



# **The Promises and Pitfalls of TIF in the St. Louis Metropolitan Region: A Look at the Economic and Racial Disparities**

**Report Prepared for the East West Council of Governments**

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## **Introduction**

In January, 2009 the East West Gateway Council of Governments issued an interim report assessing the effectiveness and fiscal impacts of the use of local development incentives in the St. Louis Region. In that report they concluded that among the massive tax expenditures over the past 20 years (approximately \$1.3 billion in tax commitment to TIF projects alone), there has been little real growth associated with that public investment over the long term. The primary net result has been a redistribution of spending and taxes. Further, the focused attention on retail sales has led communities to depend on an unstable and somewhat volatile economic development strategy that varies widely with the broader global economy. As a case in point, according to a 2005 Metropolitan Forum analysis of 2002 Census of Governments statistics, 17% of the regional municipal tax revenue (23% on the Missouri side and 7% on the Illinois side) is generated by sales tax (Metropolitan Forum 2005). Given the additional TIF activity post 2002 (107 projects in Missouri alone) one questions what the 2007 Census of Governments will reveal.

With that interim report as a starting point, Saint Louis University was asked to analyze the distributional effects of development incentive programs, specifically TIF projects, on socioeconomic wellbeing of communities in the metropolitan area. The initial report documented summary uses of private development incentives. What remains unexamined are the distributional effects of those private development incentives. Looking at sub-regional relative racial and economic patterns as well as a “distress index,” we ask four questions:

1. Were incentives used differently in areas characterized by different degrees of racial or economic disparity?
2. Did patterns of racial or economic isolation 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)?

Our analysis has three components; 1) an examination of economic and racial disparities and distress in the municipalities that approved the use of TIF, 2) an examination of economic and racial disparities and distress in the areas immediately surrounding TIF projects and districts, and 3) an analysis of the use of TIF on patterns of racial and economic isolation and neighborhood distress in municipalities and their surrounding areas over time. Additionally, we develop a TIF typology for the Missouri projects<sup>3</sup> in the St. Louis region that categorizes each project according to its use to

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<sup>3</sup> Due to differences in TIF reporting we were only able to develop the TIF typology for Missouri projects. In Illinois TIFs are reported as districts and not as specific projects. As a result we were not able to identify the specific project uses associated with the TIFs in Illinois.



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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. This allows us to point to evidence of whether or not TIF is being used for its intended purposes and if it is leading to desirable outcomes.

We base our work on previous research at SLU in this area. In that research the distributive effects of TIF were examined based on patterns of neighborhood distress in St. Louis County in 1980, 1990, and 2000 through the use of a “blight index.” The analysis used the term blight to refer to 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. The index borrowed from an approach taken by Walker in a study of Brownfield mitigation in St. Louis City (Walker, 2003).<sup>4</sup> Following Walker the researchers developed an index of blight that combined property use and socio-economic status (SES) indicators, resulting in an index that measured residential blight conditions<sup>5</sup> (Adams 2005, Adams et. al. 2005). They found that TIF had little effect on the spread of blight in the county.

We use a similar methodology to create a comparable index for the entire eight-county region for the years 1990, 2000, and 2008 using both census and census estimates. Sources and methods are described in detail below.

### Previous Studies

Tax increment financing has been a carefully studied development tool over the years. A 2003 Brookings report examined TIF use in Missouri, concluding that TIF laws created the potential for overuse and abuse. Chief among their findings was the likelihood for inter-local competition for sales tax receipts. 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. Another primary criticism that continues to be leveled at this strategy stems from the 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

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<sup>4</sup> Walker’s index used six measures related to brownfields and property underutilization. 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. 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. The unit of analysis used by Walker was census block groups from the U.S. 2000 census. Walker standardized each of the six measures and those standardized measures were summed to create the blight index measure by census block group.

<sup>5</sup> We note that Adams et. al. did not include measures of commercial or industrial decline since the intent of their research was to examine the residential property characteristics and socio-economic aspects of blight. We do not include commercial or industrial measures either as the data we had available prove unreliable at this point in time. Given further resources we would be able to create a separate analysis for each measure. Research reliability requires us to keep the measures separate.



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legislation (Luce, 2003).<sup>6</sup> This is not a problem that is exclusive to Missouri, however. Many of the original TIF statutes across the US authorized TIF districts for clearing and redevelopment of blighted urban areas (Wyatt, 1990). Over time however, political pressure by private developers has promoted the use of TIF as *the* acceptable financing tool for general urban redevelopment. 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 (Rogers, 1998). One might point to a 2005 TIF project promoted by the city of Richmond Heights known as the Boulevard as a case example. 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 (Sutin 2003). 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." 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 (Richmond Heights, 2003). 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. Interestingly, it was the cost to acquire the land that drove project costs so high. One questions the blight determination in this case when property values remained so high.

As a further illustration of the Richmond Heights. case, in the Adams et. al. study they found that the impact of TIF on the spread of blight in St. Louis County was mixed. While TIF investment seemed to partially alleviate some of the most severely blighted parts of the county, such investment did little to limit the overall spread of blight. They noted that some TIF districts locating in neighborhoods with more than a moderate level of blight were subsequently appearing to have a mitigating influence on that blight, while in other areas the spread of moderate blight appeared to be growing. They determined that TIF use appeared to be driven by influences other than strategic planning efforts at a level higher than the municipality. They further noted that as concentrations of poverty increased in the more northern parts of the county TIF investment did not follow. Ultimately, TIF investment appeared to be occurring primarily in the wealthier portions of the county (mainly to the south and west). Overall, Adams et. al. concluded that TIF appeared to have little or no positive impact on stopping the spread of residential blight in St. Louis County (Adams, et. al.).

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).

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<sup>6</sup> See also Goshorn, Julie A., (1999), Note: In a TIF: Why Missouri Needs Tax Increment Financing Reform," Washington University Law Quarterly. [Retrieved from Lexis-Nexis Academic Universe] for more evidence of this argument.



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. However, there has been no research to date on the relationship between the socio-economic characteristics of municipalities and the use of TIF. 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. To address this potential problem, we have created a TIF typology that delineates the variation in TIF projects. Admittedly we are only able to create this typology for projects in Missouri given that their reporting requirements allow us to track individual project uses. 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. We still argue that the typology developed here offers generalizable information across the region as we are able to take a closer look at what differences in development patterns and outcomes might exist for different types of development projects.

## **Research Scope and Methods**

### ***TIF Project/District Data***

Information on TIF use all came from a database provided by EWGCG. Due to differences in TIF legislation between Missouri and Illinois and the reporting challenges that EWGCG faced, data collection remained a difficult task. We worked with Dr. William Winter at the Public Policy Research Center (PPRC) at the University of Missouri St. Louis to provide additional information where possible, but certain limitations required us to develop several different approaches to our analysis. While Missouri municipalities generally vote to approve TIF on individual projects, municipalities in Illinois create TIF districts within which many different projects can take place. 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 information recorded. As a result, for this project we examined TIF use in Illinois according to patterns of district approval, but were not able to categorize projects according to type or completion.

Information about geographic locations of TIF projects and districts came from GIS shapefiles of TIF parcels provided by EWGCG and updated by Dr. Winter at PPRC. For our maps and analysis, the centroid coordinates of these parcels were used. Our 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, we constructed a typology of TIF projects in Missouri, examining them according to patterns of economic and racial spread. For this aspect of the assessment we developed nine separate categories describing the different types of TIF projects. Table 1 below describes the nine categories and how they apply.

<b>Table 1</b>	
<b>Type of TIF</b>	<b>Use</b>
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

***Distress Index and Measures of Isolation***

Our Distress Index<sup>7</sup> was based on demographic data for municipalities and census block groups from three sources; the 1990 and 2000 Census Summary File 3, Geolytics 1990 Census Data in 2000 boundaries, and Claritas 2008 Pop Facts estimates. Pulling

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<sup>7</sup> We chose to replace Adams’ term “Blight Index” with “Distress Index,” recognizing the fact that in discussing TIF, “blight” is a legal term used to determine program eligibility. We find that “distress” describes neighborhood health in a broader and more appropriate sense.



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together these sources allowed us to look at neighborhood change in constant block group boundaries. The property use indicators are:

- percent renter-occupied housing units
- percent vacant housing units
- percent housing units built prior to 1950

SES indicators are:

- percent households earning less than half of the metro median income<sup>8</sup>
- percent of population 25+ years over with less than a high school education
- percent unemployed
- 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 housing (Smith, 2001; Rohe, 2002; Galster 2003) has been determined to be predictive of poverty and neighborhood decline. Galster (2003) noted that “higher proportions of renter households had increased odds of poverty increase” (p.222). 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 (Wilson, 1982). The increasing trend of the feminization of poverty in urban environs has been noted as another neighborhood stress indicator (Peake, 1997). The age of housing stock has been determined to be another measure of declining neighborhoods (Margulis, 1998; Glaster, 2003) and the Missouri TIF statute, *RSMo. 99.805*, identifies housing stock aged 35 years or more as one of the criteria for determining applicability of TIF development efforts (Missouri 2005).

To arrive at our Distress Index we calculated a set of z values 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 we depart from Adams et. al. where they only assigned quartile ranks above zero and assigned everything below “not blighted,” we felt that quartiles describing how “not distressed” an area is adds an important dimension to understanding where TIF is being used. To provide easily interpretable summary statistics, we applied this quartile ranking system to all reported proportions. Values in the second, third, and fourth quartiles above and below zero are said to be becoming extreme, while those in the first quartiles on either side of zero are said to be near the regional average.

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<sup>8</sup> For more information about the advantages of using this relative measure of poverty, see Swanstrom, T., R. Ryan, and K. Stigers: “Measuring Concentrated Poverty: The Federal Standard vs. A Relative Standard,” *Housing Policy Debate*, Volume 19, Issue 2. Additionally, 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.





The literature contains many studies that look at sub-regional data, such as block groups, to suggest outcomes regarding levels of racial and economic segregation at larger regional levels. However, there are few studies that examine how individual block groups fit into regional proportions or norms and we uncovered no studies similar to our intended focus for this report. As a consequence, we created our own measure to analyze levels of sub-regional isolation by block group and municipality. We chose z-values to describe relative proportions using the logic that a block group or municipality can be said to be characterized by isolation if it is out of balance with region-wide proportions. A block group's z-value describes the distance between the proportion of that block group and the proportion of the entire region. For example, an area that is 80% white in a metropolitan area that is 80% white is in balance and receives a z-score of 0. An area that is 99% White is relatively more White than the region and receives a high positive value. An area that is only 10% White is relatively more non-White than the region and receives a low negative value. Both can be said to be characterized by racial isolation.<sup>9</sup> The same method was applied to proportions of poor households to look at economic isolation.

These data were assigned to TIF projects and districts in different ways for each level of our analysis. To analyze municipalities, the Federal Information Processing Standard (FIPS) code for each municipality was added to the TIF database. Our measures were joined to projects and districts based on this unique identifier. To analyze change in the immediately surrounding areas, we joined block group-level measures to projects whose centroids were either within that block group or within an estimated 2.5 minute drive time of that block group's centroid.<sup>10</sup>

## **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 economic and racial disparity across the region and ultimately, neighborhood distress. This is a preliminary assessment due to the limited data available. We are not suggesting any causal relationships, merely presenting patterns in data and suggesting how they might relate to each other.

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<sup>10</sup> We chose to base this measure on white population as it is the racial group making up the majority of the eight-county region at an estimated 76% in 2008. We do not do a similar measure for Black persons, as this group will make up the vast majority of non-white persons, since less than 5% of the region's population is neither White nor Black. Areas of high relative proportions of non-White persons can generally be assumed to have high relative proportions of Black persons. Given the racial makeup of the St. Louis region and the purposes of this study, it was not practical to look at patterns of isolation for other racial groups.

<sup>10</sup> 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, we only include block groups 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



Given aforementioned data limitations, we look at this issue in two steps. First, we look at 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. Second, given that often the arguments behind supporting a TIF project are that one will see improvements in socioeconomic outcomes at the neighborhood level, we examine the characteristics and change of the areas immediately surrounding completed TIF projects in Missouri.

