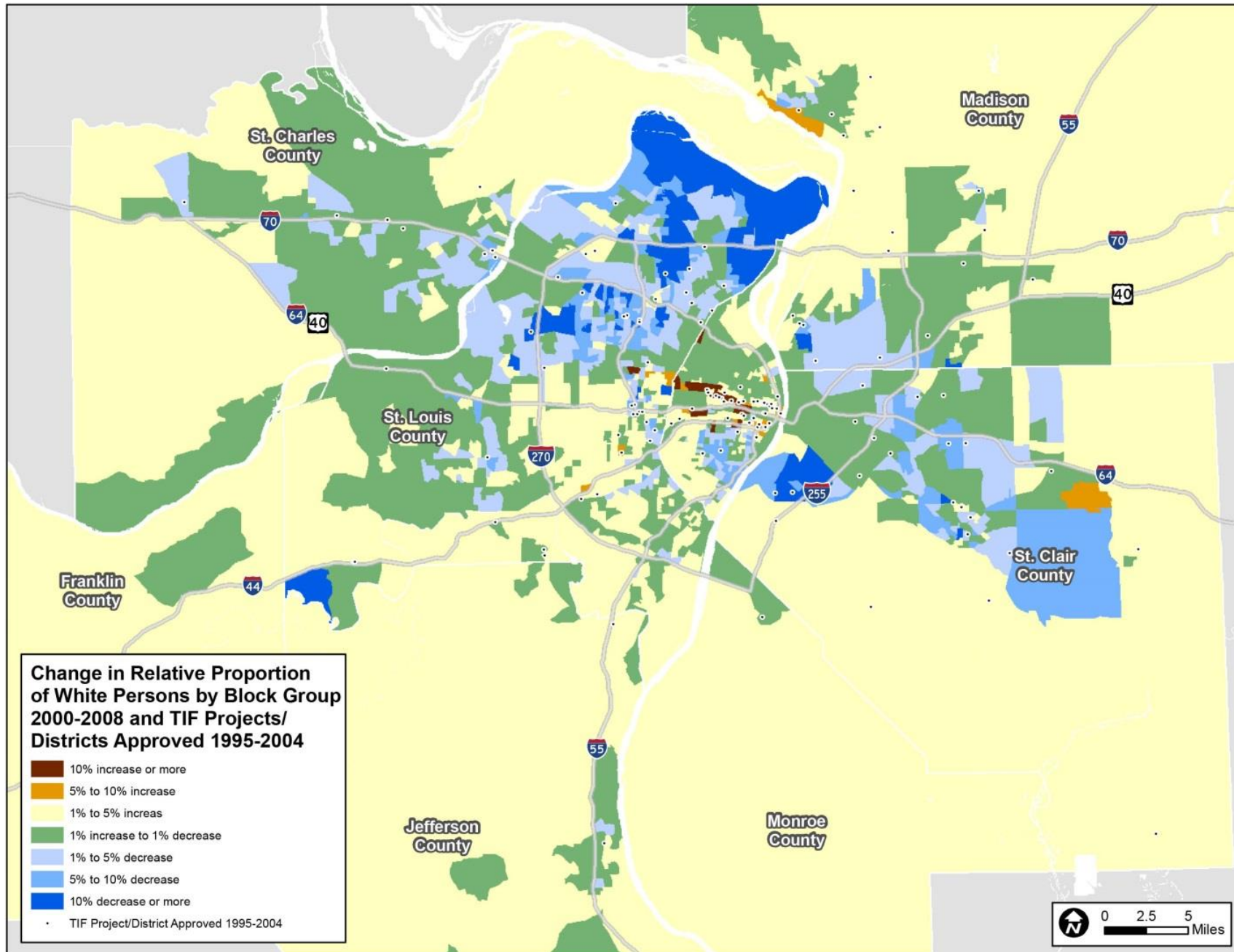
All MO TIF projects*		Moderate to very high non-white		In-balance - reflecting region		Moderate to very high white	
		-2 to	-4	-1 to	1	2 to	4
Hotel-Convention	1	0	0%	1	100%	0	0%
Infrastructure	3	2	66.67%	0	0%	1	33.33%
Mixed Use – No Residential	40	15	37.50%	20	50%	5	12.50%
Mixed Use - With Residential	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

