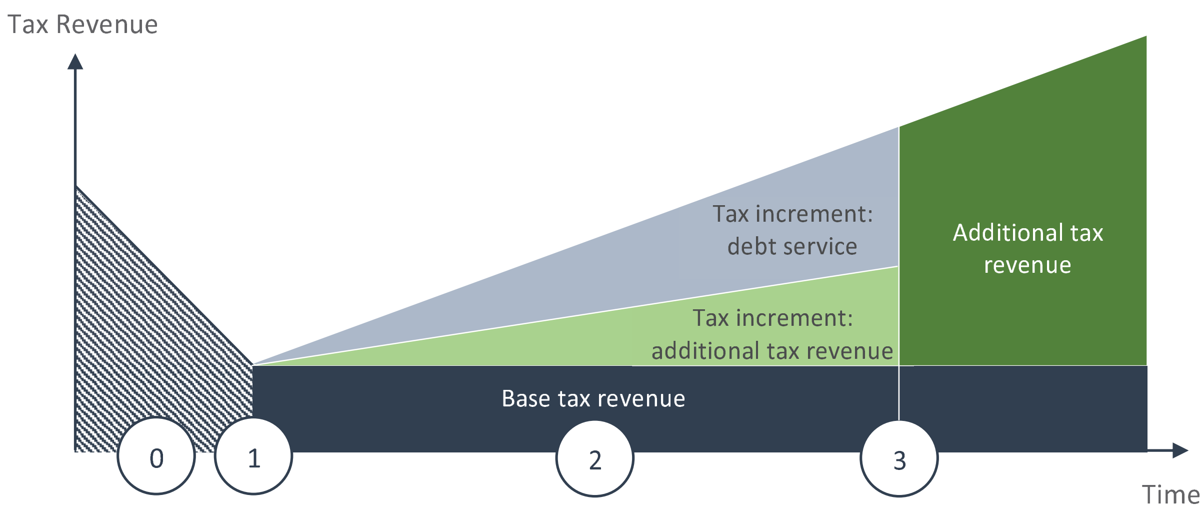
CONCEPT INVEST · LEVERAGE · CREATE

Tax increment financing is a public financing tool utilized by the URA to foster large-scale redevelopment in the City of Pittsburgh that would otherwise not be financially feasible. The following illustrates the life cycle of a typical TIF project.

0 **Property values decline or stagnate**. Tax increment financing primes infill sites for private investment that have significant barriers to development, such as inadequate infrastructure, environmental contamination or blighted properties.

1 **Project infused with public and private investment.** Public infrastructure, such as streets, bridges, or parks, is partially financed through the issuance of revenue bonds or bank loans and are repaid by future increases in tax revenue resulting from the new development (tax increment). The TIF debt is typically backed by some form of security in addition to the pledged tax increment, such as a bank letter of credit or minimum payment agreement with the developer.



2 **Completed real estate development generates tax increment.** Projects within the TIF boundaries generate increased tax revenue, a portion of which is diverted to service the TIF bond or note (maximum 20 year term). The base tax revenue continues accruing to the taxing bodies.

3 **Entire tax increment accrues to taxing bodies.** Upon full repayment of all TIF debt, taxing bodies receive the full tax increment in perpetuity.

Value capture tools that are similar in concept to TIF and utilized by the URA include Parking Tax Diversion, Transit Revitalization Investment Districts and the Local Economic Revitalization Tax Abatement.