

MEMORANDUM

From: Emma González Roberts
To: Mayor Wade Kapszukiewicz
Date: April 27, 2020
Re: Leveraging TIF for Equitable Economic Development in Toledo

The purpose of this memo is to provide recommendations for how Toledo can leverage Tax Increment Financing (TIF) to promote economic development and job growth. While the city has several active TIF projects, the tool should be used more transparently, substantially, and equitably.

In order for TIF to function optimally, the tool must be used intentionally and transparently. According to the Ohio Development Services Agency website, there are at least 16 active TIF projects in Toledo¹. Despite this active use, TIF is not listed as a program on the City of Toledo's Department of Economic Development page nor is it mentioned anywhere on the City of Toledo website. Toledo residents whose taxes make these TIF projects possible have the right to know how those projects were selected, how the money is being used, and what the outcomes of the projects are (e.g. number of jobs created, infrastructure improvements). This level of transparency will also prevent embarrassing, or worse, fraudulent mishandling of funds such as the event that took place in 2017 that led to a state audit of Toledo's finances².

Toledo should consider using TIF in a more substantial way. Only two TIF-funded projects are included on the 2020 budget: the Jeep Municipal Public Improvement TIF, authorized by City Council in 1998, and the Franklin Park/Westfield Municipal Public Improvement TIF, authorized in 2004³. While it is unclear exactly how these funds have been used, they bring in a combined revenue of \$5.3 million to the City's general fund, which is less than one percent of the City's total revenue of \$813 million. TIF projects can become a larger revenue stream for the City if used more broadly.

Given the City's current minimal usage of TIF, the City should expand the program slowly but surely. The city should begin by creating a list of relatively small projects that would produce anticipated tax increases somewhere in the range of \$2 to \$3 million annually. This scale would be comparable to the two active projects listed on the 2020 budget and could serve as a pilot for rolling out TIF more broadly in the future. Examples of projects that fit this bill could be an affordable housing development with a small number of units or a commercial corridor with several storefronts in need of revitalization.

Prioritize TIF spending in neighborhoods that have historically lacked investment. By diverting property tax money into specific development projects, TIF provides a unique opportunity to finance development projects in parts of the City that struggle to attract investment on their own. The City should work with community leaders to identify projects that specifically benefit Toledo's low income and working-class residents. As the program grows, the City should establish a TIF Investment Committee that is committed to expanding economic growth and advancing racial equity in Toledo.

By expanding TIF, setting clear goals for each project, and centering equity in decision making, Toledo can advance economic development in places most in need and create a future revenue stream. Please let me know if you need any additional information regarding these recommendations.

¹ "Tax Increment Financing Project Information." Ohio Development Services Agency.
<https://development.ohio.gov/OTETSearch/tif/default.aspx>.

² Mesina, Ignacio, 2017. "Toledo mayor asks for audit after \$8.2M sat idle for 5 years." The Blade.
<https://www.toledoblade.com/local/2017/07/26/Toledo-mayor-asks-for-audit-after-8M-sat-idle-for-5-years.html>

³ Ibid.

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