### *Economic and Racial Disparity*

Historically, racial segregation has plagued many St. Louis communities creating a North-South divide that continues even today. There are many historical and socioeconomic reasons beyond the current development patterns that have led to this racial and economic isolation. Economic co-locational factors also play a part in that divide. Of principle interest to East West Gateway with this research are the patterns that exist relative to economic and racial movement across the region and where TIF projects located in relationship to these patterns.

We examined this component in several ways, categorizing by municipality, TIF project, and block group in order to understand any patterns that might be present relative to TIF use over time. We first considered the distribution of race and income by municipality based on when the municipality adopted its first TIF project or district. At the time of its first TIF, out of 82 municipalities<sup>11</sup>:

- 22% were characterized by moderate to very high concentrations of non-white persons
- 34% were characterized by moderate to very high concentrations of white persons
- 37% were characterized by moderate to very high concentrations of low-income households
- 35% were characterized by moderate to low to very low concentrations of low-income households

These patterns suggest that at the time of adoption of their *first* TIF, most municipalities appeared to be at least moderately wealthy and trending white in their racial profiles. This finding supports the overall argument that wealthier communities historically make to defend TIF decisions, that they are pre-empting future blight conditions. Municipalities with more capacity to use TIF will ultimately use the tool before those communities with less capacity.

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<sup>11</sup> Out of 331 TIF projects and districts found in the database provided by EWGCG, we found 303 with sufficient information for this portion of the study. We only count those municipalities that have confirmed start dates and geographic locations. 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.



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For all 303 TIF projects 1985-2006:

- 47% were approved by municipalities characterized by moderate to very high concentrations of non-white persons
- 16% were approved by municipalities characterized by moderate to very high concentrations of white persons
- 21% were approved by municipalities characterized by low to very low concentrations of low-income households
- 63% were approved by municipalities characterized by high to very high concentrations of low-income households

These patterns appear to counter the earlier finding, suggesting that for *all* TIF projects, municipalities are more evenly divided economically and racially in their overall use of TIF. This finding suggests that, in the aggregate, there appears to be a growing uniform use of TIF.

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:

- 28.96% of the block groups had a low to very low relative proportion of poor households to the regional mean
- 27.27% of the block groups were near the regional mean in proportion of poor households
- 43.77% of the block groups had a high to very high proportion of poor households relative to the regional mean
- 28.96% of the block groups had a high to very high non White population relative to the regional mean
- 42.42% of the block groups were near the regional mean in proportion of non White population
- 28.62% of the block groups had a high to very high White population relative to the regional mean

Again, in the aggregate, there appears to be a uniform use of TIF at the micro level. Between one quarter to one third of the block groups could be considered wealthy relative to the regional mean while slightly more than one quarter had income levels on par with the regional mean. That left nearly 44% of the block groups with income levels that were lower to much lower than the regional mean. This pattern in TIF *use* at the block group level does not suggest, in the aggregate, any economic separation. In terms of racial isolation, there does not appear to be any changes at the block group level, in the aggregate in the patterns of TIF *use* as well. Nearly 43% of the block groups were at or near the regional mean in proportion of non-white population and approximately 29% of the block groups had either high to very high white or non-white populations.



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The spatial examination of economic isolation and locations of TIF projects reveals a similar story. The series of maps found in the appendix display how all of the variables discussed are distributed throughout the region. TIF projects and districts appear on a map with demographic data for the census or estimate year closest to its start date. Map 1 shows the relative number of poor households across the region according to the 1990 census and where the TIF projects approved between the years 1985 and 1994 were located. As expected, the largest portion of poor households relative to the region were located in the northern portions of the city of St. Louis and in the more industrial sections of the Metro East that include Granite City and East St. Louis. Additionally, pockets of concentrated poor households are present around Alton, IL. The locations of TIF projects appears evenly distributed.

In Map 2, showing poor households as of the 2000 census, there appears to be a broader contrast between the number of poor households per block group, suggesting a greater degree of economic isolation may be occurring in certain parts of the region. The TIF projects approved between 1995 and 2004 suggest there were more projects planned in areas struggling with economic isolation, yet there were a number of projects scattered in the far reaches of the region in locations where there were considerably fewer poor households. Map 3, depicting poor households based on 2008 demographic estimates, shows patterns that are similar to Map 2.

Maps 4 and 5 reveal relative change in the proportion of poor households between 1990/2000 and 2000/2008 respectively.<sup>12</sup> The regional shift in Map 4 suggests little pattern in the movement of poor households between 1990 and 2000. For some of the block groups surrounding TIF projects poor households increased while for other projects there was a decrease. This lack of pattern suggests other factors were most likely influencing movement of poor households around the region. A far more reliable pattern is revealed in Map 5 where for many of the block groups surrounding TIF projects there was little change in poor households. For those projects located in the northern sections of St. Louis County there was between a 5 and 10% increase and in some cases an increase in excess of 10%.

Turning to the TIF typology, we first examine the summary of economic separation in the municipality. In Table 2 we present the data, showing the results at the municipal level with and without the City of St. Louis in an effort to examine how the central city uses TIF differently from rest of the region. According to the TIF typology, when examining all Missouri TIF projects in the St. Louis Metropolitan region, most of the projects (59 or 29%) were mixed use with residential followed by single use retail (53 or 26%). When data for the city of St. Louis is excluded (there are 109 TIF in the City) the majority of the TIF projects were single use retail (42 or 43%) followed by mixed use

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<sup>12</sup> The change in relative proportion White and in relative proportion poor was calculated as the distance between z-values along a normal distribution. That is, the difference between values of 1 and -1 would be 68% and the difference between 2 and -2 would be 95%. Change in our distress index is a simple percent change calculation that uses the absolute value of the denominator in order to accommodate both positive and negative values.



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residential (30 or 31%). Alternatively, when we examine only the TIF projects in the city of St. Louis, the vast majority (76 or 70%) of the TIF projects have some residential component and more than half (60 or 55%) with some form of mixed use focus.

When examining the economic characteristics of the municipalities where all Missouri TIF projects in the St. Louis region are located, the majority of the mixed use residential projects (53 or 90%) are found in municipalities with moderate to high concentrations of poor persons relative to the metro area. Of the single use retail projects, 19 (36%) are found in municipalities with high concentrations of poor persons, 14 (26%) are found in areas that are in balance with the region and 20 (38%) are found in municipalities with low to very low concentrations of poor persons relative to the region.

When we examine the data for the municipalities that do not include St. Louis City, the majority of single use retail projects (23 or 55%) are found in municipalities with low to very low concentrations of poor persons relative to the metro area and 11 (26%) are found in municipalities that are in balance with the region. Only 8 projects (19%) are found in areas with moderate to very high concentrations of poor persons. That means, given the city of St. Louis' relative proportion of poor households to the region, they are potentially using TIF to redress economic disparities within their municipality. And while there appears to be a somewhat even distribution of single use retail projects when the city of St. Louis data is included, one might question if there is adequate access to retail jobs related to the suburban TIF projects. Further, one might also question whether the mixed use and single use residential projects in the city offer adequate affordable housing options for those who need such resources.

In Table 3 we present the TIF typology at the block group level in order to look at the areas immediately surrounding TIF projects, expecting that demographic indicators might be washed out at the larger municipal level. In the aggregate, the TIF typology by block groups shows similar patterns with the largest number of projects (64 or 30%) categorized as mixed use residential followed by single use retail (47 or 22%). Reflecting impact from the city of St. Louis, the largest number of TIF projects (101 or 48%) are found in block groups where there is a large proportion of poor households. When we break that down, again reflecting St. Louis City trends, we notice most of those projects (60 or 28%) have some sort of residential component. Among the remaining TIF projects, in the block groups surrounding them the distribution is almost evenly split between those block groups with average household income (56 or 27%) and upper middle income to wealthy households (54 or 26%). In these block groups one notices the shift in TIF use to single use retail and mixed use no retail. With TIF financed residential projects concentrated in the low income areas (most notably St. Louis City) coupled with a potential counter trend of retail TIF focusing more in block groups with lower concentrations of poor households, these findings call into question whether TIF projects might be exacerbating the jobs housing mismatch in the region.



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**Table 2: TIF Typology by Summary of Economic Separation in the Municipality**

All MO TIF projects*	Total	Low to very low concentrations of poor persons		In-balance - reflecting regional proportion		Moderate to very high concentrations of poor persons		
		-2 to -4		-1 to 1		2 to 4		
Hotel-Convention	1	1	100%	0	0%	0	0%	
Infrastructure	3	1	33.33%	0	0%	2	66.67%	
Mixed Use – No Residential	40	20	50%	4	10%	16	40.00%	
Mixed Use - With Residential	59	3	5.08%	3	5.08%	53	89.83%	
Single Use – Hotel	8	1	12.50%	1	12.50%	6	75.00%	
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%	1	3.57%	27	96.43%	
Single Use – Retail	53	20	37.74%	14	26.42%	19	35.85%	
<b>Excluding St. Louis</b>								
Excluding St. Louis	Total	Low to very low concentrations of poor persons		In-balance - reflecting regional proportion		moderate to very high concentrations of poor persons		
		-2 to -4		-1 to 1		2 to 4		
Hotel-Convention	1	1	100%	0	0%	0	0%	
Infrastructure	1	1	100%	0	0%	0	0%	
Mixed Use – No Residential	30	20	66.67%	5	16.67%	5	16.67%	
Mixed Use - With Residential	9	3	33.33%	4	44.44%	2	22.22%	
Single Use – Hotel	3	1	33.33%	1	33.33%	1	33.33%	
Single Use – Industrial	5	1	20%	1	20%	3	60%	
Single Use – Office	5	1	20%	0	0%	4	80%	
Single Use – Residential	2	0	0%	1	50%	1	50%	
Single Use – Retail	42	23	54.76%	11	26.19%	8	19.05%	

\*Reflects the time that the project was approved

**Table 3: TIF Typology by Economic Isolation in Block Group**

Type of TIF	Total	Low to very low concentration of poor households		Average		Moderate to very high concentration of poor households	
		-2 to -4		-1 to 1		2 to 4	
Hotel-Convention	1	0	0.00%	1	100.00%	0	0.00%
Infrastructure	6	2	33.33%	2	33.33%	2	33.33%
Mixed Use – No Residential	41	19	46.34%	14	34.15%	8	19.51%
Mixed Use - With Residential	64	6	9.38%	12	18.75%	46	71.88%
Single Use – Hotel	8	1	12.50%	3	37.50%	4	50.00%
Single Use – Industrial	7	4	57.14%	1	14.29%	2	28.57%
Single Use – Office	9	1	11.11%	3	33.33%	5	55.56%
Single Use – Residential	28	3	10.71%	5	17.86%	20	71.43%
Single Use – Retail	47	18	38.30%	15	31.91%	14	29.79%

\*Reflects the time that the project was approved



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The spatial examination of racial isolation and locations of TIF projects reveals a familiar story. Map 6 shows the relative proportion of white persons by block group across the region according to the 1990 census showing TIF projects approved between 1985 and 1994. Map 7 shows the relative proportion of white persons by block group across the region according to the 2000 census showing TIF projects approved between 1995 and 2004. Map 8 shows the relative number of white persons by block group across the region according to the 2008 demographic estimates showing TIF projects approved between 2005 and 2006. The patterns of racial isolation follow familiar lines; the non-white population tends to concentrate in the northern portions of the city of St. Louis, St. Louis County, and along the industrial corridor of the Metro East.

Maps 9 and 10 reveal striking changes in what might be considered familiar patterns of racial isolation. In Map 9 showing change in relative proportion of white persons by block group between 1990 and 2000 and TIF projects approved between 1985 and 1994 it appears that a considerable number of the TIF projects were approved in block groups where there was a decrease in the numbers of white persons. In Map 10, showing the same change between 2000 and 2008 and TIF projects approved between 1995 and 2004, many of the TIF projects appear to be located in block groups that either had little to no change or had an increase in white population. This finding suggests that there appeared to be some improvement relative to racial isolation during the early years of the TIF program.

