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CIVIC FEDERATION URGES TIF DISCLOSURE IN MUNICIPAL BUDGETS
Continues to Support TIF as an Economic Development Tool

(CHICAGO) The Civic Federation released an updated report on the role of Tax Increment Financing (TIF) as a municipal development tool today. The report and position statement updates the Federation's 2001 TIF report and includes recommendations to strengthen public reporting and make TIF more transparent. The Federation's policy position and updated TIF report are available on our website, www.civicfed.org.

One of the report's conclusions is that tax increment financing is an important economic development tool that has generated significant benefits for Illinois municipalities and citizens. In an era of declining federal and state development funding, TIF remains the most important local economic development tool for municipalities. The Civic Federation has found, however, that municipalities often do not provide adequate information to the public about TIF. The public deserves to be able to easily find out where hundreds of millions of their tax dollars are going. For example, over $386.5 million was generated by Chicago TIF districts in 2005 alone. Therefore, the Federation makes three primary recommendations to improve transparency in TIF reporting:

- Full financial information about TIF districts should be included in all municipal budgets;
- All municipalities should make complete information about TIF districts and TIF projects readily available electronically on the internet; and
- Each TIF district should be required to undergo a comprehensive public review every ten years.

"There is substantial misinformation out there about TIF," said Laurence Msall, president of the Civic Federation. "This study and position paper are intended to clear the air about how TIF affects taxpayers and taxing bodies." The Federation found that, contrary to popular belief, the <u>**major impact of TIF is on taxpayers, not other government taxing bodies**</u>. TIF has a direct fiscal impact on property taxpayers, leading to tax rates that are higher than they would have been in the absence of a TIF district. TIF freezes the Equalized Assessed Value (EAV) within a taxing district for all overlying government taxing bodies. EAV is the denominator in the tax rate calculation, and a smaller denominator means a higher tax rate, which increases the amount taxpayers initially pay compared to what they would have paid without the TIF.

It is **incorrect** to state that TIF causes tax increases, however. The Civic Federation recognizes that most municipalities must fund infrastructure and economic development goals somehow and without TIF, such funds would likely come from alternate sources, such as fees, sales taxes, or even property taxes. Eliminating TIF would not necessarily lead to lower taxes unless municipalities curtailed their development programs or eliminated them entirely.

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The Civic Federation found that the impact of TIF on non-municipal taxing bodies in Cook County is not as dire as opponents of the development tool often claim. Our analysis demonstrates that two out of the three types of property tax funded jurisdictions, including all jurisdictions in Cook County, are not significantly negatively impacted by TIF.
Home rule governments, such as Cook County government are not impacted or limited by TIF whatsoever because they are not subject to tax caps and are able to levy for additional revenue as needed. Tax capped non-home rule governments, such as Chicago Public Schools, are only minimally affected by TIF because existing state tax cap law restricts governments' property tax extensions regardless of changes in property value that TIF captures. These governments only "lose" the revenues going to the TIF that are created by the fraction of new construction that *would have occurred in the absence of TIF*.

Only non-home rule jurisdictions in counties without tax caps, such as LaSalle County, are significantly negatively impacted by TIF because they are subject to tax rate limits. TIF slows EAV growth rates, thereby increasing tax rates (as described above), and therefore may cause such governments to reach their tax rate limits faster than they would have otherwise and forego revenues.

TIF FACTS:

- In Illinois, both counties and municipalities may utilize TIF financing.
- In 2006, there were a total of 998 TIF districts in Illinois.
- Approximately 373 of all TIF districts were located in Cook County, 105 were in the five Collar Counties (DuPage, Kane, McHenry, Lake and Will Counties) and 520 were located in the State's other 96 counties.
- The City of Chicago's TIF districts represented 14.0% of the statewide total in 2006.
- Between 2004 and 2005 (the year for which the most complete data are available), the EAV of all 136 then-existing Chicago TIF Districts increased by 12.7%, or about $1.3 billion in dollar growth.
- Chicago TIF District Facts:
    - 4991.3% increase in amount of taxes generated between 1986 and 2005
    - Taxes generated increased from $7,591,500 to $386,502,771
    - Growth in total increment for all Chicago TIF districts between 1986 and 2005: $6.3 billion or 34,705%
    - Growth in total EAV for all Chicago TIF districts between 1986 and 2005: $11.4 billion or 15,661%
- Central Loop District TIF (created 1982 and expanded 1997)
    - Current EAV (2005): $2,603,135,368
    - Fund Balance (2005): $202,190,201
    - Total Increment to Date (2005): $1,617,843,214

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TAX INCREMENT FINANCING (TIF)

A Civic Federation Issue Brief

See also the related Civic Federation Position Statement on Tax Increment Financing

Prepared By

The Civic Federation

November 12, 2007

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EXECUTIVE SUMMARY

Tax increment financing (TIF) is a financial mechanism that is widely used by municipalities and other governments to promote economic development and redevelopment. The use of TIF is intended to generate economic development activity that would not have occurred "but for" the incentives offered. In Illinois, both counties and municipalities may utilize TIF financing.

The TIF Process

TIF may utilize property, sales or utility tax revenues. A specifically defined district is first established by a municipality or a designated development authority.

With sales and utility tax TIF districts, increases in revenues generated within the district boundaries above a frozen baseline are used to pay for development costs, such as land acquisition, site development, public works improvements, and debt service on bonds to fund improvements within the district.

In property tax TIF districts, the total equalized assessed valuation (EAV) within the district at the time of creation is measured and frozen. Then, revenues from the incremental growth in property tax revenues over the frozen baseline amount are used to pay for redevelopment costs. Once a development project is completed and has been paid for, the TIF district is dissolved and the tax base is returned to full use by all eligible taxing bodies. In Illinois, TIF is authorized for a period of up to twenty-three years, with the possibility of renewal for an additional twelve years.

The Extent of TIF in Illinois

In 2006, there were a total of 998 TIF districts in Illinois. Approximately 105 of all TIF districts were located in the five Collar Counties (DuPage, Kane, McHenry, Lake and Will Counties), 373 were in Cook County and 520 were located in the State's other 96 counties.[1]

TIF in Chicago

As of this writing, the most complete TIF fiscal data available were from 2005. Between 2004 and 2005, the EAV of all 136 then-existing Chicago TIF Districts increased by 12.7%, or about \$1.3 billion in dollar growth.[2] This is an increase from \$10.1 billion in 2004 to \$11.4 billion in 2005. The frozen valuation of the City of Chicago TIF Districts increased by 1.1%, or approximately by \$57 million; this was due to the creation of new TIF districts in 2005. This is an increase from \$5.0 billion in 2004 to \$5.1 billion one year later. The value of citywide TIF district increment increased by 24.2%, or about \$1.2 billion. This is an increase from \$5.1 billion in 2004 to \$6.3 billion in 2005.

[1] Information provided on the Illinois Tax Increment Association Web site at http://www.illinois-tif.com/laws.htm.
[2] In 2006, there were a total of 140 Chicago TIF districts.

City of Chicago Tax Increment Financing Districts
Changes in Value of Property 2004-2005

Year	Total EAV	Frozen Valuation	Increment
2004	$ 10,174,159,518	$ 5,070,674,805	$ 5,103,484,713
2005	$ 11,466,144,207	$ 5,128,046,966	$ 6,338,097,241
Growth in Dollars:	$ 1,291,984,689	$ 57,372,161	$ 1,234,612,528
% Growth	12.7%	1.1%	24.2%

Source: Cook County Clerk. *Tax Agency Reports* , 2004 and 2005.

A Civic Federation review of 44 major projects in 10 City of Chicago TIF districts (including the Central Loop TIF district) shows that 35 of the projects initiated had been completed by 2005. A total of $242.6 million in public investments in these projects from TIF funds generated over $1.1 billion in private investment.[3] As these figures suggest, TIF can and does generate economic activity. In these cases, each dollar of public investment generated $4.68 of private investment.

The Civic Federation's Major Findings

The Impact of TIF on Property Taxpayers

The use of tax increment financing leads to tax rates for overlying taxing districts that are higher than they would be without the presence of TIF. Tax rates are calculated by dividing levies by EAV. Because EAV is frozen within TIF districts, the total EAV of all overlying taxing bodies is less than it would be otherwise. Consequently, as the EAV figure in the tax rate calculation (the denominator) is smaller and the rate is higher. The consequence is that individual taxpayers pay more than they would have absent the TIF.

Many commentators assume that municipalities would not have spent part or the entire amount currently available for TIF resources from a variety of other tax or revenue sources for infrastructure and economic development purposes. Alternative potential revenues could include fees, sales taxes, hotel/motel taxes or a wide range of other types of revenue enhancement; they could even include property taxes. In sum, eliminating TIF might not necessarily lead to a corresponding decrease in property taxes unless municipalities eliminated or scaled back their property tax funded economic development programs and it could lead to increases in other taxes or fees.

The Impact of TIF on Non-Municipal Taxing Bodies

The impact of TIF on non-municipal taxing bodies is controversial. Opponents of TIF often claim that TIF diverts millions of dollars from school districts and other taxing districts. It is argued that these cash strapped non-municipal governments are thereby deprived of badly needed dollars for basic services. In their view, TIF is a zero sum game. Municipalities are the "winners" and other taxing districts the "losers." TIF represents nothing more than the capture of non-municipal tax revenues by cities and villages. However, this view is overly simplistic. It

[3] Data compiled from City of Chicago *2005 Tax Increment Financing District Annual Reports,*and the Neighborhood Capital Budget Group at http://www.ncbg.org/tifs/tifprofile.aspx?id=163

presumes that the TIF "but for" test is never met and it fails to consider the impact of property extension limitation limits or "tax caps" and rate limits on non-home rule governments.

Tax caps limit the annual growth of a non-home rule jurisdiction's tax extension in certain counties to the lesser of 5% or the consumer price index (CPI).[4] Certain parts of the tax base, such as new property (in the first year after its construction) and dissolved TIFs are also exempted from the tax cap calculation.[5] These exempted parts of the levy and EAV provide additional property tax revenue beyond the 5% or CPI annual growth limit. In addition to tax caps, non-home rule jurisdictions in all counties are also subject to **rate limits** that can impact the amount of property tax revenue they raise. This is accomplished through a maximum tax rate per fund, not a maximum extension as with tax caps. Since these "rate limits" limit the rate, not the extension, the total extension can increase as total EAV increases.

<u>How TIF Interacts with Tax Caps and Rate Limits</u>

The financial impact of TIF on overlying taxing districts depends on the property tax system in place.

- Home rule governments such as Cook County are not impacted by TIFs because they are not subject to tax caps. These governments are not negatively impacted by TIF as they maintain the ability to levy additional property taxes.

- Non-home rule jurisdictions in counties without tax caps are negatively impacted by TIF because: 1) the amount of EAV they can tax within a TIF is frozen for many years, forcing them to forego revenues if they are already at their rate limits and 2)TIF slows EAV growth rates and thereby increases tax rates, leading many districts to reach their tax rate limits faster than they would have otherwise and thus forego revenues.

- The impact of TIF on non-home rule jurisdictions in counties with tax caps such as DuPage County is minimal. The tax cap restricts extensions regardless of changes in property value. TIF simply raises tax rates. The additional dollars going to TIF come from taxpayers, not governments. Taxing districts do "lose" the portion of TIF revenues generated by new construction that would have occurred even in the absence of TIF. However, this "loss" only represents a fraction of total taxable TIF property value and it is not precisely quantifiable.

<u>The Interaction between TIF and General State Aid</u>

TIF does have an impact on the amount of General State Aid (GSA) provided by the State of Illinois to school districts. When a TIF is created, it limits the amount of EAV available to the school district by freezing taxable EAV within the TIF at a fixed level over time, effectively making the available EAV lower than it otherwise would have been. This reduces local available resources for a school district and thus increases the General State Aid entitlement of the school

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[4] Certain parts of a tax levy are exempted from tax caps, such as funds for some types of bonds and building leases, and a tax cap can be raised through voter referendum. A tax *levy* is the amount of money a taxing district requests from taxpayers; the corresponding tax *extension* is the amount of money the County Clerk calculates that the taxing district is entitled to after any tax limitations have been applied and the final rate is determined.

[5] The EAV of property "outside the tax cap" (e.g., new property or dissolved TIFs) is subtracted from the total district EAV for calculation of the tax-capped tax rate. Then this rate is applied to all EAV in the district, including new property and dissolved TIFs.

district. In tax capped counties, however, the impact of TIF on GSA is overshadowed by the far more significant fiscal effect of the alternative GSA calculation permitted for school districts in counties with tax caps.

In order to illustrate the interaction of TIF and GSA, the Civic Federation estimated the effect of dissolving all Chicago TIFs in 2004 on the GSA entitlement of the Chicago Public Schools. For school year 2005-2006, the tax-capped Chicago Public Schools were entitled to receive $669.1 million from the State of Illinois through the school aid formula (payable 2006-2007). Because the Chicago Public Schools are subject to tax caps, an entitlement amount was calculated using the alternative tax cap formula. If all TIFs had been dissolved in 2004, the CPS would have received an additional $153.6 million in property tax revenue. The increase in EAV due to the dissolved TIF would have led to a decrease in GSA entitlement of $110.6 million, as shown in the table below. Therefore, the net revenue gain for CPS as a result of dissolving all TIFs in one year would have been only $42.9 million.

Comparison of CPS Net Revenues With and Without TIF*			
	Actual	**If TIFs Dissolved**	**Difference**
CPS Property Tax Extension	$ 1,715,801,063	$ 1,869,382,782	$ 153,581,719
CPS General State Aid	$ 669,110,237	$ 558,460,787	$ (110,649,450)
Net Gain if all Chicago TIFs Dissolved in 2004			**$ 42,932,269**
Net Gain as % of Gross Property Tax Increase			**28%**

* The property tax extension is for tax year 2004, payable in 2005. The GSA calculations are for 2005-2006, payable in 2006-2007, and use 2004 EAV for calculations.

The next exhibit shows the impact of dissolving only the Central Loop TIF district in 2004 on the GSA entitlement of the Chicago Public Schools. For school year 2005-2006, the tax-capped Chicago Public Schools were entitled to receive $669.1 million from the State of Illinois through the school aid formula (payable 2006-2007). An entitlement amount was calculated using the formula allowed for school districts in tax capped counties. If all TIFs had been dissolved in 2004, the CPS would have received an additional $41.5 million in property tax revenue. The increase in EAV due to the dissolved TIF would have led to a decrease in GSA entitlement of $29.7 million, as shown in the table below. Therefore, the net revenue gain for CPS as a result of dissolving all TIFs in one year would have been only $11.7 million.

Comparison of CPS Net Revenues With and Without Central Loop TIF*			
	Actual	**If TIF Dissolved 2004**	**Difference**
CPS Property Tax Extension	$ 1,715,801,063	$ 1,757,314,645	$ 41,513,582
CPS General State Aid	$ 669,110,237	$ 639,378,299	$ (29,731,939)
Net Gain if Central Loop TIF Dissolved in 2004			**$ 11,781,644**
Net Gain as % of Gross Property Tax Increase			**28%**

* The property tax extension is for tax year 2004, payable in 2005. The GSA calculations are for 2005-2006, payable in 2006-2007, and use 2004 EAV for calculations.

OVERVIEW OF TAX INCREMENT FINANCING

Tax increment financing (TIF) is a financial mechanism that is widely used by municipalities and other governments to promote economic development and redevelopment. The use of tax increment financing is intended to generate economic development activity that would not have occurred "but for" the incentives offered. Thus, TIF is intended to compensate for the presumed failure of the market in certain circumstances to produce economic development activity in blighted locations. The eligibility analysis and the Redevelopment Plan required by the State to establish a TIF in Illinois must provide evidence that the proposed use of TIF will satisfy the "but for" test.

Tax increment financing began in California in 1952. TIF districts financed through property tax revenues were authorized in Illinois in 1977. In 1985, the program was expanded to include sales and utility taxes as revenue sources. The use of sales and utility taxes was subsequently limited to TIF districts established prior to 1987 and the General Assembly has limited the use of sales tax TIF districts.[6]

TIF may utilize property, sales or utility tax revenues. In all three types of TIF districts, a specifically defined district is first established by a municipality or a designated development authority. With sales and utility tax TIF districts, increases in revenues generated within the district boundaries above a frozen baseline are used to pay for development costs, such as land acquisition, site development, public works improvements, and debt service on bonds to fund improvements within the district. In property tax TIF districts, the total equalized assessed valuation (EAV) within the district at the time of creation is measured and frozen. Then, revenues from the incremental growth in property tax revenues over the frozen baseline amount are used to pay for redevelopment costs. Once a development project is completed and has been paid for, the TIF district is dissolved and the tax base is returned to full use by all eligible taxing bodies. In Illinois, TIF is authorized for a period of up to twenty-three years, with the possibility of renewal for an additional twelve years.

TIF currently is used by 49 states. Only Delaware does not permit the use of this economic development tool. In Illinois, both counties and municipalities may utilize TIF financing.

Types of Governments Sponsoring TIF Districts

Government Authorized to Initiate a TIF District	Number of States
Municipality Only	25
County & Municipality	21
County Only	2
No State authorization	1

Source: Nicholas Greifer. *Tax Increment Financing.* (Chicago: GFOA, 2006), p. 8.

[6] Roland Calia, "Introduction," in *Assessing the Impact of Tax Increment Financing in Northeastern Illinois: Empirical Analysis and Case Studies*. (Chicago: Civic Federation, 1997), p. 5.

The use of TIF has increased substantially in large part in response to limitations placed by Congress on the use of industrial revenue bonds (IRBs).[7] Pioneered in the 1930s and widely used through the 1980s, IRBs are exempt from federal taxes. They are used to finance private industrial-related facilities which are then leased to the private concern or to provide loans at favorable interest rates. The private company receiving IRB proceeds or IRB-backed loans bears full financial responsibility for liability.

In the 1970s, the use of IRBs proliferated as state and local governments utilized them as an important way to stimulate economic development. Congress became concerned about this proliferation and the resulting losses in tax revenues to the federal treasury. In response, it has steadily imposed restrictions on the issuance of IRBs since the 1960s. In 1968, Congress specified the purposes of IRBs and limited single bond issues to $1 million; the cap was later increased to $10 million. In 1984, Congress voted to sunset all IRBs within two years – however, the sunset provision was later withdrawn under intense pressure from state and local governments. However, Congress did approve a cap on the total amount of tax exempt debt that could be issued. This cap limits the amount of tax exempt debt to $150 million per state per year or $50 per capita. As a result of these steady erosions of IRB capacity, the use of IRBs has dropped dramatically.[8]

There are a number of other economic development tools employed by local governments in the United States. Among the most common incentives are:[9]

- Property tax abatements;
- Property tax credits;
- Sales tax exemptions;
- Investment tax credits; and
- Income tax waivers.

In Illinois, municipalities can also access additional programs such federal enterprise zones, State enterprise zones, Cook County Property Tax Incentives. They can also issue Municipal Tax Exempt Private Activity Bonds. However, municipalities often prefer to use TIF because of its inherent flexibility of operation, the fact that they fully control the TIF process and that the amounts of revenue available for economic development projects through TIF is much larger than from other programs.

Best Practices in Tax Increment Financing

The Government Finance Officers Association (GFOA) adopted a Recommended Practice in 2006 on tax increment financing. [10] The Association recommends that the governing body of a jurisdiction considering TIF should first approve a formal policy that includes statements

[7] These are sometimes called Industrial Development Bonds.
[8] Peter Eisinger. "Financing Economic Development: A Survey of Techniques", in *Government Finance Review* June 2002, pp. 21-22.
[9] See Judd Metzgar. *An Elected Official's Guide to Economic Development.* (Chicago: Government Finance Officers Association), p. 7.
[10] Government Finance Officers Association. *Tax Increment Financing as a Fiscal Tool.* Recommended Practice adopted 2006. See www.gfoa.org.

regarding when TIF is appropriate and the relationship between the use of TIF and the government's overall development/redevelopment plan. The policy should also address the following issues as part of the evaluation process when considering the use of TIF:

- Feasibility studies conducted should include an analysis of whether the proposed development could occur without economic development assistance, an evaluation of debt limits, the impact TIF debt could have on a jurisdiction's credit ratings, the government's ability to actually meet the TIF plan objectives and the government's ability to mitigate potential risks including inability to repay debt in the event that revenues prove inadequate to finance debt service payments.

- An analysis should be conducted of the economic benefit of a TIF district to the local economy, the fiscal impact to overlying governments and the economic cost of incentives offered.

- The risk to government operations when TIF related revenue growth is no longer available, including the impact of all TIF districts in a jurisdiction on the total tax base, should be evaluated.

- Risk sharing between local government and developers for TIF projects should be documented in an agreement that clearly identifies each party's obligations.

- The jurisdiction should conduct an alternative analysis to evaluate pay as you go or debt financing options for the proposed TIF district.

If a TIF district is believed to be warranted, then the government should take the following steps:

- Prepare a development or redevelopment plan with specific projects identified and estimates made of the incremental increase in real estate valuation created.

- There should be public input on the TIF plan and any adjustments made to that plan, including public hearings.

- The legislative or governing body should give final approval to a TIF district proposal.

- The TIF district should be reviewed periodically to determine if the TIF plan is functioning as intended. The review should include performance measures of actual performance as compared to projected performance. Measurements could include actual versus projected tax base, jobs created, and the impact of shifting economic development from non-TIF areas to TIF areas.

- The authorizing government should implement measures to ensure that the use of TIF does not adversely affect the operations of other taxing bodies.

- When TIF bonds are issued, special provisions for coverage, feasibility studies and additional legal requirements should be reviewed. The debt service structure for the bonds should be based upon the availability of TIF district revenues or other sources.

- Revenue volatility should be estimated if TIF supported debt is used to fund projects at the inception of the TIF district. Reserve funds should be established to protect against future shortfalls.

Financing Improvements in a TIF District

Improvements within a TIF district may be financed using a variety of mechanisms. One of the most common methods involves municipal financing through the issuance of general obligation or revenue bonds. Taxes levied on increases in the value of the increment within the TIF district are used to pay for bond principal and interest costs. Sometimes the municipality will mitigate risk and reduce interest issuance and interest costs in issuing TIF related debt by requiring developers to pledge to purchase a portion of the bonds. Other TIF financing mechanisms include:

- *Pay as you go* financing, in which development and redevelopment costs are paid with incremental revenues. This method keeps project costs relatively low. However, incremental revenues are unlikely to generate sufficient funds for major infrastructure projects.

- With *developer financing*, the developer is responsible for borrowing funds to finance projects. The municipality reimburses the developer from incremental revenues. Therefore, the risk is shifted from the government to the developer. A variation of this method involves the developer providing municipalities with loans to finance projects. The loans are repaid from incremental revenues.[11]

Policy Issues Related to TIF: "Attribution" or "Capture"

Policymakers tend to view TIF as operating in one of two ways: "pure attribution" or "pure capture."

