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Top 10 TIF Misconceptions – Creating Additional Project Value and Avoiding Costly Mistakes

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In this two-part series, we'll cover the top 10 misconceptions associated with Ohio Tax Increment Financing (TIF). TIF is a funding vehicle for public infrastructure and sometimes site improvements. Below are the first five misconceptions. Look for the second five in the Summer 2017 issue.

Misconception 1: Residential improvements can no longer be exempted under TIF statutes. Although restricted in recent years, most political subdivisions can still TIF both existing and future residential improvements. There is more flexibility when an area is within a blighted area of an impacted city.

Misconception 2: TIF requires the consent of property owners. Consent is not required for most types of TIF. However, there are notice and hearing requirements for incentive district TIFs when a political subdivision intends to file the TIF exemption application.

Misconception 3: TIF must be accompanied by an issuance of public debt. This is not required under most TIF statutes. However, debt issuance is required under the urban renewal debt retirement TIF.

Misconception 4: TIF service payments can be used for only public infrastructure improvements. Private improvements can be funded with certain types of TIF, generally when a municipality is engaged in urban redevelopment. Incentive district TIFs can be used for private housing renovations when there is at least one commercial project in the TIF district. Lastly, the definition of "public infrastructure improvements" is broad – for example, the definition includes land acquisition.

Misconception 5: Public infrastructure improvements constructed with TIF funds must be adjacent to or contained within the TIF area. There are no precise geographic requirements.