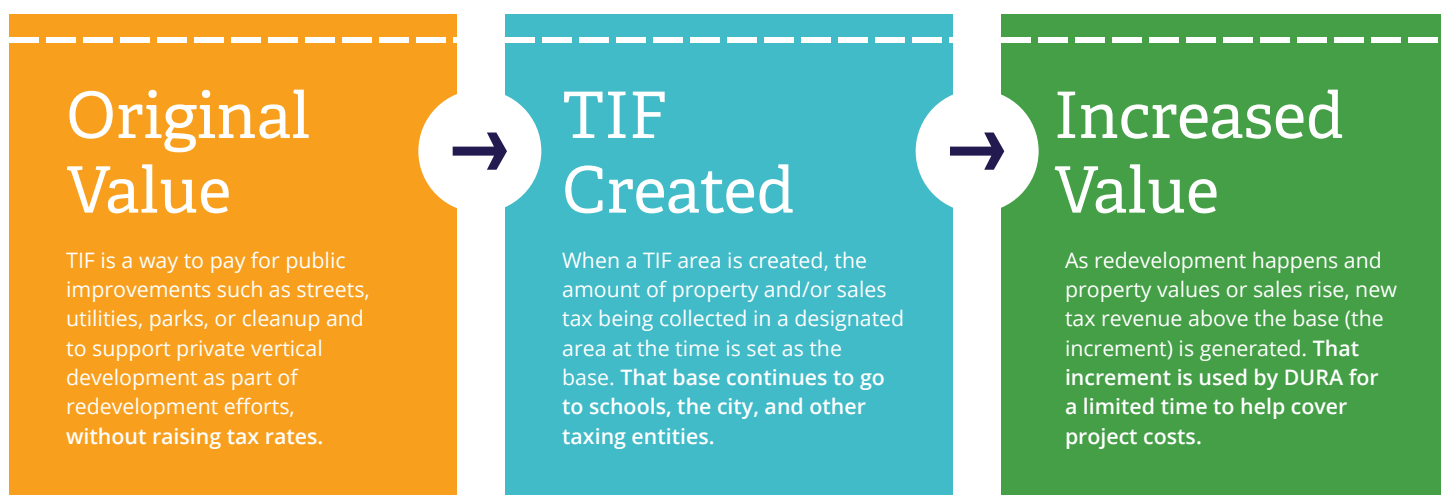


# TIF Explainer

The Denver Urban Renewal Authority (DURA) often uses tax increment financing (TIF) to help make community improvement projects possible that wouldn't happen on their own. Here's how it works.

## What is Tax Increment Financing (TIF)?

TIF uses the growth above today's tax base to help pay for redevelopment, without raising tax rates.



## Why Use TIF?

Some sites are too costly to redevelop without help – either because of complex infrastructure needs, adaptive reuse components, contamination or other barriers. TIF allows projects that grow the tax base and bring new amenities, jobs, and services to move forward by closing that financing gap.

There is **no minimum or maximum dollar amount** for TIF. The amount DURA provides is based on **three limits**:

- 1. The Financing Gap:**  
How much money the project needs to fill its shortfall.
- 2. The TIF Capacity:**  
How much new tax revenue the project is expected to generate.
- 3. Eligible Costs:**  
Only the public-purpose expenses allowed.

**i** The actual TIF award is always the smallest of these three amounts.

### Does TIF Raise My Taxes?

**No. TIF does not increase anyone's tax rate.**  
It only uses new revenue growth that comes from rising property values and sales tax that is typically generated from improvements in the area.

## How Does DURA Get Brought In?



- **Projects get proposed:** Redevelopment ideas may come from the City (Community Planning and Development, Mayor's Office, City Council members), neighborhood groups, or private developers.
- **City Council approves the area and authorizes the use of TIF** by adopting an Urban Renewal Plan.
- **DURA acts as financial manager to:**
  - **Negotiate** directly with the developer to decide which costs qualify for TIF, how much support the project can generate, the financing type (reimbursements or bonds), and project delivery schedule.
  - **Structure** the repayment terms with developers, lenders and bond counsel and confirm that all payments would come only from new tax revenue.
  - **Manage** the flow of tax increment over time by tracking collections, making payments to the developer or bondholders, and reporting results to the public.
  - **Close out** the TIF area once obligations are fully repaid so all new revenue flows permanently to schools and local services.
- **Development and improvements then move forward**, always within the limits of what the project generates.

