



North Texas 2050 Action Package

Issue:		Housing/Economic Development	
Action Tool Title		TIF Districts	
Description of the tool:		The City provides financial contributions to make development in defined neighborhoods (usually areas of blight) financially feasible and to encourage developers to invest in basic infrastructure and services for selected neighborhoods.	
How Well Does It Work?			
How valuable is this tool? How important is its contribution to achieving North Texas' vision for the future?			
This tool can be very valuable in revitalizing neighborhoods and reusing existing infrastructure if the jurisdiction plans conservatively for the expected return on investment. Overestimating can leave the jurisdiction in debt for long periods of time.			
How does it actually work?			
TIF financing works when a municipality establishes a TIF reinvestment zone, and property owners within the district continue to pay taxes on the full value of the property. The tax rates remain the same as elsewhere in the city. As improvements are made within the reinvestment zone, property values will rise, elevating the property tax income in the area. A tax increment is this additional revenue, in excess of the initial income, received from the affected properties. Taxing entities agree to contribute a percentage of this additional increment into the TIF fund established for the designated area. The taxing entities determine the percentage of tax increment they are willing to dedicate to the fund, up to 100 percent. This fund is then used to finance public infrastructure improvements that support private and public development projects, resulting in continued reinvestment and improvement.			
What are the costs and who will they affect?		What are the benefits and who will they help?	
Loss of tax dollars through abatement Could force some businesses or low income residents out when property values increase.		Revitalizes neighborhoods Increased revenue for the City.	
What are the biggest stumbling blocks?		How can they be addressed?	
It is a gamble that the new development will raise property values and the city's investment will pay off. Developing a TIF District Fund		Plan conservatively. Start small and then reinvest the money earned from existing TIF projects.	
Who Would be Responsible?			
Primary (lead) responsibility		City Council	
Secondary responsibility		City Manager	
Need for coordination		Yes, with Housing and Development Departments.	

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How Should it be Funded?		
Primary (lead) responsibility	Abatements	
Secondary responsibility	Loans from lenders either taken out by the developer and repaid by the City or taken out by the City and repaid by the Developer.	
How Does It Connect?		
What other VNT issues are helped by this tool?	Transportation- developers may build new roads.	
What other VNT issues could be hurt by	Neighborhoods could lose ethnic identity if redeveloped.	
How Should It Be Implemented?		
What will be done?	When will it happen?	
City must propose a TIF District	At City's discretion.	
A fund must be established	At City's discretion.	
What Examples Can We Follow?		
North Texas Case Studies	City of Dallas	
Other Texas Case Studies	City of Fort Worth	
Other U.S. Case Studies	City of Chicago	
Supporting Research	http://www.dallas-ecodev.org/area_redevelopment.html ; http://www.fortworthgov.org/hed/tif/ ; http://egov.cityofchicago.org/city/webportal/portalDeptCategoryAction.do?deptCategoryOID=-536899477&contentType=COC_EDITORIAL&topChannelName=Dept&entityName=Planning+And+Development&deptMainCategoryOID=-536886126	
Related Information		
Acknowledgements		
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