Advocates for TIF tend to fully attribute TIF revenues to a project, arguing that no increase in property values would have occurred "but for" the project. In this view, requiring overlying governments to contribute to TIF financing is reasonable because development costs are shared in proportion to the government's participation in future revenues.[12]

Critics of tax increment financing tend to decry it as a device that "captures" from non-municipal governments revenue from increases in property values that probably would have occurred without the project. In their view, access to TIF encourages municipalities to undertake economic development projects that primarily benefit the municipality because they can be financed with transfers of revenue from other governments. The result is a net loss to overlying governments such as school districts. TIF is also criticized as merely moving development from one municipality to another, resulting in no net economic gain for a region.

In Illinois, TIF has been very popular with municipal officials seeking creative ways to lure private investment and promote economic development. However, the use of TIF is quite

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[11] Nicholas Greifer. *Tax Increment Financing.* (Chicago, Government Finance Officers Association), pp. 33-34.
[12] This discussion is reprinted from Roland Calia, "Introduction," in *Assessing the Impact of Tax Increment Financing in Northeastern Illinois: Empirical Analysis and Case Studies.* (Chicago: Civic Federation, 1997), pp. 1-7.

controversial, with critics particularly concerned about the diversion of revenues from overlying governments to municipalities.

A review of the advantages and disadvantages of tax increment financing in the United States as presented by proponents and opponents is presented below. There are differences in process and application in states, such as the impact of tax caps in Illinois, that may render some of the advantages and disadvantages moot in certain jurisdictions.

The Advantages of TIF

1. The economic base of a municipality may be strengthened by private economic development that would not have taken place without the TIF incentive.

2. Tax increment financing promotes economic development without tapping into general funds or levying special assessments on property owners.

3. TIF makes it easier for cities to lure private development.

4. Once private development and the public financing within a TIF district are complete, the permanent increase in economic value becomes part of the tax base for all jurisdictions.

5. TIF is a self sufficient system. The redevelopment costs are paid for directly by the increased taxes generated from new incremental revenues.

6. TIF will be advantageous to a municipality in the long run since it will attract new industry and commerce, create more jobs and expand the city's tax base. Other taxing bodies ultimately benefit from these changes.

7. TIF is locally controlled, allowing cities to be responsible for development and redevelopment.

8. TIF can be used to lower taxes paid by an individual property owner/company, which could make the state or localities more competitive with surrounding states or localities.

The Disadvantages of TIF

1. TIF enabling statutes typically specify that TIF is to be used to remediate blight or to prevent an area from deteriorating into a blighted situation (A "conservation" area). However, because laws are often vague as to intent or lack standards, municipalities may stretch the definition of "blighted area" or "conservation area" to create TIF districts that could be developed without public subsidies.

2. TIF can effectively freeze much of the tax base of a municipality for 23 to 35 years, while at the same time promoting development that increases service demands (education, police and fire protection) without necessarily directly supplying revenues to finance them from within the TIF district.

3. Taxpayers outside the TIF district implicitly subsidize any increased service needs of the district during its long redevelopment period. (In jurisdictions with tax extension limitations, all taxpayers ultimately subsidize the TIF itself).

4. There is no guarantee that a TIF renewal effort will always generate the anticipated new private investment. If the tax increment does not materialize and the tax base fails to meet the expected level, bonds issued will have to be repaid from the city's general fund.

5. The TIF system does not provide for full taxpayer, or citizen, transparency or accountability. Because the operations of redevelopment agencies are often obscure, citizens often have little knowledge of and limited control over decisions that significantly affect the amount of tax revenues available to the city, school districts and other local governments.

6. Non-municipal overlying taxing bodies are often forced to relinquish part of their tax revenues with little say on how the revenues are spent. (The impact is relatively minimal in jurisdictions with tax extension limitations which limit the total amount of property tax revenues these jurisdictions would have received anyway).

7. Because it is locally-based, TIF is not tied to regional planning.

8. TIF can interact with other state programs, such as the school aid formula, in unanticipated ways.

TAX INCREMENT FINANCING IN ILLINOIS

This section of the issue brief presents an overview of the operation of TIF in Illinois, including discussions of:

- The statutory authorization for TIF in Illinois;
- The use of TIF in the State;
- The financial impact of TIF on overlying taxing districts;
- The TIF designation process;
- How TIF districts are reviewed and monitored;
- TIF district duration;
- Amending the original Redevelopment Plan; and
- Transferring funds among TIF districts

Statutory Authorization for TIF in Illinois

The use of tax increment financing in Illinois is authorized by three different statutes:

- **The Tax Increment Allocation Redevelopment Act.**[13] This statute was approved in 1977 and has been amended frequently. The General Assembly passed and Governor Ryan signed a comprehensive reform of the law in 1999 (P.A. 93-747).

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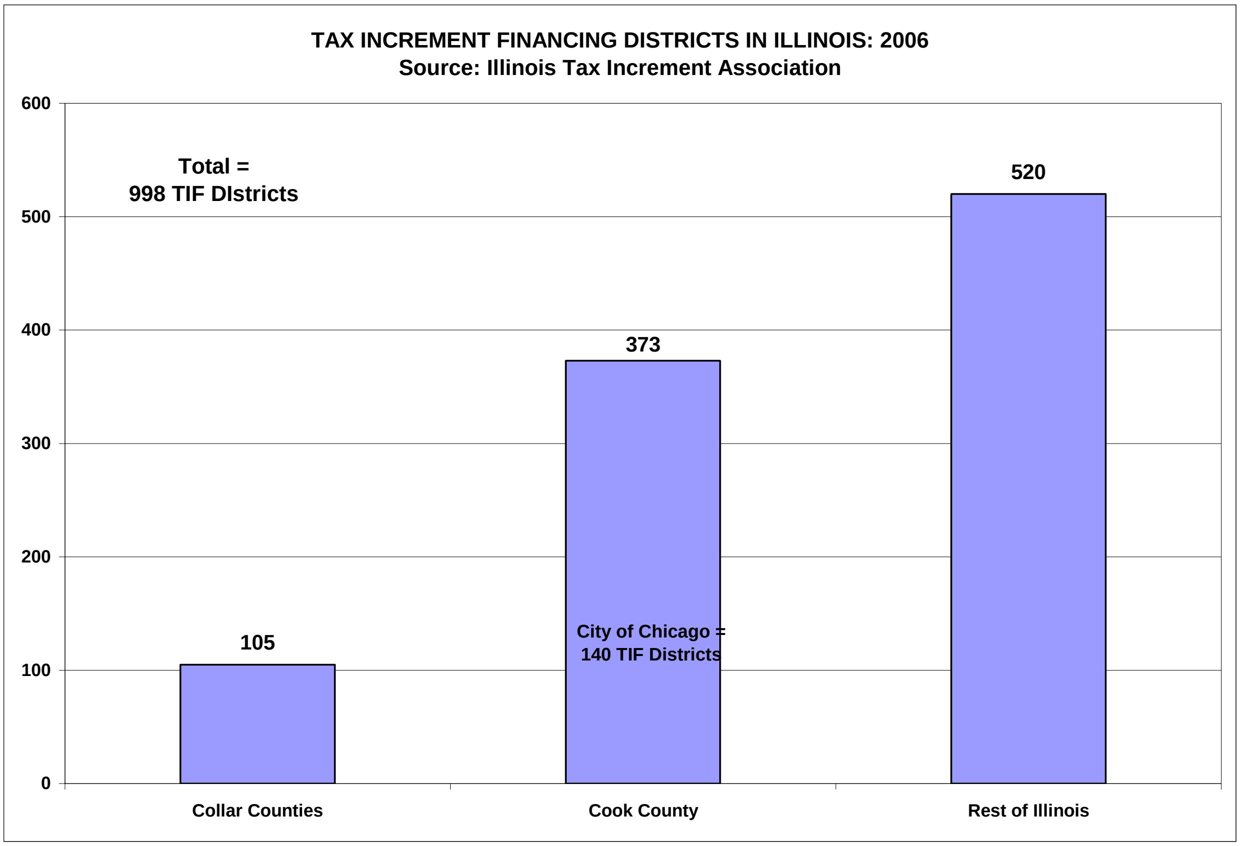
[13] 65 ILCS 5/11-74.4.1 ff.

- **The Industrial Jobs Recovery Law**[14] (This statute was enacted in 1994 for a 6-year period. It was renewed in 2000 through 2010 and amended to incorporate many of the reforms of the Tax Increment Allocation Redevelopment Act approved in 1999. This Act focuses on promoting industrial economic development in communities with high unemployment and on remediating environmentally degraded properties and sites.

- **The Economic Development Project Area Tax Increment Allocation Act of 1995**[15] This law was enacted in 1995. It authorizes the use of TIF financing for the redevelopment of major military facilities being closed by the federal government.

The Use of TIF in Illinois

In 2006, there were a total of 998 TIF districts in Illinois. Approximately 10.5% of all TIF districts were located in the five Collar Counties (DuPage, Kane, McHenry, Lake and Will), 37.4% were in Cook County and 52.1% were located in the State's other 96 counties. The City of Chicago's 140 TIF districts represented 14.0% of the statewide total. [16]



[14] 65 ILCS 5/11-74.6-5 ff.
[15] 65 ILCS 110/1 ff.
[16] In 2005, the latest date for which there is complete tax and EAV information, there were 136 Chicago TIF districts. The information in this section is a summary of information provided on the Illinois Tax Increment Association Web site at http://www.illinois-tif.com/laws.htm.

Financial Impact of TIF on Taxpayers

TIF has a direct fiscal impact on property taxpayers. During the life of a TIF district, TIF leads to tax rates for overlying taxing districts that are higher than they would be without the presence of TIF. Tax rates are calculated by dividing levies by EAV. Because EAV is frozen within TIF districts, the total EAV of all overlying taxing bodies is less than it would be otherwise. As the EAV figure in the tax rate calculation (the denominator) is smaller, the rate is higher. The consequence is that individual taxpayers pay more than they would have absent the TIF. Once a TIF district is dissolved, however, property taxpayers may benefit because the tax base of all affected governments is substantially increased. This correspondingly leads to lower tax rates and thus reduced tax bills.

However, it is incorrect to state that "TIF causes tax increases." It is reasonable to assume that the municipalities would have spent part or the entire amount currently available for TIF resources from a variety of revenue sources for infrastructure and economic development purposes. Alternative potential revenues could include fees, sales taxes, hotel/motel taxes or a wide range of other types of revenue enhancements; they could even include property taxes. In sum, eliminating TIF might not necessarily lead to a corresponding decrease in property taxes unless municipalities eliminated or scaled back their property tax funded economic development programs and it could lead to increases in other taxes or fees.

Financial Impact of TIF on Non-Municipal Overlying Taxing Districts

TIF diverts to municipalities some revenues that would otherwise have gone to overlying taxing districts such as school districts. In Illinois, the amount of revenue diverted varies greatly and depends on the property tax laws effective in the county. Also, there are several mechanisms that overlying taxing districts can access to mitigate at least some of the loss in incremental revenues over the period of a TIF district's existence. They include the way the state school aid formula is calculated, provisions for the distribution of surplus TIF district funds, allowable reimbursements from municipalities to overlying districts and intergovernmental agreements. Debate continues over the amount of compensation that is provided and whether it is adequate for the overlying districts to meet their obligations.

The financial impact of TIF on overlying taxing districts depends on the property tax system in place. There are three different types of taxing body in Illinois:

1) Home rule governments (certain municipalities and Cook County);
2) Non-home rule jurisdictions in counties without tax caps; and
3) Non-home rule jurisdictions in counties with tax caps.

Under Illinois law, a "home rule" government is one that is given significant freedom in the amount and type of taxes it can levy. Home rule governments are not limited by property tax rate limits or tax caps.

The Property Tax Extension Limitation Law (PTELL)[17] or the **"tax cap"** limits the annual growth of a non-home rule jurisdiction's tax extension in certain counties to the lesser of 5% or

[17] 35 ILCS 200/18-185.

the consumer price index (CPI).[18] Certain parts of a tax levy, such as funds for some types of bonds and building leases, are exempted from tax caps and a tax cap can be raised through voter referendum. Certain parts of the tax base, such as new property (in the first year after its construction) and dissolved TIFs are also exempted from the tax cap calculation.[19] These exempted parts of the levy and EAV provide additional property tax revenue beyond the 5% or CPI annual growth limit.

In addition to tax caps, non-home rule jurisdictions in all counties are also subject to **"rate limits"** that can impact the amount of property tax revenue they raise. This is accomplished through a maximum tax rate per fund, not a maximum extension as with tax caps. Since these rate limits limit the rate, not the extension, the total extension can increase as total EAV increases.

The impact of rate limits is predominantly experienced in counties without tax caps where many jurisdictions are near or at their rate limits. In tax cap limited counties, the effect of tax caps over time has been to lower the actual rates for each fund, such that rate limits are no longer a limiting factor in the vast majority of these districts.

<u>The Effect of TIF on Home Rule Governments</u>

Although many home rule governments including Cook County have self-imposed ordinances that limit their property tax levies, these ordinances can be amended at the will of the governing body. *The result is that a home rule government always has the power to levy additional property taxes and thus cannot be said to "lose" tax revenue to TIF. The only effect of TIF on home rule governments is to increase the tax rate.*

<u>The Impact of TIF on Non-Home Rule Jurisdictions in Counties without Tax Caps</u>

TIF can have the greatest financial impact on non-home rule jurisdictions that do not have tax caps because of the effects of rate limits.

Rate limits impose a maximum tax rate on certain individual government funds, such as a school district's Education Fund. Rate limits are different than tax caps, which impose a ceiling on extensions. "Rate limited" district revenues are very sensitive to changes in EAV. For example, a fund with a rate limit of 2% will receive $2 from $100 of EAV, or $2.20 from $110 of EAV.

Rate limits reduce the amount of revenues available to non-home rule governments. Many, if not most, jurisdictions' funds are near or at their rate limits in counties that do not impose tax caps. Because a portion of a taxing district's EAV is frozen, the total amount of district EAV is less than it would be without the presence of the TIF, further increasing tax rates and often pushing rates to their limits. The result is that the taxing district may forego more revenues than it would have without the presence of the TIF. Even districts with funds not at their rate limits

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[18] A tax *levy* is the amount of money a taxing district requests from taxpayers; the corresponding tax *extension* is the amount of money the County Clerk calculates that the taxing district is entitled to after any tax limitations have been applied and the final rate is determined.

[19] The EAV of property "outside the tax cap" (e.g., new property or dissolved TIFs) is subtracted from the total district EAV for calculation of the tax cap rate. Then this rate is applied to all EAV in the district, including new property and dissolved TIFs.

will reach those limits faster than they would have without the presence of TIF and thus be forced to forego some revenues.

Overlying jurisdictions are also very sensitive to the fact that the amount of EAV they can tax within a TIF is frozen for many years. If one assumes that there would have been some minimal amount of EAV growth in the area **even if** the TIF had not been created to spur development, the taxing district clearly foregoes some property tax revenue due to the frozen EAV of the TIF.

In summary, non-home rule jurisdictions in counties without tax caps may be forced to forego revenues they might have received because TIF reduces available EAV which increases tax rates, pushing districts to reach their rate limits.

Impact of TIF on Tax Capped Non-Home Rule Jurisdictions

In some Illinois counties, tax caps limit the amount of property tax revenues that non-home rule taxing bodies can receive annually. Their extensions are limited to a dollar amount equivalent to an increase from the previous year that is the lesser of 5% or CPI.

In these jurisdictions, property tax revenues are insensitive to changes in EAV, with the exception of additional revenue available from new property and TIF dissolution. For example, a district with a maximum tax cap extension of $1 million will receive $1 million from the existing tax base, regardless of whether the EAV is $30 million or $32 million. A tax base of $32 million would generate a lower tax rate than a tax base of $30 million since the fixed extension of $1 million would be spread over a greater denominator. So, increased value simply generates a lower tax rate, not additional revenues. Therefore, if TIF districts did not exist, taxing jurisdiction revenues would not increase but tax rates would be lower as the value of taxable property increased.

Because tax capped non-home rule jurisdictions cannot access increases in value of existing property within a TIF district, TIF does not have a negative impact on their finances with one limited exception. Simply put, taxing districts cannot “lose” revenues they never were able to access.

The limited exception concerns new property within a TIF district. The tax cap law does exempt new property in the first year after its construction such that this property can be taxed “outside the cap”. Therefore, the taxing body does potentially “lose” some tax revenues. However, the jurisdiction can only truly have “lost” revenues attributable to new construction that would have occurred even in the absence of the TIF district. It is unreasonable to assume that the TIF had **no** impact on new construction. It is impossible to prove or disprove what new construction would have occurred in the absence of the TIF, thus any claims regarding truly “lost” revenue are limited to speculation. However, it is fair to say that this “loss” would only represent a fraction of total taxable TIF property value.

When a TIF district is dissolved, tax cap-limited overlying taxing districts receive a **one-time** increase in revenues as the frozen increment is restored to the tax rolls outside the tax cap. This infusion of revenues boosts the extension by more than 5% or CPI in one year. In subsequent years, the new (higher) base extension will continue to grow by no more than the lesser of 5% or CPI unless the jurisdiction voluntarily reduces its levy or holds the levy the flat.

The following table illustrates what would have happened to the total EAV and tax extension of the Chicago Public Schools if all 136 then existing TIFs in the City of Chicago had been dissolved in 2004. Although such a massive dissolution would never occur in one year, the result illustrates the effects of TIF dissolution. Over $5.1 billion in EAV would have been made accessible outside the tax cap, boosting the 2004 extension by $153.6 million over what it actually was, for a total tax extension of $1.87 billion. This represents an 11.9% increase over the 2003 extension of $1.67 billion. In 2005, the extension would have grown just 4.5% from the higher 2004 base to $1.95 billion due to the limiting effect of the tax cap.[20] However, as we will see on page 19, the net revenue gain for CPS would only be $42.9 million due to the effects of the state school aid formula.

Effect of Dissolving All TIF Districts on Chicago Public Schools						
	2003 Total EAV	2003 Extension	2004Total EAV	2004 Extension	2005 Total EAV	2005 Extension
Actual	$ 53,175,364,761	$ 1,670,558,430	$ 55,283,639,457	$ 1,715,801,063	$ 59,310,826,484	$ 1,794,555,084
If All TIF Districts Dissolved in 2004			$ 60,387,124,170	$ 1,869,382,782	$ 64,786,146,002	$ 1,953,760,267
Difference			$ 5,103,484,713	$ 153,581,719	$ 5,475,319,518	$ 159,205,184

Some opponents of TIF would claim that in 2004, the CPS "lost" $153.5 million because of TIF. However, as discussed above, this claim lacks merit because in tax capped jurisdictions, property tax revenues are insensitive to changes in EAV, with the exception of additional revenue available from new property and TIF dissolution. The impact of the tax cap limitation on the CPS levy is that an increased value in CPS EAV would generate a lower tax rate, not additional revenues. The only "loss" to the CPS would have been the revenues that could have been levied on that portion of new property that is outside the tax cap and that would have occurred without TIF. This represents a relatively small amount.

Taxing districts limited by tax caps receive a benefit from TIF that becomes apparent when TIF districts are dissolved. As discussed above, the incremental growth of existing properties' EAV does not increase revenues for tax cap-limited districts because the growth is under the tax cap. However, when this incremental growth within a TIF is returned to the tax rolls at TIF dissolution, it is outside the tax cap for one year and thus serves to boost property tax revenues in a way it could not as simple incremental growth of existing property.

In summary, taxing districts in tax cap-limited counties do not generally "lose" revenue to TIFs because their tax extensions are limited. *Therefore, they cannot be said to forego the entire amount of revenues levied on annual incremental increases in value within the TIF district. The one exception to this is that districts do "lose" the portion of TIF revenues generated by new construction that would have occurred even in the absence of TIF. However, that amount is not quantifiable.*

[20] The effective CPI for 2005 was 3.3%. The additional 1.2% growth is due to new property and fund levies that are exempted from PTELL.

Summary

The financial impact of TIF on overlying taxing districts depends on the property tax system in place.

- **Home rule governments** such as Cook County are not subject to tax caps. These governments **are not negatively impacted by TIF** as they can always levy additional property taxes.

- **Non-home rule jurisdictions in counties without tax caps are negatively impacted by TIF** because: 1) the amount of EAV they can tax within a TIF is frozen for many years, forcing them to forego revenues if they are already at their rate limits and 2)TIF slows EAV growth rates and thereby increases tax rates, leading many districts to reach their tax rate limits faster than they would have otherwise and thus forego revenues.

- **The impact of TIF on non-home rule jurisdictions in counties with tax caps is minimal.** The tax cap restricts extensions regardless of changes in property value. TIF simply raises tax rates. The additional dollars going to TIF come from taxpayers, not governments. Taxing districts do "lose" the portion of TIF revenues generated by new construction that would have occurred even in the absence of TIF. However, this "loss" only represents a fraction of total taxable TIF property value and it is not precisely quantifiable.

TIF Impact on General State Aid to School Districts

Much of the debate about TIF focuses on its fiscal impact on school districts. The previous discussion examined the relationship between TIF and non-municipal taxing districts including school districts. This section explores the relationship between the presence of a TIF and the amount of General State Aid (GSA) a school district receives from the State of Illinois.

GSA is intended to provide each school district with adequate financial resources to reach a foundation or minimum level of funding per pupil. It is designed to equalize disparities among districts caused by unequal amounts of available local resources (ALR). In general, the GSA formula provides more state revenue to districts with lower EAV and less state revenue to districts with higher EAV.[21]

In school districts located in counties that are not subject to tax caps, it is clear that higher EAV generates greater local resources because the same property tax rate in a high value area generates more revenue than in a low value area. When a TIF is created, it limits the amount of EAV available to the school district by freezing taxable EAV within the TIF at a fixed level over time, effectively making the available EAV lower than it otherwise would have been. *This reduces local available resources for a school district in a non tax cap county, and thus increases the General State Aid entitlement of the school district.*[22]

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[21] There are other factors in the GSA formula, such as number of low income pupils and amount of Personal Property Replacement Tax received.

[22] This is true for "Foundation Formula" school districts, whose local resources per pupil are less than 93% of the foundation level set by the State. School districts that have local resources over 93% despite having a TIF may see little or no change in GSA due to the TIF.

The amount of GSA "compensation" received by school districts varies on a case by case basis. In her analysis of the interaction between GSA and TIF in LaSalle County school districts (not subject to tax caps), Benson found that GSA compensated for anywhere from 0% to roughly 75% of local property tax revenue lost to TIFs.[23] The differences she found were attributable to a number of factors including local property wealth and demographics.

