

**THE PROMISES AND PITFALLS OF TIF IN THE ST. LOUIS
METROPOLITAN REGION: A LOOK AT NEIGHBORHOOD
DISPARITIES**

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INTRODUCTION

In January 2009, the East-West Gateway Council of Governments (EWGCG) issued an interim report assessing the effectiveness and fiscal impacts of the use of local development incentives in the St. Louis region.¹ In that report they concluded that among the massive tax expenditures over the past twenty years (approximately \$1.3 billion in tax commitment to tax increment financing (TIF) projects alone), there had been little real growth associated with that public investment over the long term.² The report went further to conclude that the overwhelming majority of that investment focused on retail expenditures and that while in the short term, retail development generated considerable local revenue, in many places in the long-term the regional fiscal benefits were much more questionable.³ As another case in point, according to a 2005 St. Louis Metropolitan Forum analysis of the 2002 Census of Governments' statistics for the region, 17% of the regional municipal tax revenue (23% on the Missouri side and 6% on the Illinois side) is generated by sales tax.⁴ These findings suggested a redistribution of retail dollars was occurring across the region as a result of public investment, with those municipalities with the capacity to create development incentive projects

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1. EAST-WEST GATEWAY COUNCIL OF GOV'TS, AN ASSESSMENT OF THE EFFECTIVENESS AND FISCAL IMPACTS OF THE USE OF LOCAL DEVELOPMENT INCENTIVES IN THE ST. LOUIS REGION iii (Interim Rep. Jan. 2009) [hereinafter INTERIM REP.], available at <http://www.ewgateway.org/pdffiles/library/regdev/tifprt-012609.pdf>.

2. *See id.* at 18, 36.

3. *Id.* at 36.

4. ATLAS OF LOCAL GOVERNMENT FINANCE: THE ST. LOUIS REGION, METRO. FORUM 11, 15 (Nov. 2005), available at <http://www.ewgateway.org/pdffiles/library/regdev/LGFAtlas.pdf>.

doing so at the expense of less fortunate, surrounding communities. Upon further reflection, this focused attention on retail sales suggests greater potential for socioeconomic vulnerability at the local level as communities are forced to depend on an unstable and somewhat volatile economic development strategy that varies widely with the broader global economy.

The 2009 East-West Gateway interim report provided a snapshot global picture for how development incentives were impacting the St. Louis metropolitan region. Yet questions detailing the usefulness of development incentives within the region remained unanswered. For example, was TIF a popular economic development tool having its legislatively intended effect on local communities? TIF is one tool in particular that garners strong reactions on both sides of the development debate. One need only look to the media for examples of how polarizing its use has become.⁵ And the challenge for policy makers is not in deciding whether to limit its use but in how to assist communities in understanding how to use the tool effectively. This is a key finding that the EastWest Gateway report highlighted in 2009—disparities in and among communities where the tool was and was not being used.⁶

This article reports on a project that builds on the 2009 interim report.⁷ The project was intended to address some of the unanswered questions left over from the 2009 report. In particular, what were the descriptive, spatial impacts of TIF in St Louis? Specific questions included the following:

1. Was TIF used in areas characterized by blight?
2. Did TIF reduce blight over time (both in the immediate area and in the surrounding areas)?
3. Was TIF used differently in areas characterized by different degrees of racial or economic disparity?
4. Did patterns of racial or economic isolation shift after the completion of TIF projects?⁸

5. See Tim Logan, *Northside Plan Draws Heavy Fire at Public Hearing*, ST. LOUIS POST-DISPATCH (Aug. 28, 2013), available at http://www.stltoday.com/business/local/northside-plan-draws-heavy-fire-at-public-hearing/article_f11ad7bc-3213-5c0e-9c4b-9df728a5916a.html.

6. See INTERIM REP., *supra* note 1, at 33.

7. See generally EAST-WEST GATEWAY COUNCIL OF GOV'TS, AN ASSESSMENT OF THE EFFECTIVENESS AND FISCAL IMPACTS OF THE USE OF LOCAL DEVELOPMENT INCENTIVES IN THE ST. LOUIS REGION (Final Rep. Jan. 2011) [hereinafter FINAL REP.], available at <http://www.ewgateway.org/pdffiles/library/regdev/devincresfinal.pdf> (The project was funded by the East-West Gateway Council of Governments and involved three universities; Saint Louis University, University of Missouri, St. Louis, and Southern Illinois Edwardsville. Each university was charged with addressing different aspects of questions generated by the 2009 interim report. The university research culminated in a report issued by the East-West Gateway Council of Governments.).

8. See *id.* at 33.

As a part of this research, a TIF typology was developed for the Missouri projects⁹ that categorized each project according to its use to develop an understanding about the differences among the TIF uses, for example identifying the numbers of single use retail versus mixed use non-retail projects.¹⁰ This allowed an examination into whether TIF was being used for its intended purposes and if the development tool was leading to desirable outcomes.

This article will be structured in the following way. It will begin with a review of the relevant literature that provided a structure for the report that guided the research. It will then describe the methodology for the study that examined TIF use in St. Louis, offering an overview of how the data was used and where it was obtained. A discussion of findings will follow, with an examination of the data, its patterns and spatial implications, followed by suggestions for further policy research.

I. A REVIEW OF THE TIF LITERATURE

Tax increment financing has been a carefully studied development tool over the years. While the impact of TIF on local government has been increasing in recent decades, its origins as an economic development tool are in the early postwar era. TIF was first implemented in California in 1952 in order for cities to avoid the difficulties associated with obtaining electoral support for raising the funds required for federal urban renewal matching funds.¹¹ TIF use, however, did not become widespread in the United States until the 1970s. States were beginning to experiment with local economic development programs designed to address the fiscal stresses brought on by the economic recession of the 1970s.¹² TIF, as a specific development tool, was fueled by the tax revolt that swept through the country in the late 1970s. In California, TIF popularity rose in reaction to the passage of Proposition 13, which set a ceiling on local property taxes.¹³ Klemanski notes that over half of the states that have enacted TIF legislation did so between the years 1974 and

9. *See id.* at 41–48.

