

## LANCASTER NORTHWEST GATEWAY TIF: MAKING A CASE



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City of Lancaster and the James Street  
Improvement District

October 2008



Econsult Corporation was retained by the City of Lancaster and the James Street Improvement District to prepare an economic analysis of Tax Increment Financing (TIF) as a tool in the continued development of the City's Northwest Gateway. The City of Lancaster was considering legislation to establish a TIF district to finance certain public capital improvements necessary to accomplish the development envisioned in the Master Plan for Lancaster's Northwest - A New Gateway.

This report provided Lancaster City officials with a discussion of general arguments used either in favor of or in opposition to the use of TIF as a method to raise capital to invest in the public infrastructure and to encourage private real estate development. It then analyzed data provided by Lancaster City officials in light of these general arguments.

Specifically, our analysis compared the potential economic and fiscal impacts of a forecasted "no TIF" scenario with the potential impact of the "TIF" scenario to estimate the value to the City of Lancaster and the Commonwealth of Pennsylvania from the proposed subsidies. We considered new development projects themselves and the spillover effects they might have on neighboring residential and commercial parcels, and produced parallel estimates of TIF proceeds and tax revenues generated under both scenarios.