The presence of TIF in school districts has a similar impact in tax-capped counties as in non tax-capped counties. It lowers EAV, thereby decreasing the amount of available local resources and increasing the amount of potential GSA. But that impact is overshadowed by the far more significant fiscal effect of the GSA calculation permitted for school districts in counties with tax caps.

In 1999, the State of Illinois allowed a different calculation of GSA for school districts in tax capped counties. This was in recognition of the fact that tax caps limit extensions so a school district could no longer fully access local property wealth for taxation. Because the traditional GSA calculation is based on EAV, the new calculation is designed to translate the extension-limiting effect of the tax cap into EAV. Tax cap-limited districts can use either a GSA formula based on their actual EAV or another formula based on a tax cap-adjusted EAV, whichever is less.

A final factor to consider when evaluating the interaction between TIF and GSA is that the amount of state aid available to schools is contingent upon the total amount of funding appropriated by the General Assembly in a given year. This is a finite amount and does not increase based on a calculation of loss experienced by school districts containing TIF districts. So school districts without TIFs are in effect subsidizing school districts with TIFs.[24] The TIF-inclusive school districts may well receive more state funding than they would have otherwise, but it is at the expense of other school districts.

An Illustration: the Interaction of TIF and GSA for the Chicago Public Schools

In order to illustrate the interaction of TIF and GSA, the Civic Federation estimated the effect of dissolving all Chicago TIFs in 2004 on the General State Aid entitlement of the Chicago Public Schools. For school year 2005-2006, the tax-capped Chicago Public Schools were entitled to receive $669.1 million from the State of Illinois through the school aid formula (payable 2006-2007). Because the Chicago Public Schools are subject to tax caps, an entitlement amount was calculated using the formula permitted for school districts in tax capped counties. If all TIFs had been dissolved in 2004 (an unlikely occurrence), the CPS would have received an additional $153.6 million in property tax revenue, as illustrated on a previous page. The increase in EAV due to the dissolved TIF would have led to a decrease in GSA entitlement of $110.6 million, as shown in the table below. Therefore, the net revenue gain for CPS as a result of dissolving all TIFs in one year is only $42.9 million.

[23] Christine Benson. *Tax Increment Financing: A Documentary Case Study of the Financial Impact and Policy Implications for Public Schools in Illinois*, Doctoral Dissertation, Northern Illinois University, 2005, Tables 9 and 10, pp. 135-137.
[24] Benson, pp. 157-158.

CHICAGO PUBLIC SCHOOLS GENERAL STATE AID CALCULATIONS: Entitlement for 2005-2006 Payable in 2006-2007					
			Actual GSA Calculation		**Hypothetical GSA Calculation (if all TIFs dissolved in 2004)**
A.	2004 Orig. EAV	**$**	**55,283,639,457**	**$**	**60,387,124,170**
AA.	2004 Limiting Rate		3.008		3.008
BB.	2003 Original EAV	$	53,175,364,761	$	53,175,364,761
CC.	2003 Operating Tax Rate		3.04194		3.04194
DD.	2004 Extension Limitation Ratio (ELR) ((A x AA)/(BB x CC))		1.028		1.123
EE.	Prior Year EAV used for GSA calcs.	$	38,865,279,174	$	38,865,279,174
FF.	Prior Year EAV x ELR (EExDD)	$	39,953,506,991	$	43,641,821,984
1	EAV used for GSA Calc	$	39,953,506,991	$	43,641,821,984
2	Best 3 Months ADA		373,001		373,001
3	2003 PPRT (rec'd 2004)	$	121,872,154	$	121,872,154
4	Calculation Rate		0.03		0.03
5	DHS 3-Year Low Income Average		241,943		241,943
6	District Low Income Concentration		0.6589		0.6589
7	Avail. Local Resources (Line 1xLine4+Line 3)	$	1,320,477,363	$	1,431,126,813
8	Local Resources Per Pupil (Line 7/Line2)	$	3,540	$	3,837
9	Percentage of $5334 (Line 8/$5334)		0.6637		0.7193
	FOUNDATION LEVEL Calculation				
10	$5334 x ADA (line 2)	$	1,989,587,601	$	1,989,587,601
11	Available Local Resources (line 7)	$	1,320,477,363	$	1,431,126,813
12	**Foundation Formula Claim (line 10-line 11)**	**$**	**669,110,237**	**$**	**558,460,787**
	DIFFERENCE			**$**	**(110,649,450)**

In this case the GSA formula compensated for roughly 72% of change in local revenue ($110.6 million is 72% of $153.6 million) such that the net revenue gain for CPS was $42.9 million, or 28% of the gross property tax increase. So if one assumes that all new property in a TIF would have occurred even without the TIF (and thus is "lost" to the school district), then it is true that state revenues compensate for 72% of this loss each year and only 28% of the revenue is truly "lost" to the district. The net revenue gain for the CPS as a result of dissolving all TIF districts in one year would have been $42.9 million.

Comparison of CPS Net Revenues With and Without TIF*			
	Actual	**If TIFs Dissolved**	**Difference**
CPS Property Tax Extension	$ 1,715,801,063	$ 1,869,382,782	$ 153,581,719
CPS General State Aid	$ 669,110,237	$ 558,460,787	$ (110,649,450)
Net Gain if all Chicago TIFs Dissolved in 2004			**$ 42,932,269**
Net Gain as % of Gross Property Tax Increase			**28%**

* The property tax extension is for tax year 2004, payable in 2005. The GSA calculations are for 2005-2006, payable in 2006-2007, and use 2004 EAV for calculations.

It is also important to recognize that the $153.6 million property tax revenue increase occurred only because $5.1 billion in EAV was introduced **outside the tax cap** (the $5.1 billion represents the difference between the original CPS EAV of $55.2 billion versus the hypothetical calculation if all TIFs were dissolved of $60.3 billion). Had that EAV been introduced under the cap, the school district would not have received any additional property tax revenue from it due to the tax cap limit on its extension. Likewise, there would have been no significant change in GSA entitlement.

Summary

In summary, the General State Aid formula indirectly and partially compensates some school districts for local revenues that may be "lost" to TIFs. The effect is to shift state aid from districts without TIFs to school districts with TIFs. If all the TIFs in Chicago had been dissolved in 2004, the net revenue gain for Chicago Public Schools would have been $42.9 billion, or 28% of the gross property tax gain.

Distribution of Surplus Funds

TIF-related debt obligations issued by a municipality are secured by a special tax obligation fund funded by property or sales taxes or other designated revenues.

Money in the special tax obligation fund is pledged by the municipality to pay for the principal and interest on bond obligations or to directly pay TIF eligible costs. If there is excess money in the fund annually after funds have been pledged, it is considered to be surplus. Under the terms of the TIF Act, surplus funds must be calculated annually and distributed to overlying taxing districts within 180 days of the end of the municipal fiscal year. The funds must be distributed on a *pro rata* basis; they cannot be directed to a single or select group of overlying taxing districts.[25]

Reimbursements to Overlying Districts

The TIF Act permits municipalities to reimburse overlying taxing districts in four ways:

1. **Payments in lieu of taxes**. Municipalities are authorized to make payments in lieu of taxes during the time in which the municipality owns land that is to be used for private development. The language of the TIF Act, affirmed in subsequent court rulings, requires that these payments be made on a *pro rata* basis to all affected taxing districts.[26]

2. All or a portion of a taxing district's **capital costs** resulting from the redevelopment project.[27] The TIF law allows municipalities to use TIF dollars for improvements to parks, schools or other eligible facilities if they are located in an area adjacent to a TIF district or separated from a TIF district by a public right of way.[28]

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[25] 65 ILCS 5/11-74.4-7
[26] See 65 ILCS 5/11-74.4-4(1) and *Henry County Board v. Village of Orion* (278 Ill.App.3d 1058, 663 N.E.2d 1076), 1996.
[27] "To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project." See 65 ILCS 5/11-74.4-3(q).
[28] Neighborhood Capital Budget Group. *NCBG's TIF Almanac*. (Chicago: Neighborhood Capital Budget Group, 2003), p. 22.

3. The **costs of training, retraining, or advanced vocational or career education** incurred by a taxing district. These costs must be specified as being related to the training of persons who are or will be employed within the TIF district.[29]

4. The increased **cost of housing** units brought about by the redevelopment plan. The governments most impacted by increases in housing units are libraries and school districts and there are specific remedies in the TIF Act for both.

<u>Reimbursing Library Districts for Housing Unit Costs</u>

P.A. 93-961, approved in 2005, provides for reimbursement to public library districts for increased costs due to assisted, publicly subsidized housing units in TIF projects. The library district may receive reimbursement if the developer or redeveloper of a TIF project received financial assistance from the municipality or if the municipality paid the cost of infrastructure improvements needed to complete the project. P.A. 93-961 only applies to library districts within a county that has adopted tax caps or if the county is prohibited by law from increasing its tax levy rate without approval in a referendum. The amount paid to the library district can be no more than 2% of the tax amount produced by the assisted housing unit and deposited into the Special Tax Allocation Fund.

<u>Reimbursing School Districts for Housing Unit Costs</u>

The 1999 TIF reform law permits payments to be made to school districts to compensate for increased costs attributable to assisted housing units located within a TIF redevelopment project area. In other words, TIF funds can be used to pay for the cost of educating children who live in new housing units it helped subsidize.[30]

The calculation for reimbursement to school districts for increases in housing due to TIF is:

The number of new pupils living in a TIF development area
X
The School District's per capita tuition cost
- Any increase in general State aid attributable to these added new students

The calculation is subject to specific limitations per type of school district.

Foundation school districts with a district average 1995-96 Per Capita Tuition Charge of less than $5,900 can receive no more than a range of 8% to 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance

[29] Bell, Boyd and Lloyd LLC. "Illinois Authority on Tax Increment Financing ("TIF") Make-Whole Agreements," September 17, 2003, Memo for the Illinois Tax Increment Association, p. 6.
[30] Neighborhood Capital Budget Group, *TIF Almanac*, p. 22.

assistance under this Act. The ranges depend on the type of district (i.e., elementary, high school or unit district).

Alternate method school districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition Charge equal to or more than $5,900, can receive no more than a range of 13% to 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act. The ranges depend on the type of district.[31]

The Chicago Public Schools (a foundation school district) must also fulfill the following additional requirements:

- Each school affected by a TIF development must show that the TIF-subsidized housing development is at or over its student capacity.
- The amount reimbursed must be reduced by the value of any property donated by a developer to the school district or the value of any improvements made to the school by the City of Chicago.
- The amount reimbursed cannot affect amounts otherwise obligated by the terms of any bonds, notes, or other funding instruments, or the terms of any redevelopment agreement.[32]

School districts are required to annually provide the municipality with evidence to support their claims for reimbursement due to increases in TIF assisted housing units. By accepting reimbursement, the school district waives any right to challenge the establishment of a TIF district or redevelopment project.

Intergovernmental Agreements

Intergovernmental agreements between local governments are authorized by the Intergovernmental Cooperation Act and the TIF Act.[33] The TIF Act allows municipalities to enter into agreement "necessary or incidental to the implementation of and furtherance of its redevelopment plan and project."[34]

There are many different ways school districts or other taxing bodies may receive financial compensation through an intergovernmental agreement. Benson provides a list of these types of agreements based on her own review of intergovernmental agreements in LaSalle County and the literature on agreements in other jurisdictions: [35]

- A portion of TIF funds may be rebated to school districts for capital expenditure projects;
- A portion of TIF funds may be rebated to school districts for job training expenses;
- A real estate impact fee may be imposed on residential development with a fixed dollar amount to be awarded to the school district on the basis of each parcel of land sold by the developer;

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[31] 65 ILCS 5/Art. 11 Div. 74.4 (7.5)C(i)(ii)(iii).
[32] 65 ILCS 5/Art. 11 Div. 74.4 (7.5)C(i)(ii)(iii).
[33] 51 ILCS 220/1 et seq., Section5 and 65 ILCS 5/11-74.4-4.
[34] 65 ILCS 5/11-74.4-4.
[35] Benson, pp. 159-164.

- The duration of the TIF district may be reduced from 23 years to a time period sufficient to pay debt service on bonds (10-15 years);
- General obligation bonds may be issued by the municipality on behalf of the school district to fund capital improvements;
- Partial funding may be provided by the municipality for infrastructure development of utilities for new school construction;
- The redevelopment plan may be amended to carve out sections in the TIF boundaries no longer requiring TIF funds and returning them to the property tax rolls;
- The geographic scope of a TIF district may be limited to the parcels immediately impacted by and necessary to the success of the TIF funded projects.
- A "make whole" amount may be calculated based on an Average Daily Attendance (ADA) formula;
- A sales tax increment provision may be negotiated that would pay for some of the TIF district's project costs with contributions from net sales tax revenues from commercial projects within the TIF district; and
- Agreement may be brokered in which the municipality shares with the school district a portion of income tax receipts.[36]

THE TIF DESIGNATION PROCESS IN ILLINOIS

The designation of an area as a TIF district requires the following steps:

- An eligibility analysis is conducted, usually by a consultant, establishing that the area in question qualifies for TIF designation;
- A Redevelopment Plan is prepared that identifies specific improvements to be undertaken with TIF assistance;
- Municipal officials and a Joint Review Board (JRB) made up of representatives from local taxing bodies review the Redevelopment Plan;
- A public hearing is held where residents and other interested parties can express opinions; and
- The municipal legislative body gives final approval to the creation of the TIF district and the Redevelopment Plan in an ordinance. No state or federal approval is required. [37]

Eligibility Analysis

The TIF process begins with identifying the district boundaries and the problems that that the TIF district is intended to fix. An eligibility study is then commissioned to provide an assessment of the area in question. It is intended to demonstrate that the area under consideration meets the eligibility criteria delineated in the TIF Act.

There are three ways to permit the use of tax increment financing for development or redevelopment: 1) declaring an area as "blighted" or as either 2) a conservation area or 3) an industrial park conservation area. Each has different eligibility requirements.

[36] Benson, pp. 162-164.
[37] See on the Illinois Tax Increment Association Web site "FAQs" at http://www.illinois-tif.com/faqs.htm#Q11.

The eligibility criteria that must be met for TIF district designation were substantively revised in the 1999 TIF Reform law. Several former criteria were eliminated (e.g., age, depreciation of physical maintenance as blight criteria), others were added (e.g. declining EAV). The use of TIF to develop golf courses was banned.

Eligibility Criteria Designation as a Blighted Area

An improved area within a municipality's boundaries is eligible for TIF designation as "blighted" if it contains at least five of the thirteen conditions listed below that make it detrimental to the public safety, health or welfare of a community:

1. Dilapidation;
2. Obsolescence;
3. Deterioration;
4. Excessive vacancies;
5. Illegal use of individual structures;
6. Structures below minimum code standards;
7. Excessive land coverage and overcrowding of structures and community facilities;
8. Lack of ventilation, light or sanitary facilities;
9. Inadequate utilities;
10. Deleterious land use or layout;
11. Environmental clean-up;
12. Declining equalized assessed value; and
13. Lack of community planning.

Each of the five or more conditions must be present, "with that presence documented, to a meaningful extent…" and "reasonably distributed throughout the improved part of the redevelopment project."[38]

For vacant properties to be designated as "blighted," they must be impaired by a combination of two or more of the following six factors, each of which is present in a meaningful way, documented, and reasonably distributed throughout the vacant portion of the redevelopment project area:[39]

1. Obsolete platting of land;
2. Diversity of ownership;
3. Tax and special assessment delinquencies;
4. Deterioration of Structures or site improvements in neighboring areas adjacent to the vacant land;
5. Environmental contamination; and
6. Lack of growth in equalized assessed value.

Also, eligibility can be established for vacant land that would have qualified for becoming blighted prior to it becoming vacant. Building records must be reviewed to determine that at

[38] 65 ILCS 5/11-74.4-3 (a)(1)(I and ii).
[39] 65 ILCS 5/11-74.4-3 (a)(2).

least five of the thirteen eligibility requirements needed to establish blight were present prior to demolition.[40]

Eligibility Criteria for Designation as a Conservation Area

A conservation area is any improved area within the boundaries of a redevelopment project area in which 50% or more of the structures have an age of 35 years or more. These areas are not yet considered blighted. However, because of the presence of a combination of 3 or more of the factors listed below, they may become blighted if the conditions are not rectified. The factors include:

1. Dilapidation;
2. Obsolescence;
3. Deterioration;
4. Excessive vacancies;
5. Illegal use of individual structures;
6. Structures below minimum code standards;
7. Excessive land coverage and overcrowding of structures and community facilities;
8. Lack of ventilation, light or sanitary facilities;
9. Inadequate utilities;
10. Deleterious land use or layout;
11. Environmental clean-up;
12. Declining equalized assessed value; and
13. Lack of community planning.

Eligibility Criteria for Designation as an Industrial Park Conservation Area

To be eligible for designation as an industrial park conservation area, an area must meet three criteria:

- The area is within the boundaries of a municipality that is a "labor surplus" municipality (i.e., has an unemployment rate over 6% and is also 100% or more of the national average unemployment rate) or within 1 ½ miles of the boundaries of a municipality that is a labor surplus municipality if that area is annexed to the municipality.
- The area is zoned as industrial by the time the ordinance is approved designating the redevelopment project area.
- The area includes both vacant land suitable for use as an industrial park and a blighted or conservation area contiguous to such vacant land.[41]

Redevelopment Plan

The eligibility analysis is accompanied by a Redevelopment Plan that identifies the tools that will be used to guide redevelopment in the TIF district. This includes descriptions of specific projects that will be undertaken. The Plan includes the following elements:

[40] 65 ILCS 5/11-74.4-3 (a)(3).
[41] 65 ILCS 5/11-74.4-3 (d) and (e).

- A description of the proposed boundaries of the TIF district;
- A discussion of the Redevelopment Plan's goals, objectives and strategies;
- A Financial Plan that includes a budget detailing estimated redevelopment project costs, the identification of sources of funds to pay those costs, and a projection of increases in equalized assessed valuation over the life of the TIF district;
- A section entitled Required Findings and Tests that presents evidence of the need for the use of TIF financing, a description of how the TIF district will conform to the City's comprehensive land use plan, a list of the dates of completion for projects and the retirement of debt, as well as an analysis of the financial impact of the new TIF district on overlying taxing bodies; and
- A description of the process required to amend the Redevelopment Plan.

The Illinois Tax Increment Allocation Redevelopment Act lists the types of costs that may be reimbursed from TIF funds.[42] They are:

- Property assembly and acquisition;
- Rehabilitation or renovation of existing public or private buildings;
- Construction of public works or improvements;
- Job training and retraining programs, advanced vocational education or career education;
- Relocation costs;
- Payments in lieu of taxes;
- Financing costs, including interest costs related to construction, renovation or rehabilitation of a redevelopment project;
- Studies, survey and plans;
- Professional services such as architectural, engineering, legal, property marketing and financial planning;
- Structure demolition and site preparation;
- Day care services;[43] and
- Reimbursements to school districts for redevelopment projects that increase costs attributable to assisted housing units within the redevelopment project area.

Upon completion, the Redevelopment Plan is reviewed by municipal officials and a Joint Review Board made up of representatives from local taxing bodies. The Joint Review Board includes a citizen member representing the community.

The Redevelopment Plan must be made available for public review and inspection 45 days prior to a public hearing. At that hearing, residents and other interested parties can express opinions.

The final step is for the municipal legislative body to give approval to the creation of the TIF district and the Redevelopment Plan in an ordinance.

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[42] 65 ILCS 5/11-74.4-3 (q).

[43] Day care services are allowable costs to be paid out of TIF funds if the redevelopment project is located within a municipality of more than 100,000 (for children of employees from low income families working for businesses located within the redevelopment project area and all or a portion of the cost of operating day care centers to serve low income families working in businesses in the redevelopment project area).

A registry of interested residents and organizations must be created for each TIF district and notice of important TIF activities shall be sent to those registered.

Reviewing and Monitoring TIF Districts

In Illinois, TIF district activities are primarily monitored by the municipal government that established them, not the State. State law requires that each district establish a Joint Review Board (JRB) that must meet annually to review the status of development and redevelopment projects. The JRB membership includes a public member and representatives from local property tax levying governments: community college districts, elementary and high school districts, park district, library district, township, fire protection districts, the county government and the municipality.

The 1999 TIF reform law institutionalized and expanded the role of the Joint Review Boards. Specifically, it requires:

- All TIF districts are required to establish a Joint Review Board that must meet annually.
- The municipality is required to provide administrative support to the JRB.
- JRB membership was expanded to include townships and fire protection districts that have property tax levying authority.
- Major changes to the Redevelopment Plan require the JRB to be convened and to hold a public hearing prior to adoption of the changes.
- The scope of JRB review when a new TIF district is established or an existing one amended was expanded from reviewing the qualification of the area to also focusing on how the area and the Redevelopment Plan satisfy the objectives and requirements of the TIF Act.
- The municipality must obtain 60% approval from the municipal legislative body to establish a new TIF district or make a major change to an existing TIF district if a majority of the JRB members present vote to disapprove a TIF.

All TIF districts are required to file financial reports with the State Comptroller's Office and with each overlying taxing body. The format of the reports is specified in the TIF statute and includes annual certification by the municipality's Chief Executive Officer that the municipality has complied with all provisions of the TIF Act. Unfortunately, the reports are only available in print upon request; they are not posted electronically on the Comptroller's Web site, making access difficult.

TIF District Duration

TIF districts are authorized for a period of 23 years. Any TIF district may be terminated earlier if all financial obligations are paid off and the municipal governing board votes to terminate the district. If no redevelopment project has been initiated within seven years following TIF district designation, the municipality must repeal the TIF.[44]

A TIF district may be extended for 12 years beyond the original 23 year authorization period. The extension is contingent upon approval by the General Assembly. Municipalities seeking

[44] See Illinois Tax Increment Association at www.illinois-tif.com.

extensions must provide some documentation of the need for the time extension and an indication of support from overlying governments, particularly school districts, in support of the extension.[45]

Amending the Redevelopment Plan

The TIF Redevelopment Plan can be amended during the life of a TIF district. Minor changes simply require notification of all overlying taxing bodies and the public through publication in a newspaper of general circulation prior to enactment of the changes. Major changes, however, require review by municipal authorities and another public hearing. Examples of major changes are:

- Adding parcels to the TIF district;
- Changing land use;
- Changing the nature of the TIF;
- Extending the duration of the TIF district;
- Increasing the number of low income households to be displaced; and
- Adding new redevelopment cost to the Redevelopment Plan budget or increasing the budget by more than 5% after adjustments for inflation have been considered.