Again turning to the TIF typology by summary of racial separation for Missouri projects, in Table 4 we first examine the different TIF projects according to the level of racial separation at the municipal level. In the aggregate, considering all Missouri projects in the St. Louis Metropolitan region, we notice that most of the mixed use residential projects (52 or 88%) and single use residential projects (27 or 96%) are found in municipalities with high concentrations of non-white persons. This is most likely due to the influence of the City of St. Louis as when the city is excluded those numbers drop to 5 (17%) and 1 (50%) respectively. Of the single use retail projects, 18 (34%) are found in municipalities with high concentrations of non-white persons, 20 (38%) are found in municipalities that are in balance with the regional proportion of non-white persons and 15 (28%) projects are found in municipalities with a moderate to very high concentration of white persons. When data from the City of St. Louis is excluded most of the single use retail projects (20 or 48%) are found in municipalities that are in balance with the region relative to the number of non-white persons. Of the rest in that category, 15 projects (36%) are in municipalities with moderate to very high concentrations of white persons and 7 (17%) are in municipalities with moderate very high concentrations of non-white persons. Of the mixed use, no residential TIF projects, most of them (20 or 67%) are found in municipalities that have a racial mix considered in balance with the region.

In Table 5, when we examine the TIF typology by Summary of Racial Separation at the block group level we see patterns similar to the economic separation yet noticeable



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changes are revealed. While we still see most of the mixed use residential projects (32 or 50%) occur in block groups with high concentrations of non-White populations there is a shift for single use residential projects. More of these projects (16 or 57%) occur in block groups with a balanced population of white to non-white households. Most of the single use retail projects are located in block groups with either average concentration (19 or 40%) or moderate to high concentration of Whites (16 or 34%). In the aggregate, The majority of TIF projects (94 or 45%) occur in block groups with a balanced racial concentration. Two separate findings might be suggested by this TIF typology related to patterns of racial separation. First, that there is a co-locational effect occurring between income and race; that because single use retail TIF projects might be exacerbating the jobs housing mismatch, there might be a further racial isolation that is also occurring. Yet, a second finding suggests an evening out in the locations of investment relative to race in the Missouri side of the St. Louis Metropolitan Area.

**Table 4: TIF Typology by Summary of Racial Separation in the Municipality**

All MO TIF projects*	Total	Moderate to very high concentrations of non-white		In-balance - reflecting regional proportion		Moderate to very high concentrations of white persons		
		-2 to -4	0%	-1 to 1	100%	2 to 4	0%	
Hotel-Convention	1	0	0%	1	100%	0	0%	
Infrastructure	3	2	66.67%	0	0%	1	33.33%	
Mixed Use – No Residential	40	15	37.50%	20	50%	5	12.50%	
Mixed Use - With Residential	59	52	88.14%	5	8.47%	2	3.39%	
Single Use – Hotel	8	6	75%	2	25%	0	0%	
Single Use – Industrial	6	4	66.67%	0	0%	2	33.33%	
Single Use – Office	9	8	88.89%	1	11.11%	0	0%	
Single Use – Residential	28	27	96.43%	1	3.57%	0	0%	
Single Use – Retail	53	18	33.96%	20	37.74%	15	28.30%	
<b>Excluding St. Louis</b>								
Excluding St. Louis	Total	Moderate to very high concentrations of non-white		In-balance - reflecting regional proportion		Moderate to very high concentrations of white persons		
		-2 to -4	0%	-1 to 1	100%	2 to 4	0%	
Hotel-Convention	1	0	0%	1	100%	0	0%	
Infrastructure	1	0	0%	0	0%	1	100%	
Mixed Use – No Residential	30	5	16.67%	20	66.67%	5	16.67%	
Mixed Use - With Residential	9	2	22.22%	5	55.56%	2	22.22%	
Single Use – Hotel	3	1	33.33%	2	66.67%	0	0%	
Single Use – Industrial	5	3	60%	0	0%	2	40%	
Single Use – Office	5	4	80%	1	20%	0	0%	
Single Use – Residential	2	1	50%	1	50%	0	0%	
Single Use – Retail	42	7	16.67%	20	47.62%	15	35.71%	

\*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





**Table 5: TIF Typology by Racial Isolation in Block Group**

Type of TIF	Moderate to very high concentration of non-Whites			Average		Moderate to very high concentration of Whites	
	Total	-2 to -4		-1 to 1		2 to 4	
Hotel-Convention	1	0	0.00%	0	0.00%	1	100.00%
Infrastructure	6	0	0.00%	4	66.67%	2	33.33%
Mixed Use – No Residential	41	8	19.51%	20	48.78%	13	31.71%
Mixed Use - With Residential	64	32	50.00%	26	40.63%	6	9.38%
Single Use – Hotel	8	3	37.50%	4	50.00%	1	12.50%
Single Use – Industrial	7	2	28.57%	3	42.86%	2	28.57%
Single Use – Office	9	7	77.78%	2	22.22%	0	0.00%
Single Use – Residential	28	10	35.71%	16	57.14%	2	7.14%
Single Use – Retail	47	12	25.53%	19	40.43%	16	34.04%

\*Reflects the time that the project was approved

***Measures of Distress***

Again we examined this component in 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 82 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
- 60% showed an overall increase in neighborhood distress between 1990 and 2008.

These patterns reflecting the earlier patterns of economic isolation, that initially, wealthier communities were using TIF pre-emptively as a means to ward off potential blight. Their intent, however, stands in stark contrast to the outcome for 60% of the municipalities that showed an overall increase in neighborhood distress between 1990 and 2008. 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.



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For all 303 TIF projects 1985-2006:

- 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
- 78% of the TIF projects were approved by municipalities that showed an overall increase in neighborhood distress between 1990 and 2008

Again, while we can see that more TIF projects are locating in more distressed areas, in the aggregate, we are noticing little to no positive improvement. In fact we are seeing an increase in distress over time. 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.
- 44.78% of the block groups had moderate to very high distress compared to the regional mean.

Again, we notice that 55% of the block groups were either at the regional mean or below in neighborhood distress at the time a TIF project was approved. This pattern once again supports the earlier claim that wealthier communities are looking to preempt blight.

A spatial examination of distress reveals, overall, that a fair number of the TIF projects were located in block groups showing more distress than the region. In Map 11, showing distress as of 1990 and projects approved between 1985 and 1994 there appears to be an equal distribution across the region. Most of the distress is located within the City of St. Louis and in the Metro East, immediately adjacent to the Mississippi River along the industrial corridor. Map 12 showing distress as of 2000 and projects approved between 1995 and 2004 reveals a greater concentration of TIF projects in distressed block groups. Map 13 demonstrating distress as of 2008 and projects approved between 2005 and 2006 shows equally similar patterns.



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Map 14 reveals the percent change in distress by block group between 1990 and 2000 showing TIF projects approved between 1985 and 2004. Like Map 4 showing regional shifts in poor households, there appear to be no patterns in the changes. For many of the TIF projects the level of distress appears to have increased. This finding, alone is not reliable without understanding when the individual projects were approved. In Map 15 showing percent change in distress by block group between 2000 and 2008 showing TIF projects approved between 1995 and 2004 patterns do become more apparent where there appears to be a percentage change in distress at the block group level for the City of St. Louis. Yet like the earlier point, this finding alone is not reliable absent knowledge about individual TIF projects.

The final TIF typology, by level of distress, characterizes the patterns of neighborhood distress according to our distress index. In table 6 we first examine the different TIF projects 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 or 90%) in municipalities characterized as moderately to very distressed. Of the single use retail projects, most (24 or 45%) are similarly found in moderate to very distressed municipalities with 16 projects (30%) in municipalities considered moderately to very stable. 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 (16) found in the moderately to very stable communities. Of the mixed use no residential projects, most (15 or 50%) are located in moderately to very stable municipalities.

Likewise, at the block group level shown in Table 7 the predominant number of mixed use residential projects (50 or 78%) are found in block groups that have moderate to high levels of distress. Single use retail projects (18 or 38%) are likewise found primarily in block groups that are moderately or very stable. Additionally, more mixed use no residential TIF projects (15 or 37%) are found in moderately to very stable block groups and average block groups (16 or 39%) than in moderately to very distressed block groups (10 or 24%). 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. Alternatively, in moderately to severely distressed communities, the typical TIF project has is either mixed use with some sort of residential component or a single use residential project.

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. 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. 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



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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.

**Table 6: 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	1	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%
<b>Excluding St. Louis</b>							
		Moderately to very stable		Average		Moderately to very distressed	
	Total	-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%
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



**Table 7: TIF Typology by Block Group Distress**

Type of TIF	Total	Moderately to very stable		Average		Moderately to very distressed	
		-2 to -4	0.00%	-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

***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, we looked at block groups that either contained or had its centroid located within a 2.5 minute drive time of at least one completed TIF project. Again, due to the nature of TIF legislation in Illinois whereby a TIF district can contain many projects and thus possibly never be “completed,” here we look only at projects in Missouri known to be at least partially completed. By looking at completed projects begun from 1985-1994 with change from 1990-2008 and projects begun 1995-2004 with 2000-2008 change, we allow completed projects time to become established and thereby increase the likelihood that the project is having an effect on its surroundings.

The findings shown in Table 8 below show that the areas immediately surrounding TIF projects have experienced varying levels of change. 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. 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 begun 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. Interestingly, more than 20 block groups near projects started between 1995 and 2004 saw distress decrease than increase. This could be due to projects initiating later may have been locating in already-improving areas or been 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 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.

<b>Table 8: Change in Block Groups Near Completed TIF Projects</b>			
<b>Block groups near completed TIF projects begun 1985-1994</b>			
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%
<b>Block groups near completed TIF projects begun 1995-2004</b>			
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%

### **Implications of Research**

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

- 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



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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 poor, non-white, and moderately to severely distressed. And generally, most of these areas have noted a general improvement. From these patterns we recommend that East West Gateway offer guided support to the city of St. Louis in their continued efforts to use TIF. Yet we make this recommendation with caution as even within St. Louis city there should be limits placed on the use of TIF.

To revisit the original questions posed by the research:

1. Were incentives used differently in areas characterized by different degrees of racial or economic disparity?
2. Did patterns of racial or economic isolation 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)?

We know that incentives appear to have been used differently according to degree of racial or economic disparity; that these patterns appear to shift after completion of incentive projects, and that TIF was used in areas characterized by neighborhood distress. We are not confident that this data provides 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. Our 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



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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 we identified as some emerging relationships only led to the discovery that we had insufficient data. Our models were not robust enough to report any findings nor were the variables significant. We must conclude by echoing a major sentiment of East-West Gateway's 2009 report; proper oversight of this issue will require better reporting and data collection mechanisms.

What became clear through the process of this research is that TIF is not a magic bullet nor is it a smoking gun. TIF, as presently implemented, will do little to solve the region's economic development problems but does not appear to be creating another great socioeconomic divide. What remains certain is the need for TIF reform, the details of which should be determined as others come forward with additional research findings relative to the East West Gateway development incentives project.

### **A Commentary on the McKee TIF Request**

One final note; we offer additional commentary on Paul McKee's TIF request currently under consideration by the city of St. Louis. Much controversy surrounds developer Paul McKee's request for just under \$400 million in TIF funds from the City of St. Louis. However, the request itself doesn't seem to be well understood. It is important to understand how this TIF proposal is different from past notable TIF projects. One can clearly understand the city's reluctance to back the TIF bonds in the event of Mr. McKee's failure. Twice before the city has made similar mistakes yet we contend that those projects were different in that those TIF funds were spent exclusively project specific elements. St. Louis Marketplace was clearly designed to compete with retail establishments in the inner ring communities in nearby St. Louis County and the Downtown St. Louis Center was the same bad idea that had already failed in downtowns across the county. TIF funds in each case only ended up benefiting the developers and tenants by reducing their private development risk. The TIF fund request to improve Paul McKee's project in North City is to be spread over TIF districts covering neighborhoods and business corridors and will improve the road, sewer, and other infrastructure systems in the area immediately. If McKee's four job centers are to be successful, they need decent roads, a reliable sewer system, and other infrastructural amenities one would find near any viable business. Building these amenities independently would simply make the project financially infeasible, further supporting the arguments made by most greenfield developers that it's cheaper to build on untouched land in the outlying communities adding to the sprawl in the region. Thus, if the City could use financing tools available to it to assist by fronting some money for that infrastructure, he would have more funds available to focus on bigger development. It is this for that very purpose that the TIF tool is best utilized after all.





