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**Victory Center: Triumph of the Misuse of Power**

Like a ripple caused by throwing a pebble into a pond, the use of tax increment finance in southwestern Pennsylvania is spreading outward from its epicenter in Pittsburgh. Used extensively in the City in the 1990s, more recent uses of the development financing tool have occurred in the suburbs of Allegheny County--Harmar, Frazer, Ohio, and Homestead to name a few. In all cases, the suburban developments have been geared toward retail centers.

Now there is a proposal to use a TIF package for a \$365 million development called Victory Center in South Strabane, Washington County. Though in a different county, it contains some of the objectionable qualities of previous misguided TIF proposals.

First, the development plans to use 333 acres of a site that is uninhabited and wooded, calling into serious doubt whether the site could ever receive a legitimate "blight" designation, thereby qualifying it as in need of redevelopment. Indeed, if the site is determined to meet one of the six statutory criteria of blight, it will most likely be the overly broad "economically and socially undesirable land use" criterion. Second, it is a retail project, which will create mostly low-paying jobs and subsidized competition for existing retailers in the county and region. Third, the proposal outlining the development does not detail the costs associated with land acquisition or excavation and clearing of the site.

Nevertheless, the Trinity Area school district and the Washington County Commissioners have already opted to participate in the plan, and approval from the municipality is probably not far behind, even though they are buying a pig in a poke.

It is surprising that a TIF project would surface in Washington County, which has relatively low property tax levies. The County appraises property based on 1981 values and assessments are set at 25 percent of appraised values. The levies for school, county, and municipal property taxes generate a fraction of the revenue comparable properties in Allegheny County would produce. Ironically, the relatively low property taxes in Washington County severely limit the usefulness of tax increment financing as a way of raising funds for development.

For that reason, the developers also plan to create an improvement district under the authority of the Neighborhood Improvement District (NID) Act of 2000. This will allow the developers to levy a special assessment on the tenants of Victory Center that will be used to service an additional bond issue to fund project costs.

It is absurd that the developers would be granted a tax increment finance package on a parcel that is not blighted by any stretch of the imagination and is outside of the "urban areas of the Commonwealth" where the TIF statute envisioned the tool would be used. It is doubly absurd

that local officials would consider granting permission to create a NID for an area where there is no neighborhood.

In fact, it is downright shocking that officials would not raise concerns about how an act geared toward helping established neighborhoods will work in a new retail development. The intent of the NID act was to enable neighborhoods to enhance existing municipal services in communities that have no capacity to raise taxes. Then too, there are issues such as the governance of the district, which has to be handled by an authority or a non-profit. Who will this be? And how will the plan get around the fact that assessment fees under the NID have to "sunset" after five years? It is apparent the developers view the NID as a way to raise money as a bond-financing vehicle, not as a way of turning around a deteriorating neighborhood.

The Victory Center project violates the spirit and intent of both the Neighborhood Improvement District Act and the Tax Increment Finance statute. But it is unlikely that the violations will stop the development.

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