Transferring Funds between TIF Districts

The TIF Act permits the transfer of funds between property tax TIF districts if they are contiguous or separated by a public right-of-way to cover TIF-related costs. This gives municipalities the flexibility of using surplus funds in one district and transferring them to other districts as long as the TIF Redevelopment Plan and budget amounts for each of the contiguous TIF Districts includes the use of TIF funds for TIF-eligible expenditures.[46]

Transferring funds among TIF districts is often referred to as "porting" and can be controversial. The 2007 report *A Tale of Two Cities: Reinventing Tax Increment Financing* charges that the City of Chicago has:

> Gerrymandered TIFs in such a way that all but a handful now border at least one other TIF, suggesting that the borders between TIFs are being drawn expressly to allow one TIF to take money from another.[47]

Whatever the motivation, it is clear that the TIF law does allow for considerable flexibility in transferring funds among districts.

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[45] *ITIA Newsletter*, Summer 2000. "Extending the Life of TIF Districts Beyond 23 Years" Volume 12, Issue 3.
[46] See www.illinois-tif.com/newTIF-FAQs.htm#transferringTIF.
[47] Jeremy Thompson, Jason Liechty and Mike Quigley. *A Tale of Two Cities: Reinventing Tax Increment Financing*, April 2007, p. 38.

REVIEW OF RECENT EMPIRICAL RESEARCH ON TIF IN ILLINOIS

There is a great deal of empirical research on tax increment financing. The following section is by no means meant to be exhaustive, but rather is intended to provide a brief overview of recent relevant research on TIF in Illinois.

A Tale of Two Cities: Reinventing Tax Increment Financing (2007)

A Tale of Two Cities: Reinventing Tax Increment Financing, is a comprehensive review of how tax increment financing works in Chicago as well as suburban Cook County. The report includes findings and policy recommendations.

The major findings of *A Tale of Two Cities* include:

- In 2005, 10% of every dollar in property taxes collected in Chicago was consumed by TIF districts.

- Chicago property taxpayers paid 4% more in property taxes than they would have if TIF did not exist in 2005.

- The City of Chicago budget does not include information about TIF revenues and expenses.

- In certain areas of Chicago, TIF has failed to generate development greater than in non-TIF areas.

A more controversial finding, however, is that non-municipal taxing bodies lose millions of dollars annually because of the impact of inflation. In TIF districts EAV is frozen at the time of creation. Non-municipal taxing bodies cannot tax increases in value; they can only tax the value of the frozen EAV. The value of the EAV base, however, is eroded annually because of inflation. The argument is that as the taxing bodies are not compensated for the impact of inflation, they "lose" tax revenues. The report estimates the loss as being as much as $700 million between 1986 and 2005.[48]

The calculations are correct, given their assumptions. However, the calculations and hence the finding fail to consider the impact of the tax cap law. The tax cap limits the increase in a non-home rule government levy to inflation or 5%, whichever is less (new property is exempt from the cap). It is incorrect to suggest that the taxing districts are "losing" money to TIF districts because the frozen EAV is not adjusted for inflation. The total amount of tax revenues the taxing bodies would still be entitled to would be limited by the tax cap. The impact of TIF is to increase tax rates to a higher level than they would be otherwise because growth in the EAV base is capped; the increased tax burden is shared by all taxpayers not just those in the TIF district. But, it does not generally lead to a loss in revenues to non-home rule taxing bodies because of inflation. TIF does limit the ability of non-home rule bodies such as the Chicago Public Schools to levy against the value of new construction that is exempt from the tax cap and it does limit the ability of home rule units of government such as Cook County to tax increases in property value.

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[48] Jeremy Thompson, Jason Liechty and Mike Quigley. *A Tale of Two Cities: Reinventing Tax Increment Financing*, April 2007, pp. 8-9.

But the fiscal impact of these two exceptions is far less than the $700 million figure suggested by the report.

If the impact of inflation were considered in calculating property tax liability, the impact would be threefold:

- Tax rates would drop, benefiting taxpayers, who would pay lower taxes
- TIF districts would receive less revenue
- Taxing districts would still receive no fiscal benefit for the reasons listed previously.

A Tale of Two Cities contains many policy recommendations:[49]

1. Proposals for TIF districts should include a study of the potential impact on all affected local governments. This would include an analysis of what each overlapping taxing body's loss would be at different times during a TIF district's 23-year lifetime.

2. All affected taxing bodies should be represented on the Joint Review Boards that oversee TIF districts. The Cook County member of the JRB should be instructed as to how to vote by the Cook County Board of Commissioners.

3. Any new TIF plan should include caps on the amount of tax increment and every dollar of expected increment should be tied to specific expenditures. When the goals were met, the TIF district would be dissolved, whether this was in advance of the 23 year lifetime not. Annual audits would be performed to make sure that TIF projects were meeting their goals.

4. There should be a detailed accounting of surplus TIF funds.

5. TIF expenses and revenues should be included in local government budgets.

6. TIF redevelopment plans should include specific goals and budgets and be reviewed on a regular basis.

7. Local governments should be protected from the impact of inflation. This would be accomplished by increasing the EAV of the TIF district annually by a factor equal to the rate of inflation.[50]

8. Limits should be placed on the portability of TIF funds from one district to another. Rather than allow movement of funds based on contiguity of district, movement should be restricted by distance. Funds targeted for development in an area should only be used in that area or in nearby areas. Also, "portable" money should be limited to a percentage of the originating TIF district's surplus.[51]

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[49] Jeremy Thompson, Jason Liechty and Mike Quigley. *A Tale of Two Cities: Reinventing Tax Increment Financing*, April 2007, p. ii. Fuller descriptions of Recommendations 1-4 are found in pages 15-18 of the report.
[50] Ibid, pp. 10-11.
[51] Ibid, p. 40.

9. Information about TIF districts and TIF projects should be readily available online.[52]

10. The Chicago Development Commission that oversees TIF should be abolished and replaced by neighborhood level institutions.[53]

11. TIF information should be included on property tax bills. This would include information about TIF rate and TIF taxes. For taxpayers living in a TIF district, the tax bill would show the portion of the composite or total bill going toward the TIF district.[54]

    A Tale of Two Cities: Reinventing Tax Increment Financing presents a model for a Chicago tax bill. First, a calculation would be made of the dollar value of the TIF increment. As the figure below shows, this would require calculating how much the TIF increment has grown over the initial frozen EAV in the base year when the TIF district was created. Then the total taxes generated after exemptions were deducted would be multiplied by that percentage increase to produce a dollar amount of TIF increment.

Figure 15. Proposed redesigned tax bill for a Chicago property inside a TIF, showing actual contribution to the TIF.

		Amount
2005 Property Value		88,269
2005 Assessment Level	x	16%
2005 Assessed Value	=	14,123
2005 State Equalization Factor	x	2.7320
2005 Equalized Assessed Value	=	38,584
2005 Local Tax Rate	x	5.981
2005 Total Tax Before Exemptions	=	2,307.71
Exemptions (Homeowner's, etc.)	-	1,196.20
2005 Total Tax After Exemptions	=	**1,111.51**

	Tax Increment Calculation		
	2005 Equalized Assessed Value		38,584
	[Base Year] Frozen EAV	-	10,000
1.	2005 Incremental EAV	=	28,584
	2005 Equalized Assessed Value	÷	38,584
2.	% Total Tax to TIF	=	74.1%
	2005 Total Tax After Exemptions	x	1,111.51
3.	**2005 Tax Increment**	=	**823.43**

Source: A Tale Of Two Cities: Reinventing Tax Increment Financing, p. 36.

Next, tax bills would be modified to include information about the amount of taxes attributable to TIF increment. The proposed bill also modifies the taxing district tax rates This is shown in the figure below.

[52] Ibid, p. 42.
[53] Ibid, p. 47.
[54] Ibid, p. 34.

Taxing District	2005 Tax	2005 Rate	Pension	2004 Tax	2004 Rate
WATER RECLAMATION DIST	15.17	0.147		34.70	0.144
PARKS-MUSEUM/AQUARIUM BOND	1.06	0.112		2.40	0.122
CHICAGO PARK DISTRICT	20.28	0.274	6.21	43.10	0.327
SCHOOL FINANCE AUTHORITY	6.12	0.06	0.05	17.70	0.06
BOARD OF EDUCATION	145.75	1.153	26.30	310.40	1.188
CHICAGO COMMUNITY COLLEGE DIST	11.27	0.09		24.20	0.114
CHICAGO LIBRARY FUND	4.33	0.234		11.40	0.242
CITY OF CHICAGO	55.53	3.026		118.80	3.104
FOREST PRESERVE DISTRICT	2.89	0.127		6.00	0.177
COUNTY OF COOK	13.20	0.421	0.77	32.70	0.431
COOK COUNTY PUBLIC SAFETY	7.08	0.022		14.40	0.024
COOK COUNTY HEALTH FACIL.	5.39	0.315	0.87	12.20	0.347
TAX INCREMENT FINANCING DISTRICT	**823.43**			**786.19**	
	1,111.51	**5.981**		**1,414.19**	**6.280**

Source: *A Tale Of Two Cities: Reinventing Tax Increment Financing*, p. 36.

The intent of the tax bill proposal in *A Tale of Two Cities*, which is greater transparency, is laudable. Implementing such a measure would provide an accounting for the amounts of property tax dollars directed to TIF purposes. However, the report's tax bill proposal would necessarily be incomplete. In fact, at this time, no method to provide an accurate accounting for the exact amount of property tax dollars directed from individual tax bills to TIF purposes has been developed. However, efforts are underway to develop a more accurate method.

The tax bill suggested in *A Tale of Two Cities* presents incomplete information because the tax bills of taxpayers both **within** and **outside of** a TIF district are affected by the TIF. Unfortunately, presenting accurate information about how TIF raises tax rates even outside a TIF district is difficult.

Taxpayers within a TIF district directly subsidize TIF activities. In most cases, these taxpayers would pay a greater proportion of property taxes to the TIF than to the overlying taxing bodies as taxes levied on incremental growth are being used directly to fund projects within that geographic area. The tax rate is known and the amount of money devoted for the TIF district and the overlying districts can be estimated. However, it is a different situation regarding those taxpayers outside the TIF district who indirectly subsidize the TIF.

TIF freezes the property tax base of overlying tax districts, many of which overlap substantial areas not located in the TIF district. The impact on property taxpayers is to raise tax rates since the tax base is smaller than it would have been without the presence of TIF. Therefore, taxpayers both within and outside of a TIF district subsidize the TIF. More specifically taxpayers in **non-TIF district** portions of a municipality indirectly subsidize TIF districts as tax rates are higher than they would be otherwise. These taxpayers may pay proportionately less than their peers located in TIF districts, but the amounts they pay could still be substantial. This means that taxpayers in **other municipalities** also are affected by the presence of TIF districts; they pay for the TIFs of other municipalities with shared taxing agencies (such as the Metropolitan Water Reclamation District or the Forest Preserve District of Cook County or school districts that overlap several municipalities). Consequently, tax rates are higher than they would be otherwise.

> It would be extraordinarily difficult to calculate tax rates for individual taxpayers located outside TIF districts or in other municipalities in a way that would accurately reflect how much of the rate could be attributed to the presence of TIF. Some have suggested that tax bills show what tax rates would be with and without TIF. But, this approach is misleading because those calculations make a flawed assumption that all development would have occurred without TIF. It would be a very complex undertaking to disaggregate what portion of TIF tax rates are explicitly caused by TIF and which are not. Therefore, we conclude that it would be extraordinarily difficult to determine how much taxpayers outside TIF districts pay in property taxes for TIF.
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> In sum, providing information on the amount of taxes allocated to TIF on individual property tax bills under current proposals such as the one in *A Tale of Two Cities* would be incomplete and thus would not necessarily provide a completely accurate portrayal of the effects of TIF on taxpayers. The Civic Federation recommends that all tax bills, for parcels within TIF districts and outside TIF districts, could include a statement that says," By agreement among the taxing bodies, a portion of taxes paid are allocated to TIF districts." This would acknowledge that some revenues are in fact allocated to TIF and that all taxpayers do pay for TIF. We would also recommend that the bill include a link to a page on the County Clerk's Web site that explains in brief how TIF impacts taxpayers regardless of where they live.

Impact of Tax Increment Financing on Residential Property Value Appreciation (2006)

This study authored by Rachel Weber and Saurav Dev Bhatta of the University of Illinois at Chicago and David Merriman of Loyola University sought to test the assertion that TIF is a cause of the displacement of lower income residents in cities because it contributes to rapid increases in housing values.

The researchers used an econometric analysis to investigate whether TIF districts affect the rate of housing appreciation in Chicago, controlling for characteristics of the TIF district, property, and neighborhood, and measuring spillovers onto nearby residential property values. The dataset employed included information on sales prices, structural characteristics and neighborhood conditions as well as proximity to TIF districts and information about activities within TIF districts.

Weber, Dev Bhatta and Merriman found that low-priced houses in areas in the proximity of TIF districts do appreciate more rapidly than similar houses that initially sold for moderate or high prices. They found, however, no evidence that the TIF districts caused a disproportionate appreciation of lower valued homes. Therefore, they argue that "TIF does not appear to intensify the process of gentrification."[55]

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[55] Rachel Weber, Saurav Dev Bhatta and David Merriman, "The Impact of Tax Increment Financing on Residential Property Value Appreciation," Unpublished paper, 2006, p. 5. See www.niu.edu/econ/Schedule/Seminar%20papers.

Tax Increment Financing: A Documentary Case Study of the Financial Impact and Policy Implications for Public Schools in Illinois (2005)

The purpose of this study by Christine Benson was to assess the impact of thirty TIF districts in LaSalle County, Illinois on the finances of the twenty school districts in which they were located. Benson asked three research questions:

1. To what extent were school districts able to access local property tax revenues within TIF redevelopment project areas?

2. To what extent was additional monetary support provided by the State of Illinois to school districts in terms of General State Aid (GSA) entitlements due to TIF redevelopment projects?

3. What elements in the thirty-four intergovernmental agreements concluded between LaSalle County school districts studied and municipalities have been used to reduce potential revenue losses from TIF districts?[56]

To answer the first question, Benson multiplied each TIF district's increment EAV value by the relevant school district's total tax rate to determine an estimated dollar gain or loss.[57] As LaSalle County has not adopted tax caps, which limit annual levy increases to the lesser of 5% or the rate of inflation, school districts lose the ability to increase revenues absolutely based on growth of the TIF increment. The study found that TIF negatively impacted the property tax revenues of the LaSalle County school districts reviewed and estimated that the districts lost access to $10.5 million in property tax revenues in the years between 1999 and 2003.

In response to the second question, Benson found that the State of Illinois paid more to LaSalle County school districts through the General State Aid formula than would have been required if the TIF increment EAV had been available to the districts. The amount provided was $2.0 million; therefore these districts captured approximately 20% of the aggregate revenue "lost" between 1999 and 2003 (the range of "lost" revenue among districts was considerable). In instances where TIF is used, property tax revenues on the incremental EAV of the TIF district are excluded from the Available Local Resource (ALR) calculation for determining General State Aid available to school districts because the districts cannot access this EAV for purposes of taxation. Since total GSA funding available to school districts is determined by annual General Assembly appropriation, the consequence is that State aid is shifted away from school districts that do not contain TIF districts to those that do include TIF districts. Therefore, school districts containing TIF districts receive a greater share of financial assistance than they would have if the TIF districts did not exist.

Benson's research on the third question found that LaSalle County school districts that signed an intergovernmental agreement with a municipality generally have re-captured a portion of the revenues diverted to the municipality due to the presence of the TIF district. It was not possible, however, to quantify the amount of revenues lost or recaptured. Ways in which the various LaSalle County intergovernmental agreements compensated school districts included:

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[56] Christine Benson. *Tax Increment Financing: A Documentary Case Study of the Financial Impact and Policy Implications for Public Schools in Illinois*, Doctoral Dissertation, Northern Illinois University, 2005, p. 9
[57] Ibid, pp. 148-149.

- A portion of TIF funds was rebated to school districts for capital expenditure projects;
- A *pro rata* share of surplus TIF funds was reallocated to taxing districts for whatever use they deemed appropriate;
- A portion of TIF funds was rebated to school districts for job training expenses;
- A real estate impact fee was imposed on residential development with a fixed dollar amount to be awarded to the school district on the basis of each parcel of land sold by the developer;
- The duration of the TIF district was reduced from 23 years to a time period sufficient to pay debt service on bonds (10-15 years);
- General obligation bonds were issued by the municipality on behalf of the school district to fund capital improvements; and
- Partial funding was provided by the municipality for infrastructure development of utilities to new school construction. [58]

The Right Tool for the Job? An Analysis of Tax Increment Financing (2003)

This report was commissioned by the Developing Neighborhood Alternatives Project, a joint effort of the Center for Economic Policy Analysis, the Jewish Council on Urban Affairs, the Heartland Institute and the Statewide Housing Action Coalition. Project researchers utilized a case study approach, evaluating a total of five TIF districts in Chicago. Three of the districts were commercial TIF districts and two were residential. The study examined the impact of TIF from a community perspective by including interviews with individuals and organizations as well as qualitative data on neighborhood-wide changes.[59]

The major findings of this study were:

- TIF favors large projects and businesses over smaller projects, rehabilitation efforts and smaller businesses.
- TIF increases the power of the municipality over planning and policy decision making.
- TIF has a limited impact on economic development. Two of the three commercial TIF districts experienced a net loss in businesses while the third had a net increase less than that for the entire city. Each of the five TIF districts had a net decrease in jobs faster than the City's overall net decrease in jobs.

The authors of this study made the following recommendations:[60]

- Municipalities should provide better information to the public about the benefits of TIF.
- TIF decision-making procedures should be made more inclusive and fair. Communities should have more of an opportunity to participate in the decision making process.
- TIF benefits should be distributed more fairly. For example, companies benefiting from redevelopment assistance should be required to hire local workers. Local business owners

[58] Benson, pp. 159-164.
[59] Developing Neighborhood Alternatives Project. *The Right Tool for the Job? An Analysis of Tax Increment Financing*. (Chicago: The Heartland Institute, 2003), pp. 2-4.
[60] Developing Neighborhood Alternatives Project, pp. 2-4.

should be empowered to participate in the redevelopment planning process, particularly if there may be adverse effects to them such as increases in rents or subsidies for competitors.

NCBG's TIF Almanac (2003)

The Neighborhood Capital Budget Group (NCBG) was a coalition of Chicago community-based organizations and local economic development groups that focused on issues related to infrastructure. The almanac presents a detailed overview of tax increment financing. Its purpose is to serve as a desktop resource both for those who are familiar with the topic and those who are not. It includes an introductory explanation of how TIF works, presents specific data on the impact of TIF on the City of Chicago, and provides a practical guide on how community and neighborhood activists can organize locally around TIF issues. [61]

The Effects of Tax Increment Financing on Economic Development (1999)

This paper by Richard Dye and David Merriman of the Institute of Government and Public Affairs at the University of Illinois found evidence that municipalities that adopt TIF grow more slowly than those that do not.

Dye and Merriman estimated the impact of TIF using a total sample of 235 northeastern Illinois municipalities. The data set used for statistical analysis included information on TIF status, fiscal structure, community type and location for years before and after adoption of TIF by approximately one-third of the municipalities.[62]

Between 1980 and 1984, the researchers found that municipalities that would later adopt TIF had a mean EAV growth rate nearly equal to those municipalities that later did not adopt TIF. However, between 1992 and 1995, TIF adopters grew slower than non-adopters (4.96% v. 7.38%). Dye and Merriman found no evidence that sample selection bias explained the slow growth rate of TIF adopters. Even after controlling for variety of municipal characteristics, TIF adopters grew 0.79% per year less than non TIF-adopters. Property values in non-TIF areas of the municipalities reviewed grew 1.31% per year less than for non-TIF adopters.[63]

Dye and Merriman concluded that their findings suggest that TIF trades off higher growth rates in the TIF district for slower growth elsewhere in the municipality. The larger the share of the municipality's EAV is in TIF districts, the slower the growth is in the areas outside the TIF districts. So, targeted areas gain from TIF at the expense of non-targeted areas. In sum, Dye and Merriman argue that "… the simplest explanation for our results is that TIF adoption causes depressed assessed value growth rates."[64]

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[61] See http://ncbg.org/documents/TIF%20ALMANAC%207%2003.doc
[62] Richard F. Dye and David F. Merriman. "The Effects of Tax Increment Financing on Economic Development," Working Paper #75, James H. Kuklinski, editor. Lincoln Land Institute. September 1999, p. 6.
[63] Dye and Merriman, pp. 24-25.
[64] Dye and Merriman, pp. 25.

Chicago TIF Encyclopedia (1999)

In 1999, the Neighborhood Capital Budget Group published a comprehensive report on Chicago's TIF program that included:

- An analysis of the impact of TIF on Chicago neighborhoods using a Community Benefit Index developed by the Group as a valuation tool;
- A study of lessons learned from a review of the Central Loop TIF district; and
- Recommendations for reform of the City's TIF process.

The major findings of the study were that:[65]

- Property values as measured by EAV growth grew faster than the citywide average in 81% of the 36 neighborhood TIF districts analyzed by the NCBG.

- Many neighborhood TIF districts had not yet generated sufficient money to fund meaningful development despite rapid growth in EAV. Approximately 58% of the 36 neighborhood TIF districts evaluated generated less than $1 million each in increment tax revenues between 1990 and 1999. Even fast-growing districts take a long time to generate significant incremental revenues.

- The City of Chicago budgeted only $14 million of public works investments in neighborhood TIF districts as opposed to $158 million in downtown TIF districts.

- The City's commercial development strategy in TIF districts focused on shopping malls and chain stores rather than traditional neighborhood shopping areas.

- Industrial TIF districts produced the best ratio of private to public investment ($6 in private investment for every $1 in public investment).

The NCBG made several recommendations for reforming the City of Chicago's TIF process.[66] They included:

- The City should "front fund" neighborhood TIF district development projects that are not generating sufficient revenues to pay for proposed projects.

- TIF dollars should supplement existing public investment in neighborhood TIF districts, not substitute for public investment.

- The City should focus on developing affordable housing and revitalizing traditional retail districts with TIF dollars.

- The City should focus TIF efforts on industrial development and redevelopment as industrial projects are generators of good jobs.

[65] Chris Schwartz, et al., *NCBG's TIF Encyclopedia: The First Comprehensive Report on the State of Tax Increment Financing in Chicago*. (Chicago: Neighborhood Capital Budget Group, 1999), pp. 5-6.
[66] Schwartz, et al., pp. 6-7.

- The City should require TIF recipients to make binding agreements regarding the number of jobs they will create as well as the type of jobs they will create.

- Citizens' rights should be strengthened during the land acquisition process, including access to land acquisition maps, learning about land acquisition plans in a timely manner and allowing more than fifteen days to respond to City acquisition plans.

