

Policy Tool: Corridor-Based Tax Increment Financing Districts



Example: Dallas TOD Tax Increment Financing District (TX)

Summary: Instead of conventional Tax Increment Financing districts that apply to a single geographic area around one transit station, cities can create corridor-based districts designed to allow revenue sharing among neighborhoods in the transit corridor.

Cities use tax increment financing (TIF) to finance economic development within a targeted geographic area without raising taxes. The city or a partner developer makes capital improvements in the area which lead to rising property values and therefore higher property tax receipts; the incremental tax revenue increases over a predetermined base are then captured by the TIF district as revenue and used to reimburse the city or partner developer for the cost of the initial (and any subsequent) improvements in the district.

In 2008, after four years of negotiations between the City of Dallas, developers and multiple stakeholder groups, the Dallas City Council approved a 558-acre Tax Increment Financing district linking the neighborhoods around seven Dallas Area

Rapid Transit stations. The corridor-based Transit Oriented Development TIF will allow for revenue sharing from more prosperous neighborhoods in the northern portion of the corridor to less-developed areas in the Lancaster corridor area south of the Trinity River. While 40 percent of the new tax dollars from the two northern sub-districts around Mockingbird and Lovers Lane stations will go back into those districts, 40 percent will be allocated to improvements in the Lancaster corridor and 20 percent to affordable housing development anywhere within the TIF district.

For additional information:

www.housingpolicy.org/toolbox/strategy/policies/tif.html
www.dallas-ecodev.org/business/tifs/todTIF.htm

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Example: BeltLine Affordable Housing Trust Fund (Atlanta, GA)

Summary: Tax Increment Financing districts can be created on a corridor-wide basis and a portion of the revenues generated can be dedicated specifically to the preservation and development of affordable housing throughout the corridor.

When public investment leads to rising property values, incremental tax revenue increases over a predetermined base can be captured and used to further improve the area.

The BeltLine Project will create a network of public parks, multi-use trails and transit along a historic 22-mile railroad corridor circling downtown Atlanta. The primary mechanism for financing this 25-year, \$2.8 billion effort a Tax Allocation District (TAD). While the TAD was being shaped, Georgia STAND-UP, a community think-and-act tank, raised concerns about gentrification and the displacement of current residents and worked to ensure that the TAD resolution recognized “the importance of balanced and equitable development of the city in a manner that preserves the dignity of existing residents”.

In addition to financing part of the transit project, the 6,500 acre TAD will support the development of as many as 5,600 affordable/workforce housing units through the BeltLine Affordable Housing Trust Fund, which receives 15 percent of TAD proceeds. The Atlanta City Council has also allocated \$8.3 million to the trust fund to provide grants to developers for acquisition, renovation or construction of single and multifamily housing affordable to families at or below 60 percent of median income.

For additional information:

www.housingpolicy.org/toolbox/strategy/policies/tif.html
www.beltline.org/Home/tabid/1672/Default.aspx