

Pittsburgh Post-Gazette

Forum: Wholesale use of retail TIFs

A development tool designed to serve blighted areas has been hijacked
excerpt

Sunday, October 13, 2002

By Jake Haulk and Eric Montarti

Beyond the misuse of blight to get a TIF subsidy, the trend toward subsidizing retail establishments is extremely worrisome. There is only so much consumer spending power in a community. If new retailers get a subsidy, they are in effect given an unfair advantage over the area's existing retailers. Jobs created at the new site are likely to be accompanied by loss of jobs at other nonsubsidized retailers in the region.

The danger is that with every new retail TIF project, pressure will mount for neighboring communities to respond by offering their own TIF projects for new or existing retailers. Potential serious overbuilding of retail space is almost inevitable, further eroding the viability of existing strip malls and shopping districts with the accompanying decline in property values and erosion of tax base.

Retailing is constantly reinventing itself and the ways it serves its customers. There will be ups and downs naturally in the market sites over time.

But shopping venue cycles should be left to the interplay of private market forces. Government involvement will almost certainly produce undesirable, unintended consequences. A region that needs to grow a real economic base cannot hope to do that with retail subsidies. There is no export component and there is no multiplier effect. Retailing is a dead-end development strategy.