- The City should garner public input from Community Oversight Committees whenever it begins the TIF designation process. These committees should play an active role in how TIF funds are spent over the life of the district.

Assessing the Impact of Tax Increment Financing in Northeastern Illinois (1997)

The Civic Federation published *Assessing the Impact of Tax Increment Financing in Northeastern Illinois: Empirical Analysis and Case Studies* in 1997. The report consisted of two sections. The first part was an analysis of the impact of tax increment financing based on information from a database linking property tax, sales tax, population and other information for each municipality, TIF district and overlying government in the six-county region of northeastern Illinois for years 1982 through 1993. The second part consisted of case studies of ten selected Cook County TIF districts.

Findings from the Regional Database

Researchers from the Institute of Government and Public Affairs at the University of Illinois used the information from the regional database to attempt to answer the following questions:

1. What are the characteristics of municipalities that adopt TIF?
2. How do growth rates in property values compare between municipalities containing TIF districts and those that do not?
3. How do growth rates in property values compare between the years before municipalities adopt TIF and the years after?
4. How do growth rates in property values compare between the portion of a municipality that contain a TIF district and the portion that does not?, and
5. If TIF adoption is associated with increased property values, is it possible to determine whether TIF adoption causes growth or whether anticipated growth causes TIF adoption?

Analysis of the database indicated that, compared to non-TIF adopting municipalities, TIF adopting municipalities:

- Were more likely to be located in Cook County;
- Have larger populations;
- Have slower rates of growth in EAV;[67]
- Have lower per capita incomes;
- Have higher property tax rates;

[67] EAV growth was calculated for municipalities in the sample between 1982 and 1993 whether or not they contained a TIF district.

- Have a larger share of non-residential property in their tax base; and
- Receive more sales tax revenue per capita.

The variables were all correlated. Only two – population and the share of non-residential property in the tax base – were statistically significant determinants of TIF adoption in the multi-variable model.

When averaged over all municipalities and all years, the municipalities that adopted TIF had a lower growth rate in property values than did the non-TIF adopting municipalities (7.36% versus 8.90%). In one-third of all TIF districts, the growth rate in property values was less than that of the non-TIF portion of the host municipality.

Mean Values of Selected Variables Over the 1982-1993 Period by TIF Status		
Variable	**Non-TIF Municipalities**	**TIF-Adopting Municipalities**
Population	9,743	22,473
Income in 1989 ($ per capita)	$22,277	$17,331
Growth in Population (% per year)	2.12	1.00
EAV Inclusive of TIF ($ per capita)	$15,177	$15,862
Municipal Property Tax Rate	0.96%	1.53%
Combined Property Tax Rate	7.83%	9.07%
Non-Residential/Total EAV (%)	30.10%	43.68%
Municipal 1% Share of Sales Tax Collections ($ per capita)	$93	$112
Growth in EAV Inclusive of TIF (% per year)	8.90%	7.36%

In a multiple regression model that controlled for a number of other variables that might impact annual rates of growth in municipal property values, the presence of a TIF district had no statistically significant impact on growth in municipal-wide EAV. The regression model thus could not be used to address the broader question of whether anticipated growth causes TIF adoption or TIF adoption causes growth.

Findings from the Case Studies

This portion of the analysis evaluated ten TIF districts. It was conducted by researchers from the Civic Federation and the Metropolitan Planning Council. Five districts were located in the City of Chicago (West Ridge-Peterson, Division-North Branch, 95th and Stony Island, North Loop and Near South). The remaining five were located in suburban Cook County (Berwyn Theater Redevelopment Area, Franklin Park Redevelopment Project Area #3, Homewood Central Business District Redevelopment Area, Matteson Industrial Conservation Area and the Olde Schaumburg Center). Individual TIF district performance was evaluated on a series of questions:

1. What factors prompted municipalities to adopt TIF?
2. What types of planning processes were undertaken prior to the TIF district's implementation?
3. What kinds of financing were used to develop the TIF districts?
4. What was the scope of public comment and intergovernmental review by overlying taxing jurisdictions?
5. How did TIF districts "perform" based on trends in Equalized Assessed Value (EAV) since inception and evidence of physical development within the district?

The case studies found that City of Chicago and suburban Cook TIF districts were similar in that:

- There was little review of TIF by overlying governments.
- Compound EAV growth within the TIF districts tended to outpace EAV growth in the entire community.
- There was some level of citizen participation at the mandatory public meetings held prior to TIF district adoption.
- Most TIF districts experienced new investment.

The TIF districts were dissimilar in that:

- There was more community input into the TIF planning process in the City of Chicago TIF districts than in suburban Cook County districts.
- City of Chicago TIF district projects were more likely to be financed with limited obligation bonds, while suburban projects were more likely to be financed with General Obligation bonds.
- TIF was used in the Cook County suburban communities to "level the paying field" with lower tax outlying communities in other counties.

The table on the following page summarizes the findings for the City of Chicago and suburban Cook County case studies.

ISSUE	CITY OF CHICAGO	SUBURBAN COOK COUNTY
Why Was TIF Selected?	1) The projects under consideration would not qualify for federal economic development assistance and/or 2) State and local incentives available would be insufficient for project completion.	1) The projects under consideration would not qualify for federal economic development assistance and/or 2) State and local incentives available would be insufficient for project completion. 3) TIF was used to level the "playing field" with lower tax outlying counties in the attraction of business and employment.
Planning Context	The City undertook a great deal of market analysis and incorporated community input into the development of the North Loop and Near South TIF districts. In the case of the 3 neighborhood TIF districts, TIF was adopted in response to developer projects, outside the context of a comprehensive community plan and with less community input.	With the exception of the Schaumburg district, TIF districts were implemented without a broader community planning context. TIF in these cases was used to address site specific development problems, rather than as a tool to achieve broad economic development objectives.
TIF Funding	Three of the five districts were financed through limited obligation bonds. The North Loop TIF district was financed with general obligation bonds.	Three of the five communities – Franklin Park, Homewood and Matteson – used general obligation bonds to finance TIF district developments. Matteson also issued TIF revenue bonds for public and private development project costs.
Public Comment	There was a degree of citizen participation at mandatory public meetings held prior to TIF district adoption. However, there was little citizen participation in the planning process except in the cases of the Near South TIF district and the North Loop TIF district.	All of the communities had some level of citizen participation at the mandatory public meeting held prior to TIF district adoption.
Intergovern-mental Review	Overlying governments did not monitor TIF development or participate in Joint Review Boards to any appreciable degree.	There was an appreciable level of intergovernmental review only in Homewood and Matteson.
EAV Trends	Compound EAV growth in each TIF district greatly outpaced compound EAV growth for the entire City of Chicago during comparable periods.	Compound EAV growth for four of the five districts greatly outpaced EAV growth for their respective communities during comparable periods. Compound EAV growth in the Berwyn TIF district was greater than in the entire municipality, but at a much slower rate than in the other communities.
Economic Development Results	Four of the five TIF districts experienced substantial development; no development occurred (as of 1997) in the 95th and Stony Island TIF district.	Each community experienced new investment within its TIF district. TIF proceeds were used to subsidize tax rates for developers and "Level the playing field" with the collar counties in three of the communities.
Data Limitations	Data on the broad public benefits of TIF, such as the number of jobs created or private investment dollars generated, were not maintained or readily available.	Data on the broad public benefits of TIF, such as the number of jobs created or private investment dollars generated, were not maintained or readily available.

TAX INCREMENT FINANCING IN CHICAGO

The first tax increment financing district in Chicago was the North Loop TIF district, initiated in 1984. Since then, the number of Chicago TIF districts has mushroomed, rising to 136 districts in 2005 and 140 in 2006 and 145 in 2007. Because 2005 is the latest date for which compete tax and property value information is available, the data in this section are representative for the 136 districts existing in 2005.

Changes in TIF District Property Values

The next two exhibits show changes in the equalized assessed valuation (EAV), frozen valuation and increment of the City of Chicago TIF Districts over time.

Between 2004 and 2005, the EAV of all 136 then-existing Chicago TIF Districts increased by 12.7%, or about $1.3 billion. This is an increase from $10.1 billion in 2004 to $11.4 billion in 2005. The frozen valuation of the City of Chicago TIF Districts increased by 1.1%, or approximately $57 million. This is an increase from $5.0 billion in 2004 to $5.1 billion one year later. The value of citywide TIF district increment increased by 24.2%, or about $1.2 billion. This is an increase from $5.1 billion in 2004 to $6.3 billion in 2005.

City of Chicago Tax Increment Financing Districts
Changes in Value of Property 2004-2005

Year	Frozen Valuation	Increment	Total EAV
2004	$ 5,070,674,805	$ 5,103,484,713	$ 10,174,159,518
2005	$ 5,128,046,966	$ 6,338,097,241	$ 11,466,144,207
Growth in Dollars:	$ 57,372,161	$ 1,234,612,528	$ 1,291,984,689
% Growth	1.1%	24.2%	12.7%

Source: Cook County Clerk. *Tax Agency Reports*, 2004 and 2005.

Comparisons of changes in Equalized Assessed Valuation (EAV), frozen valuation and increment of Chicago's Tax Increment Financing Districts between 1986 and 2005 are shown next. During this twenty-year period, TIF district EAV increased by 15,661%, or by about $11.4 billion in dollar growth. This is an increase from the original value of $72.7 million in 1986 to $11.4 billion in 2005. The frozen valuation included in the TIF districts increased by 9,303%, or approximately $5.1 billion, from $54.5 million in 1986 to $5.1 billion in 2005. The value of the increment within the City of Chicago TIF Districts increased by 34,705%, or about $6.3 billion. This is an increase from $18.2 million in 1986 to $6.3 billion in 2005.

City of Chicago Tax Increment Financing Districts
Changes in Value of Property 1986-2005

Year	Frozen Valuation	Increment	EAV
1986	$ 54,537,900	$ 18,210,300	$ 72,748,200
2005	$ 5,128,046,966	$ 6,338,097,241	$ 11,466,144,207
Growth in Dollars:	$ 5,073,509,066	$ 6,319,886,941	$ 11,393,396,007
% Growth:	9302.7%	34705.0%	15661.4%

Source: Cook County Clerk. *Tax Agency Reports* , 1986 and 2005.

Changes in Amount of Property Taxes Generated in TIF Districts

The next two exhibits show the increase in the amount of taxes generated over time, or the "tax agency amount."

Between 2004 and 2005, the tax agency amount increased by 17.4%, or approximately $57.1 million. This is an increase from $329.3 million in 2004 to $386.5 million in 2005.

Changes in the Amount of Taxes Generated 2004-2005

Year	Tax Agency Amount
2004	$ 329,343,683
2005	$ 386,502,771
Growth in Dollars:	$ 57,159,088
% Growth	17.4%

Source: Cook County Clerk. *Tax Agency Reports, 2005 and 2006*

From 1986 to 2005, the tax agency amount increased by 4,991%, or $378.9 million. This is an increase from nearly $7.6 million in 1986 to $386.5 million in 2005.

Changes in Amount of Taxes Generated 1986-2005

Year	Tax Agency Amount
1986	$ 7,591,500
2005	$ 386,502,771
Growth in Dollars:	$ 378,911,271
% Growth	4991.3%

Source: Cook County Clerk. *Tax Agency Reports, 1986 and 2005.*

SELECTED CHICAGO TAX TIF DISTRICTS

The final section of this report presents information about ten selected Chicago tax increment financing districts. The districts were chosen to provide a measure of geographic and TIF-type diversity. They include the following TIF districts:

- The Central Loop, a large commercial/residential district;
- Division/North, an industrial TIF district;
- Englewood Neighborhood, a residential district;
- Lawrence/Kedzie, a commercial/residential TIF district;
- Near North, a commercial/residential TIF district;
- Near South, a mixed industrial/commercial/residential TIF district;
- Northwest Industrial Corridor, an industrial district;
- Pilsen Industrial Corridor, an industrial district;
- Wilson Yard, a commercial/residential district; and
- 95th Street/Stony Island, a commercial TIF district.

For each TIF district, a profile was created that includes information about

- The date the district was created;
- The termination date;
- Size of the TIF district;
- Land use;
- Boundaries;
- Community area(s) the TIF is located in;
- Initial EAV;
- Current EAV (2005);
- Fund balance (2005);
- Total increment to date (2005);
- Tax agency amount (2005);
- Historic information including a brief overview of ongoing redevelopment agreements as of 2006 in the TIF district and financial activity; and
- An appendix showing an overview of the past redevelopment agreement agreements in the TIF district.

The financial data included in the TIF district profiles is from the City of Chicago's FY2005 TIF district Comprehensive Annual Financial Reports. FY2005 was the last year for which data were available. Information about whether the projects were completed comes from the Department of Planning and Development in 2006 and 2007. Many projects listed in the 2005 CAFRs were not yet completed in that year; however, the Department informed the Federation as to which were completed by 2007.

The exhibit on the following page summarizes the information contained in the ten TIF district profiles. Only the Central Loop district's redevelopment plan, which was originally proposed in 1984, has been amended to include more areas in 1997. The Central Loop district is by far the largest TIF district, with $2.3 billion in EAV reported in 2005 and approximately 23% of the total EAV of all 136 Chicago TIF districts. The second largest TIF district is the Near South district, which reported $669.7 million in EAV in 2005, approximately 6% of the total EAV of all 136 TIF districts.

Comparison of Selected Chicago TIF Districts										
Name	Central Loop	Division/ North	Englewood Neighborhood	Lawrence/ Kedzie	Near North	Near South	Northwest Industrial Corridor	Pilsen Industrial Corridor	Wilson Yard	95th Street/ Stony Island
Year Created	1984	1991	2001	2000	1997	1990	1998	1998	2001	1990
Type	Commercial Residential	Industrial	Residential	Commercial Residential	Commercial Residential	Industrial Commercial Residential	Industrial	Industrial	Commercial Residential	Commercial
Area	Loop	West Town	West Englewood, Englewood	North Park Albany Park	Near North Side	Loop, Near South Side	Belmont Cragin, Hermosa, Humboldt Park, Austin, West Garfield Park	Lower West Side, Armour Square, McKinley Park, Bridgeport	Uptown	Pullman, South Deering
EAV (2005)	$2,603,135,368	$3,893,092	$101,641,951	$193,890,551	$255,358,891	$669,748,398	$211,701,756	$224,867,585	$135,322,229	$20,715,236
Percent of Total Chicago TIF EAV	22.7%	0.03%	0.9%	1.7%	2.2%	6%	1.8%	2%	1.2%	0.2%
Frozen Valuation	$985,292,154	$482,150	$56,074,854	$110,395,843	$41,675,843	$128,567,383	$146,115,991	$111,203,219	$55,960,211	$2,622,436
Increment (2005)	$1,617,843,214	$3,410,942	$45,567,097	$83,494,708	$213,683,048	$541,181,015	$65,585,765	$113,664,366	$79,362,018	$18,683,292
EAV Rank (2005)	1	124	30	12	5	2	9	6	19	91
Tax Agency Amount (2005)	$98,267,069	$204,008	$2,894,955	$4,993,818	$12,814,363	$33,149,403	$3,922,732	$7,069,344	$4,839,533	$1,092,106
Fund Balance (2005)	$202,190,201	$472,093	$5,773,599	$8,512,607	$25,167,745	$76,993,325	$9,426,909	$44,013,386	$6,012,669	$2,107,683

CENTRAL LOOP TIF DISTRICT

DATE CREATED: Originally proposed as the North Loop TIF District on 6/20/1984, and amended on 2/7/1997 as the Central Loop TIF District to include an Added Project Area of additional acreage.

TERMINATION DATE: 6/20/2007

SIZE: 171 Acres

LAND USE: Commercial, Residential

BOUNDARIES

Central Loop Redevelopment Project Area (the entire TIF district, includes both the original and the added project areas): Generally bounded by Wacker Drive on the north, Michigan Avenue on the east, Congress Parkway on the south, and Dearborn, LaSalle, and North Franklin Streets on the west.

The Original Project Area: Generally bounded by the Chicago River on the north; LaSalle Street and Clark Street on the west; Randolph Street and Washington on the south; and Wabash and State Streets on the east.

The Added Project Area: Located in and adjacent to the OPA, consists of two subareas. Subarea 1 is generally located west of the OPA and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 2 is generally located east and south of the OPA and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the South

COMMUNITY AREA(S): Loop

INITIAL EAV[68]

<u>The Original Project Area</u>
- Estimated in 1982
  - EAV = $53,158,199

<u>The Added Project Area</u>
- Estimated in 1995
  - EAV = $903,827,523

CURRENT EAV (2005): $2,603,135,368

FUND BALANCE (2005): $202,190,201

TOTAL INCREMENT TO DATE (2005): $1,617,843,214

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68 Source: *1997 Annual Report: Central Loop Redevelopment Project Area*, p.26 of "North Loop Tax Increment Redevelopment Area Redevelopment Plan and Project," and p.29 of "Central Loop Tax Increment Financing Redevelopment Project and Plan." The NCBG website has a different figure for the initial EAV, $985,292,154. See http://www.ncbg.org/tifs/tifprofile.aspx?id=15

TAX AGENCY AMOUNT (2005): $98,267,069

HISTORIC INFORMATION

Redevelopment Agreements: [69]

1.

Date Authorized: 12/17/2003
Developer: Shubert Hotel Associates LLC
Description: Restoration of the Majestic Building and restore Shubert Theater; use building for a moderately priced 128-room hotel; building will become a Chicago landmark
Private Investment: $23,963,400
TIF Assistance: $6,000,000
Status: Completed (by 2006)

2.

Date Authorized: 12/17/03
Developer: Monroe Presentations (same as Shubert Hotel Associates)
Description: N/A
Private Investment: $34,973,000
TIF Assistance: $5,500,000 (2005)
Status: Completed (by 2006)

3.

Date Authorized: 10/31/2001
Developer: Dearborn Center LLC
Description:
57 story office, retail and parking
Private Investment: $327,000,000
TIF Assistance: $10,000,000 (2005)
Status: Completed (by 2006)

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[69] Source: *2005 Annual Report: Central Loop Redevelopment Project Area*, p.13. Projects 1 through 14 are also all listed on the NCBG website. See http://www.ncbg.org/tifs/tifprofile.aspx?id=15. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

4.

Date Authorized: 09/05/2001
Developer: One South State Street, LLC
Description: Rehab interior & facade of Carson Pirie Scott & Haskell-Barker-Atwater buildings, develop 300,000 SF office space & upgrade mech. systems. Amended 9/5/01. City acquires property adjacent to Carson's (HBA building); create separate office component.
Private Investment: $63,415,586
TIF Assistance: $5,500,000
Status: Completed (by 2006)

5.

Date Authorized: 06/27/2001
Developer: Art Institute of Chicago
Description: $1,000,000 grant to Art Institute to reimburse TIF-eligible expenses used to construct theater space; Amendment to 11/23/98 redevelopment agreement (Butler Building on State St., north of Randolph sold to Art. Ins. for dorm renovation, 12/21/98).
Private Investment: $0
TIF Assistance: $1,000,000
Status: Completed (by 2006)

6.

Date Authorized: 03/28/2001
Developer: Michigan Wacker Associates, LLC
Description: Renovation of Mather Tower, 75 E. Wacker Dr. TIF funds pay for stabilization of exterior. Funds from bonds (Series 1997B $91 million bond issue or Series 2000 $250 million bond issue). Renovation to include reconstruction of the building's cupola.
Private Investment: $9,200,000
TIF Assistance: $1,500,000
Status: Completed (by 2006)

7.

Date Authorized: 07/19/2000
Developer: EthnicGrocer.com
Description: Subsidy pays for improvements to the 12th floor space leased by this startup e-retailer. Douglas Eliman Beitler owns the building; Ethnic Grocer has downsized and moved to smaller quarters on Hubbard St. in 2001 (Parent: TransEthnic Link, Inc.)
Private Investment: $2,548,918
TIF Assistance: $1,148,255
Status: Completed (by 2006)

8.

Date Authorized: 03/15/2000
Developer: American Invesco/182 W Lake St

Description: Parkway National Bank acquired historic Trustees System Services Building and sold it to developer to renovate space into 293 rental residential units (3-28 floors, 20% affordable) plus 1st and 2nd floor retail/office; 6/25/03: renovation complete, apartments being marketed.
Private Investment: $36,150,400
TIF Assistance: $7,000,000
Status: Completed (by 2006)

9.

Date Authorized: 01/12/2000
Developer: St. George Hotel LLC
Description: Rehab Carbide and Carbon building into Raddison Hotel (later-- Hard Rock Hotel); demolish 222 N. Michigan and construction new building for hotel use.
Private Investment: $76,200,000
TIF Assistance: $5,000,000
Status: Completed (by 2006)

10.

Date Authorized: 12/15/99
Developer: 201 North Wells Investors, LLC; 201 Wells Investors, Inc.
Description: N/A
Private Investment: $38,439,149
TIF Assistance: $7,000,000
Status: Completed (by 2006)

11.

Date Authorized: 12/15/99
Developer: Chicago Symphony Orchestra
Description: N/A
Private Investment: $64,500,000
TIF Assistance: $2,500,000
Status: Completed (by 2006)

12.

Date Authorized: 11/17/1999
Developer: One North Dearborn, LLC, Sears
Description: Sears will lease first four floors as department store and renovate 1st and 2nd floor facades. Developer will also rehabilitate existing office space, roof, mechanical, etc. of 17-story, 900,000 sq ft building. Also, $30 million to neighborhood stores.
Private Investment: $124,055,809
TIF Assistance: $13,515,833
Status: Completed (by 2006)

13.

Date Authorized: 11/03/1999

Developer: Mentor Building, LLC
Description: Renovation and rehab of historic Mentor Building. Retail on floors one and two, office or residential on floors two and three, fitness center in basement, condominiums in upper floors of 17-story building.

Private Investment: $9,006,161
TIF Assistance: $2,500,000
Status: Completed (by 2006)

14.

Date Authorized: 05/12/99
Developer: State Cite, LLC (Info Tech)
Description: N/A
Private Investment: $28,521,000
TIF Assistance: $8,000,000
Status: Completed (by 2006)

15.

Date Authorized: 05/12/1999
Developer: Fisher Building, LLC
Description: Renovate and rehab historic Fisher Building into residential/commercial building with 184 residential apartments, 6,275 sq ft of first-floor retail space, and 8,200 sq ft of office or commercial space on second floor. Complete by 12/31/00.

Private Investment: $27,280,973
TIF Assistance: $6,600,000
Status: Completed (by 2006)

16.

