



National grocery chain and Oregon brewery receive TIF grants from Boise's CCDC

Eric D. Dixon / August 20, 2012

Boise's urban renewal agency, the Capital City Development Corporation (CCDC), has approved national grocery chain Whole Foods and Oregon brewery 10 Barrel Brewing for hundreds of thousands of dollars in grant funding from tax-increment financing (TIF) to redevelop "streetscapes" and sidewalks surrounding their forthcoming businesses in downtown Boise. The CCDC says that public-funded projects like these help to "grow our local economy," but some critics suggest that the agency has too much funding discretion and a lack of accountability in its economic development claims.

Whole Foods will benefit from an approved CCDC grant for \$300,000 that will "include street work on Avenue B, streetscape improvements along the major public streets, and utility work," wrote Todd Bunderson, economic development director and chief financial officer for the CCDC, in an email to *IdahoReporter.com*.

The 10 Barrel Brewing development is already the beneficiary of [a lease agreement with the Idaho Division of Lands \(IDL\)](#), and will see the value of its immediate surroundings increase through public infrastructure funding that "includes sidewalk, design/construction/permits, curb extension, two trees/grates, irrigation, one light pole, one bike rack and a bench at an estimated cost of \$75,491." Bunderson said that this particular project [is part of a larger plan](#) that encompasses nearby blocks, and had been planned last year before the brewery expressed interest in the property—although well after the IDL had purchased the building it is leasing to the Oregon brewery.

The lease arrangement between 10 Barrel and the IDL has been in the works for months, but a recent wrinkle has developed that could prevent it from taking effect after all. The company is having trouble obtaining a license to run an Idaho-based retail brewery while also holding an Alcohol Beverage Control certificate allowing it to import beer from outside the state. Idaho law does not allow an out of state company to sell alcohol at its Idaho establishment while licensed as an importer.

[Idaho statutes](#) allow cities and counties to create urban renewal agencies, and grant such agencies the power to create special taxing districts in order to redevelop “blighted” urban areas. The statutes, however, do not define what constitutes blight, leaving local jurisdictions and their urban renewal agencies broad discretion in determining what constitutes a blighted area, and what, if anything, should be done to fix it.

Broad discretion over the use of tax dollars makes it difficult to determine the motivation behind the selection of projects deemed worthy for public funding. Although Bunderson was forthcoming with details about funded projects when asked via email, a question from *IdahoReporter.com* asking for details of projects that have been turned down for grant funding, and the reasons for CCDC’s disapproval, remains unanswered a week and a half later.

Mike Hall, director of development for CCDC, said that although picking and choosing who will receive a grant and who won’t is meant to be a fair process, ultimately the agency can approve or decline infrastructure funding within an urban renewal district for any reason it chooses.

“It’s something that’s certain and doesn’t require a lot of negotiation,” Hall said. “It tries to treat people equitably, so it’s not a case where one person gets a grant, but the other person doesn’t because CCDC liked one guy’s project better than the other. It’s not intended to be that discretionary. On the other hand, the board does have the discretion to say, ‘We are not going to issue a grant.’” Hall declined to elaborate on which types of projects are declined for funding, and why. “That’s really hard to say,” Hall said. “Yeah, I don’t even want to speculate on that.”

Bunderson’s email reiterated the agency’s wide decision-making latitude.

“Generally projects must be consistent with urban renewal plans and be done according to Boise City streetscape standards,” Bunderson wrote. “Grant funding is for legally reimbursable public improvements up to a cap. Grants must be applied for and are awarded at the discretion of the Board.”

That discretion allows for arbitrary personal preferences and allegiances to govern the use of tax dollars, according to planning critic Randal O’Toole, who works out of Oregon as a senior fellow for the Cato Institute, a think tank based in Washington, D.C. [He wrote that](#) “urban planners use TIF to practice social engineering, promoting developments that may be less marketable but which follow the latest urban-planning fads,” like the current trend for high-density, mixed-used development of the type that urban planners routinely demolished a few decades ago.

CCDC says that its funding for public infrastructure promotes economic development, but the agency does not consistently undertake cost-benefit analyses to determine whether a particular expense is likely to generate a proportionate public benefit.

“There are cases where we might do more of an analysis of the project in terms of its costs and benefits, but for the streetscape grant program, we generally don’t do that,” Hall said.

O’Toole suggested that one reason urban development agencies don’t rigorously analyzes costs in relation to potential benefits is that their rhetoric about economic development does not match reality.

“Indeed, studies show that TIF is at best a zero-sum game,” O’Toole wrote. “In other words, the developments stimulated by TIF-supported urban renewal projects would have happened somewhere in the urban area. At most, all TIF does is relocate those projects to the redevelopment district. thus, TIF does not increase the level of economic growth or the taxes generated by that growth, all it does is direct some of those taxes to the redevelopment agency—and, in turn, to developers—rather than to schools and other tax entities.”

O’Toole also wrote that “elected officials use TIF to engage in crony capitalism, that is, to provide tax subsidies to favored developers. This reduces the risk to developers, who naturally respond by making campaign contributions to the officials when they run for re-election.”

A lack of disclosure and accountability regarding the criteria used in determining how tax dollars will, or will not, be spent has led some activists to call for abolition of Idaho’s urban renewal laws. Rachel Gilbert, a former legislator from Boise and president of the Tax Accountability Committee, a government watchdog group, said at a recent meeting in Nampa that she thinks the statutory provision allowing urban renewal districts should be abandoned altogether.

“I still think, someday—not this year, probably—but someday it’s going to have to be repealed,” Gilbert said.

Paul Alldredge, editor of the Boise Guardian, agreed and pointed out that Idaho Supreme Court rulings have indicated that legislative action would be required for such a repeal, so he believes Idahoans need to pressure lawmakers for such a change.

“It really is incumbent upon everybody to ask anybody running for public office where they stand on urban renewal,” Alldredge said. “That’s where the change will happen.”