10. *Id.* at 33.

11. *See* Craig L. Johnson, *Tax Increment Debt Finance: An Analysis of the Mainstreaming of a Fringe Sector*, 19 PUB. BUDGETING AND FIN. 47, 47 (1999); Kenneth A. Kriz, *The Effect of Tax Increment Finance on Local Governmental Financial Condition*, 22 MUN. FIN. J. 41, 41 (2001).

12. Rachel Weber & Sara O’Neill-Kohl, *The Historical Roots of Tax Increment Financing, or How Real Estate Consultants Kept Urban Renewal Alive*, 27 ECON. DEV. Q. 193, 193–207 (2013).

13. Drew Klacik & Samuel Nunn, *A Primer on Tax Increment Financing*, in TAX INCREMENT FINANCING AND ECONOMIC DEVELOPMENT: USES, STRUCTURES, AND IMPACTS 15, 17 (Craig L. Johnson & Joyce Y. Man eds., 2001).

1979.¹⁴ Later, TIF became an increasingly attractive redevelopment technique as federal funding for urban renewal projects and other public financing opportunities dried up in the late 1970s and 1980s.¹⁵ More recently, states have passed TIF statutes to finance everything from sports stadia and golf courses to shopping malls and mixed-use commercial retail/office projects.¹⁶

While tax increment financing is considered a very effective (and popular) economic development tool, public officials often face difficulties in putting it to use. A common challenge reviewed in the literature focuses on the TIF potential to divert revenue from the more typical investments in what most consider the public good (e.g., recreation, public health, affordable housing, and education) to what many consider private sector development priorities.¹⁷ This diversion of tax revenues is a key criticism of TIF: as the private investments increase the value of the district's tax base, the new revenues do not flow to the municipality or to any of the other "overlapping" jurisdictions (i.e., school districts, counties) that share in the property tax base. The new revenues are used instead to pay off the debt or to invest in further improvements for the district for a period of time that may be as long as thirty years.¹⁸ Often the jurisdiction with the most to lose or gain from TIF is the local school district, because it is typically the most property tax-dependent jurisdiction. TIF is structured so a local school district must wait until the end of the life of the TIF district to partake in the expected growth in the tax base.¹⁹ The practice in most states is for the TIF district to capture all the incremental revenue generated by all the taxing jurisdictions (including schools) within the TIF district for use exclusively by the TIF district.²⁰ As a result, the chief opposition to TIF comes from school districts. Opposition to TIF can also come from property owners within the proposed TIF district because increasing property values due to development may price current residents and businesses out of the market.²¹

Additional critiques call into question the reallocation of existing resources for TIF projects. There are many factors beyond local government control,

14. John S. Klemanski, *Using Tax Increment Financing for Urban Redevelopment Projects*, 4 ECON. DEV. Q. 23, 23 (1990).

15. Klacik & Nunn, *supra* note 13, at 18.

16. Weber & O'Neill-Kohl, *supra* note 12, at 203.

17. Rachel Weber, *Selling City Futures: The Financialization of Urban Redevelopment Policy*, 86 ECON. GEO. 251, 260 (2010); Richard Briffault, *The Most Popular Tool: Tax Increment Financing and the Political Economy of Local Government*, 77 U. CHI. L. REV. 65, 88 (2010).

18. Rachel Weber, *Equity and Entrepreneurialism: The Impact of Tax Increment Financing on School Finance*, 38 URB. AFF. REV. 619, 622–25 (2003).

19. *See id.* at 620–21, 625.

20. *Id.* at 622–23.

21. *See id.* at 640.

which have major effects on municipal finances such as the state of the overall economy, policies from higher levels of government, and economic development policies of neighboring cities and states.²² With the inability to control many factors, local governments tend to focus on short-term vision in order to keep government running. Local policymakers focus on economic development and public services that indirectly affect governments' fiscal health.²³ Adopting TIF in order to eradicate blight and increase the tax base requires a local government to reallocate existing and already scarce resources to the development and management of the TIF program calling into question the net benefit of such tools. The underlying purpose of economic development is to achieve economic growth in a market or local economy, and the purpose behind incentive-based economic development programs like TIF is to correct local market failure occurring in the development process.²⁴ It is in the implementation of programs like TIF that cause one to ask the challenging question: When an already strapped local government needs to redirect limited resources, working with limited capacity to implement such programs, what are the lingering equity effects?

A 2003 Brookings report examined TIF use in Missouri, concluding that TIF laws created the potential for overuse and abuse.²⁵ Chief among their findings was the likelihood for inter-local competition for sales tax receipts.²⁶ This tilt toward a sales receipts-focused program led to local economic development strategies that reinforced existing lower wage jobs and retail projects rather than new wealth-producing economic activity to the region.²⁷ Another primary criticism that continues to be leveled at this strategy stems from the Missouri TIF statute's loose definition of "blight," which enables municipalities to designate many areas as "blighted" that critics contend run contrary to the intent of the TIF legislation.²⁸ And scholars continue to make this claim. As recently as 2011, Matthew Kokot argued that a more appropriate definition of blight was needed to balance the needs of neighborhoods with the

22. See George Lefcoe, *Competing for the Next Hundred Million Americans: The Uses and Abuses of Tax Increment Financing*, 43 URB. LAW. 427, 453-56 (2011).