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To be sure, it is troubling that the most recent TIF application states that only 85% of the TIF funds will be used for infrastructure with no obvious mention of where the other 15% is going to be spent. We are not suggesting that the city approve the application carte blanche. Rather, they need to approach the project as an opportunity to develop a public private partnership that can truly engage a broad range of stakeholders. We see this request as an exciting opportunity for the city to reshape the future of the Northside and a regional economic development opportunity. Most immediately, with the TIF loans the city of St. Louis can offer Paul McKee \$340 million to improve the infrastructure systems for a very large section of a very distressed section of the north side of the city. This means that infrastructure improvements could begin as soon as the funds are released. This in and of itself could benefit North City as the higher level of infrastructure could potentially spur new smaller development projects, attract new homeowners and small businesses, and contribute to an improved quality of life for the area's existing residents. Even if Mr. McKee's project fails, the money will still have been invested in an area which has suffered from decades of neglect. To be sure the market will have more opportunities for investment with renewed infrastructure investment. And if the project ends up being even marginally successful, the investment will be built upon and success will be multiplied.



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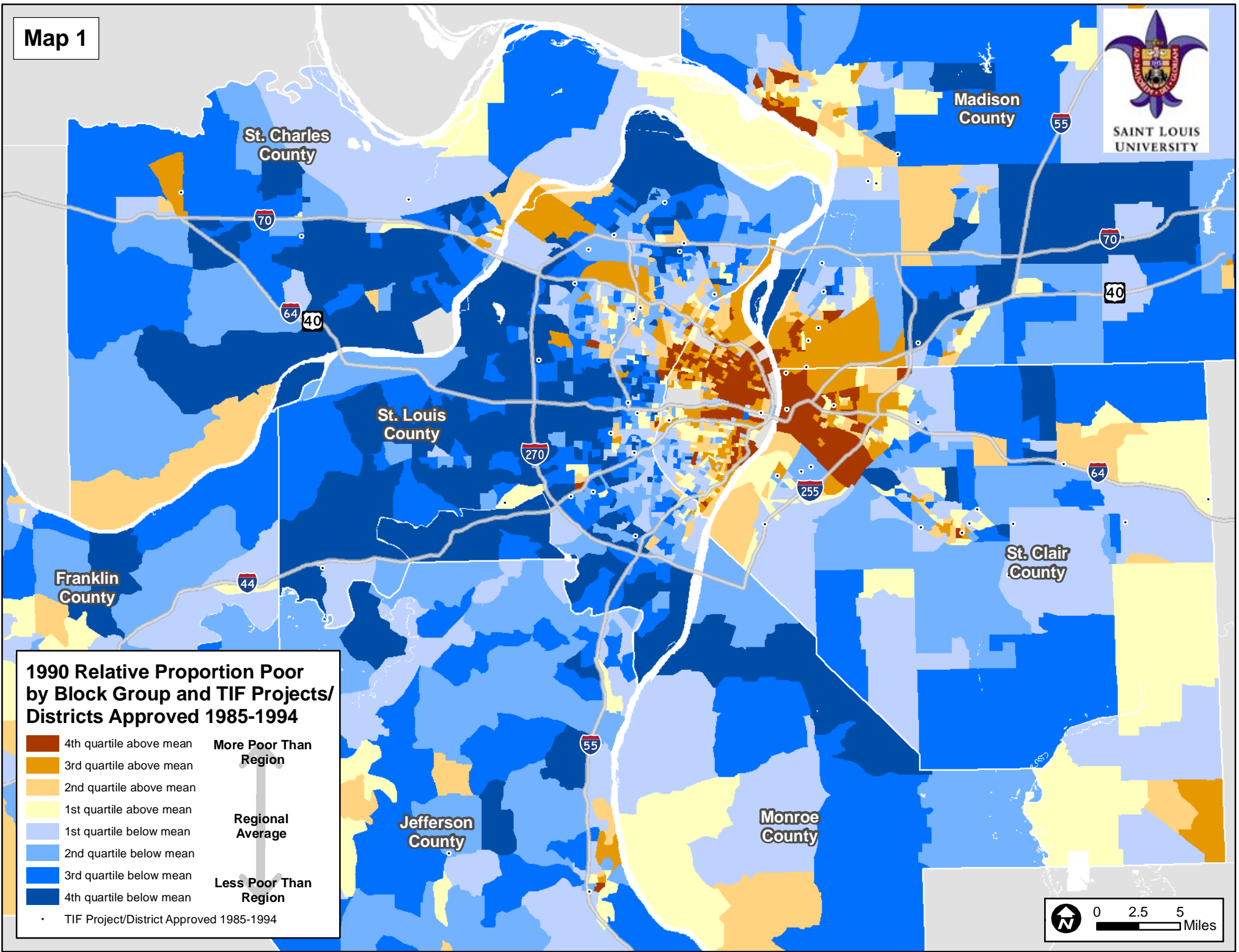
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



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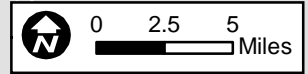
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Map 1

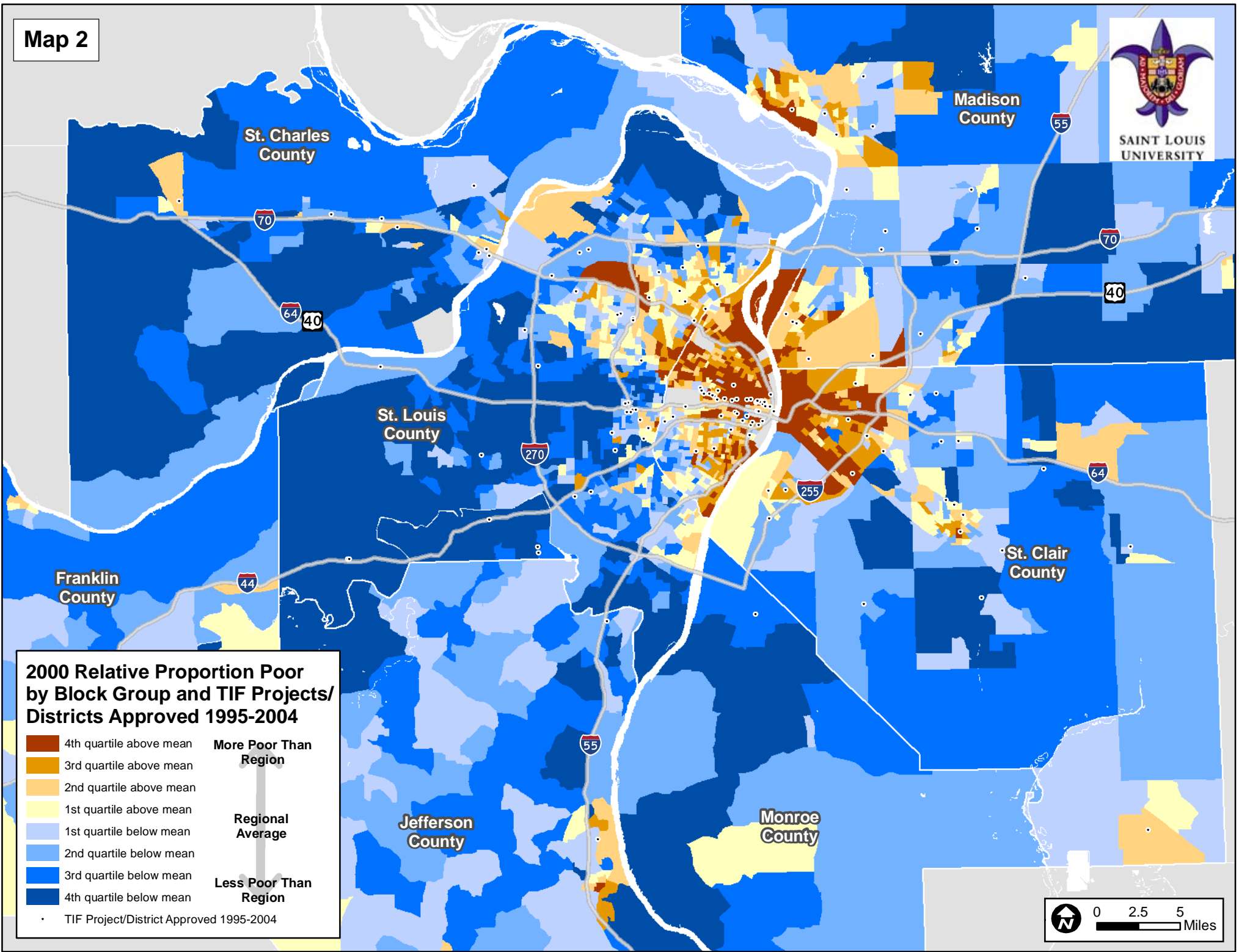


**1990 Relative Proportion Poor  
by Block Group and TIF Projects/  
Districts Approved 1985-1994**










- |  |   |                              |
|--|---|------------------------------|
|  | 4th quartile above mean                 | <b>More Poor Than Region</b> |
|  | 3rd quartile above mean                 |                              |
|  | 2nd quartile above mean                 |                              |
|  | 1st quartile above mean                 |                              |
|  | 1st quartile below mean                 | <b>Regional Average</b>      |
|  | 2nd quartile below mean                 |                              |
|  | 3rd quartile below mean                 |                              |
|  | 4th quartile below mean                 | <b>Less Poor Than Region</b> |
|  | TIF Project/District Approved 1985-1994 |                              |

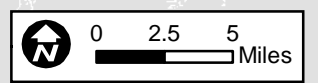


Map 2

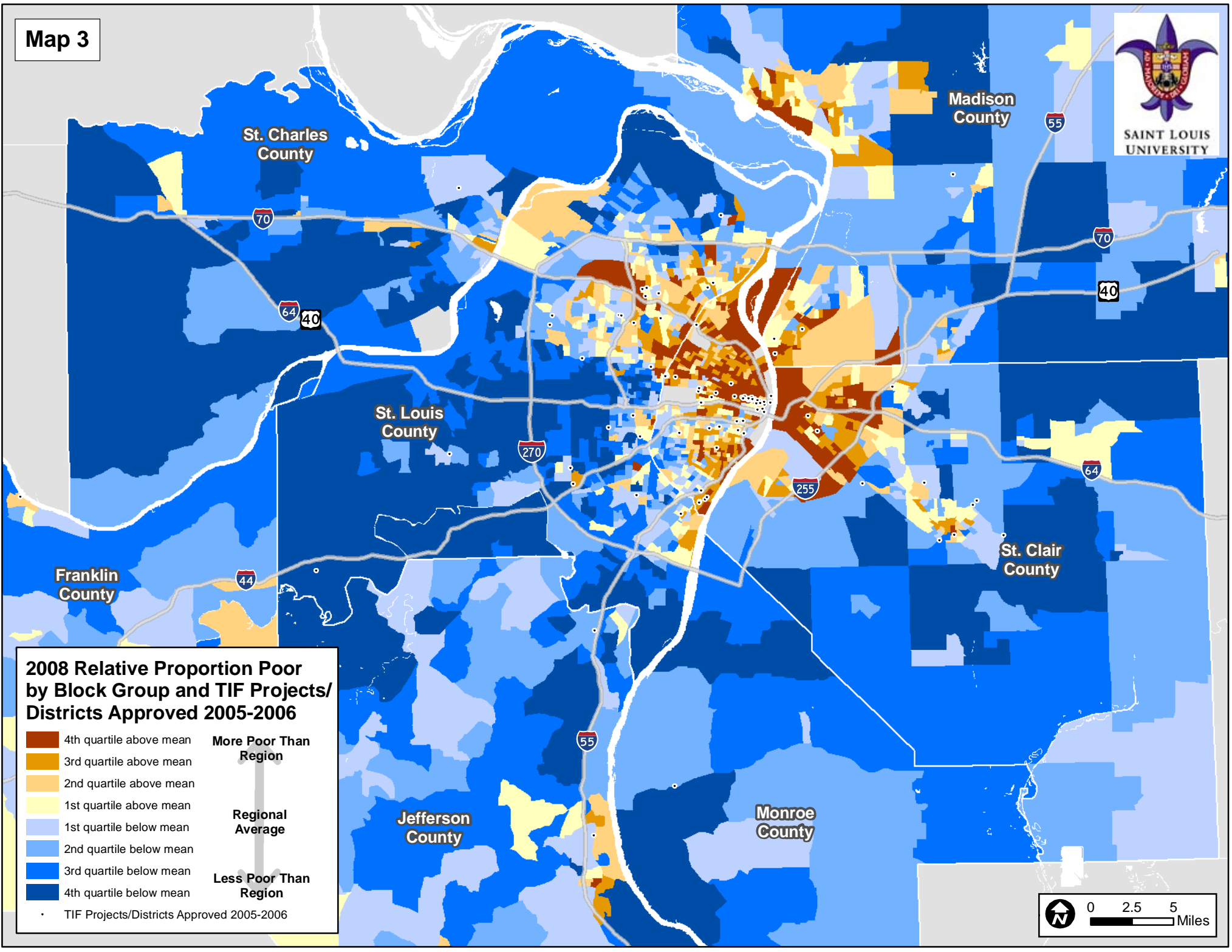


**2000 Relative Proportion Poor by Block Group and TIF Projects/Districts Approved 1995-2004**










- |  |   |                              |
|--|---|------------------------------|
|  | 4th quartile above mean                 | <b>More Poor Than Region</b> |
|  | 3rd quartile above mean                 |                              |
|  | 2nd quartile above mean                 |                              |
|  | 1st quartile above mean                 |                              |
|  | 1st quartile below mean                 | <b>Regional Average</b>      |
|  | 2nd quartile below mean                 |                              |
|  | 3rd quartile below mean                 |                              |
|  | 4th quartile below mean                 | <b>Less Poor Than Region</b> |
|  | TIF Project/District Approved 1995-2004 |                              |