Date Authorized: 05/12/1999
Developer: Chicago Information Technology Exchange
Description: Acquire and rehab 18-story, 121,000 sq ft building and convert it into a high-tech incubator with information technology infrastructure designed to attract new and established small technology companies. Completed by 12/31/01. Also first-floor retail.
Private Investment: $28,521,000
TIF Assistance: $8,000,000
Status: Completed (by 2006)

17.

Date Authorized: 05/12/1999
Developer: 330 South Michigan, LLC
Description: Renovation and rehabilitation of lower 14 stories into office space upgrade sprinkler/safety system, construct first-floor retail space, and parking.

Private Investment: $21,308,040
TIF Assistance: $2,040,000
Status: Incomplete. Approximately 40-50% completed, still ongoing. Estimated date of completion not available

18.

Date Authorized: 12/02/1998
Developer: American Youth Hostels
Description: Redevelop 7-story building into 250-bed youth hostel and 120 dorm rooms for Columbia College. Also an international student center, ground-level retail, new sidewalk vaults and landscape improvements.

Private Investment: $10,470,000
TIF Assistance: $3,530,000
Status: Completed (by 2006)

19.

Date Authorized: 09/09/1998
Developer: Chicago Oxford Associates, LP
Description: Rehabilitate Oxford House Hotel into a "four-star" 191 room hotel, Hotel Monaco, with 5000 sq ft of meeting space, an upscale restaurant, and a parking garage. Also, developer will donate $25,000 for a "Green Machine" street cleaner.

Private Investment: $25,800,000
TIF Assistance: $1,700,000
Status: Completed (by 2006)

20.

Date Authorized: 07/21/98
Developer: CLIF Program
Description: N/A
Private Investment: $3,000,000
TIF Assistance: $1,500,000
Status: Completed (by 2006)

21.

Date Authorized: 06/10/1998
Developer: Canal Street Hotel Partners, LP
Description: Construct "first class boutique hotel" and restaurant and complete historic preservation and rehabilitation of the Reliance Building. Hotel will be called the Burnham Hotel.
Private Investment: $19,325,000
TIF Assistance: $2,500,000
Status: Completed (by 2006)

22.

Date Authorized: 12/10/1997
Developer: Hotel Allegro, Palace Theater, Palmet Venture LLC
Description: Renovate 483-room Bismarck Hotel (renamed Hotel Allegro), 2,350-seat Palace Theater, renovate Metropolitan Office Building, and make improvements to sidewalk and building façade.
Private Investment: $60,100,000
TIF Assistance: $17,600,000
Status: Completed (by 2006)

23.

Date Authorized: 03/26/1996
Developer: Livent Realty (Chicago) Inc.
Description: Renovate the 2,180-seat Oriental Theater, construct 7,000 sq ft of retail space, and rehabilitate the façade of the Oliver Building.
Private Investment: $15,000,000
TIF Assistance: $17,000,000
Status: Completed (by 2006)

24.

Date Authorized: 11/10/1994
Developer: Baldwin Development Co. (II) -- Reliance Building
Description: Phase II: Restoration of terra cotta façade on north and west sides of building, masonry work on south and west sides, work on roof cornice, replace windows, reconstruct sidewalk vaults, build first-floor retail space, re-roofing & asbestos removal.
Private Investment: $0
TIF Assistance: $6,668,713
Status: Completed (by 2006)

25.

Date Authorized: 12/15/1993
Developer: Baldwin Development Co. (I) -- Reliance Building
Description: Phase I: Study of exterior envelope of historic Reliance Building, a 14-story office building. Redevelopment agreement specifies Baldwin will be reimbursed for study costs up to $520,000. Daley & George and McClier Corp. also involved.
Private Investment: $0
TIF Assistance: $1,720,000
Status: Completed (by 2006)

26.

Date Authorized: 05/16/1990
Developer: Goodman Theater
Description: Linpro was to acquire theaters and donate them to the City, which would lease them to Linpro. City then enters into an agreement with the Chicago Theater Group (Goodman Theater) to rehab the theater.
Private Investment: $40,783,000
TIF Assistance: $18,800,000
Status: Completed (by 2006)

27.

Date Authorized: 10/15/1987
Developer: Prime Group (Baird & Warner/Higginbottom/Stein & Co.
Description: Mixed apartment, retail, and office development. Also public improvements including pedestrian bridges across Clark and Dearborn, sidewalk vaults, landscaping, street paving, curbs and gutters, etc.
Private Investment: $200,000,000
TIF Assistance: $600,000
Status: N/A

28.

Date Authorized: 09/23/1987
Developer: Joseph Freed and Associates*
Description: Execution of unspecified redevelopment agreement for Block 37; 2002: After many failed attempts to finalize and execute a development plan, the City is purchasing the property back from FJV Venture and seeking new developers.
Private Investment: $0
TIF Assistance: $33,972,993
Status: Incomplete, estimated completion: Fall 2009

*Eddie Baeb, "Mills Sells Interest in Block 37." *Crain's Chicago Business*, November 7, 2006.
http://chicagobusiness.com/cgi-bin/news.pl?id=22766

29.

Date Authorized: 03/25/1986 **Developer:** Block 16 Hotel Associates/John Buck/CTF Chicago Hotel Ltd. Partnership **Description:** 1: Hotel/retail structure including at least 600 rooms/400 suites (Renaissance Hotel). 2: Office tower, 900,000 sq ft Public improvements: sidewalk vaults, pedestrian bridge, curbs, gutters (Leo Burnett Building). **Private Investment:** $250,000,000 **TIF Assistance:** $1,850,000 **Status:** Completed (by 2006)

Central Loop TIF Estimated Redevelopment Budget:[70]

Project Type	**Amount**
Professional Services/Administration	$25,000,000
Property Acquisition, Site Prep, Demolition, Environmental	$281,500,000
Rehabilitation of Existing Buildings	$204,000,000
Public Improvements	$190,000,000
Relocation Expenses	$10,000,000
Job Training	$6,000,000
Financing/Interest Subsidy	$50,000,000
Day Care	$3,000,000
Total:	**$769,500,000**

REVENUES AND EXPENDITURES (2005)[71]

Revenues

Property Tax	$89,348,830
Interest	$5,428,064
Rental Income	$43,808
Sale of Land	$12,680,000
Miscellaneous Income	$220,000
Total Revenues	**$107,720,702**

[70] Source: the NCBG website. http://www.ncbg.org/tifs/tifprofile.aspx?id=15
[71] Source: *2005 Annual Report: Central Loop Redevelopment Project Area*, p.6.

Expenditures

Costs of studies, admin., and professional services	$1,551,926
Property assembly, demolition, site preparation and environmental site improvement costs	$7,213,335
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings	$29,932,385
Costs of construction of public works and improvements	$476,370
Cost of job training and retraining	$68,369,581
Total Expenditures	**$107,543,597**

Total Fund Balance: $202,190,201

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Central Loop TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

Special Revenue Funds:

Year	Name of the Fund	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1984	North Loop Tax Increment Redevelopment	$ -	$ 224,890	$ -	$ 977,987	$ -	$ 1,202,877
1985	"	$ 1,202,877	$ 801,968	$ -	$ 81,048	$ -	$ 2,085,893
1986	N/A						
1987	N/A						
1988	N/A						
1989	Under Debt Service Funds	$ 40,060	$ 61,423	$ -	$ -	$ -	$ 101,483
1990	Under Debt Service Funds	$ 101,483	$ 2,906	$ -	$ -	$ -	$ 104,389
1991	North Loop Tax Increment Redevelopment	$ 104,389	$ 18,200,476	$ -	$ 4,207	$ -	$ 18,309,072
1992	"	$ 18,309,072	$ 20,276,741	$ -	$ 87,615	$ 15,069,962	$ 23,603,466
1993	"	$ 23,603,466	$ 24,184,082	$ -	$ 114,462	$ -	$ 47,902,010
1994	"	$ 47,902,010	$ 31,130,699	$ -	$ 10,137,860	$ 22,492,806	$ 66,677,763
1995	"	$ 66,677,763	$ 31,095,563	$ -	$ 5,761,224	$ 63,152,275	$ 40,382,275
1996	"	$ 40,382,275	$ 32,519,384	$ -	$ 47,767,587	$ 82,092,751	$ 38,576,495
1997	Central Loop Tax Increment Redevelopment	$ 38,576,495	$ 33,725,463	$ 10,057,316	$ 41,000,000	$ 85,458,006	$ 17,786,636
	Central Loop Tax Increment Fund	$ -	$ -	$ 495,190	$ 495,190	$ -	$ -
1998	North Loop Tax Increment Redevelopment	$ 17,786,636	$ 582,400	$ -	$ -	$ 12,055,606	$ 6,313,430
	Central Loop Tax Increment Fund	$ -	$ 12,980,429	$ -	$ -	$ -	$ 12,980,429
1999	North Loop Tax Increment Redevelopment	$ 6,313,430	$ 188,337	$ -	$ 270,960	$ 6,747,061	$ 25,666
	Central Loop Tax Increment Fund	$ 12,980,429	$ 16,497,754	$ -	$ -	$ 10,830,761	$ 18,647,422
2000	North Loop Tax Increment Redevelopment	$ 25,666	$ 1,934	$ -	$ -	$ 27,600	$ -
	Central Loop Tax Increment Fund	$ 18,647,422	$ -	$ 1,730,000	$ 689,563	$ 24,357,680	$ (6,750,695)
2001	North Loop Tax Increment Redevelopment	$ -	$ 7	$ -	$ -	$ 7	$ -
	Central Loop Tax Increment Fund	$ (6,750,695)	$ 33,413,225	$ -	$ 159,339	$ 11,080,375	$ 15,741,494
2002	North Loop Tax Increment Redevelopment	$ -	$ 27,655	$ -	$ -	$ 27,655	$ -
	Central Loop Tax Increment Fund	$ 15,741,494	$ 7,901,982	$ 5,944,286	$ 299,871	$ 7,956,478	$ 10,042,583
2003	North Loop Tax Increment Redevelopment	$ -	$ -	$ 3	$ 3	$ -	$ -
	Central Loop Tax Increment Fund	$ 10,042,584	$ 16,261,483	$ 5,813,093	$ 4,574,861	$ 2,353,695	$ 25,188,604
2004	Central Loop Tax Increment Fund	$ 25,188,604	$ 1,781,894	$ 5,228,543	$ 53,304	$ 4,443,661	$ 17,351,598

Debt Service Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1984	***N/A***					
1985	***N/A***					
1986	***N/A***					
1987	***N/A***					
1988	***N/A***					
1989	$ 40,060	$ 61,423	$ -	$ -	$ -	$ 101,483
1990	$ 101,483	$ 2,906	$ -	$ -	$ -	$ 104,389
1998	$ -	$ -	$ 176,636	$ 176,636	$ -	$ -
2002	$ 714,112	$ -	$ 1,426,957	$ 889,833	$ -	$ 176,988
2003	$ 176,988	$ -	$ 1,066,554	$ -	$ 391,173	$ 852,369
2004	$ 852,369	$ -	$ 967,217	$ 114,848	$ -	$ -

Capital Projects Funds:

Year	Name of the Fund	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1989	North Loop Operating Fund	$ (172,254)	$ 307,194	$ 970,424	$ -	$ 21,118	$ (856,602)
1990	"	$ (856,602)	$ 3,974,524	$ 3,138,383	$ 24,000	$ -	$ 3,539
1991	"	$ 3,539	$ 20,005,196	$ 3,452,511	$ -	$ 397,795	$ 16,158,429
1992	"	$ 16,158,429	$ 497,676	$ 18,763,602	$ 14,279,559	$ 430,476	$ 11,741,586
1993	"	$ 11,741,586	$ 338,133	$ 1,785,641	$ -	$ 3,838	$ 10,290,240
1994	"	$ 10,290,240	$ 143,797	$ 9,507,113	$ 12,463,251	$ 371,639	$ 13,018,536
1995	"	$ 13,018,536	$ 1,485,947	$ 11,863,019	$ 6,821,400	$ 339,375	$ 9,123,489
	North Loop Redevelopment Cost Fund	$ -	$ 1,214,012	$ -	$ -	$ 214,111	$ 999,901
1996	North Loop Operating Fund	$ 9,123,489	$ 1,287,567	$ 18,789,339	$ 35,950,930	$ 4,954,919	$ 22,617,728
	North Loop Redevelopment Cost Fund	$ 999,901	$ 5,144,481	$ -	$ -	$ 15,914	$ 6,128,468
1997	Central Loop Operating Fund	$ 22,617,728	$ 1,528,186	$ 17,159,043	$ 19,430,737	$ 3,168,544	$ 23,249,064
	Central Loop Redevelopment Cost Fund	$ 6,128,468	$ 482,034	$ -	$ -	$ 453,310	$ 6,157,192
	Central Loop TIF Project Fund	$ -	$ -	$ 6,434,987	$ -	$ 6,521	$ (6,441,508)
1998	North Loop Operating Fund	$ 23,249,064	$ 1,116,812	$ 12,254,090	$ 1,798,883	$ 2,512,683	$ 11,397,986
	North Loop Redevelopment Cost Fund	$ 6,157,192	$ 140,543	$ -	$ -	$ -	$ 6,297,735
	Central Loop TIF Project Fund	$ (6,441,508)	$ 27,233,745	$ 17,655,172	$ -	$ 2,386,355	$ 750,710
	Central Loop 1997B Trust Account	$ -	$ 15,000	$ -	$ -	$ 15,000	$ -
	1997B Central Loop TIF Bonds Operating	$ -	$ 13,503,000	$ 13,667,000	$ -	$ -	$ (164,000)
1999	North Loop Operating Fund	$ 11,397,986	$ 634,270	$ 1,539,932	$ 2,233,921	$ 1,250,686	$ 11,475,559
	North Loop Redevelopment Cost Fund	$ 6,297,735	$ -	$ -	$ -	$ -	$ 6,297,735
	Central Loop TIF Project Fund	$ 750,710	$ 35,365,832	$ 29,003,802	$ 55,267	$ 3,351,221	$ 3,816,786
	Central Loop 1997B Trust Account	$ -	$ -	$ -	$ 12	$ -	$ 12
	1997B Central Loop TIF Bonds Operating	$ (164,000)	$ 32,384,154	$ 25,728,783	$ -	$ 3,000,000	$ 3,491,371

Year	Name of the Fund	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
2000	North Loop Operating Fund	$ 11,475,559	$ 639,047	$ 795,878	$ -	$ 3,697,603	$ 7,621,125
	North Loop Redevelopment Cost Fund	$ 6,297,735	$ -	$ -	$ -	$ -	$ 6,297,735
	Central Loop TIF Project Fund	$ 3,816,786	$ 20,103,861	$ 16,725,522	$ 3,209	$ 7,155,644	$ 42,690
	Central Loop 1997B Trust Account	$ 12	$ -	$ -	$ -	$ 13	$ (1)
	1997B Central Loop TIF Bonds Operating	$ 3,491,371	$ 27,634,517	$ 31,221,003	$ 398,663	$ 3,780	$ 299,768
2001	North Loop Operating Fund	$ 7,621,125	$ 283,693	$ 1,525,481	$ -	$ 29,632	$ 6,349,705
	North Loop Redevelopment Cost Fund	$ 6,297,735	$ (5,460,909)	$ -	$ 196,580	$ 495,066	$ 538,340
	Central Loop TIF Project Fund	$ 42,690	$ 23,837,070	$ 12,663,821	$ 3,209	$ 111,567	$ 11,107,581
	Central Loop 1997B Trust Account	$ (1)	$ 10,247,678	$ 10,338,757	$ -	$ -	$ (91,080)
	1997B Central Loop TIF Bonds Operating	$ 299,768	$ 10,304,422	$ 10,725,190	$ -	$ -	$ (121,000)
	Central Loop Redevelopment	$ -	$ 45,306,999	$ 45,287,823	$ -	$ -	$ 19,176
2002	North Loop Operating Fund	$ 6,349,705	$ 99,489	$ 763,905	$ -	$ -	$ 5,685,289
	North Loop Redevelopment Cost Fund	$ 538,340	$ -	$ -	$ 118,337	$ -	$ 656,677
	Central Loop TIF Project Fund	$ 11,107,581	$ 2,868,925	$ 14,060,413	$ 1,553,469	$ 7,195	$ 1,462,367
	Central Loop 2000B Project Fund	$ (91,078)	$ 21,931,197	$ 21,840,119	$ -	$ -	$ -
	1997B Central Loop TIF Operating Fund	$ (121,000)	$ 20,886,822	$ 1,906,462	$ -	$ -	$ 59,360
	Central Loop 2000A Project Fund	$ 19,177	$ 23,888,464	$ 30,204,032	$ 7,946,628	$ 39,646	$ 1,610,591
2003	North Loop Operating Fund	$ 5,685,289	$ 7,428	$ -	$ 5,690,783	$ -	$ 1,934
	North Loop Redevelopment Cost Fund	$ 656,678	$ -	$ 5,533	$ -	$ -	$ 662,211
	Central Loop TIF Project Fund	$ 1,462,367	$ 16,326	$ 85,236	$ -	$ 1,303,981	$ 259,949
	Central Loop Redevelopment Project	$ -	$ 16,608,091	$ -	$ -	$ 16,608,091	$ -
	Central Loop 2000B Project Fund	$ 1,610,590	$ 3,356,505	$ 3,235,651	$ 28,541	$ 8,191,659	$ (17,454)
	1997B Central Loop TIF Operating Fund	$ 59,361	$ 643,264	$ -	$ -	$ 493,500	$ 209,125
	Central Loop Redevelopment	$ -	$ 3,756,624	$ -	$ -	$ 1,174,397	$ 1,582,227
2004	North Loop Redevelopment Cost Fund	$ 662,211	$ -	$ -	$ 3,135	$ -	$ 665,346
	Central Loop Series 1997A TIF Project Fund	$ 259,949	$ 359,460	$ 125,823	$ 6,415	$ -	$ 500,001

DIVISION/NORTH BRANCH TIF DISTRICT

DATE CREATED: 3/15/1991

TERMINATION DATE: 3/15/2014

SIZE: 5 Acres

LAND USE: Industrial

BOUNDARIES: Generally bounded on the north by the southern boundary of the Eastman-North Branch Redevelopment Project Area, on the east by North Branch Street, on the south by West Eastman Street as extended to the North Branch of the Chicago River, and on the west by the North Branch of the Chicago River.

COMMUNITY AREA(S): West Town

INITIAL EAV: $482,150

CURRENT EAV (2005): $3,893,092

FUND BALANCE (2005): $472,093

TOTAL INCREMENT TO DATE (2005): $3,410,942

TAX AGENCY AMOUNT (2005): $ 204,008

HISTORIC INFORMATION

Redevelopment Agreements: [72]

1.

Date Authorized: 04/12/1991
Developer: River North Distributing
Description: 79,000 sq ft warehouse/distribution facility plus 85,000 sq ft of parking. Uses liquor tax to help finance bonds.
Private Investment: $7,900,000
TIF Assistance: $2,615,000
Status: Completed (by 2006)

[72] Source: *2005 Annual Report: Division/North Redevelopment Project Area,* p.12., and NCBG website: http://www.ncbg.org/tifs/tifprofile.aspx?id=31.

Estimated TIF Redevelopment Budget:[73]

Project Type	Amount
Professional Services/Administration	$75,000
Property Acquisition, Site Prep, Demolition, Environmental	$4,567,000
Public Improvements	$1,835,000
Job Training	$100,000
Total:	**$6,577,000**

REVENUES AND EXPENDITURES (2005)[74]

Revenues

Property Tax	$200,329
Liquor Tax	$233,572
Interest	$12,068
Total Revenues	**$445,969**

Expenditures

Costs of studies, admin., and professional services	$13,500
Financial costs	$291,375
Total Expenditures	**$304,875**

Total Fund Balance: **$472,093**

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Division/North Branch TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

[73] Source: the NCBG website. http://www.ncbg.org/tifs/tifprofile.aspx?id=31
[74] Source: *2005 Annual Report: Division/North Branch Redevelopment Project Area*, p.6.

Special Revenue Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1991	$ -	$ 2,042	$ 1	$ -	$ -	$ 2,041
1992	$ 2,041	$ 25,471	$ 27,512	$ -	$ -	$ -
1993	$ -	$ 233,311	$ 168,588	$ -	$ -	$ 64,723
1994	$ 64,723	$ 223,853	$ 232,154	$ -	$ -	$ 56,422
1995	$ 56,422	$ 216,900	$ 225,121	$ -	$ -	$ 48,201
1996	$ 48,201	$ 224,511	$ 231,277	$ -	$ -	$ 41,435
1997	$ 41,435	$ 234,641	$ 237,453	$ -	$ -	$ 38,623
1998	$ 38,623	$ 9,280	$ 15,954	$ -	$ -	$ 31,949
1999	$ 31,949	$ 150	$ 9,119	$ -	$ 15,999	$ 6,981
2000	$ 6,981	$ 89,776	$ 9,437	$ -	$ 9,793	$ 77,527
2001	$ 77,527	$ 2,527	$ 6,568	$ 2,871	$ 14,297	$ 62,060
2002	$ 62,060	$ 30,562	$ 9,372	$ 1,692	$ 10,061	$ 74,881
2003	$ 74,881	$ 600	$ 701	$ 9,577	$ 7,876	$ 58,729
2004	$ 58,729	$ 476	$ 6,018	$ 322	$ 9,111	$ 44,398

Debt Service Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1991	$ -	$ -	$ 277,177	$ 277,177	$ -	$ -
1992	$ -	$ -	$ 174,594	$ 174,594	$ -	$ -
1993	$ -	$ -	$ 122,429	$ 122,429	$ -	$ -
1994	$ -	$ -	$ 52,673	$ 52,673	$ -	$ -
1995	$ -	$ -	$ 57,841	$ 57,841	$ -	$ -
1996	$ -	$ -	$ 67,273	$ 67,273	$ -	$ -
1997	$ -	$ -	$ 57,771	$ 57,771	$ -	$ -
1998	$ -	$ -	$ 174,002	$ 174,002	$ -	$ -
1999						
2000	$ -	$ -	$ 119,209	$ 119,209	$ -	$ -
2001	$ -	$ -	$ -	$ 147,198	$ -	$ 147,198
2002						
2003	$ 147,198	$ -	$ 67,799	$ -	$ 214,997	$ -
2004	$ -	$ -	$ 49,371	$ 49,371	$ -	$ -

Capital Project Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1991	$ -	$ 108,025	$ 68,080	$-	$ -	$ 39,945
1992	$ 39,945	$ -	$ 16,145	$-	$ -	$ 23,800
1993	$ 23,800	$ -	$ 15,788	$-	$ -	$ 8,012
1994	$ 80,120	$ -	$ 5,788	$-	$ -	$ 2,224
1995	$ 2,224	$ -	$ 2,035	$-	$ -	$ 189
1996	$ 189	$ -	$ -	$-	$ -	$ 189
1997	$ 189	$ -	$ -	$-	$ -	$ 189
1998	$ 189	$ -	$ -	$ 8	$ -	$ 197
1999	$ 197	$ -	$ -	$ 8	$ -	$ 205
2000	$ 205	$ -	$ -	$ 12	$ 6	$ 211
2001	$ 211	$ -	$ -	$ 6	$ 211	$ 6
2002	$ 6	$ 1,200,000	$ 1,200,000	$ 1	$ 6	$ 1
2003	$ 1	$ -	$ 9,508	$-	$ -	$ 9,509

ENGLEWOOD NEIGHBORHOOD TIF DISTRICT

DATE CREATED: 6/27/2001

TERMINATION DATE: 6/27/2024

SIZE: 1,200 Acres

LAND USE: Residential

BOUNDARIES: Generally bounded by Garfield Boulevard and West 59th Street on the north; South Halsted Street and the Dan Ryan Expressway on the east; Marquette Road on the south; and South Loomis Street on the west.

