

## Example of how Tax Increment Financing works

### Concept:

The NEW Taxes generated by redevelopment are “captured” by the BRA and used to reimburse the developer for the cost of eligible activities.

*(Note: the local community does not lose the current, baseline taxes from the properties)*

### Example:

- Existing taxable value = \$50,000
- Taxable value following the development = \$100,000
- Incremental Value difference of \$50,000

Eligible Activity	Estimated Cost*
BEA	\$25,000
Remediation	\$75,000
Site Preparation	\$50,000
<b>Total costs</b>	<b>\$150,000</b>

\*costs are only estimates only used for purpose of example

- In order to reimburse the costs of the eligible activities the new generated taxes on the property will be captured for 3 years.

$$\$50,000 \times \mathbf{3 \text{ years}} = \$150,000$$