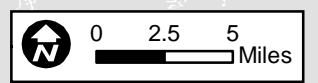


Map 3

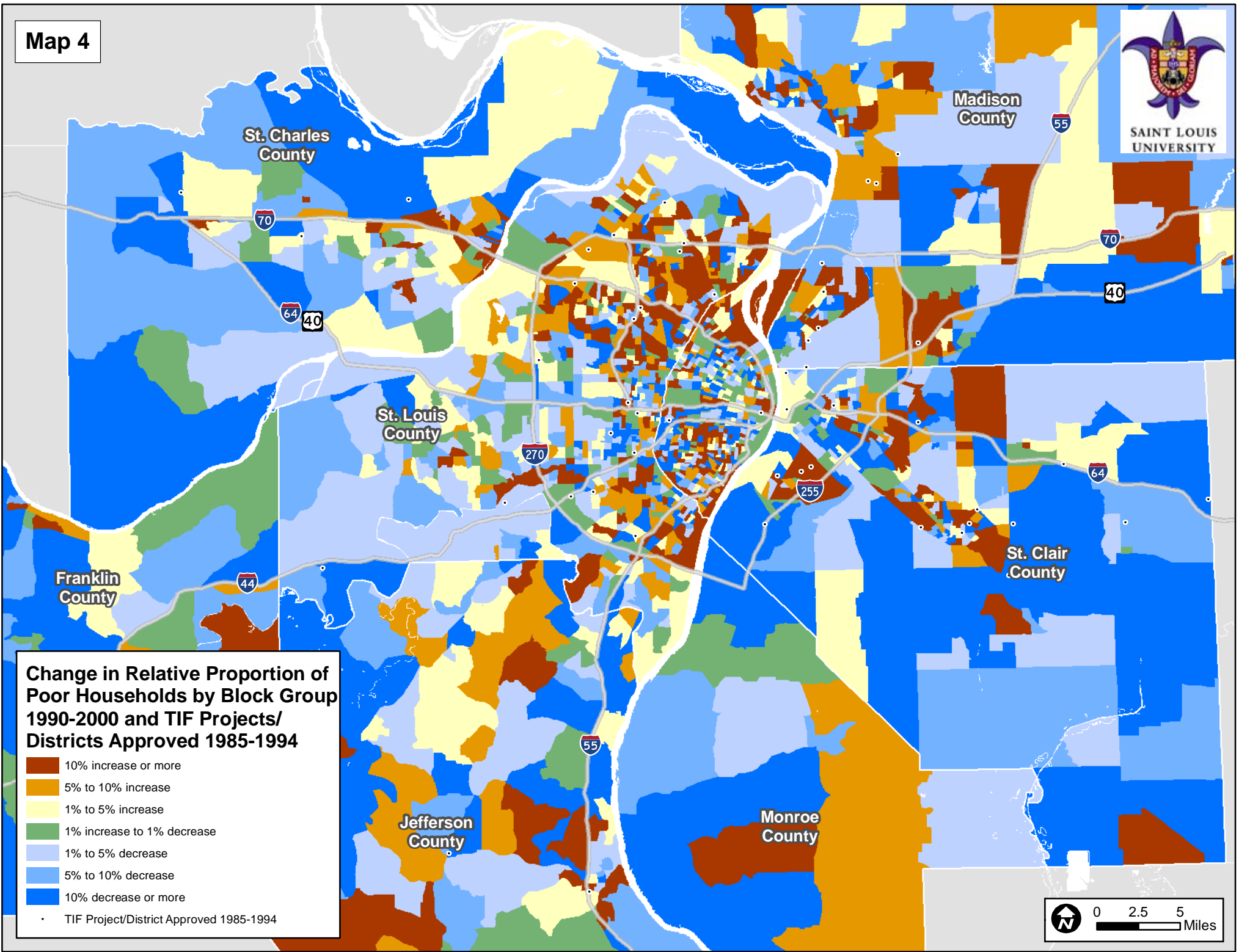


**2008 Relative Proportion Poor by Block Group and TIF Projects/Districts Approved 2005-2006**

	4th quartile above mean	<b>More Poor Than Region</b>
	3rd quartile above mean	
	2nd quartile above mean	
	1st quartile above mean	
	1st quartile below mean	<b>Regional Average</b>
	2nd quartile below mean	
	3rd quartile below mean	
	4th quartile below mean	<b>Less Poor Than Region</b>
	TIF Projects/Districts Approved 2005-2006	



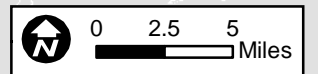
Map 4



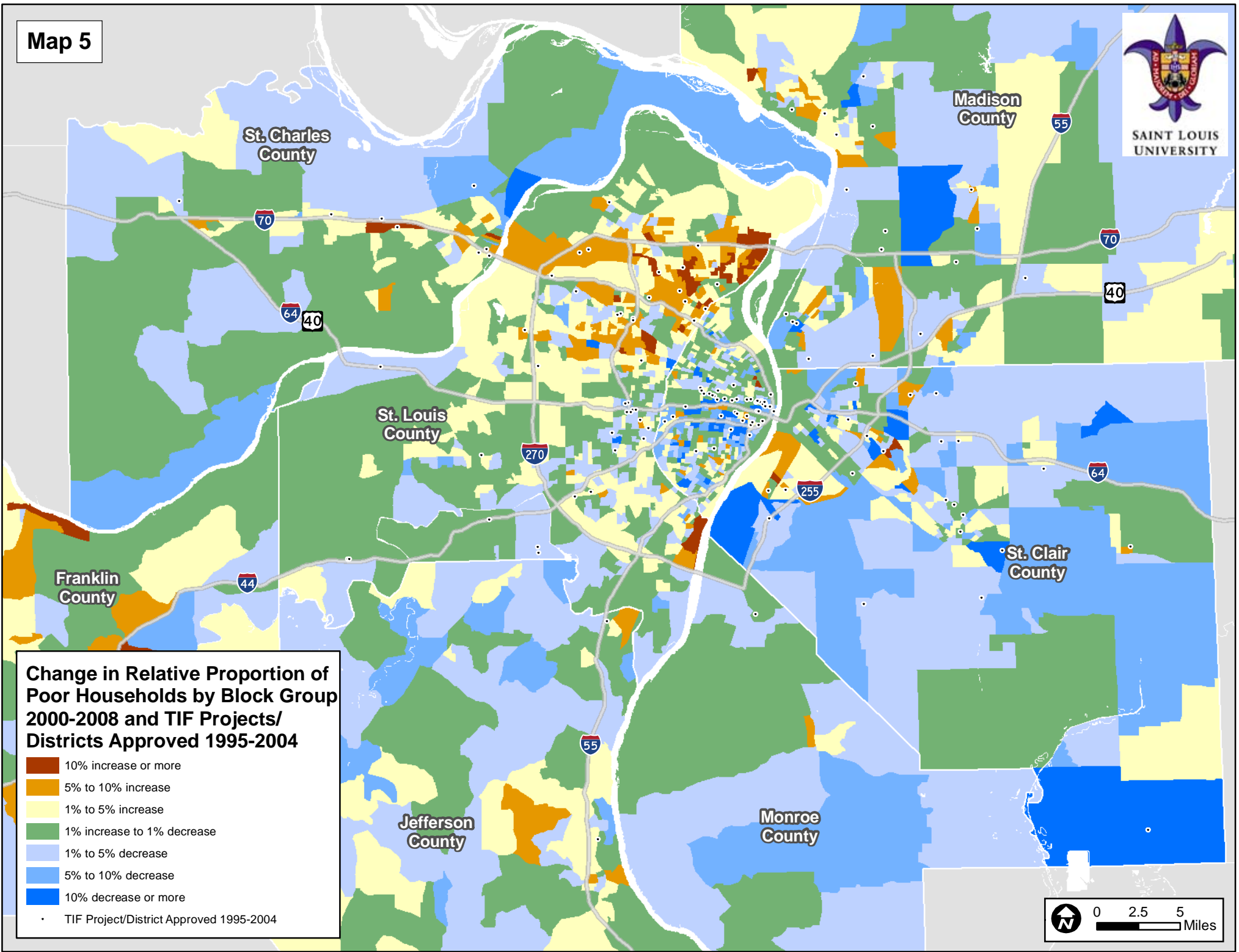
**Change in Relative Proportion of Poor Households by Block Group 1990-2000 and TIF Projects/ Districts Approved 1985-1994**

- 10% increase or more
- 5% to 10% increase
- 1% to 5% increase
- 1% increase to 1% decrease
- 1% to 5% decrease
- 5% to 10% decrease
- 10% decrease or more

• TIF Project/District Approved 1985-1994

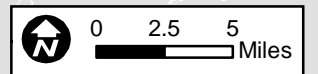


Map 5



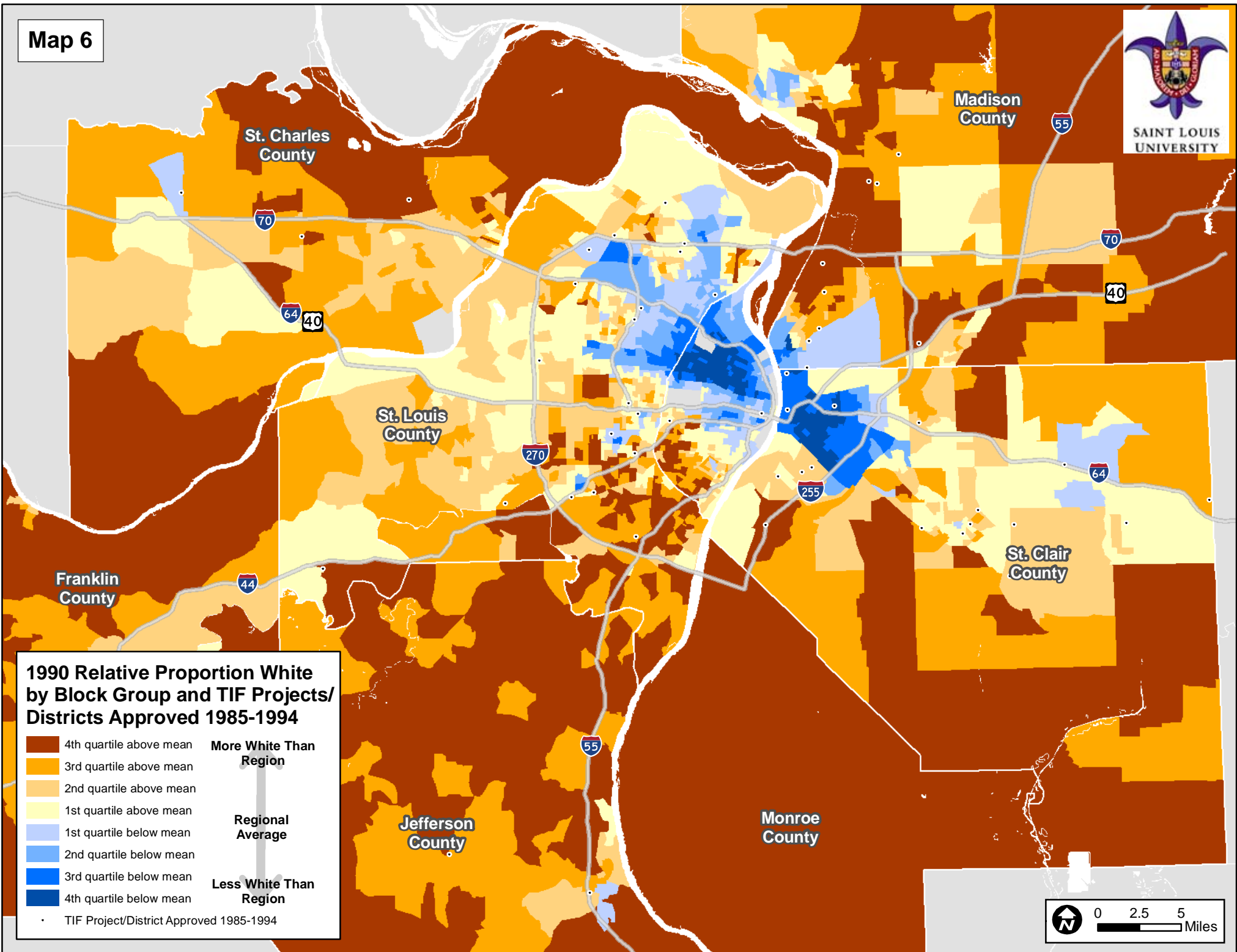
**Change in Relative Proportion of Poor Households by Block Group 2000-2008 and TIF Projects/ Districts Approved 1995-2004**

