



TIF Across America – 5 Case Studies

The Diversity of Tax Increment Financing

This CDFA Fact Sheet showcases five case studies to demonstrate various uses for tax increment financing in communities nationwide. While not an exhaustive list by any means, these projects show just how flexible and important TIF has become in developing a wide variety of projects. Read on for more about these five applications:

- New Urbanism – *Town Center, Virginia Beach VA*
- Brownfields Redevelopment – *Roads Shop Site, Milwaukee WI*
- Public Transportation – *MetroRail, Houston TX*
- Entertainment District Development – *Gallery Place, Washington DC*
- Main Street Revitalization – *Sistrunk Boulevard, Fort Lauderdale FL*

New Urbanism

Town Center, Virginia Beach, Virginia

With over 440,000 residents, Virginia Beach is the state's largest city. Not fully incorporated until 1963, the city has always lacked a traditional downtown, such as those found in nearby Norfolk and Virginia's capital, Richmond.

In the late 1990s, the city set about redeveloping a landscape of aging parking lots, shopping malls and box stores in an area known as Pembroke. The redevelopment, called the Town Center of Virginia Beach, is the city's answer to 21st Century downtown development.



Virginia Beach has committed \$84.5 million to the project through a variety of economic development tools: tax increment financing (TIF), the city's Capital Improvement Program (CIP) and Economic Development Investment Program (EDIP), and special service district financing. With a commitment of nearly \$350 million from the private sector, the project boasts a private-to-public investment ratio of better than 4:1.

The city is covering streetscape work, structured parking and a public plaza, among other infrastructure costs, and adopted a new zoning code to accommodate mixed-use development and higher densities. As of mid-2006, the district has experienced rapid development, with many office, retail, restaurant and hotel uses already in place.

Website: http://www.vbgov.com/city_hall/hot_topics/0,1844,10493,00.html

Brownfields Redevelopment Roads Shop Site – Milwaukee, Wisconsin

The Milwaukee Roads Shop Site is the centerpiece of the 1,200 acre Menomonee Valley redevelopment project. Three years ago, the Redevelopment Authority of Milwaukee acquired \$3.55 million in acreage from Chicago-based CMC Heartland. Out of service for 20 years, the property was once the nation's third largest facility for railcar switching operations, railcar construction, and rail-related storage. Contamination includes heavy metal, petroleum, and volatile organic compound deposits.

The redevelopment plan includes a 70-acre light industrial business park and 70 acres of fields, trails, and a riverside park. A \$16 million Tax Increment District (TID) is facilitating development and supporting improvements. The TID borrowing is scheduled for two stages: (1) \$10.5 million to fund demolition, remediation, filling and stormwater work; and (2) \$5.5 million to fund local roads, utilities, and landscape work. The portion of the TIF spent on remediation is nearly \$3.7 million.

Website: <http://www.renewthevalley.org/>

Public Transportation MetroRail – Houston, Texas

The MetroRail Red Line is a 7.5-mile light rail service running from the University of Houston-Downtown to south of Reliant Park along Main, Fannin and San Jacinto streets. The rail line features 16 stations providing access to many of the city's major employment, cultural, entertainment, education and medical centers. Destinations include Downtown, Midtown, the Museum District, Hermann Park/Houston Zoo, Texas Medical Center and Reliant Park.



The \$324 million rail project is supported by a Tax Increment Reinvestment Zone (TIRZ), the Texas version of tax increment financing. TIRZ is financing the light rail signage, lighting, landscaping, fountains, bus transfer shelter, and connections to the bus system by tunnel.

Website: http://www.houstontx.gov/planning/economic_dev/tirz.htm

Entertainment District Development Gallery Place – Washington, DC

Gallery Place is a \$240 million, downtown mixed-use project in Washington DC. Initiated in 1998, the project includes 193 residential units, 200,000 square feet of retail, 200,000 square feet of office space, and 2400 cinema seats. Drawing an estimated additional 6 million annual visitors to the Chinatown area, Gallery Place has been a leading catalyst for the revitalization of the downtown's eastern half.

The project created approximately 1,000 construction jobs, 800 permanent jobs, and more than \$10 million in new sales and property tax revenues once stabilized. Originally a site-specific TIF, the city was able to create a TIF district to help meet some unexpected costs due to delays in the development. The district covers the eastern part of downtown, which has steadily revived as Gallery Place gained momentum.

Today Gallery Place is a major destination for locals and tourists alike. A hub for retail, restaurant and entertainment-based activities, the area is nearly unrecognizable compared to its former condition. Success in the retail arena has helped the city meet its bond obligations, since the District's TIF policy relies heavily on sales tax (100 percent available) and less so on property tax (only 25-40 percent available).



Website: <http://dcbiz.dc.gov/dmped/cwp/view,a,1365,q,603620.asp>

Main Street Revitalization Sistrunk Boulevard – Fort Lauderdale, Florida

Led by the Fort Lauderdale Community Redevelopment Agency (CRA), the Sistrunk Boulevard project is an effort to reposition this corridor as the “main street” of northwest Fort Lauderdale. While Sistrunk Boulevard was once the neighborhood's primary shopping and pedestrian-friendly center, it transformed into a busy collector road upon widening several decades ago. Retail decline ensued and the street was largely abandoned.

In leading the redevelopment, the CRA acquired more than 17 parcels along a half mile of Sistrunk Boulevard to create a contiguous, viable mixed-use commercial corridor. Land acquisitions were made using tax increments from the CRA trust fund and each purchase was negotiated with the owner.

Following issuance of an RFP, the city began working with developers to build on the land. Redevelopment activity underway includes Sixth Street Plaza, a renovation of a 14,000 office/retail space, the addition of 7,000 square feet of new Class “B” office space and 1,000 square feet of new retail/commercial space. Groundbreaking took place January 25, 2006, completion is expected in 2007, and tenants include new offices for the CRA.

Website: <http://ci.ftlaud.fl.us/cra/projects/midtown.htm>

Image sources:

1. ‘Town Center of Virginia Beach’ – Courtesy: Armada Hoffler Company
2. ‘Houston MetroRail’ – Courtesy: HawesHillCalderon
3. ‘Gallery Place’ – Courtesy: DC Mayor’s Office of Planning & Economic Development