



Is TIF Failing the “But-For” Test?

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www.richmondheights.org

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Tax-increment financing (TIF) is a development subsidy program abused all over Missouri, and especially in Saint Louis. See exhibit A: the [Boulevard development](#) in Richmond Heights, just east of the Galleria.

The development has been awarded [more than \\$30 million](#) in TIF over the years for the construction of high-end shopping, office, and luxury residential spaces in one of the most economically successful areas in the region. Just read [this](#) developer overview, which claims this part of Richmond Heights “forms the metropolitan area’s most successful and dynamic commercial and residential district.” The area [hardly looks like the “urban blight”](#) TIF was originally designed to remedy.

But there’s a recent development, beyond the (*ahem*) questionable use of subsidies in this area, worth touching on.

The most recent phase of the development was originally [estimated](#) to cost just shy of \$80 million. Back then, developers claimed the project was financially infeasible without TIF and other subsidies. But now the project’s [costs are up \\$20 million](#) and it’s still moving forward. But how can this be? How can a project that was infeasible at \$80 million be moving ahead when it is now

\$100 million?

Here are three theories:

1. The magnanimous developers decided they could part with an additional \$20 million of their own funds even though they claimed the original cost of their project was too high to burden privately.
2. The initial request for public assistance was far more than was actually required to move ahead, and so, the \$20 million setback can be easily absorbed. (Though I doubt any public assistance could be considered reasonable for this project.)
3. The developers were going to build their project with or without public assistance, but helped themselves to taxpayer cash because it was being offered.

This list may not be exhaustive; there may be other ways to explain the project going ahead. Nevertheless, if I were a betting man, I'd put my money on #2 or #3. Why? Because much of the [academic research](#) on TIF suggests developments will happen regardless of whether or not subsidies are awarded. The Boulevard development is consistent with this theory, and suggests that perhaps taxpayer handouts aren't as essential to economic growth as many public officials seem to think they are.

Tags:

- [TIF](#)
- [Richmond Heights](#)

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[4] <https://www.bizjournals.com/stlouis/stories/2005/11/21/story1.html>

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