23. See Johnson, *supra* note 11, at 47.

24. See Richard F. Dye & David F. Merriman, *The Effects of Tax Increment Financing on Economic Development*, 47 J. URB. ECON. 306, 307 (2000).

25. THOMAS LUCE, CTR. ON URB. & METRO. POL'Y, BROOKINGS INST., RECLAIMING THE INTENT: TAX INCREMENT FINANCE IN THE KANSAS CITY AND ST. LOUIS METROPOLITAN AREAS, at v (2003).

26. *Id.*

27. *Id.*

28. Julie A. Goshorn, *In a TIF: Why Missouri Needs Tax Increment Financing Reform*, 77 WASH. U. L. Q. 919, 919 (1999).

demands of developers, calling for legislation to extend beyond the standard ‘if not for’ rule found in most state enabling TIF legislation.²⁹

Many of the original TIF statutes across the United States authorized TIF districts for clearing and redevelopment of blighted urban areas.³⁰ Over time, however, political pressure by private developers promoted the use of TIF as *the* only acceptable financing tool for general urban redevelopment. Richard Briffault demonstrates this argument in his examination of the development tool, stating that the political structure of local economies give communities no other choice but to use this tool exclusively to compete for developer dollars.³¹ One wonders where the structural flaws can be improved, given this increasing dependency at the local municipal level. TIF, and especially its eminent domain provisions, are used increasingly as a tool of private developers in areas absent what many contend is urban blight; a use that critics charge benefits private developers at the public’s expense.³² In a St. Louis example, one can point to a 2005 TIF project promoted by the city of Richmond Heights, known as the Boulevard as a case example.³³ In that project an existing business corridor across the street from the Galleria was vacated using TIF in order to construct the \$231.9 million complex of offices, stores, restaurants, and apartments.³⁴ According to a St. Louis Post-Dispatch editorial criticizing the municipality’s decision to grant TIF funds, “The Galleria is a money machine. Nestled near two interstates in one of the poshest residential corners of St. Louis, it is arguably the most successful mall in the region.”³⁵ To justify the project, the city argued that the existing small businesses no longer fit within the emerging “new urbanism” development focus for the area and that the businesses needed to be relocated in order to move forward with a plan to redress what consultants stated were blight conditions in the area.³⁶ The area was declared blighted to allow the developer access to the TIF subsidy, which the developer argued was needed in order to go forward with the project.³⁷ Interestingly, it was the cost to acquire the land that drove project costs so

29. Matthew J. Kokot, *Balancing Blight: Using the Rules Versus Standards Debate to Construct a Working Definition of Blight*, 45 COLUM. J.L. & SOC. PROBS. 45, 47–48 (2011).

30. Michael D. Wyatt, *The TIF Smorgasbord: A Survey of State Statutory Provisions for Tax Increment Financing*, ASSESSMENT DIG. Nov.–Dec. 1990, at 2, 4.

31. See Briffault, *supra* note 17, at 67.

32. See Todd A. Rogers, *A Dubious Development: Tax Increment Financing and Economically Motivated Condemnation*, 17 REV. LITIG. 145, 171–72 (1998).

33. Phil Sutin, *Boulevard St. Louis Takes Step Forward*, ST. LOUIS POST-DISPATCH, Feb. 24, 2003, at W1.

34. *Id.*

35. Editorial, *A Tale of Two TIFs*, ST. LOUIS POST-DISPATCH, Feb. 20, 2003, at B6.

36. Meeting Minutes, City Council City of Richmond Heights, Missouri (Mar. 3, 2003), <http://www.richmondheights.org/ArchiveCenter/ViewFile/Item/276>.

37. See Editorial, *supra* note 35, at B6.

high.³⁸ One question is the blight determination in this case when property values remained so high.

Additional evidence from the literature questions the effectiveness of TIF over more traditional economic development programs. A study of TIF use in the Chicago metropolitan area found that municipalities that adopt TIF grow more slowly after adoption than those that do not.³⁹ During the 1980-1984 period, all municipalities that would later adopt TIF had a mean growth rate roughly equal to those municipalities that did not adopt TIF.⁴⁰ Yet during 1992-1995, TIF communities grew substantially slower than those municipalities that did not adopt TIF.⁴¹ The researchers also found that the TIF district's employment and revenue grew while the rest of the community remained flat in both categories.⁴²

The findings suggested that TIF trades off higher growth in the TIF district for lower growth elsewhere in the community.⁴³ This decrease in growth supported the revenue shifting explanation that jobs and commercial establishments are simply moving around a region.⁴⁴ New jobs and subsequent revenue streams were not necessarily created, just redirected from other parts of the community.⁴⁵ Ultimately, the researchers argued that TIF adoption represented a real cost for municipal growth rates and impacted future economic development.⁴⁶ Overall, municipal property values escalated in non-TIF adopting municipalities more quickly than in TIF communities.⁴⁷ Also, using TIF as an economic development policy to stimulate growth only resulted in quick fixes.⁴⁸ Generally, they observed that TIF was used primarily in response to the fierce competition for tax base revenue in the region.⁴⁹

While the above arguments and others are important critiques, they deal mainly with the broader accountability issues (e.g., failure to meet original intent of the statute). The debate in Missouri and elsewhere thus far has focused on whether TIF legislation is accomplishing its stated objectives and whether those objectives have been defined clearly enough to avoid misuse.⁵⁰ However, there has been little research to date on the relationship between the

38. *Id.*

39. *See* Dye & Merriman, *supra* note 24, at 306.

40. *Id.* at 326.

41. *Id.*

42. *See id.* at 325.

43. *Id.* at 327.

44. *Id.* at 323-24.

45. Dye & Merriman, *supra* note 24, at 324.

46. *Id.* at 324, 327.