- 10% increase or more
- 5% to 10% increase
- 1% to 5% increase
- 1% increase to 1% decrease
- 1% to 5% decrease
- 5% to 10% decrease
- 10% decrease or more
- TIF Project/District Approved 1995-2004












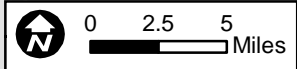


Map 6

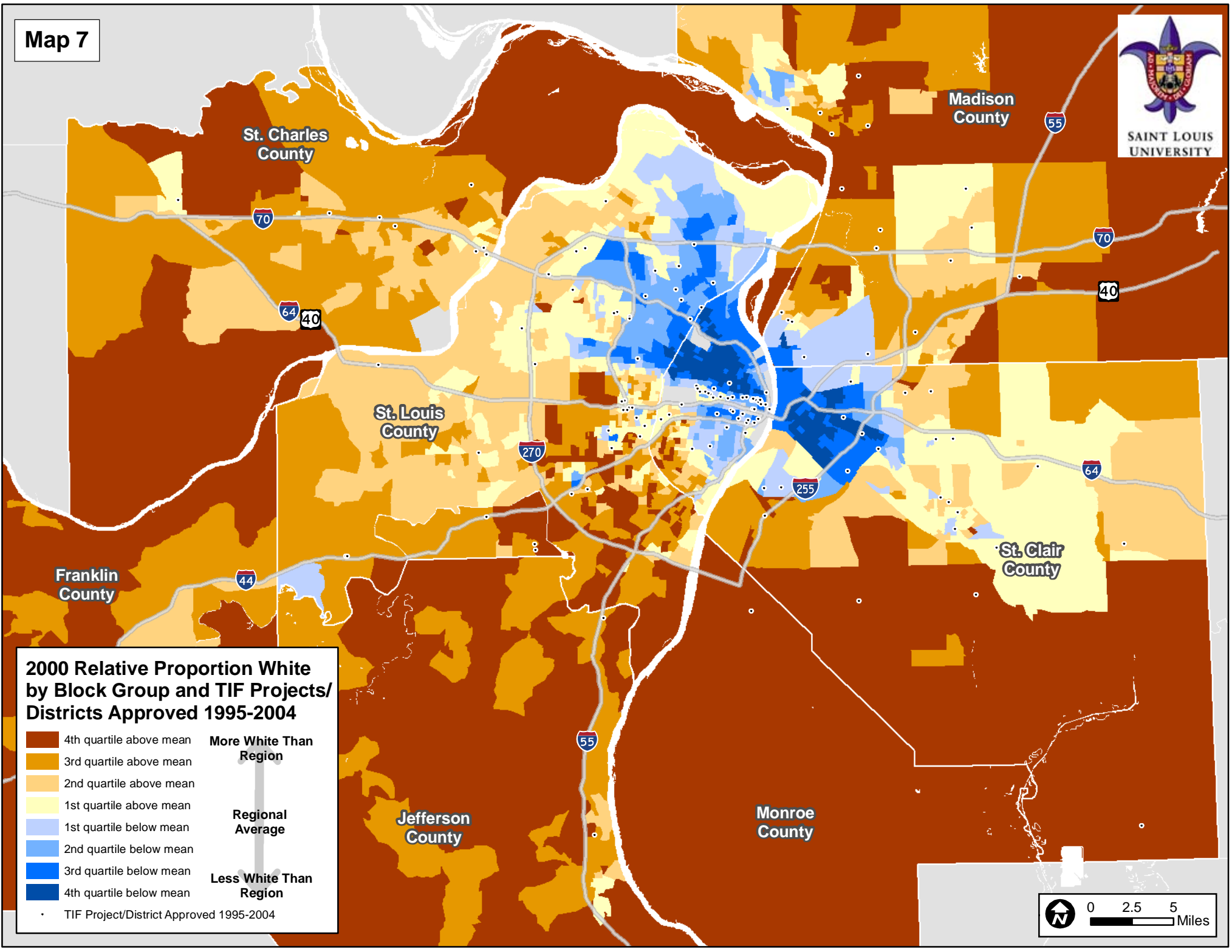


**1990 Relative Proportion White  
by Block Group and TIF Projects/  
Districts Approved 1985-1994**

- |   |                                   |                                   |
|---|-----------------------------------|-----------------------------------|
|   | 4th quartile above mean           | <b>More White Than<br/>Region</b> |
|   | 3rd quartile above mean           |                                   |
|   | 2nd quartile above mean           |                                   |
|   | 1st quartile above mean           |                                   |
|   | 1st quartile below mean           | <b>Regional<br/>Average</b>       |
|   | 2nd quartile below mean           |                                   |
|   | 3rd quartile below mean           |                                   |
|   | 4th quartile below mean           |                                   |
|  | <b>Less White Than<br/>Region</b> |                                   |
| • TIF Project/District Approved 1985-1994   |                                   |                                   |

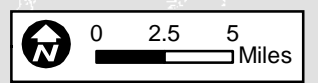


Map 7

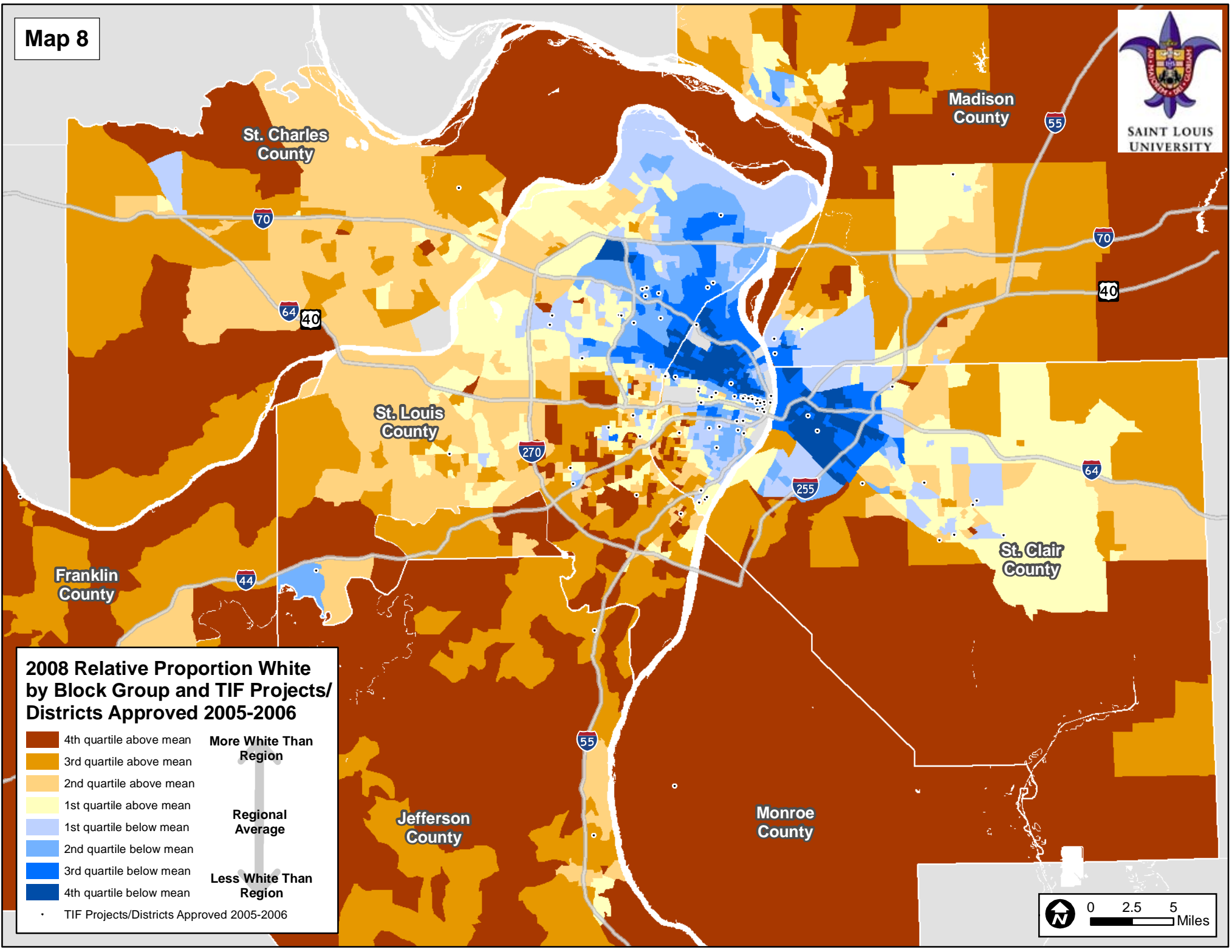


**2000 Relative Proportion White by Block Group and TIF Projects/Districts Approved 1995-2004**

	4th quartile above mean	<b>More White Than Region</b>
	3rd quartile above mean	
	2nd quartile above mean	
	1st quartile above mean	<b>Regional Average</b>
	1st quartile below mean	
	2nd quartile below mean	
	3rd quartile below mean	<b>Less White Than Region</b>
	4th quartile below mean	
	TIF Project/District Approved 1995-2004	