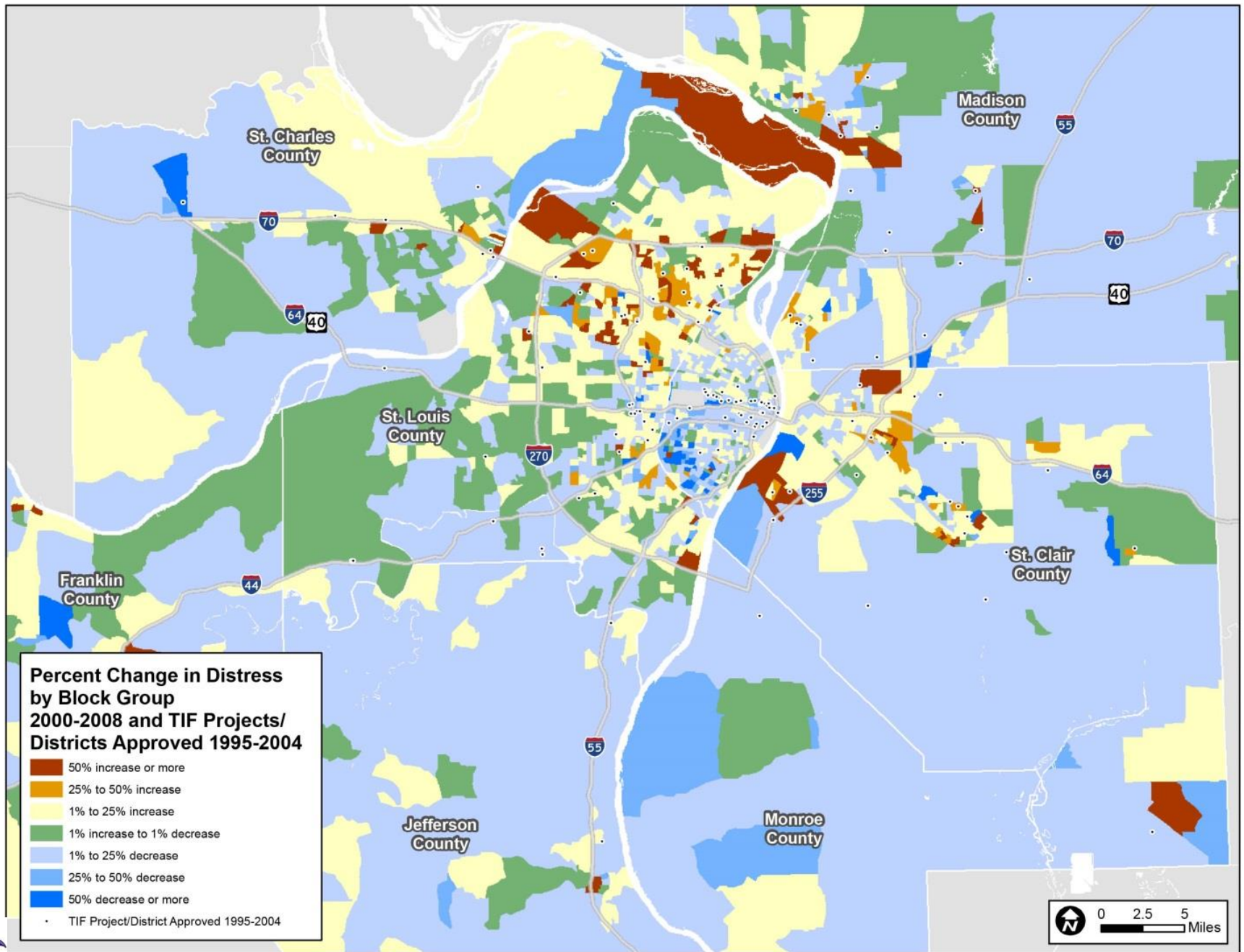
*All MO TIF projects		Moderately to very stable		Average		Moderately to very distressed	
	Total	-2 to	-4	-1 to	1	2 to	4
Hotel-Convention	1	0	0%	1	1	0	0%
Infrastructure	3	1	33.33%	0	0%	2	66.67%
Mixed Use - No Residential	40	15	37.50%	7	17.50%	18	45%
Mixed Use - With Residential	59	2	3.39%	4	6.78%	53	89.83%
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



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



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

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