## Who Decides Where TIF is Used?



### Public Input

Is a required part of the process through hearings before adoption.



### City Council

Must approve an Urban Renewal Plan, which sets the boundaries of the TIF area.



### DURA

Manages the financing once the plan is approved.

# Who Sets and Approves the Boundaries and Terms?

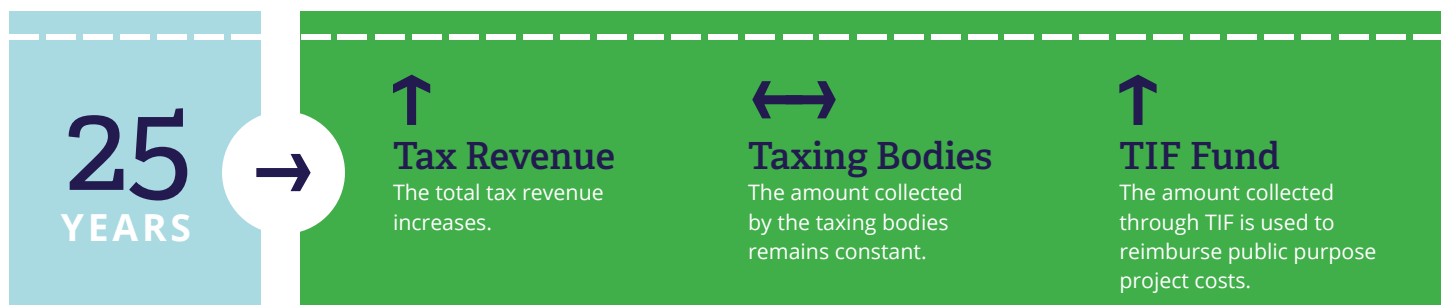
BOUNDARIES	TERMS
<p><b>DURA &amp; City staff propose:</b> Boundaries are drawn in the urban renewal planning process, led by DURA and the City, and must meet a minimum requirement of being within a study area that shows the presence of “blight” (e.g. deteriorated buildings, poor infrastructure). They cannot extend beyond that study area.</p>	<p><b>DURA negotiates:</b> After Council approval, DURA and the developer determine eligible costs, TIF amount, reimbursement or bond structure, and duration (up to 25 years, often less).</p>
<p><b>City Council approves:</b> The Denver City Council holds public hearings and must vote to approve both the boundaries and the overall Urban Renewal Plan. Without Council approval, there is no TIF area.</p>	<p><b>DURA Board approves:</b> The Board signs off on the financing agreement.</p> <p><b>City oversight:</b> In some cases, especially larger projects, City Council may also review and approve key terms.</p>

# How is TIF Used to Pay for a Project?

Because costs for a new development or improvement come before new revenue, DURA uses two main approaches:

APPROACH	HOW IT WORKS	KEY TAKEAWAY
<p><b>Reimbursements</b></p>	<p>The developer pays for eligible improvements up front, and DURA pays them back over time from the new tax increment.</p>	<p>Repayment depends entirely on project revenue. If no increment is generated, the developer or bondholder is not reimbursed.</p>
<p><b>TIF Bonds</b></p>	<p>DURA issues bonds to raise money for improvements right away, repaid later from the increment.</p>	<p>While it's rare for a project to generate no new revenue, agreements are structured to make sure DURA and the City's general funds are not at risk.</p>

## How Long Does TIF Last?





A particular TIF area can last up to 25 years, but many are shorter. Once the costs are repaid, the area ends, and all taxing entities begin receiving both the base and the new tax revenue permanently.


## What About Schools and Other Services Who Rely on Tax Revenue in the TIF Area?

Schools, and other local entities keep the same revenue they were getting when the project started. DURA negotiates agreements with these entities as part of the TIF process, so they maintain their funding and any additional service requirements are addressed during the TIF term. Once TIF obligations are repaid, they benefit long term from a larger revenue stream than if no redevelopment had occurred.

## Key Takeaways

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TIF is not a new tax. DURA only uses new growth in tax revenue generated in the designated project area to finance projects.
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Schools and other services keep their base funding and gain long-term funding once the TIF ends.
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Communities benefit from infrastructure, cleanup, and reinvestment that would not otherwise happen.

### Still have questions?

DURA holds public meetings and provides annual reports on TIF projects. Learn more at [renewdenver.org](https://renewdenver.org) or attend a community meeting.