47. *Id.* at 326.

48. *Id.* at 310.

49. *Id.*

50. *See* Rogers, *supra* note 32.

socio-economic characteristics of municipalities and the use of TIF. Recent legislative analysis has examined the effect of TIF redevelopment on low income communities, noting that the relative gentrification impacts following a project are seldom considered, yet a more detailed study has yet to explore the policy implications of TIF within a metropolitan area.⁵¹ Thus, the questions of inequities across a region relating to the use of TIF and its subsequent outcomes have been largely secondary. It is entirely possible that previous TIF studies came up with few findings because they assume that all TIF projects are alike. A primary aim of the present study was to address this potential problem by creating a TIF typology that delineates the variation in TIF projects. Admittedly this typology could not combine projects in Missouri and Illinois (as is the nature of the St. Louis bi-state region) given that the states' reporting requirements are markedly different. In Missouri, the requirements track individual project uses.⁵² In Illinois, TIF reporting requirements are by district only, and therefore specific information about individual project uses does not always get reported in a uniform way.⁵³ The analysis is still valid in that the typology offers generalizable information across communities and neighborhoods, allowing for a closer look at what differences in development patterns and outcomes might exist for different types of development projects.

II. RESEARCH SCOPE AND METHODS

This present study is based on previous research that examined the distributive effects of TIF on patterns of neighborhood distress in St. Louis County in 1980, 1990, and 2000.⁵⁴ In that work, a blight index was constructed to measure the various elements that contribute to neighborhood distress. In the analysis, blight served as a proxy for neighborhood decline as measured by the quality of residential property and other key demographic indicators. Blight was measured in a quantitative fashion, through an index built using a series of indicators identified in the literature as being closely associated with neighborhood deterioration.⁵⁵ The index in Adams' work was borrowed from an earlier approach taken by S. Kristine Walker in a study of brownfield

51. See Kristen Erikson, *Protecting Low Income Residents During Tax Increment Financing Redevelopment*, 36 WASH. U. J.L. & POL'Y 203, 213–14 (2011).

52. See MO. DEP'T OF ECON. DEV., INSTRUCTIONS TO LOCAL TIF ANNUAL REPORT, http://ded.mo.gov/upload/tif_rptinstructions.pdf (last visited Apr. 22, 2014).

53. See JUDY BAAR TOPINKA, ILL. COMPTROLLER, TAX INCREMENT FINANCE REPORTING GUIDE (May 2011), available at <http://www.ioc.state.il.us/index.cfm/departments/local-government-division/tif-districts/reporting-guide>.

54. See generally H. Douglas Adams, *Toward Determining Patterns of Residential Blight and Blight Mitigation in St. Louis County, Missouri* (2005) (unpublished Ph.D. dissertation, St. Louis University) (on file with Pius Library, St. Louis University).

55. *Id.* at 54-56.

mitigation in St. Louis City.⁵⁶ There she used a similar approach to understand the prevalence of blight and its mitigation on the redevelopment potential of brownfield properties in urban neighborhoods.⁵⁷

III. DISTRESS INDEX

In this present study, a methodology similar to Walker and Adams was used to create a comparable index for the entire eight-county region for the years 1990, 2000, and 2008 using both census data and census estimates. The Distress Index⁵⁸ was based on demographic data for municipalities and census block groups from four sources: *Summary File 3* in the 1990 and 2000 U.S. Censuses, Geolytics' 1990 census data in 2000 boundaries, and Claritas' 2008 Pop Facts estimates.⁵⁹ The methodology employed here improved on the past work by combining multiple data sources that allowed a closer look at neighborhood change in constant block group boundaries. The property use indicators are:

- Percent renter-occupied housing units;
- Percent vacant housing units; and
- Percent housing units built prior to 1950.

56. *Id.* at 54 (citing Kristine S. Walker, *The Prevalence of Blight and Brownfield Redevelopment in St. Louis* (2003) (unpublished Ph.D. dissertation, University of Missouri, St. Louis) (on file with University of Missouri, St. Louis library)).

57. Walker's index used six measures related to brownfields and property underutilization. *Id.* The indicators Walker used were: Comprehensive Environmental Remediation Compensation Liability Information Systems (CERCLIS) sites, percent vacant land, percent vacant and vandalized buildings, percent Land Reutilization Authority (LRA) owned land, percent vacant housing units, and number of abandoned gas stations. *Id.* at 55–56. Since Walker's study looked at environmental mitigation concerns and issues of environment justice, her indicators focused on physical attributes that are descriptive of underutilization of properties or indicators of physical blight. *Id.* at 56. Walker used the 2000 census block group as her unit of analysis. Adams, *supra* note 54, at 56 (citing Kristine S. Walker, *The Prevalence of Blight and Brownfield Redevelopment in St. Louis* (2003) (unpublished Ph.D. dissertation, University of Missouri, St. Louis) (on file with University of Missouri, St. Louis library)). She standardized each of the six measures to create her blight index. *Id.*

58. For this study, the term "Blight Index" replaced "Distress Index," due to legal weight often assigned to the term, "blight" in determining program eligibility. Additionally, the term "distress" describes neighborhood health in a broader and more appropriate sense.

59. 2008 POP FACTS, NIELSON CLARITAS, INC. (2008) [hereinafter CLARITAS] (Census block group estimates purchased January 2009.) (on file with author); U.S. CENSUS BUREAU, UNITED STATES CENSUS 2000: SUMMARY FILE 3 (2000) [hereinafter SUMMARY FILE 2000], available at <http://www.census.gov/census2000/sumfile3.html> (on file with author); U.S. CENSUS BUREAU, 1990 CENSUS SUMMARY FILE 3 (1990) [hereinafter SUMMARY FILE 1990], available at http://www2.census.gov/census_1990/1990STF3.html (on file with author); Joshua Comenetz, *GeoLytics' CensusCDs: Provide Data with Ease*, 14 GEOSPATIAL SOLUTIONS, no. 2, Feb. 2004, at 46–48. The calculations using this data throughout the article are on file with the author.