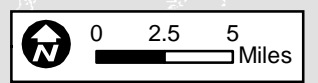
Map 8



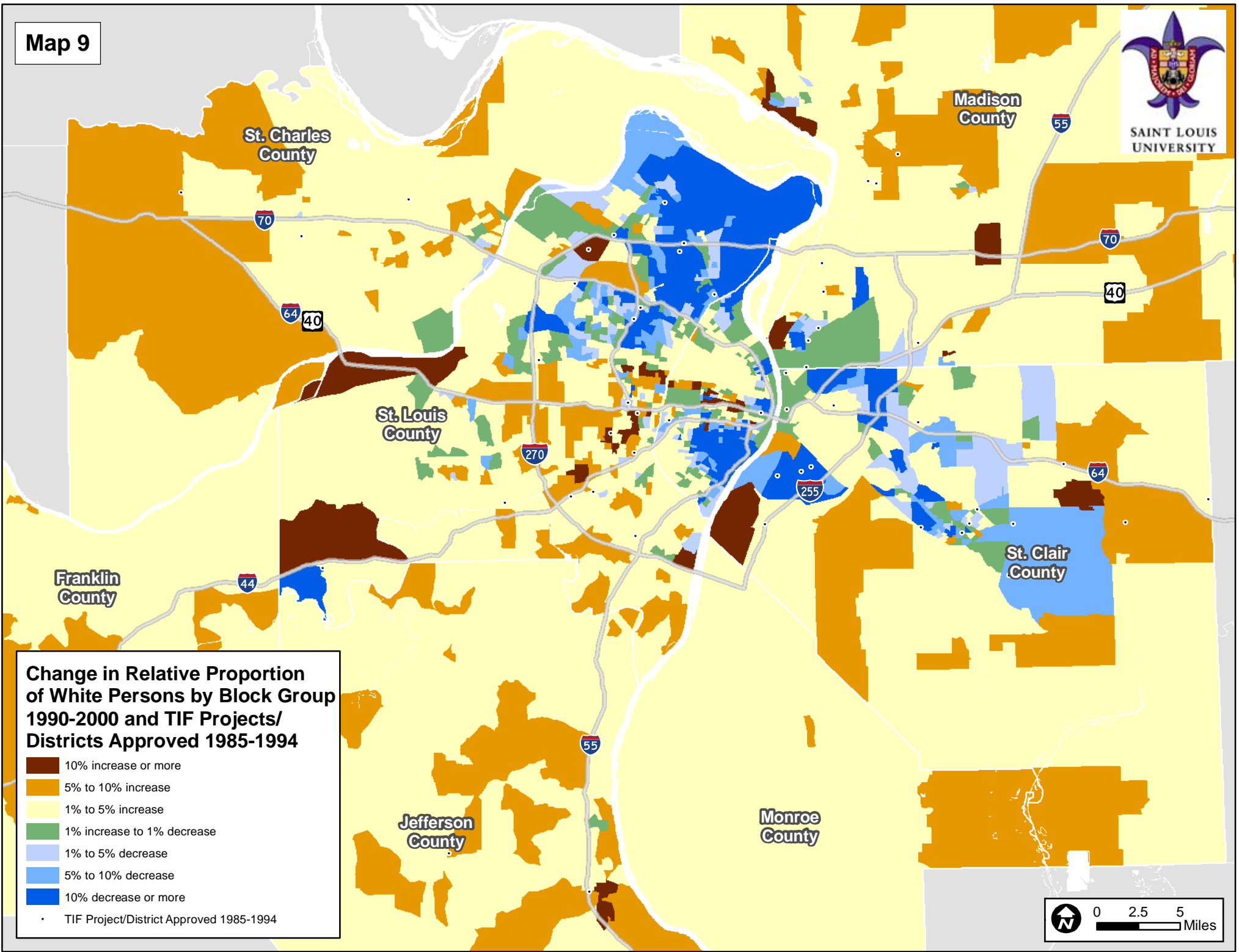
**2008 Relative Proportion White by Block Group and TIF Projects/Districts Approved 2005-2006**

	4th quartile above mean	<b>More White Than Region</b>
	3rd quartile above mean	
	2nd quartile above mean	
	1st quartile above mean	<b>Regional Average</b>
	1st quartile below mean	
	2nd quartile below mean	
	3rd quartile below mean	<b>Less White Than Region</b>
	4th quartile below mean	









• TIF Projects/Districts Approved 2005-2006

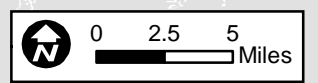


Map 9

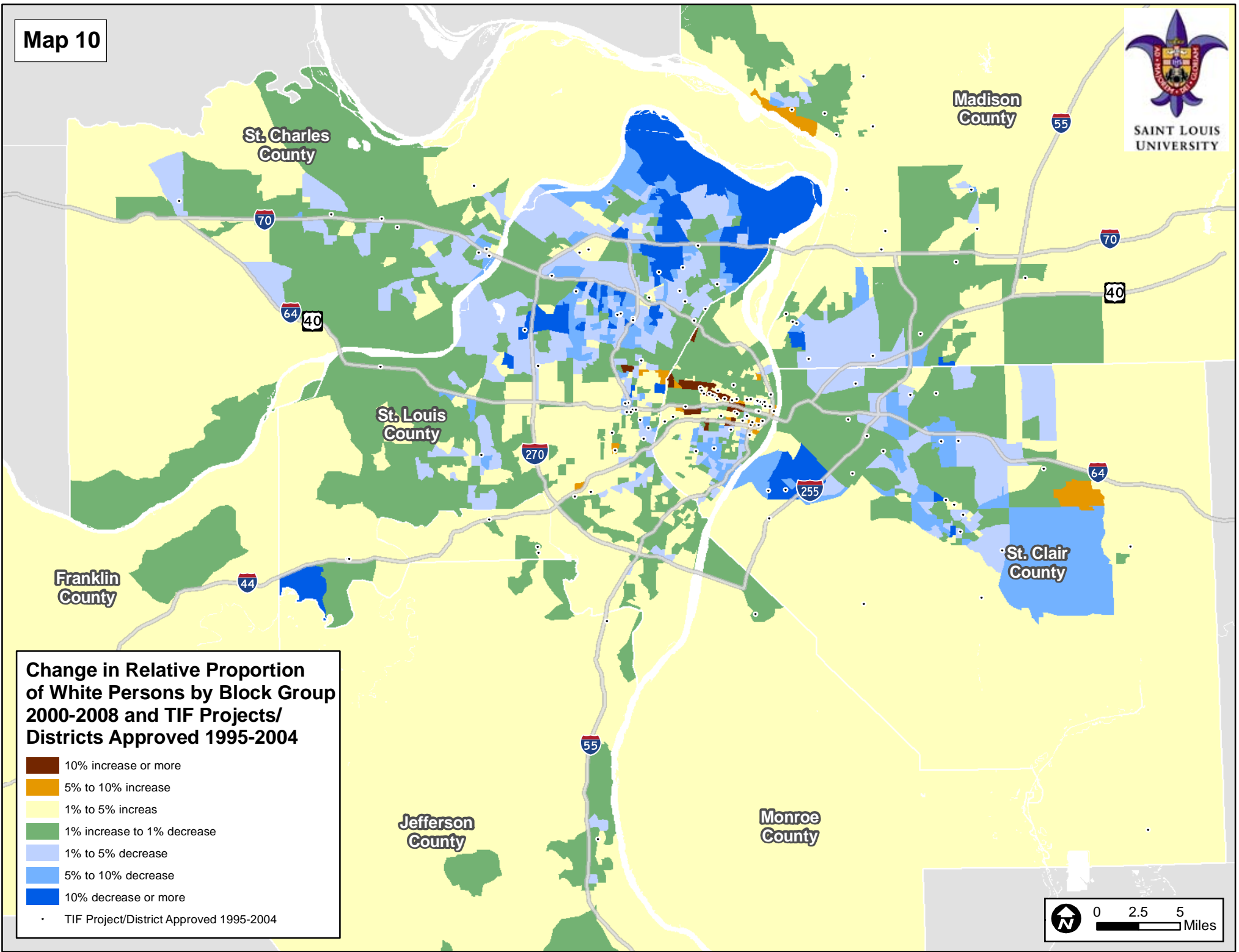


**Change in Relative Proportion of White Persons by Block Group 1990-2000 and TIF Projects/ Districts Approved 1985-1994**








-  10% increase or more
-  5% to 10% increase
-  1% to 5% increase
-  1% increase to 1% decrease
-  1% to 5% decrease
-  5% to 10% decrease
-  10% decrease or more
-  TIF Project/District Approved 1985-1994



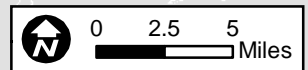
Map 10



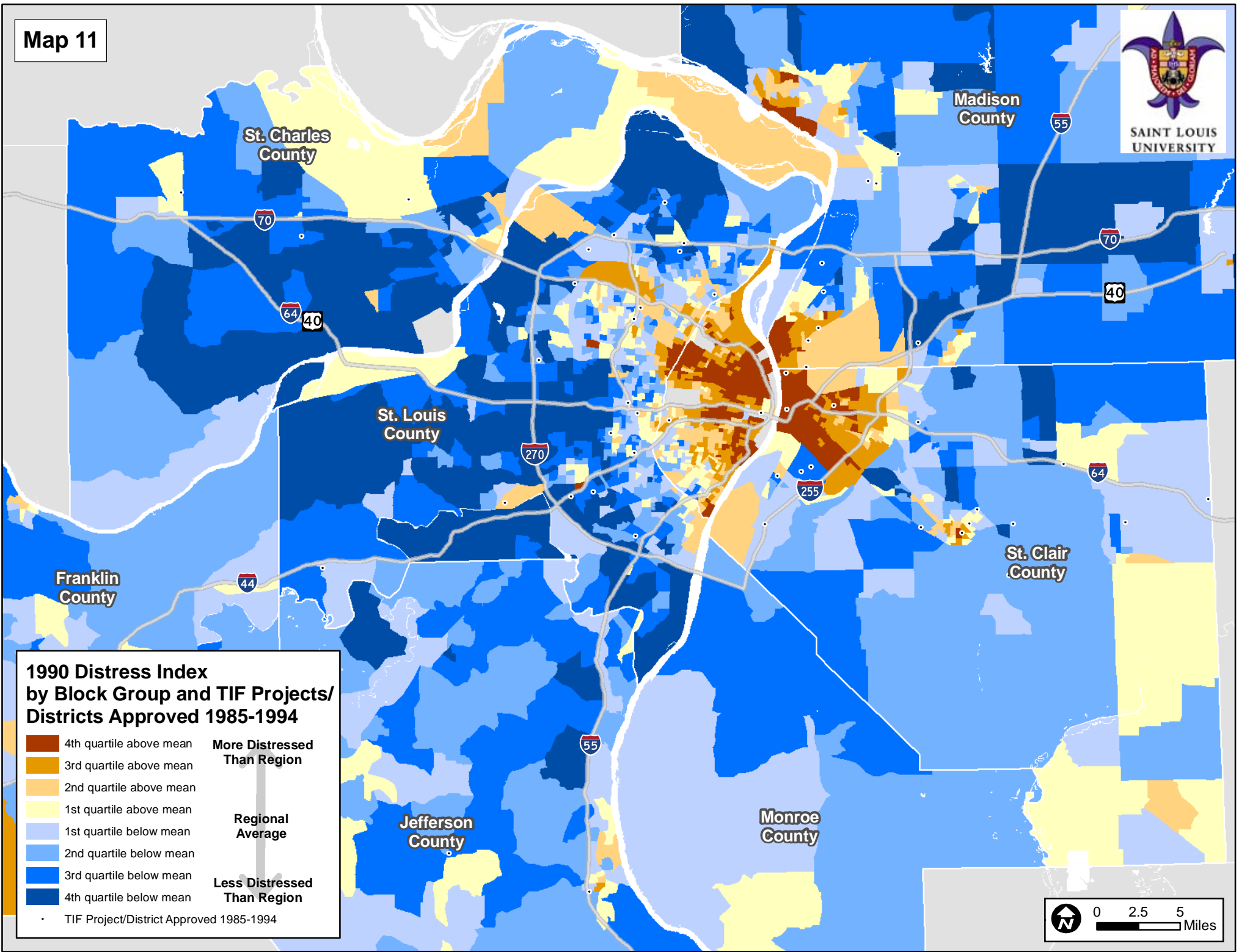
**Change in Relative Proportion of White Persons by Block Group 2000-2008 and TIF Projects/Districts Approved 1995-2004**

-  10% increase or more
-  5% to 10% increase
-  1% to 5% increas
-  1% increase to 1% decrease
-  1% to 5% decrease
-  5% to 10% decrease
-  10% decrease or more










