

Tax Increment Financing (TIF)

The Tax Increment Financing (TIF) program allows the District of Columbia to sell bonds backed by a development's future taxes, with the bond money helping to pay the developer's construction costs. TIFs are designed by earmarking the new real property and sales taxes generated by redevelopment through the establishment of a TIF area. The District has used its TIF laws to support infrastructure and public space improvements as well as provide incentives to private developers investing in key redevelopment projects. The District has established TIF areas at Gallery Place, DC-USA, and the City Market at O Street, among others.

To review sections of the [DC Code](#) related to TIF, see Title 2, Chapter 12, Subtitle IX.

Retail Tax Increment Financing (Retail TIF)

The Retail Incentive Act of 2004, as amended, authorizes the issuance of TIF bonds to promote retail development in “Retail Priority Areas” designated by the Mayor. The act further designated the “Downtown Retail Priority Area” as the following area: 7th Street, NW, between Indiana and Massachusetts Avenues, NW; 11th Street, NW, between Pennsylvania Avenue, NW, and New York Avenue, NW; F Street, NW, between 6th and 15th Streets, NW; and G Street, NW, between 10th and 13th Streets, NW. Certain real property and sales tax revenues from stores located in a designated retail priority area may be pledged to repay the authorized bonds.

The District has used Retail TIF bonds in the Downtown Retail Priority Area to incentivize the location of several apparel shops and entertainment destinations in the District’s downtown core. Subsidies of up to \$5 million have been provided to defray the cost of tenant improvements. Additionally, the District has designated Retail Priority Areas along several “Great Streets” corridors as well as in the Fort Lincoln area.

To review sections of the [DC Code](#) related to Retail TIF, see Title 2, Chapter 12, Subtitle IX-A.

Payments In Lieu of Taxes (PILOT)

The Payments In Lieu of Taxes Act of 2004 (PILOT Act) authorizes the issuance of bonds to finance development projects in the District, including the development, redevelopment, and expansion of business, commerce, housing, or tourism, or the provision of necessary or desirable public infrastructure improvements. The Act further authorizes the Mayor to enter into PILOT agreements and allows the District to pledge such PILOT payments to repay the PILOT bonds. PILOT payments are paid to the District in the same manner as real property tax payments. The PILOT Act has been used in conjunction with development projects located on land owned or formerly owned by the U.S Government, the District of Columbia Housing Authority, and the Washington Metropolitan Area Transit Authority.

To view the PILOT Act provisions in the [DC Code](#), see Title 1, Chapter 3, Subchapter IV, Part E.

Tax Abatement Financial Analysis (TAFA)

The District of Columbia Council may consider tax relief for properties not qualifying under existing provisions of District law. In such cases and prior to a Council hearing, EDF prepares a tax abatement financial analysis (TAFA), as per the Exemptions and Abatements Information Requirements Act of 2011. TAFAs include an EDF review of financial and property information submitted by the entity that would receive the proposed tax exemption or abatement. For existing buildings and proposed projects, EDF provides an advisory opinion as to whether the recipient could be reasonably expected to meet its fiscal needs in the absence of the proposed exemption or abatement. TAFAs will include an estimate of the amount of exemption or abatement, if any, that would be necessary for the project to be financed.

To view the exemptions and abatements information requirements in the [DC Code](#), see Title 47, Chapter 47.