SES indicators are:

- Percent households earning less than half of the metro median income;⁶⁰
- Percent of population 25+ years with less than a high school education;
- Percent unemployed; and
- Percent female headed households.

The selection of these measures is based on evidence in the literature indicating these factors are associated with neighborhood decline. For example, levels of home ownership as opposed to a high level of renter occupied housing⁶¹ has been determined to be predictive of poverty and neighborhood decline. Galster noted that higher proportions of renter households had increased odds of poverty increase.⁶² A proportionately higher incidence of vacant residential property compared to the average occurrence in the region can be interpreted as an adverse measure of neighborhood stability.⁶³ The increasing trend of the feminization of poverty in urban environs has been noted as another neighborhood stress indicator.⁶⁴ The age of housing stock has been determined to be another measure of declining neighborhoods,⁶⁵ and the Missouri TIF statute, section 99.805, R.S.Mo., identifies housing stock aged thirty-five years or more as one of the criteria for determining applicability of TIF development efforts.⁶⁶

The Distress Index is calculated using a simple z score for every municipality and block group based on the regional mean value and standard deviation for each indicator. The Distress Index represents the sum of each indicator's z-value, which is then ranked into sets of quartiles above and below the mean. Again, this is a departure from Adams and Walker where only

60. See Todd Swanstrom et al., *Measuring Concentrated Poverty: The Federal Standard vs. A Relative Standard*, 19 HOUS. POL'Y DEB. 295 (2008) (explaining the advantages of using this relative measure of poverty). Calculation of federally-defined poverty populations by block group would not be possible for 2008, as Claritas does not provide estimates of this variable due to the complexity of the standard.

61. George C. Galster et al., *The Fortunes of Poor Neighborhoods*, 39 URB. AFF. REV. 205, 222 (2003). See generally William M Rohe et al., *Home Ownership and Access To Opportunity*, 17 HOUS. STUD. 51 (2002); Neil Smith et al., *The "Camden Syndrome" and The Menace of Suburban Decline: Residential Disinvestment and its Discontents in Camden County, New Jersey*, 36 URB. AFF. REV. 497, 500 (2001).

62. Galster et al., *supra* note 61.

63. See James Q. Wilson & George L. Kelling, *Broken Windows: The Police and Neighborhood Safety*, ATL. MONTHLY, Mar. 1982, at 31–32.

64. See generally Linda J. Peake, *Toward a Social Geography of the City: Race and Dimensions of Urban Poverty in Women's Lives*, 19 J. URB. AFF. 335 (1997).

65. Galster et al., *supra* note 61 at 222–23; Harry L. Margulis, *Predicting the Growth and Filtering of At-risk Housing: Structure Ageing, Poverty and Redlining*, 35 URB. STUD. 1231, 1231–32 (1998).

66. MO. REV. STAT. § 99.805 (2000).

quartile assignments above zero were ranked. Everything ranking below zero held a uniform non-blighted ranking.⁶⁷ By further describing the levels of non-distress in the present study, an important dimension is added to understanding where and how TIF is being used. Values in the second, third, and fourth quartiles above and below zero are said to be approaching extreme, while those in the first quartiles on either side of zero are said to be near the regional average.

These data were assigned to TIF projects and districts in different ways for each level of the analysis. To analyze municipalities, the Federal Information Processing Standard (FIPS) code for each municipality was added to the TIF database. The measures were joined to projects and districts based on this unique identifier. To analyze change in the immediately surrounding areas, block group-level measures were joined to projects where the centroids were either within that block group or within an estimated 2.5 minute drive time of that block group's centroid.⁶⁸

IV. TIF PROJECT/DISTRICT DATA

Information on TIF use all came from a database provided by EWGCG.⁶⁹ Due to differences in TIF legislation between Missouri and Illinois, and the reporting challenges that EWGCG faced, data collection remained a difficult task.⁷⁰ Examples of state reporting differences included the City of East St. Louis and St. Louis City.⁷¹ Individual TIF districts could be differentiated in Missouri, allowing a more careful analysis of TIF impacts in St. Louis City.⁷² However, in East St. Louis, the entire city had been declared a TIF district and record keeping regarding specific projects was problematic, making it difficult to impossible to connect project spending to neighborhoods.⁷³ While Missouri municipalities generally vote to approve TIF on individual projects,

67. Adams, *supra* note 54, at 90.

68. Drive times were determined using East-West Gateway's transportation modeling road network data to create polygons showing the areas which one could reach within a 2.5 minute drive time from each TIF project. Drive times are the best measure for determining proximity because they take into account barriers such as rivers, industrial corridors, and sparsely-developed areas. By using block group centroids, only block groups are included where the majority of the population likely is near the TIF project. Large block groups are sparsely settled and even if they are adjacent to a block group containing a TIF project it is unlikely that its population is near project. EAST-WEST GATEWAY COUNCIL OF GOV'TS, DEVELOPMENTAL INCENTIVES RESEARCH: TIF, CID, TDD, BDD 2012 UPDATE (2012) [hereinafter DATAFILES], available at <http://www.ewgateway.org/dirr/dirrdata/dirrdata.htm>. The calculations using this data throughout the article are on file with the author.