• TIF Project/District Approved 1995-2004

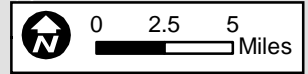


Map 11

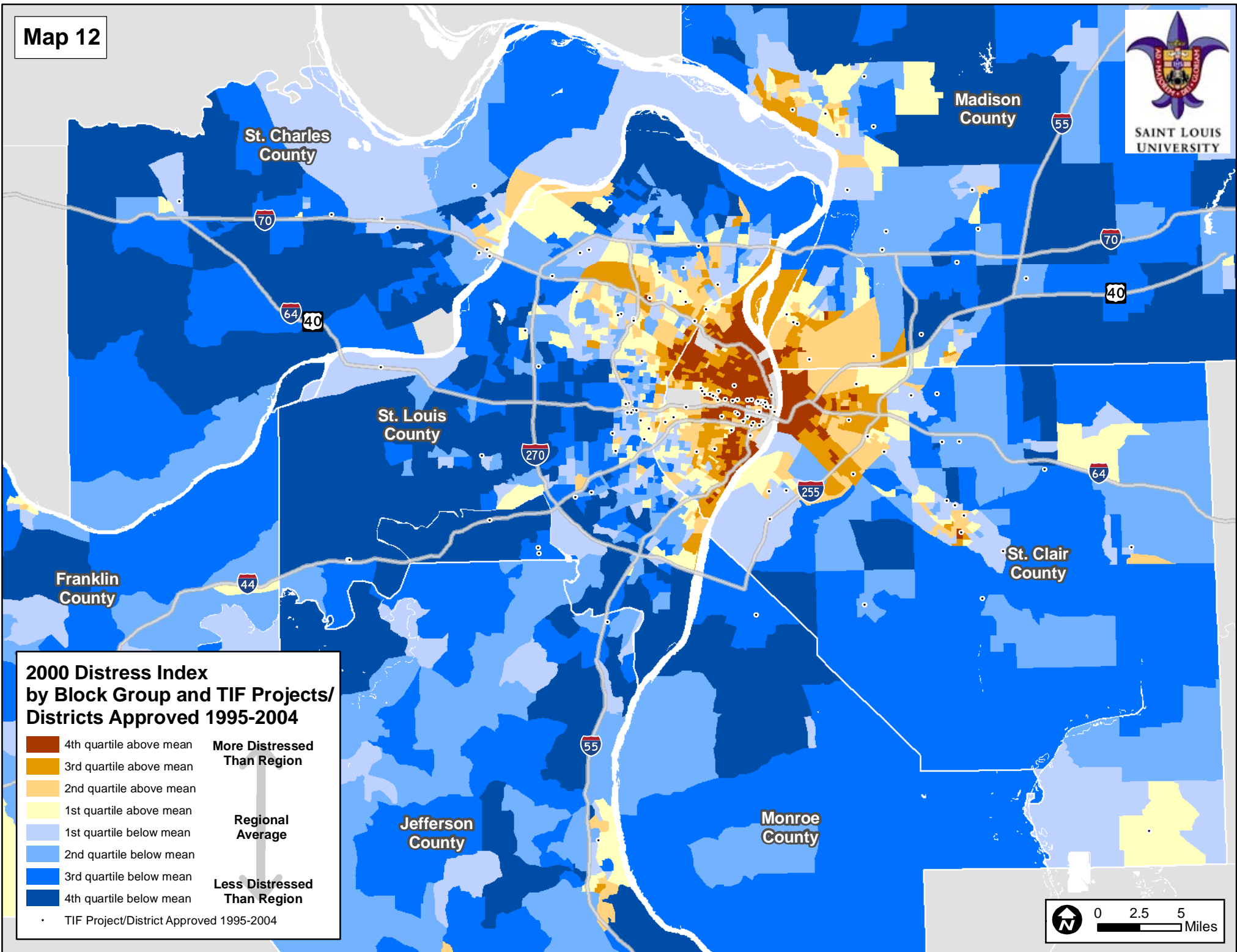


**1990 Distress Index  
by Block Group and TIF Projects/  
Districts Approved 1985-1994**

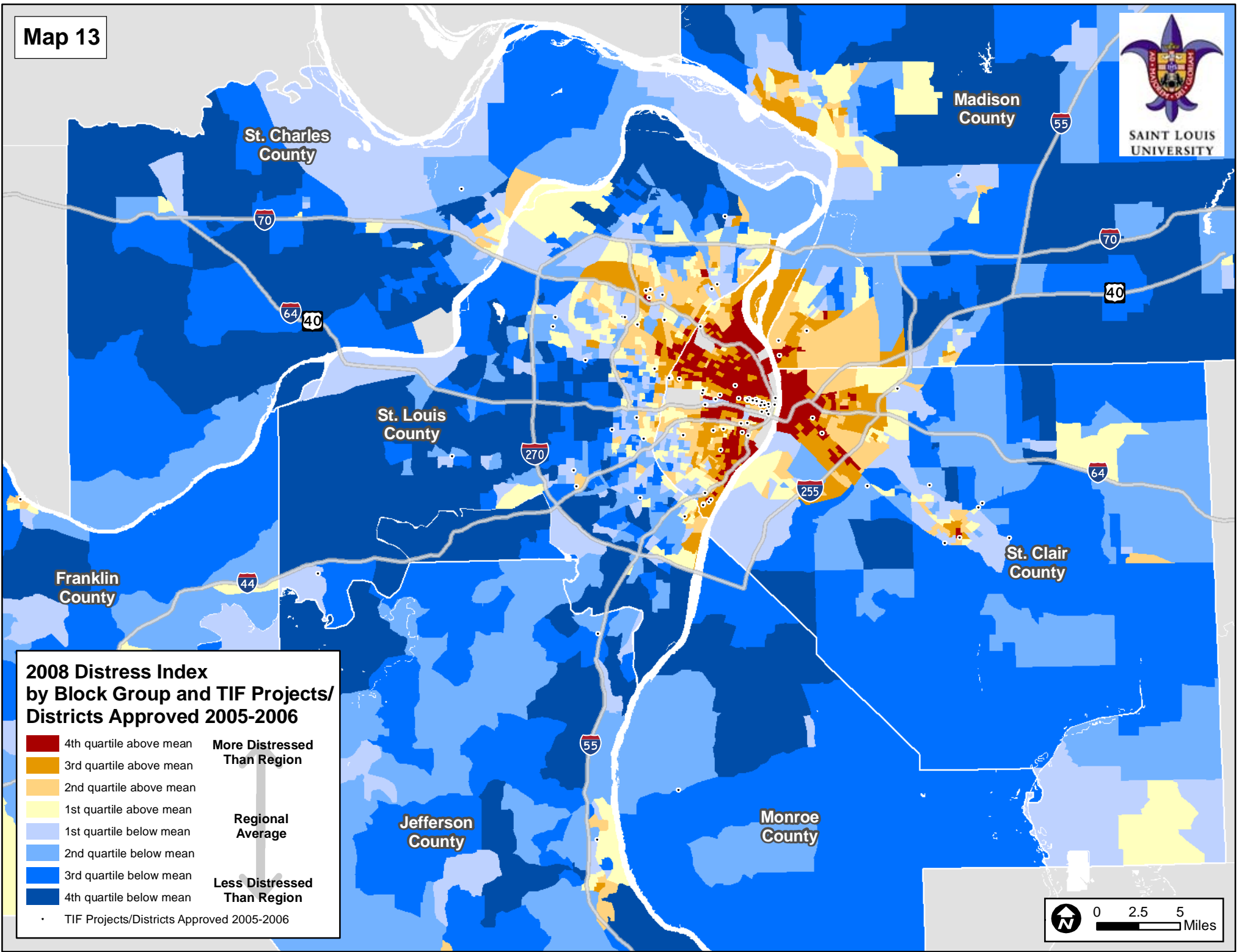
- |  |  |
|--|--|
|  4th quartile above mean                 | <b>More Distressed<br/>Than Region</b> |
|  3rd quartile above mean                 |  |
|  2nd quartile above mean                 |  |
|  1st quartile above mean                 | <b>Regional<br/>Average</b>            |
|  1st quartile below mean                 |  |
|  2nd quartile below mean                 |  |
|  3rd quartile below mean                 | <b>Less Distressed<br/>Than Region</b> |
|  4th quartile below mean                 |  |
|  TIF Project/District Approved 1985-1994 |  |












Map 12

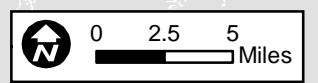


Map 13



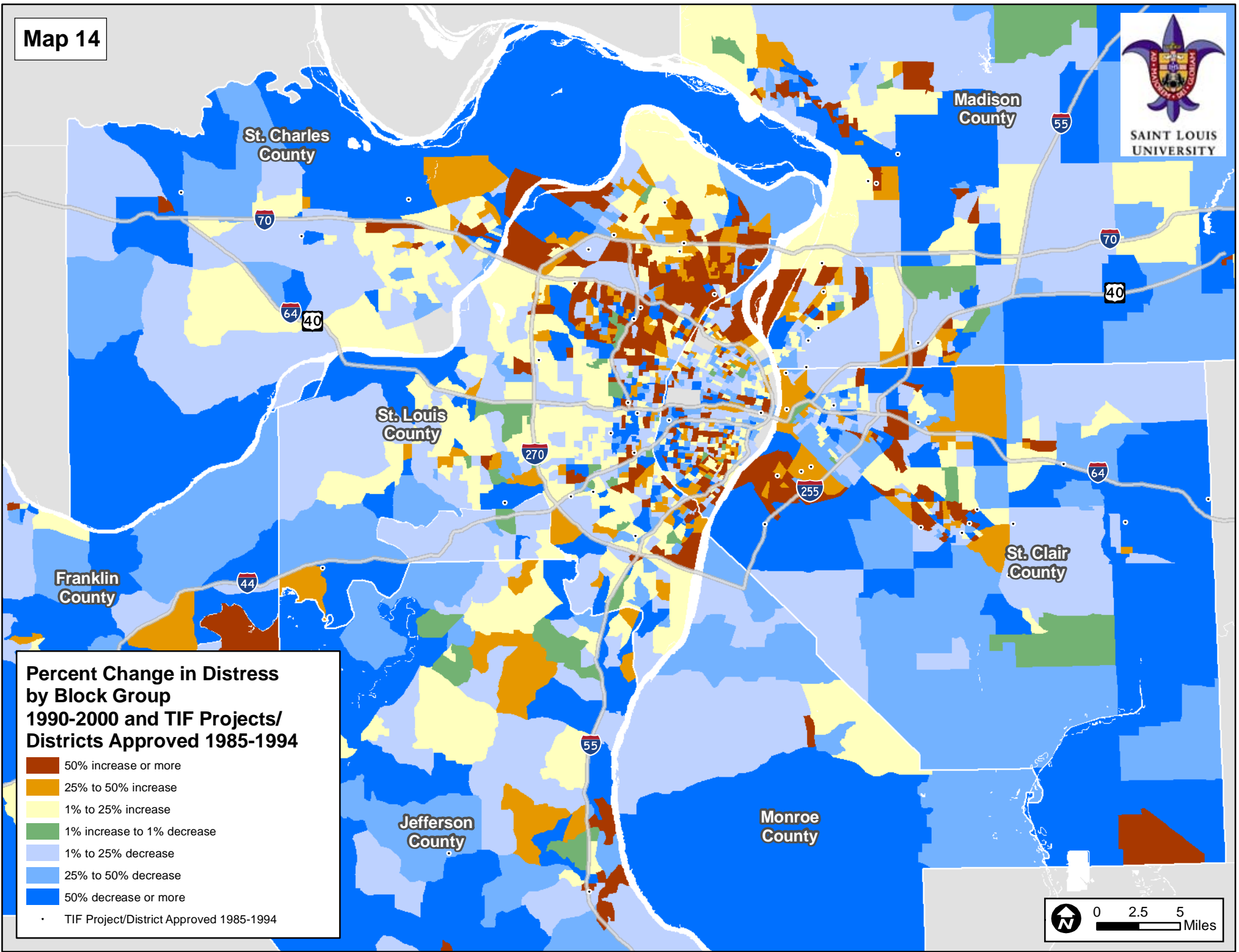
**2008 Distress Index  
by Block Group and TIF Projects/  
Districts Approved 2005-2006**

- |   |   |  |
|---|---|--|
|   | 4th quartile above mean                   | <b>More Distressed<br/>Than Region</b> |
|   | 3rd quartile above mean                   |  |
|   | 2nd quartile above mean                   | <b>Regional<br/>Average</b>            |
|   | 1st quartile above mean                   |  |
|   | 1st quartile below mean                   |  |
|   | 2nd quartile below mean                   | <b>Less Distressed<br/>Than Region</b> |
|   | 3rd quartile below mean                   |  |
|   | 4th quartile below mean                   |  |
|  | TIF Projects/Districts Approved 2005-2006 |  |












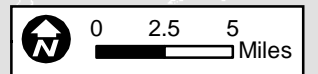
Map 14



**Percent Change in Distress  
by Block Group  
1990-2000 and TIF Projects/  
Districts Approved 1985-1994**

-  50% increase or more
-  25% to 50% increase
-  1% to 25% increase
-  1% increase to 1% decrease
-  1% to 25% decrease
-  25% to 50% decrease
-  50% decrease or more

• TIF Project/District Approved 1985-1994



Map 15

