

Tax Increment Financing

There's been a lot of talk of a new development program called Tax Increment Financing (TIF). We've put together a three-part series designed to describe how this program works and highlight what TIF can do for downtown.

Why does downtown need TIFs?

Over the years, our downtown has been strong and successful, especially when compared to other downtowns across the state. But lately these other cities have been making significant changes and compared to them, we've been standing still. The City of Springfield, for instance, is investing heavily in their downtown, particularly in Jordan Valley Park where the following projects are being developed:

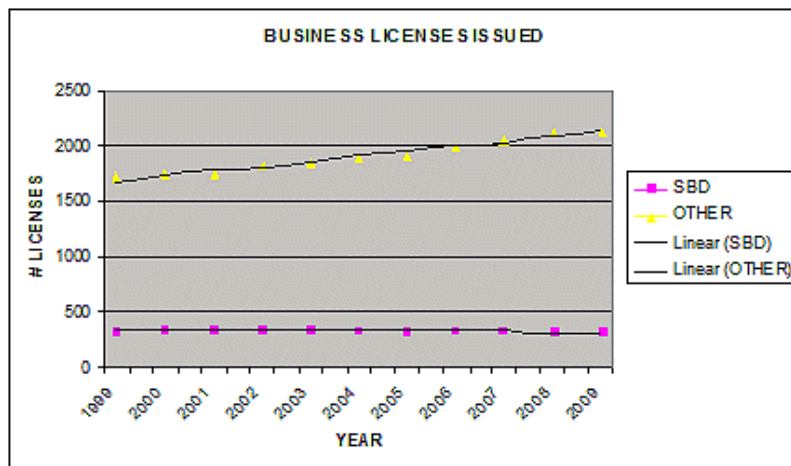
- a quarry turned gateway
- a baseball stadium
- an arts center
- a multipurpose arena
- a recreational ice rink
- an exposition center
- plazas and open spaces

These are all catalytic projects that draw customers downtown and, in turn, create an increased need for restaurants, shops, and apartments.

Catalytic projects like this here in *The District* would not only strengthen existing businesses but create a need for new ones as well.

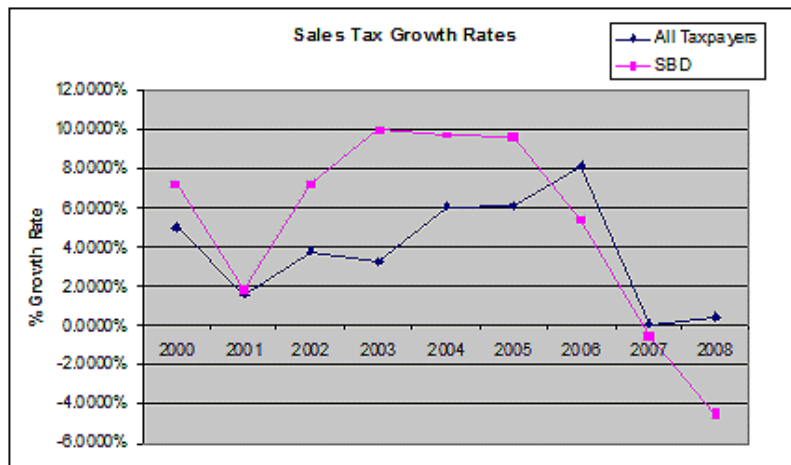
The downtown economy.

Although the number of business licenses has gone up in Columbia, they've remained flat downtown. There are a number of possible reasons--a limited amount of commercial space or the increased conversion of commercial space to non-profit space--but regardless of the reason, this is a trend we need to change. Catalytic projects will not only increase the amount of commercial space available but will increase the customer base by drawing people into *The District*.



While business licenses have remained flat, sales tax revenues have decreased drastically. From the chart below you can see that downtown bounced back nicely after 9/11 but began dropping as new

retail and dining centers were developed outside of downtown (most of which were built using another development incentive, Transportation Development Districts, or TDDs). Although the city-wide sales tax revenues seem to be starting an upwards trend, downtown revenues are not.



What with TIFs being used in other downtowns and TDDs being used here in Columbia, downtown is trying to compete with one arm tied behind its back. Given these new circumstances, continuing to do what we've always done simply won't work.

Won't development occur without TIFs?

Smaller development projects are always a possibility but TIF is a way to encourage large, catalytic projects that lead to significant economic activity. It's the difference between a two-story building with a shop on the ground floor and a few offices upstairs and an eight-story building with two floors of retail and office and 100 new residents.

We just went through a huge housing and development boom and Columbia certainly saw its share of new projects. However, few of these projects occurred downtown--even though the demand for downtown housing far outstrips the supply. If catalytic projects didn't happen in the boom times, it's hard to see them happening now.

A case study.

TIFs have been successful in strengthening downtown economies in cities such as Springfield and St. Joseph. Incentives also have a proven record of encouraging development here in Columbia.

A case in point is the State Historic Tax Credits and how they led to a renovation revival in the downtown area. Historic renovation projects--like large downtown developments--are difficult to fund and Columbia went decades without many significant renovations of historic buildings.

Once the Historic Tax Credits were introduced, property owners--and the banks providing the loans--began seeing a way to make expensive renovations affordable. The old Strollway Center on Ninth St. is a perfect example--until the tax credits came along, the cost of a major renovation was prohibitive. With the credits, the Atkins City Centre is not only a more attractive building than before but it generates significantly more tax revenues as a result of successful new tenants.

If the market isn't creating these important development projects it's up to us to find a way to make them happen for the overall benefit of the downtown economy.

Next steps.

Are you an event organizer looking for an upscale downtown hotel for your out-of-town guests?

A resident that's been waiting for a downtown grocery store?

Someone looking forward to city-living in an apartment with a panoramic view of the MU campus?

A business owner that would love to see 100 new residents or 60 out-of-town visitors walking through your door?

Someone who loves downtown but knows it can be even better?

If so, here are some next steps you can take:

- Contact the [Mayor and City Council](#) to show your support.
- Forward this series of emails to your friends.
- Come to the [Council meeting](#) on Monday, July 20 at 7 pm and voice your support.

Read the entire 3 part series on TIFs on our website, www.discoverthedistrict.com.