69. *See id.*

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.*

municipalities in Illinois create TIF districts within which many different projects can take place.⁷⁴ Further, even if a TIF district is approved in Illinois, often information about the number of projects associated with the district, when (or if) they were completed, and what type of project(s) occurred seldom gets reported, nor is the information recorded.⁷⁵

Information about geographic locations of TIF projects and districts came from GIS shapefiles of TIF parcels provided by EWGCG and updated by researchers at the Public Policy Research Center at the University of Missouri, St. Louis.⁷⁶ The typology was based on variables included in the EWGCG TIF database and research into projects on municipal government websites and Lexis Nexis news searches.

As mentioned earlier, a typology of TIF projects in Missouri was constructed, examining them according to patterns of economic and racial spread.⁷⁷ For this aspect of the assessment nine separate categories were developed, describing the different types of TIF projects.⁷⁸ Table 1 below describes the nine categories and how they apply.

74. DATAFILES, *supra* note 68.

75. *Id.*

76. *Id.*

77. FINAL REP., *supra* note 7, at 41–45.

78. *Id.*

TABLE 1⁷⁹

Type of TIF	Use
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. Majority found in St. Louis City are condo or loft developments with residential units above street-level retail space.
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

79. See *id.*

V. FINDINGS

While much attention is paid to whether communities using TIF to fund economic development projects are getting value for that public investment, regional analysis showing socioeconomic impact is rarely discussed. What follows is a preliminary assessment of the regional effects of TIF on neighborhood distress. This is a preliminary assessment due to the limited data available. What is not presented are any causal relationships, merely patterns in data that suggest spatial relationships between TIF districts and the residents impacted by them.

Given aforementioned data limitations, the analysis was developed in two steps. The first step examined municipal- and block group-level demographics to analyze the characteristics of municipalities near the time of the approval of their first TIF projects or districts in both Missouri and Illinois. The second step examined change over time, considering the areas immediately surrounding completed TIF projects given that often the arguments behind supporting a TIF project are that one will see improvements in socioeconomic outcomes over time at the neighborhood level.

VI. MEASURES OF DISTRESS

This component was examined several ways, categorizing by place, TIF project, and block group in order to understand any patterns that might be present relative to TIF use over time. Out of eighty-two municipalities that had funded either a TIF district or project in the St. Louis region:

- 37% were moderate to very stable at the time of their first TIF;
- 35% were moderate to very distressed at the time of their first TIF;
- 40% showed an overall decrease in neighborhood distress between 1990 and 2008; and
- 60% showed an overall increase in neighborhood distress between 1990 and 2008.⁸⁰

These patterns reflect the earlier patterns of economic isolation, that initially, wealthier communities were using TIF pre-emptively as a means to ward off potential blight.⁸¹ Their intent, however, stands in stark contrast to the outcome for 60% of the municipalities that showed an overall increase in

80. Out of 331 TIF projects and districts found in the database provided by EWGCG, there are 303 with sufficient information for this portion of the study. Only those municipalities with TIF projects that have confirmed start dates and geographic locations will be counted. It is possible that this may include projects that never started or districts that have yet to see new development projects. This portion of the analysis serves to describe the situations of municipalities who have made the decision to use TIF. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

81. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

neighborhood distress between 1990 and 2008.⁸² One must take care not to correlate a causal relationship between TIF and distress in this case as there are numerous extenuating circumstances that have not been factored into the analysis (e.g. the burgeoning foreclosure crisis and growing economic recession). Yet, one can certainly question the arguments made for TIF use in more affluent areas when communities in the region are struggling for dwindling revenue sources.

For all 303 TIF projects from 1985 to 2006:

- 18% were approved by municipalities characterized by moderate to very high stability relative to neighborhood distress;
- 66% were approved by municipalities characterized by moderate to very high neighborhood distress;
- 22% of the TIF projects were approved by municipalities that showed an overall decrease in neighborhood distress between 1990 and 2008; and
- 78% of the TIF projects were approved by municipalities that showed an overall increase in neighborhood distress between 1990 and 2008.⁸³

Again, while one can see that more TIF projects are locating in more distressed areas, in the aggregate, one notices little to no positive improvement.⁸⁴ In fact there is an increase in distress over time.⁸⁵ Yet, as noted previously, there are most likely intervening economic forces at play that are creating this increase, and TIF projects alone are not the cause of the increase. This finding suggests that municipalities lack adequate economic development resources to address neighborhood distress and that TIF has become the tool of choice for most communities in the St. Louis metropolitan area.

To examine patterns of TIF use at the micro level, at the time a TIF project or district was approved, the block group in which it was located had the following characteristics:

- 26.26% of the block groups had low to very low distress compared to the regional mean;
- 28.96% of the block groups were near the regional mean relative to neighborhood distress; and
- 44.78% of the block groups had moderate to very high distress compared to the regional mean.⁸⁶

Again, one notices that 55% of the block groups were either at the regional mean or below in neighborhood distress at the time a TIF project was

82. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

83. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

84. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

85. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

86. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

approved.⁸⁷ This pattern once again supports the earlier claim that wealthier communities are looking to preempt blight.

