

# WHAT IS TAX INCREMENT FINANCING? (TIF)



The Missoula Redevelopment Agency (MRA) uses TIF to create a new revenue stream that funds critical community improvements. TIF is a tool that can be used in an urban renewal district. Follow the flow of the river from 1 to 7 to see how it works.

## WHERE DO PROPERTY TAXES GO?

Property taxes are split among many entities like the City, the County, and the School Districts. About 30% of your property taxes go to the City.

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ORIGINAL REVENUE

## FUNDING COMMUNITY NEEDS

MRA staff works with the community to make a plan that reflects the needs and ideas of residents, landowners, and businesses. City Council creates a district to help a struggling area recover and grow.

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## TWO REVENUE STREAMS

Once a district is formed, the City, County, and the School Districts continue to receive the same revenue stream from property taxes (from the day the district was created until the district ends). The life of a district is determined by state law.

When new development happens in the district and a property is improved, taxes on that property go up. The difference between the old tax amount and the new tax amount is called the tax increment and it creates a new revenue stream. This money is placed in a fund for further investment in that district.

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ORIGINAL REVENUE

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TAX INCREMENT REVENUE

## PUBLIC/PRIVATE PARTNERSHIPS MAKE THE FUND GROW

Early in a district's life, the MRA encourages new private projects in the district by investing in parts of private projects that benefit the community. These investments include things like sidewalks, street lighting for safety, community infrastructure like water and sewer lines, environmental remediation, historic preservation, and deconstruction that keeps materials out of our landfill.

Investing in public/private partnerships is necessary to build the revenue to fund public projects later in the life of the district.

## PRIVATE DEVELOPMENT FUNDS PUBLIC PROJECTS

Over time, as the fund increases, the MRA puts those dollars to work funding public projects that would otherwise not be able to happen, without increasing the tax burden on property owners. Housing, parks, trails, and crucial neighborhood infrastructure are now possible.

7

PERMANENT INCREASED REVENUE

## AT THE END OF A DISTRICT, THE REVENUE INCREASE GOES TO THE CITY, COUNTY, AND SCHOOL DISTRICTS

When the district ends, the two revenue streams come back together. The City, County, School Districts, and other taxing entities continue to get their original tax revenue plus the new revenue created by the improvements in the district. The community gets the added benefit of all the projects funded through the MRA's use of TIF.

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PUBLIC LIBRARY

## BLIGHTED AREAS NEED HELP

Some parts of Missoula suffer from a lack of housing, commercial development, and basic infrastructure such as streets, sidewalks, utilities, parks, and trails.

Without help, an area would suffer, resulting in lower property values. This would cause the fund for essential City services to get smaller and smaller.

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The Missoula Redevelopment Agency (MRA) is an agency of the City of Missoula. We prioritize types of projects based on overall City and community goals. We fund both public projects and public/private partnerships. In order to build the resources necessary to undertake public projects like housing, parks, trails, infrastructure, environmental remediation, etc., the MRA must leverage private investment by working with developers (large and small) in a district. The MRA is committed to funding projects that enhance the Missoula community values of livability, sustainability, and equity.

Here are a few examples of projects we have funded:



HOUSING



Before



AFTER

SOLSTICE & EQUINOX  
1515 & 1535 LIBERTY LANE

MRA Investment \$709,100  
Other Investment \$7,790,900

The Solstice and Equinox projects created two multi-use, residential/office/retail buildings on the site of a former bowling alley. The sixty-nine (35 Equinox, 34 Solstice) housing units accommodate a variety of family sizes and are permanently income-qualified. TIF funds were used in deconstruction of the bowling alley (much of the material was reused in the new buildings); asbestos abatement; construction of public streets, sidewalks, curbs, and gutters; extension of utilities to the site; and stabilization and landscaping of the riverfront trail.

“After” photo at left: © 2012 Chris Chapman

ECONOMIC VITALITY

TRAIL HEAD RIVER SPORTS  
2505 GARFIELD STREET

MRA Investment \$150,000  
Other Investment \$1,900,000

The longtime local downtown outdoor sports store, the Trail Head, split off its river sporting division to a new location in the long-vacant former Sears warehouse. To promote the conversion of the warehouse to retail space in Missoula’s midtown, the project received both a Facade Improvement Program grant (\$50,000) and a 10-year loan (\$100,000). The exterior improvements included the installation of windows from near ground level to the roofline along the northeast corner of the building in a highly visible statement that the building had converted to retail use.



AFTER



Before

PUBLIC BUILDINGS



Before



AFTER

MISSOULA PUBLIC LIBRARY  
455 EAST MAIN STREET

MRA Investment \$500,000  
Other Investment \$40,192,858

MRA’s contribution to the Missoula Public Library’s capital campaign assured that Missoula’s innovative new public library could be completed as designed, including community gathering spaces on the fourth floor. The new library is host to its partners Missoula Community Access Television (MCAT), SpectrUM Discovery Area, and Families First Learning Lab.

PUBLIC INFRASTRUCTURE

WYOMING STREET CONSTRUCTION  
CALIFORNIA STREET TO CREGG LANE

MRA Investment \$1,608,547

The MRA invested in crucial infrastructure that extended Wyoming street to connect with Cregg Lane to create a much-needed east-west link between Orange and Russell Streets. It also provided for the construction of primary utility mains essential for new development. The street design won national awards as a new “Complete Street” which includes enhanced bicycle and pedestrian facilities, traffic-calming techniques, on-street parking, historically appropriate streetlights, and street trees. This new infrastructure also gave a springboard to the conversion of the vacant Old Sawmill District property into housing, commercial, and public spaces.



AFTER



Before

HISTORIC PRESERVATION



Before



AFTER

UNION BLOCK RESTORATION  
127 EAST MAIN STREET

MRA Investment \$704,858  
Other Investment \$3,875,000

While upgrading the entrance of this historic, mixed-use downtown building, the owner found evidence of the building’s remarkable late-1800s Victorian architecture hidden by previous renovations. The MRA made a direct investment in the façade restoration based on the model used in the restoration of the Wilma and Merc Pharmacy buildings. The MRA required that a historic façade preservation easement be granted as a condition of its public investment.

PARKS & TRAILS

MONTANA RAIL LINK PARK & BITTERROOT BRANCH TRAIL  
2300 JOHNSON STREET

MRA Investment \$2,373,000

The MRA used TIF to purchase 12 acres in the Franklin to the Fort and Southgate Triangle neighborhoods, 4 acres of which became MRL Park. In addition to the purchase, TIF funding was used for environmental remediation, an extensive public process, and the subsequent construction of a much-needed neighborhood park on the land. The park includes a playground, multi-use court, community garden, open space lawn, picnic pavilion, restroom facility, and dedicated dog park. The adjacent trail also completes the final segment in the 50-mile world-class commuter and recreational trail between downtown Missoula and Hamilton, Montana.



AFTER



Before