COMMUNITY AREA(S): West Englewood, Englewood

INITIAL EAV: $56,074,854

CURRENT EAV (2005): $101,641,951

FUND BALANCE (2005): $5,773,599

TOTAL INCREMENT TO DATE: $45,567,097

TAX AGENCY AMOUNT (2005): $2,894,955

HISTORIC INFORMATION

Redevelopment Agreements: [75]

1.

Date Authorized: 06/23/04 **Developer:** Neighborhood Improvement Fund (NIF) Program, administered by Housing Department **Description:** N/A **Private Investment:** $3,000,000 **TIF Assistance:** $1,500,000 **Status:** Completed (by 2006)

Estimated TIF Redevelopment Budget:[76]

Project Type	**Amount**
Professional Services/Administration	$700,000
Property Acquisition, Site Prep, Demolition, Environmental	$6,850,000
Rehabilitation of Existing Buildings	$550,000
Public Improvements	$4,800,000
Relocation Expenses	$650,000
Job Training	$350,000
Financing/Interest Subsidy	$2,550,000
Contingencies	$1,050,000
Total:	**$17,500,000**

[75] Source: *2005 Annual Report: Englewood Neighborhood Redevelopment Project Area*, p.13. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.
[76] Source : http://www.ncbg.org/tifs/tifprofile.aspx?id=163

REVENUES AND EXPENDITURES (2005)[77]

Revenues

Property Tax	$2,419,624
Interest	$65,932
Total Revenues	**$2,485,556**

Expenditures

Costs of studies, admin., and professional services	$27,267
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings	$1,118,742
Financing costs	$245,802
Total Expenditures	**$1,391,811**

Total Fund Balance: $5,773,599

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Englewood Neighborhood TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

[77] Source: *2005 Annual Report: Englewood Neighborhood Redevelopment Project Area*, p.6.

Special Revenue Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
2002	$ -	$ 230,837	$ -	$ -	$ -	$ 230,837
2003	$ 230,837	$ 916,610	$ 89,760	$ 8,328	$ -	$ 1,228,879
2004	$ 1,228,879	$ 1,542,837	$ 84,863	$ 205,848	$ 2,472,460	$ 420,241

Debt Service Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
2004	$ -	$ -	$ -	$ 2,451,701	$ -	$ 2,451,701

LAWRENCE/KEDZIE

DATE CREATED: 2/16/2000

TERMINATION DATE: 2/19/2023

SIZE: 407 Acres

LAND USE: Commercial, Residential

BOUNDARIES: The area is irregular in shape and includes land along the commercial portions of Lawrence, Bryn Mawr, Foster, and residential areas both north and south of Lawrence from the North Shore Channel on the east and as far as west as Pulaski.

COMMUNITY AREA(S): North Park, Albany Park

INITIAL EAV: $110,395,843

CURRENT EAV (2005): $193,890,551

FUND BALANCE (2005): $8,512,607

TOTAL INCREMENT TO DATE (2005): $83,494,708

TAX AGENCY AMOUNT (2005): $4,993,818

HISTORIC INFORMATION

Redevelopment Agreements: [78]

1.

Date Authorized: 05/19/04
Developer: Neighborhood Improvement Fund (NIF) Program, administered by Housing Department
Description: N/A
Private Investment: $6,000,000
TIF Assistance: $3,000,000
Status: Completed (by 2006)

2.

Date Authorized: TBD
Developer: Albany Park Academy
Description: N/A
Private Investment: $4,000,000
TIF Assistance: $25,000,000
Status: Incomplete

3.

Date Authorized: 11/04/03
Developer: Small Business Improvement Fund (SBIF)
Description: N/A
Private Investment: $1,000,000
TIF Assistance: $500,000
Status: Completed (by 2006)

4.

Date Authorized: 11/06/2002
Developer: Chicago Park District
Description: Taking funds from Lawrence/Kedzie TIF for use in Lawrence/Pulaski TIFs: intergovernmental agreement with Park District for expansion of Gompers Park; TIF assistance for land acquisition.
Private Investment: $0
TIF Assistance: $400,000
Status: Completed (by 2006)

[78] Source: *2005 Annual Report: Lawrence/Kedzie Redevelopment Project Area*, p.12. None of the projects are listed on the NCBG website. See http://www.ncbg.org/tifs/tifprofile.aspx?id=134. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

5.

Date Authorized: 07/19/2000
Developer: Albany Park Community Center/Neighborhood Investment Program **Description:** NIP Program; 1 unit = $10,000; 2 units = $12,500; 3 units = $15,000; 4 units= $17,500; 5 units = $20,000; 6 units = $22,500 **Private Investment:** $2,000,000 **TIF Assistance:** $1,000,000 **Status:** Completed (by 2006)

Estimated TIF Redevelopment Budget:[79]

Project Type	**Amount**
Professional Services/Administration	$500,000
Property Acquisition, Site Prep, Demolition, Environmental	$7,000,000
Rehabilitation of Existing Buildings	$20,000,000
Public Improvements	$15,000,000
Relocation Expenses	$1,000,000
Job Training	$3,000,000
Financing/Interest Subsidy	$2,500,000
Day Care	$500,000
Eligible Construction Costs	$500,000
Total:	**$50,000,000**

REVENUES AND EXPENDITURES (2005)[80]

Revenues

Property Tax	$4,508,666
Interest	$98,192
Total Revenues	**$4,606,858**

Expenditures

Costs of studies, admin., and professional services	$74,476
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings	$170,431
Costs of job training and retraining	$1,432,996
Financing costs	$208,125
Total Expenditures	**$1,886,028**

Total Fund Balance: **$8,512,607**

[79] Source: http://www.ncbg.org/tifs/tifprofile.aspx?id=134.
[80] Source: *2005 Annual Report: Lawrence/Kedzie Redevelopment Project Area*, p.6.

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Lawrence/Kedzie TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

Special Revenue Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
2000	$ 10,689	$ 104,986	$ -	$ -	$ 15,652	$ 100,023
2001	$ 100,023	$ 2,101,122	$ 1,000,000	$ 636	$ 5,806	$ 1,195,975
2002	$ 1,195,975	$ 676	$ 1,000,000	$ 1,453,509	$ 1,225,160	$ 425,000
2003	$ 425,000	$ -	$ 533,981	$ 44,047	$ 238,727	$ 676,207
2004	$ 676,207	$ -	$ 1,070,358	$ 1,046,870	$ 147,217	$ 505,502

Debt Service Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
2004	$ 2,167,778	$ 4,244,516	$ 220,000	$ 73,535	$ 1,045,584	$ 5,220,245

NEAR NORTH TIF DISTRICT

DATE CREATED: 7/30/1997

TERMINATION DATE: 7/30/2020

SIZE: 340 Acres

LAND USE: Commercial, Residential

BOUNDARIES: West Evergreen Avenue, West North Avenue, and the CTA right-of-way on the north; North Orleans, the CTA right-of-way on the east; West Oak Street, West Locust Street, and West Chicago Avenue on the south; and North Larrabee Street, North Kingsbury Street, the east seawall of the North Branch Canal of the Chicago River, and North Halsted Street on the west.

COMMUNITY AREA(S): Near North Side

INITIAL EAV: $41,675,843

CURRENT EAV (2005): $255,358,891

FUND BALANCE (2005): $25,167,745

TOTAL INCREMENT TO DATE (2005): $213,683,048

TAX AGENCY AMOUNT (2005): $12,814,363

HISTORIC INFORMATION

Redevelopment Agreements: [81]

1.

Date Authorized: 09/14/05 **Developer:** River Village Site H **Description:** N/A **Private Investment:** $3,051,024 **TIF Assistance:** $2,836,008 **Status:** Completed (by 2006)

[81] Source: *2005 Annual Report: Near North Redevelopment Project Area*, p.13. Projects 3 and 4 are also listed on the NCBG website. See http://www.ncbg.org/tifs/tifprofile.aspx?id=12. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

2.

Date Authorized: 12/18/04
Developer: River Village Site I
Description: N/A
Private Investment: $2,958,227
TIF Assistance: $3,140,395
Status: Completed (by 2006)

3.

Date Authorized: TBD
Developer: Lakefront Supportive Housing
Description: Construct 96 single unit (45,810 sq ft) for occupancy by low and very low income residents.
Private Investment: $13,178,548[82]
TIF Assistance: $1,000,000
Status: N/A

4.

Date Authorized: TBD
Developer: North Town Village, LLC
Description: (1)116 rental units, 39 rented to CHA, 39 more will be affordable to households at or below 60% of area median income; (2) 145 for sale units, 93 at market, 12 sold to households at 120% of median, 40 leased to CHA.
Private Investment: $46,400,000
TIF Assistance: $8,600,000
Status: N/A

5.

Date Authorized: 11/17/1999
Developer: Chicago Public Schools: Jenner Elementary
Description: $11,250,000 million for Walter Payton College Preparatory High School; 135,000 sq. ft. at a total cost of $31,000,000.
Private Investment: $0
TIF Assistance: $7,295,521
Status: Completed (by 2006)

[82]The NCBG website does not offer this information. The source was the Near North Redevelopment Project Area 2005 Annual Report, p. 13

6.

Date Authorized: 11/17/1999
Developer: Chicago Public Schools: Walter Payton College Prep
Description:
$7,600,000 for Jenner Academy; 36 classrooms, 96,000 sq ft at a total cost of $19,272,247.
Private Investment: $0
TIF Assistance: $7,564,383
Status: Completed (by 2006)

Estimated TIF Redevelopment Budget:[83]

Project Type	Amount
Professional Services/Administration	$8,000,000
Property Acquisition, Site Prep, Demolition, Environmental	$65,000,000
Rehabilitation of Existing Buildings	$35,000,000
Public Improvements	$75,000,000
Relocation Expenses	$10,000,000
Job Training	$10,000,000
Financing/Interest Subsidy	$38,000,000
Capital Costs of Taxing District	$40,000,000
Total:	**$281,000,000**

[83] Source: http://www.ncbg.org/tifs/tifprofile.aspx?id=12

REVENUES AND EXPENDITURES (2005)[84]

Revenues

Property Tax	$10,701,865
Interest	$514,662
Total Revenues	**$11,216,527**

Expenditures

Costs of studies, admin., and professional services	$145,647
Property assembly, demolition, site preparation and environmental site improvement costs	$2,030,777
Cost of job training and retraining	$46,222
Financing costs	$4,758,710
Costs of construction of new housing units for low income and very low income households	$175,852
Total Expenditures	**$7,157,208**

Total Fund Balance: $25,167,745

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Near North TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

[84] Source: *2005 Annual Report: Near North Redevelopment Project Area*, p.6.

Special Revenue Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1997						
1998	$ -	$ 624,058	$ -	$ -	$ -	$ 624,058
1999	$ 624,058	$ -	$ 590,293	$ 4,500	$ 21,125	$ 17,140
2000	$ 17,140	$ -	$ 5,537	$ 20,421	$ 32,970	$ (946)
2001	$ (946)	$ -	$ -	$ 1,000,044	$ -	$ 999,098
2002	$ 999,098	$ 2,500	$ -	$ 19,158	$ 5,932	$ 1,014,824
2003	$ 1,014,824	$ 885,161	$ 8,764	$ 5,680	$ -	$ 1,903,069
2004	$ 1,903,069	$ -	$ 139,013	$ 4,932	$ 112,214	$ 1,656,774

Debt Service Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
2000	$ -	$ -	$ 181,535	$ 260,680	$ -	$ 79,145
2001	$ 79,145	$ -	$ 145,016	$ 241,017	$ -	$ 175,146
2002	$ 175,146	$ -	$ 271,538	$ 269,032	$ -	$ 172,641
2003	$ 172,641	$ -	$ 264,802	$ -	$ 254,178	$ 183,265
2004	$ 183,265	$ -	$ 881,315	$ 698,050	$ -	$ -

Capital Projects Funds:

Year	Name of the Fund	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1999	1999A Project Fund	$ -	$ 10,331,595	$ 6,453,823	$ 560,000	$ 6,662,262	$ (2,224,490)
	1998B Project Fund	$ -	$ -	$ -	$ 822	$ 822	$ -
2000	1999A Project Fund	$ (2,224,490)	$ 23,824,657	$ 21,450,055	$ -	$ -	$ 150,112
	1999 B Project Fund	$ -	$ 4,975,792	$ 2,053,712	$ 8	$ 16,417	$ (94,329)
2001	1999A Project Fund	$ 150,112	$ -	$ 220,049	$ -	$ -	$ (69,937)
	1998B Project Fund	$ (94,329)	$ 2,496,065	$ 2,398,737	$ -	$ -	$ 2,999
2002	1999A Project Fund	$ (69,937)	$ -	$ -	$ -	$ -	$ (69,937)
	1999 B Project Fund	$ 3,000	$ 18,000	$ 116,728	$ -	$ -	$ (95,728)
2003	1999A Project Fund	$ (69,937)	$ 133,686	$ -	$ 12,180	$ 75,569	$ (24,000)
	1999 B Project Fund	$ (95,728)	$ 680,072	$ -	$ -	$ 594,316	$ (9,971)
2004	1999A Project Fund	$ (24,000)	$ -	$ 63,270	$ -	$ 48,782	$ (136,052)
	1999 B Project Fund	$ (9,971)	$ 19,500	$ 26,575	$ -	$ -	$ (17,046)

NEAR SOUTH TIF DISTRICT

DATE CREATED: 11/28/1990

TERMINATION DATE: 12/31/2014

SIZE: 323 Acres

LAND USE: Industrial, Commercial, Residential

BOUNDARIES: Congress Parkway on the north, Michigan and Calumet Avenues and Lake Shore Drive on the east, 21st Street and the northern boundary of the Michigan/Cermak Project Area on the South, and State Street on the west.

COMMUNITY AREA(S): Loop, Near South Side

INITIAL EAV: $128,567,383

CURRENT EAV (2005): $669,748,398

FUND BALANCE: $76,993,325

TOTAL INCREMENT TO DATE: $541,181,015

TAX AGENCY AMOUNT (2005): $33,149,403

HISTORIC INFORMATION

Redevelopment Agreements: [85]

1.

Date Authorized: 11/01/2005 **Developer:** Blackstone **Description:** 334 room Marriott Renaissance Hotel development. $6 million TIF Note. Development using New Market Tax Credits ($14,000,000), Historic Tax Credits ($14,142,050) $12 million additional TIF assistance for phased construction assistance costs. **Private Investment:** $94,248,813 **TIF Assistance:** $18,000,000 **Status:** Incomplete. Estimated Completion Date: 06/01/08

[85] Source: *2005 Annual Report: Near South Redevelopment Project Area*, p.13. Projects 1 through 5 are also listed on the NCBG website. http://www.ncbg.org/tifs/tifprofile.aspx?id=21. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

2.

Date Authorized: 10/06/2005
Developer: L'Oreal USA Products, Inc.
Description: Rehabilitate existing building in research and development complex.
Private Investment: N/A
TIF Assistance: $1,250,000
Status: Completed (by 2006)

3.

Date Authorized: 10/31/2001
Developer: Chicago Public Schools: Jones Commercial High School
Description: October 2001: City Council approves $52 million for Jones
Private Investment: $1,000,000
TIF Assistance: $5,300,000
Status: Completed (by 2006)

4.

Date Authorized: 12/13/2000
Developer: Somerset Hotel, LLC; NRPRH, LLC; and Roosevelt, LP
Description: Restore and convert Roosevelt Hotel into rental apts. Developers are Allison Davis, and Frankel & Giles, both at 1538 S. State; developers paid $3 million for the property; must keep apartments affordable, whether rented or sold, at least through the life of the TIF district
Private Investment: $7,351,025
TIF Assistance: $2,350,000
Status: Completed (by 2006)

5.

Date Authorized: 06/07/2000
Developer: American Stores Properties, Inc.
Description: 40,000 sq ft grocery/drugstore. 137 parking spaces and 21 employee spots. Two 1,000 sq ft retail stores in parking lot. $100,000 for rehab of Roosevelt Road El Station.
Private Investment: $15,021,090
TIF Assistance: $5,600,000
Status: Completed (by 2006)

6.

Date Authorized: 12/15/1999
Developer: Public Building Commission, Chicago Park District
Description: Chicago Board of Education conveyed parcel of land to Park District for park at 14^{th} Pl. and Wabash Ave. Public Building Commission handles construction.
Private Investment: $0
TIF Assistance: $1,300,000
Status: Completed (by 2006)

7.

Date Authorized: 07/13/1995
Developer: Senior Suites Chicago
Description: Six-story, 71,586 sq ft building including 96 units of low- to moderate-income senior citizens.
Private Investment: $3,547,600
TIF Assistance: $960,000
Status: Completed (by 2006)

8.

Date Authorized: 09/14/1994
Developer: Wabash Ltd. Partnership
Description: Rehab adjoining 3 and 10 story structures. Create 87 one/two bedroom condos of 860 -1,800 sq ft each, 56 indoor parking spaces and 64 outdoor parking spaces.
Private Investment: $10,475,698
TIF Assistance: $2,000,000
Status: Completed (by 2006)

9.

Date Authorized: 07/24/1991
Developer: Central Station Development Corporation
Description: Original redevelopment agreement: 8/3/94. Retail, exhibition, office, hotel, restaurant, institutional, public use. Commitment to construct 20% affordable housing (up to 400 units). Phase I includes sewer, landscaping, parkland, mainly site prep & demolition.
Private Investment: $3,183,600[86]
TIF Assistance: $10,804,400
Status: Completed (by 2006)

10.

Date Authorized: TBD
Developer: FC Central Station
Description: N/A
Private Investment: $108,048,000
TIF Assistance: $ 14,000,000
Status: N/A

[86]The information is not provided by the NCBG. The source was the Near South Redevelopment Project Area 2005 Annual Report, p. 13.

Estimated TIF Redevelopment Budget:[87]

Project Type	Amount
Professional Services/Administration	$700,000
Property Acquisition, Site Prep, Demolition, Environmental	$9,300,000
Rehabilitation of Existing Buildings	$21,000,000
Public Improvements	$57,400,000
Job Training	$1,250,000
Contingencies	$6,000,000
Total:	**$95,650,000**

REVENUES AND EXPENDITURES (2005)[88]

Revenues

Property Tax	$28,013617
Interest	$1,523,780
Rental Revenue	$79,625
Sale of Land	$5,980,000
Total Revenues	**$35,597,022**

Expenditures

Costs of studies, admin., and professional services	$884,694
Property assembly, demolition, site preparation and environment site improvement costs	$9,292,430
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings	$952,040
Costs of construction of public works and improvements	$369,813
Cost of job training and retraining	$28,106
Financing Costs	$9,505,781
Total Expenditures	**$21,032,864**

Total Fund Balance: **$ 76,993,325**

[87] Source: the NCBG website. http://www.ncbg.org/tifs/tifprofile.aspx?id=21
[88] Source: *2005 Annual Report: Near South Redevelopment Project Area*, p.6.