The TIF typology showing level of distress characterizes the patterns of neighborhood distress according to our distress index. In Table 1 the different TIF projects are described according to levels of distress by municipality. In the aggregate, considering all Missouri projects in the St. Louis Metropolitan region, mixed use projects with residential elements are found predominantly (53 projects, or 90%) in municipalities characterized as moderately to very distressed.⁸⁸ Of the single use retail projects, most (24 projects, or 45%) are similarly found in moderate to very distressed municipalities with 16 projects (30%) in municipalities considered moderately to very stable.⁸⁹ When data from the City of St. Louis is excluded, single use retail projects are fairly evenly divided across the three classifications of distress (moderately to highly stable—38%, average—31%, moderately to highly distressed—31%) with slightly more found in the moderately to very stable communities.⁹⁰ Of the mixed use no residential projects, most (15 projects or 50%) are located in moderately to very stable municipalities.⁹¹

Likewise, at the block group level shown in Table 2, the predominant number of mixed use residential projects (50 projects, or 78%) are found in block groups that have moderate to high levels of distress.⁹² Single use retail projects (18 projects, or 38%) are likewise found primarily in block groups that are moderately or very stable.⁹³ Additionally, more mixed use no residential TIF projects (15 projects, or 37%) are found in moderately to very stable block groups and average block groups (16 projects, or 39%) than in moderately to very distressed block groups (10 projects, or 24%).⁹⁴ Again, the patterns of TIF use suggest that in average to very stable neighborhoods the typical TIF project is either a single use retail or mixed use retail with no residential component.⁹⁵

87. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

88. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; Comenetz, *supra* note 59.

89. CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

90. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59. Sixteen were found in the moderately to very stable communities. *Id.*

91. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

92. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

93. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

94. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

95. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

Alternatively, in moderately to severely distressed communities, the typical TIF project is either mixed use with some sort of residential component or is a single use residential project.⁹⁶

These findings suggest that, like the patterns of economic and racial isolation, there appears to be a similar relationship between the types of TIF projects and level of municipal or neighborhood distress.⁹⁷ The more distressed municipalities do appear to focus more of their TIF efforts on projects that promote residential uses, yet they also focus considerable attention on single use retail.⁹⁸ The neighborhood effects of TIF projects suggest that there is little relationship between the TIF location decisions of municipalities and neighborhood improvement as measured by our distress index. When considered in addition to the efforts of stable communities to emphasize retail, either through single use or as a part of a mixed use project, this finding reinforces the earlier East-West Gateway finding from the interim report that all communities around the region tend to depend on retail sales as a primary economic development strategy. What the finding reveals is the potential instability among municipalities within the region and within municipalities that will be further supported by such an economic development strategy.

96. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

97. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

98. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

TABLE 2⁹⁹

TIF Typology by Level of Distress in the 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	0	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%
Excluding St. Louis	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	100%	0	0%
Infrastructure	1	1	100%	0	0%	0	0%
Mixed Use – No Residential	30	15	50%	7	23.33%	8	26.67%
Mixed Use – With Residential	9	2	22.22%	4	44.44%	3	33.33%
Single Use – Hotel	3	1	33.33%	0	0%	2	66.67%

99. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

Single Use – Industrial	5	1	20%	0	0%	4	80%
Single Use – Office	5	1	20%	0	0%	4	80%
Single Use – Residential	2	0	0%	0	0%	2	100%
Single Use – Retail	42	16	38.10%	13	30.95%	13	30.95%
*Reflects the time that the project was approved							
**Of 231 Missouri TIFs in the database given to us by EWG, 207 had enough information to be put into a typology							

TIF Typology by Block Group Distress

Type of TIF*	Total	Moderately to very stable		Average		Moderately to very distressed	
		-2 to -4		-1 to 1		2 to 4	
Hotel-Convention	1	0	0.00%	1	100.00%	0	0.00%
Infrastructure	6	0	0.00%	4	66.67%	2	33.33%
Mixed Use - No Residential	41	15	36.59%	16	39.02%	10	24.39%
Mixed Use - With Residential	64	5	7.81%	9	14.06%	50	78.13%
Single Use – Hotel	8	1	12.50%	3	37.50%	4	50.00%
Single Use – Industrial	7	2	28.57%	4	57.14%	1	14.29%
Single Use – Office	9	1	11.11%	1	11.11%	7	77.78%
Single Use – Residential	28	1	3.57%	5	17.86%	22	78.57%
Single Use – Retail	47	18	38.30%	16	34.04%	13	27.66%
*Reflects the time that the project was approved							

VII. CHANGE OVER TIME

In order to understand the relationship between TIF projects and change in racial and economic isolation and distress in the immediate project area over time, block groups that either contained or had its centroid located within a 2.5

minute drive time of at least one completed TIF project were examined.¹⁰⁰ Again, due to the nature of TIF legislation in Illinois whereby a TIF district can contain many projects and thus possibly never be “completed,”¹⁰¹ only projects in Missouri known to be at least partially completed were considered.¹⁰² Looking at completed Missouri projects initiated between 1985 and 1994 with change from 1990-2008 and projects initiated between 1995 and 2004 with 2000-2008 change¹⁰³ allows completed projects time to become established and thereby increases the likelihood that a project is having an effect on its surroundings.

The findings shown in Table 3 below show that the areas immediately surrounding TIF projects have experienced varying levels of change.¹⁰⁴ At the municipal level there appears to be a leveling out of the numbers of projects located in municipalities relative to the proportion of white population 1990-2008, yet a moderate to very large increase (28 or 49%) in relative proportion of poor.¹⁰⁵ The data would indicate that just as the presence of distress or racial and economic isolation appears to have little bearing on the decision to use TIF, the use of TIF does not seem to be coincident with areas characterized by reductions in distress or isolation. In fact, TIF projects initiated between 1985 and 1994 are three times as likely to be surrounded by neighborhoods experiencing an increase in distress between 1990 and 2008 than a decrease.¹⁰⁶ Interestingly, more than twenty block groups near projects started between 1995 and 2004 saw distress decrease than increase.¹⁰⁷ This could be due to projects initiating later being located in already-improving areas or being of a type more likely to have contributed to reductions in blight.

There are myriad factors influencing neighborhood change that make it difficult to say anything conclusive about the relationship between TIF and

100. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

101. Bellville, Illinois stands as another illustration of this stark contrast. Like East St. Louis, almost the entire municipality has been declared a TIF district yet projects have yet to be determined. In Missouri, TIF districts are not established until projects are proposed allowing for better analysis of project impacts. DATAFILES, *supra* note 68.

102. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

103. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

104. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

105. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

106. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

107. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

neighborhood change, though one can be certain that TIF use does not guarantee positive change. This is an area especially deserving of more in-depth analysis. A more complete set of data for TIF projects and the creation of a model capable of controlling for many variables should be a priority as this research progresses.

TABLE 3
Change in Block Groups Near Completed TIF Projects¹⁰⁸

Block groups near completed TIF projects begun 1985-1984

Change in relative proportion White, 1990-2008	moderate to very large decrease	23	40.35%
	near regional average	12	21.05%
	moderate to very large increase	22	38.60%
Change in relative proportion poor, 1990-2008	moderate to very large decrease	14	24.56%
	near regional average	15	26.32%
	moderate to very large increase	28	49.12%
Change in level of distress, 1990-2008	moderate to very large decrease	11	19.30%
	near regional average	13	22.81%
	moderate to very large increase	33	57.89%

Block groups near completed TIF projects begun 1995-2004

Change in relative proportion White, 2000-2008	moderate to very large decrease	71	32.42%
	near regional average	55	25.11%
	moderate to very large increase	93	42.47%
Change in relative proportion poor, 2000-2008	moderate to very large decrease	84	38.36%
	near regional average	47	21.46%
	moderate to very large increase	88	40.18%
Change in level of distress, 2000-2008	moderate to very large decrease	102	46.58%
	near regional average	38	17.35%
	moderate to very large increase	79	36.07%

VIII. IMPLICATIONS OF RESEARCH

The primary implication brought about by this research is that the type of TIF matters. There is a wide difference in the levels of municipal and neighborhood distress relative to the various types of TIF projects. The following patterns are clear:

108. See CLARITAS, *supra* note 59; DATAFILES, *supra* note 68; SUMMARY FILE 2000, *supra* note 59; SUMMARY FILE 1990, *supra* note 59; Comenetz, *supra* note 59.

- At the municipal level, wealthier communities initially use TIF as a tool to preempt distress or creeping blight, yet over time there appears to be an evening out in the use of TIF across municipalities. This evening out of TIF use is not necessarily a negative alone as it can support the development of added infrastructure capacity for communities in need of such development. The caution comes when increased TIF use does not yield an overall reduction in neighborhood distress. Is the initial expense in project development accounted for by an overall improvement in community economic circumstances? An essential question that is difficult to measure.
- In Missouri, municipalities use TIF differently. In the city of St. Louis the focus is on residential projects while in the outlying region the focus is on retail (primarily single use). This focus can exacerbate an already protracted jobs housing mismatch in the region as the service sector jobs continue to locate further out in the region away from the more affordable (primarily rental) housing located closer in, incidentally located primarily in the city of St. Louis. More importantly, this finding indicates that the city of St. Louis is not competing with the surrounding municipalities in Missouri for TIF projects and that there is an opportunity for regional cooperation. The jobs housing challenge can spur that opportunity through regional TIF projects.
- At the municipal level it does appear that the city of St. Louis uses TIF more appropriately according to its intended use. Generally, most if not all TIF projects are located in areas that at the start of the project were characterized as moderately to severely distressed. And generally, most of these areas have noted a general improvement.

To revisit the original questions posed by the research:

1. Were incentives used differently in areas characterized by different degrees of neighborhood distress?
2. Did patterns of neighborhood distress shift after the completion of incentive projects?
3. Were tax incentives used in areas characterized by neighborhood distress?
4. Did the use of incentives reduce neighborhood distress over time (both in the immediate area and in the surrounding areas)?

These findings demonstrate that incentives appear to have been used differently according to degree of neighborhood distress, that these patterns appear to shift after completion of incentive projects, and that TIF was used in areas characterized by neighborhood distress. The data does not provide an adequate answer to the fourth question. A full econometric analysis and additional data is required to understand the full relationship between the use

of tax incentive programs such as TIF and neighborhood distress. This research, while analytical in the way that it describes the patterns of racial and economic disparities and the levels of neighborhood distress across the region relative to TIF use is still primarily descriptive in nature. This research as proposed and presented does not analyze the extent of the patterns in relationships. To develop that level of understanding would require a much larger project and data set. Attempts to analyze what was identified as emerging relationships only led to the conclusion that insufficient data was limiting a more detailed analysis. Any model developed was simply not robust enough to report any findings nor were there any significant variables. This result concurs with a major finding of the 2009 interim East-West Gateway's 2009 report; proper oversight of this issue will require better reporting and data collection mechanisms.¹⁰⁹

TIF is not a magic bullet nor is it a smoking gun. As presently implemented, it will do little on its own to solve a community's long-term economic development challenges but does not appear to be creating another great socioeconomic divide. It is a useful tool, when used properly, and has the ability to stimulate community reinvestment and revitalization. The challenge for communities lies in their ability to develop and use it and not let developers take control. The following are a set of basic recommendations that communities might consider moving forward:

- Any TIF program needs to be part of a broader economic development plan that focuses on a wider range of employment sectors. A sound economic development plan should not focus on retail attraction.
- Communities need to develop long-range capital improvement programs that detail infrastructure spending needs that TIF projects would then draw from as needed.
- Communities need to consider their local capacity to incorporate different economic development tools into their local planning efforts. If capacity is limited, partnerships are needed to address these limitations.

The broader message points to a need for a consistent approach to economic development that takes regional implications into account. Absent any meaningful statewide approaches to economic development that solve the challenges facing local communities, regional cooperation is needed to assist local communities in forming comprehensive economic development strategies that can counter neighborhood distress while continuing to support viable development.

109. INTERIM REP., *supra* note 1, at 35.