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Near South TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

Special Revenue Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1999	$ -	$ -	$ -	$ 183,333	$ -	$ 183,333
2000	$ 183,333	$ 2,055,000	$ 133,895	$ 58	$ 29	$ 2,104,467
2001	$ 2,104,467	$ 8,439,449	$ 2,100,159	$ 13,845	$ 9,868	$ 8,447,734
2002	$ 8,447,734	$ 73,014	$ 1,928,800	$ 82,517	$ 233,576	$ 6,440,889
2003	$ 6,440,890	$ 10,307,050	$ 63,799	$ 617,024	$ 225,861	$ 15,968,854
2004	$ 15,968,854	$ 191,275	$ 249,960	$ 29,082	$ 342,715	$ 15,596,536

Debt Service Funds:

Year	Name of the Fund	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1995	Tax Increment	$ -	$ 2,025,918	$ 2,025,918	$ 9,429	$ -	$ 9,429
1996	"	$ 9,429	$ 2,602,685	$ 2,676,965	$ 167,034	$ -	$ 102,183
1997	"	$ 102,183	$ 7,038,329	$ 3,783,160	$ 120,611	$ -	$ 3,477,963
1998	"	$ 3,477,963	$ 2,091,824	$ 205,455	$ 257,476	$ 726	$ 5,621,082
1999	"	$ 5,621,082	$ -	$ 6,407,948	$ 976,941	$ 190,075	$ -
2002	1999A&B DSF	$ 797,642	$ -	$ 877,644	$ 735,485	$ -	$ 655,483
	2001A&B DSF	$ 9,730	$ -	$ -	$ 164	$ 9,730	$ 164
2003	1999A&B DSF	$ 655,484	$ -	$ 145,482	$ -	$ 693,850	$ 107,116
	2001A&B DSF	$ 164	$ -	$ 38	$ -	$ -	$ 202
2004	1999A&B TIF DSF	$ 107,116	$ -	$ 1,802,927	$ 1,695,811	$ -	$ -
	2001A&B TIF DSF	$ 202	$ -	$ -	$ 1	$ -	$ 203

Capital Projects Funds:

Year	Name of the Fund	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1994	TIF Financing Fees	$ -	$ 205,500	$ 85,000	$ -	$ -	$ 120,500
1995	TIF Financing Fees	$ 120,500	$ 150,000	$ 103,546	$ 2,000	$ -	$ 168,954
	Tax Increment Fund	$ -	$ -	$ -	$ -	$ 69,593	$ (69,593)
1996	TIF Financing Fees	$ 168,954	$ -	$ 3,869	$ -	$ -	$ 165,085
	Tax Increment Fund	$ (69,593)	$ 279,169	$ 161,399	$ -	$ 48,177	$ -
1997	TIF Financing Fees	$ 165,085	$ -	$ 61,655	$ -	$ -	$ 103,430
	Tax Increment Fund	$ -	$ 1,927,898	$ 2,306,225	$ -	$ 728	$ (379,055)
1998	Tax Project Fund 1994	$ (379,055)	$ 1,113,382	$ 704,827	$ -	$ 29,500	$ -
	TIF - Cost of Issuance	$ 103,430	$ -	$ 22,507	$ 6,763	$ 74,152	$ 13,534
1999	TIF Project Fund	$ -	$ 1,631,116	$ 400,790	$ 190,064	$ 1,420,390	$ -
	TIF - Cost of Issuance	$ 13,534	$ -	$ 1,336	$ 1,993	$ 8,511	$ 5,680
	1999A Project Fund	$ -	$ 8,720,000	$ 1,872,562	$ 23,426	$ 5,223,426	$ 1,647,438
	1999B Project Fund	$ -	$ -	$ -	$ 680	$ 680	$ -
2000	TIF Project Fund	$ -	$ 50	$ -	$ -	$ 42,687	$ (42,637)
	TIF Cost of Issuance	$ 5,680	$ -	$ 3,600	$ 714	$ 357	$ 2,437
	1999A Project Fund	$ 1,647,438	$ 3,975,740	$ 5,360,748	$ 578	$ 318,462	$ (55,454)
	1999B Project Fund	$ -	$ 6,500,000	$ 6,085,000	$ -	$ -	$ 150,112
2001	TIF Project Fund	$ (42,637)	$ 42,637	$ -	$ -	$ -	$ -
	TIF - Cost of Issuance	$ 2,437	$ -	$ 6,000	$ 3,636	$ 73	$ -
	999A Project Fund	$ (55,454)	$ 1,229,453	$ 1,302,085	$ 140,142	$ 141,578	$ (129,522)
	1999B Project Fund	$ 414,426	$ 1,935,575	$ 2,350,000	$ -	$ -	$ 1
2002	TIF - Cost of Issuance	$ -	$ -	$ -	$ 300,003	$ 300,003	$ -
	1999A Project Fund	$ (129,522)	$ 1,714,683	$ 1,614,618	$ -	$ 27,735	$ (57,192)
	1999B Project Fund	$ -	$ -	$ -	$ 4,810	$ -	$ 4,810
	2001A Project Fund	$ -	$ 19,119,344	$ 19,119,344	$ -	$ -	$ -
	2001B Project Fund	$ -	$ 277,000	$ 437,500	$ -	$ -	$ (160,500)
2003	TIF - Cost of Issuance	$ -	$ -	$ 13,201	$ -	$ -	$ 13,201
	1999A Project Fund	$ (57,191)	$ 4,747,518	$ 98	$ 4,500,169	$ 196,354	$ (6,099)
	1999B Project Fund	$ 4,810	$ -	$ 36	$ -	$ -	$ 4,846
	2001A Project Fund	$ -	$ 2,411,325	$ -	$ -	$ 2,473,674	$ (62,349)
	2001B Project Fund	$ (160,500)	$ 160,500	$ -	$ -	$ -	$ -
	TIF Fund Project Fund	$ -	$ 98	$ -	$ 98	$ -	$ -
2004	1999A Project Fund	$ (6,099)	$ 454,996	$ 448,897	$ -	$ -	$ -
	1999B Project Fund	$ 4,846	$ -	$ -	$ 23	$ -	$ 4,869
	2001A Project Fund	$ (62,349)	$ 1,213,398	$ 1,305,879	$ 131,943	$ 127,555	$ (150,442)
	2001B Project Fund	$ -	$ 550,000	$ -	$ -	$ -	$ 550,000
	TIF Project Fund	$ -	$ -	$ -	$ 98	$ 98	$ -

NORTHWEST INDUSTRIAL CORRIDOR TIF DISTRICT

DATE CREATED: 12/2/1998

TERMINATION DATE: 12/2/2021

SIZE: 1,200 Acres

LAND USE: Industrial

BOUNDARIES: Generally bounded by Fullerton Street on the north, Lake Street on the south; Cicero on the west, and an irregular line on Kilbourn, Kostner, and Pulaski on the east

COMMUNITY AREA(S): Belmont Cragin, Hermosa, Humboldt Park, Austin, West Garfield Park

INITIAL EAV: $146,115,991

CURRENT EAV (2005): $211,701,756

FUND BALANCE (2005): $9,426,909

TOTAL INCREMENT TO DATE (2005): $65,585,765

TAX AGENCY AMOUNT (2005): $3,922,732

HISTORIC INFORMATION

Redevelopment Agreements: [89]

1.

Date Authorized: 02/05/2003
Developer: SBIF
Description: Small Business Improvement Fund
Private Investment: $2,000,000
TIF Assistance: $1,178,088
Status: Completed (by 2006)

2.

Date Authorized: 04/09/2003
Developer: Home Depot
Description: Redevelopment agreement with Home Depot; 118,000 SF store, plus garden center and 500-car lot; an industrial building will be demolished (EKKO Housewares); city claims extraordinary development costs including environmental related costs.
Private Investment: $16,229,608
TIF Assistance: $3,100,000
Status: Completed (by 2006)

[89] Source: *2005 Annual Report: Northwest industrial Corridor Redevelopment Project Area*, p.12. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

Estimated TIF Redevelopment Budget:[90]

Project Type	Amount
Professional Services/Administration	$2,000,000
Property Acquisition, Site Prep, Demolition, Environmental	$40,000,000
Rehabilitation of Existing Buildings	$10,000,000
Public Improvements	$20,000,000
Relocation Expenses	$3,000,000
Job Training	$12,000,000
Financing/Interest Subsidy	$2,000,000
Capital Costs of Taxing Dist.	$30,700,000
Total:	**$119,700,000**

REVENUES AND EXPENDITURES (2005)[91]

Revenues

Property Tax	$2,799,474
Interest	$111,147
Total Revenues	**$2,910,621**

Expenditures

Costs of studies, admin., and professional services	$53,884
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings	$17,891
Costs of construction of public works and improvements	$64,527
Cost of job training and retraining	$192,663
Total Expenditures	**$328,965**

Total Fund Balance: $9,426,909

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Northwest Industrial Corridor TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

[90] Source: *2005 Annual Report: Northwest industrial Corridor Redevelopment Project Area,* p.6.
[91] Source: *2005 Annual Report: Northwest industrial Corridor Redevelopment Project Area,* p.6.

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

Special Revenue Funds:

Year	*Balance in Treasury Jan. 1 (Overdraft)*	*Receipts Including Settlements Between Funds*	*Disbursements Including Settlements Between Funds*	*Transfers In*	*Transfers Out*	*Balance in Treasury Dec. 31 (Overdraft)*
2000	$ -	$ 115,440	$ -	$ -	$ -	$ 115,440
2001	$ 115,440	$ 1,199,179	$ 30,000	$ 7,885	$ 7,415	$ 1,315,089
2002	$ 1,315,089	$ 1,434,067	$ -	$ 89,933	$ 27,071	$ 2,812,018
2003	$ 2,812,018	$ 1,893,383	$ 154,077	$ 180,100	$ 6,597	$ 4,672,781
2004	$ 4,672,781	$ 2,605,927	$ 269,795	$ 242,995	$ 82,601	$ 7,169,307

PILSEN INDUSTRIAL CORRIDOR TIF DISTRICT

DATE CREATED: 6/10/1998

TERMINATION DATE: 6/10/2021

SIZE: 907 Acres

LAND USE: Industrial, Commercial

BOUNDARIES: Generally bounded by Cullerton Avenue (between Ashland Avenue and Morgan Street) and 16th Street (between Morgan Street and Stewart Avenue) on the north; Stewart Avenue and the Chicago River on the east; the Stevenson Expressway and 33rd Street on the south; and Western Avenue on the west.

COMMUNITY AREA(S): Lower West Side, Armour Square, McKinley Park, Bridgeport.

INITIAL EAV: $111,203,219

CURRENT EAV (2005): $224,867,585

FUND BALANCE (2005): $44,013,386

TOTAL INCREMENT TO DATE (2005): $113,664,366

TAX AGENCY AMOUNT (2005): $7,069,344

HISTORIC INFORMATION

Redevelopment Agreements: [92]

1.

Date Authorized: 10/31/2001
Developer: The Steiner Corporation (American Linen)
Description: Construct a 161,000 square-foot industrial linen supply company and rehabilitate 10,000 sq ft of office; use a tax increment allocation revenue note.
Private Investment: $21,678,110
TIF Assistance: $3,560,000
Status: Completed (by 2006)

2.

Date Authorized: 03/28/2001
Developer: Center Point Realty; Services Corporation; Chicago International; and Produce Market, LLC
Description: 436,224 square foot facility to be used as a warehouse and distribution facility for produce industry; two-phase project; Chicago International Produce Market LLC and Center Point Realty Services acquired site.
Private Investment: $37,639,816
TIF Assistance: $9,500,000
Status: Completed (by 2006)

3.

Date Authorized: TBD
Developer: Chicago Public Schools: Juarez High School
Description: N/A
Private Investment: $23,5000,000
TIF Assistance: $12,5000,000
Status: N/A

4.

Date Authorized: 10/06/05
Developer: Target Store
Description: N/A
Private Investment: $27,454,095
TIF Assistance: $5,300,000
Status: Completed (by 2006)

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[92] Source: *2005 Annual Report: Pilsen Industrial Corridor Redevelopment Project Area*, p.12. Both Projects 1 and 2 are also found in the NCBG website: http://www.ncbg.org/tifs/tifprofile.aspx?id=111. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

5.

Date Authorized: 10/19/05 **Developer:** Small Business Improvement Fund (SBIF) **Description:** N/A **Private Investment:** $3,000,000 **TIF Assistance:** $2,000,000 **Status:** Completed (by 2006)	

Estimated TIF Redevelopment Budget:[93]

Project Type	**Amount**
Professional Services/Administration	$3,000,000
Property Acquisition, Site Prep, Demolition, Environmental	$29,000,000
Rehabilitation of Existing Buildings	$12,000,000
Public Improvements	$52,000,000
Relocation Expenses	$3,000,000
Job Training	$9,000,000
Financing/Interest Subsidy	$6,000,000
Day Care	$1,000,000
Total:	**$115,000,000**

REVENUES AND EXPENDITURES (2005)[94]

<u>Revenues</u>

Property Tax	$6,772,841
Interest	$1,154,631
Total Revenues	**$7,927,472**

<u>Expenditures</u>

Costs of studies, admin., and professional services	$156,746
Property assembly, demolition, site preparation and environmental site improvement costs	$2,054,691
Costs of construction of public works and improvements	$840,373
Cost of job training and retraining	$278,565
Financing costs	$4,934,767
Total Expenditures	**$8,265,142**

<u>Total Fund Balance:</u> $44,013,386

[93] Source: the NCBG website. http://www.ncbg.org/tifs/tifprofile.aspx?id=111
[94] Source: *2005 Annual Report: Pilsen Industrial Corridor Redevelopment Project Area*, p.6.

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Pilsen Industrial Corridor TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

Special Revenue Funds:

Year	*Balance in Treasury Jan. 1 (Overdraft)*	*Receipts Including Settlements Between Funds*	*Disbursements Including Settlements Between Funds*	*Transfers In*	*Transfers Out*	*Balance in Treasury Dec. 31 (Overdraft)*
1999	$ -	$ 563,043	$ -	$ -	$ -	$ 563,043
2000	$ 563,043	$ 910,300	$ 46,821	$ 67,157	$ 23,818	$ 1,469,861
2001	$ 1,469,861	$ 2,639,335	$ 688,887	$ 55,930	$ 26,715	$ 3,449,524
2002	$ 3,449,526	$ 2,742,204	$ 458,487	$ 107,854	$ 53,100	$ 5,787,997
2003	$ 5,787,996	$ 3,846,979	$ 76,795	$ 946,481	$ 1,804,777	$ 6,960,512
2004	$ 6,960,512	$ 1,763,394	$ 2,334,729	$ 80,095	$ 71,598	$ 6,397,674

Debt Service Funds:

Year	*Balance in Treasury Jan. 1 (Overdraft)*	*Receipts Including Settlements Between Funds*	*Disbursements Including Settlements Between Funds*	*Transfers In*	*Transfers Out*	*Balance in Treasury Dec. 31 (Overdraft)*
2004	$ -	$ -	$ 61,569	$ 61,569	$ -	$ -

WILSON YARD TIF DISTRICT

DATE CREATED: 6/27/2001

TERMINATION DATE: 6/27/2027

SIZE: 144 Acres

LAND USE: Commercial, Residential

BOUNDARIES: Lawrence and Leland Avenues on the north; Clarendon Avenue on the east; Montrose Avenue on the south; and Racine and Magnolia Avenues on the west.

COMMUNITY AREA(S): Uptown

INITIAL EAV: $55,960,211

CURRENT EAV (2005): $135,322,229

FUND BALANCE (2005): $6,012,669

TOTAL INCREMENT TO DATE (2005): $79,362,018

TAX AGENCY AMOUNT (2005): $4,839,533

HISTORIC INFORMATION

Redevelopment Agreements: [95]

1.

Date Authorized: 11/30/2005

Developer: Wilson Yard

Description: Construction on department store (180,000 sq ft), grocery store (15,150 sq ft), movie theater (53,000 sq ft), small retail space (16,000 sq ft), 78 rental units (for families with adjusted income no more than 60% of median income), 100 rental units for seniors

Private Investment: $99,707,724

TIF Assistance: $30,565,313

Status: Incomplete. Estimated Completion Date: December, 2008

[95] Source: *2005 Annual Report: Wilson Yard Redevelopment Project Area*, p.12. The first project is also found on the NCBG website: http://www.ncbg.org/tifs/tifprofile.aspx?id=170. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

2.

Date Authorized: TBD **Developer:** Chicago Public Schools (Inter-governmental agreement with City of Chicago) **Description:** Improvements to Uplift Community School, former Arai Middle School, including improved athletic facilities, locker rooms, pool filtration system, music room, wireless connection, security system, carpet, new doors, hardware in bathrooms, new lockers, parking lot improvements. Up to $1,591,968.40 available to cover increases in costs of TIF funded improvements. **Private Investment:** N/A **TIF Assistance:** $1,447,244 **Status:** Dates to be determined by CPS

Estimated TIF Redevelopment Budget:[96]

Project Type	**Amount**
Professional Services/Administration	$1,400,000
Property Acquisition, Site Prep, Demolition, Environmental	$7,200,000
Rehabilitation of Existing Buildings	$14,400,000
Public Improvements	$17,400,000
Relocation Expenses	$1,700,000
Job Training	$3,100,000
Financing/Interest Subsidy	$5,800,000
Day Care	$2,000,000
Eligible Construction Costs	$5,000,000
Total:	**$58,000,000**

REVENUES AND EXPENDITURES (2005)[97]

<u>Revenues</u>

Property Tax	$4,682,345
Interest	$88,884
Total Revenues	**$4,771,229**

[96] Source: *Ibid.*
[97] *2005 Annual Report: Wilson Yard Redevelopment Project*, p.6.

Expenditures

Costs of studies, admin., and professional services	$162,040
Property assembly, demolition, site preparation and environmental site improvement costs	$5,000,000
Relocation costs	$445,894
Total Expenditures	**$5,607,934**

Total Fund Balance: $6,012,669

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the Wilson Yard TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

Special Revenue Funds:

Year	*Balance in Treasury Jan. 1 (Overdraft)*	*Receipts Including Settlements Between Funds*	*Disbursements Including Settlements Between Funds*	*Transfers In*	*Transfers Out*	*Balance in Treasury Dec. 31 (Overdraft)*
2001						
2002	$ -	$ 1,439,230	$ -	$ -	$ -	$ 1,439,230
2003	$ 1,439,230	$ 1,791,482	$ 262,389	$ 32,539	$ 7,151	$ 3,453,410
2004	$ 3,453,410	$ 3,129,436	$ 119,745	$ 33,299	$ 36,670	$ 6,459,730

95th STREET/STONY ISLAND TIF DISTRICT

DATE CREATED: 5/16/1990

TERMINATION DATE: 5/16/2013

SIZE: 76 Acres

LAND USE: Commercial

BOUNDARIES: Bounded by the C&W.I. Railroad (north of East 95th Street) on the north, Paxton Avenue and Van Vilssengen Road on the east, East 99th Street on the south, and the C&W.I. and the NYC & STL Railroads on the west.

COMMUNITY AREA(S): Pullman, South Deering

INITIAL EAV: $2,031,944

CURRENT EAV (2005): $20,715,236

FUND BALANCE (2005): $2,107,683

TOTAL INCREMENT TO DATE (2005): $18,683,292

TAX AGENCY AMOUNT (2005): $1,092,106

HISTORIC INFORMATION

Redevelopment Agreements: [98]

1.

Date Authorized: 04/01/1998
Developer: 95th & Stony, LLC
Description: 180,000 sq ft "community retail center," 79,500 sq. ft. Jewel/Osco, 109,000 sq ft for retail and restaurants, and 830 parking spaces.
Private Investment: $21,938,203
TIF Assistance: $7,025,000
Status: Completed (by 2006)

[98] Source: *2005 Annual Report: 95th Street and Stony Island Redevelopment Project Area*, p.12. This project is also listed on the NCBG website. See http://www.ncbg.org/tifs/tifprofile.aspx?id=37. The source for the status of each project is Constance Buscemi, City of Chicago Department of Planning and Development Assistant Commissioner.

Estimated TIF Redevelopment Budget:[99]

Project Type	**Amount**
Professional Services/Administration	$72,000
Property Acquisition, Site Prep, Demolition, Environmental	$10,170,000
Public Improvements	$2,462,500
Financing/Interest Subsidy	$2,500,000
Total:	**$15,204,500**

REVENUES AND EXPENDITURES (2005)[100]

Revenues

Property Tax	$1,115,690
Interest	$85,669
Total Revenues	**$1,201,359**

Expenditures

Costs of studies, admin., and professional services	$19,439
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects	$713,400
Total Expenditures	**$732,839**

Total Fund Balance: $2,107,683

FINANCIAL ACTIVITY

This section presents trend data about historic financial activity in the Special Service, Capital Projects and Debt Service Funds for the 95th/Stony Island TIF District. The source for the data is the *City of Chicago, Illinois: Treasurer's Annual Statements* that are published as a supplement to the *Comprehensive Annual Financial Report.* The data shows:

- How much money was in the City treasury for each TIF fund at the beginning of the fiscal year (balance in treasury January 1);
- How much was received by the fund during the fiscal year (Receipts including Settlements between Funds); how much was disbursed per fund (Disbursements including Settlements between funds);
- Transfers in and out of the fund; and
- The amount remaining at the end of the fiscal year after all receipt, disbursement and transfer activity has been considered (Balance in Treasury December 31).

[99] Source: the NCBG website. http://www.ncbg.org/tifs/tifprofile.aspx?id=37
[100] *2005 Annual Report: 95th Street and Stony Island Redevelopment Project Area*, p.6.

Special Revenue Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1992	$ -	$ 54,229	$ -	$ 56,791	$ -	$ 111,020
1993	$ 111,020	$ 119,968	$ -	$ 12,750	$ -	$ 243,738
1994	$ 243,738	$ 131,971	$ -	$ 3,952	$ -	$ 379,661
1995	$ 379,661	$ 161,492	$ -	$ 26,236	$ -	$ 567,389
1996	$ 567,389	$ 139,249	$ -	$ 15,164	$ -	$ 721,802
1997	$ 721,802	$ 177,171	$ 8,594	$ 15,525	$ -	$ 905,904
1998	$ 905,904	$ 218,641	$ 9,443	$ 6,254	$ 5,160	$ 1,116,196
1999	$ 1,116,196	$ 195,932	$ -	$ -	$ 805,458	$ 506,670
2000	$ 506,670	$ 179,144	$ 461,250	$ 408,005	$ -	$ 632,569
2001	$ 632,569	$ 515,887	$ -	$ 621	$ 4,805	$ 1,144,272
2002	$ 1,144,272	$ 907,415	$ 1,249,900	$ 319,508	$ 13,523	$ 1,107,772
2003	$ 1,107,772	$ 991,128	$ -	$ 25,880	$ 11,885	$ 2,061,135
2004	$ 2,061,135	$ 930,927	$ 650,650	$ -	$ 20,283	$ 2,321,129

Debt Service Funds:

Year	Balance in Treasury Jan. 1 (Overdraft)	Receipts Including Settlements Between Funds	Disbursements Including Settlements Between Funds	Transfers In	Transfers Out	Balance in Treasury Dec. 31 (Overdraft)
1999	$ -	$ -	$ 461,250	$ 800,000	$ -	$ 338,750
2000	$ 338,750	$ -	$ -	$ 16,221	$ 354,971	$ -
2001	$ -	$ -	$ -	$ 9,730	$ -	$ 9,730

GLOSSARY

Assessed Value (AV). The dollar amount certified by assessing officials as the value of property for real estate tax purposes. In Cook County, the assessed value should be a certain percentage of the property's market value, depending on the classification of that particular parcel of property.

Equalized Assessed Value (EAV). The EAV is the taxable value of property. In Illinois it is determined by multiplying the assessed value of property as determined by assessing officials by the county equalization factor.

Increment. The increase in equalized assessed value of property within a TIF district. Taxes levied on the increment are used to pay for TIF projects.

Industrial Revenue Bonds (IRBs). Industrial revenue bonds are tax-exempt financing mechanisms used to finance private industrial-related facilities which are then leased to the private concern or to provide loans at favorable interest rates. The private company receiving IRB proceeds or IRB-backed loans bears full financial responsibility for liability.

Joint Review Board (JRB). In Illinois, a Joint Review Board must meet annually to review the status of TIF development and redevelopment projects. The JRB membership includes a public member and representatives from local property tax levying governments: community college districts, elementary and high school districts, park district, library district, township, fire protection districts, the county government and the municipality.

Tax Caps. Under the provisions of the Illinois Property Tax Extension Limitation Law, the levy of non-home rule governments in Illinois may only increase annually by 5% or the rate of inflation, whichever is less. The value of new construction is not subject to the tax cap for the year in which it occurs.

Tax Extension. The amount of property tax dollars that local governments receive. The County Clerk calculates tax extensions by: 1) multiplying the EAV of each property by the composite tax rate and 2) applying the various limitations provided by statute such as rate limits for individual funds, tax caps and prior year EAV limitations (Cook County only). Cook County collects tax extensions and remits them to local governments. Governments receive an amount less than the total the total extension because all taxes are not collected and the County charges and administrative fee for its collection activities.

Tax Increment Financing (TIF). An economic development tool intended to generate economic development activity that would not have occurred "but for" the incentives offered. TIF works by establishing a specifically defined district, using incremental growth in revenues over a frozen baseline amount to pay for redevelopment costs. Taxing districts other than the one establishing the district (which is usually a municipality) do not have access to increases in incremental revenues over the life of the TIF district. Once a development project is completed and has been paid for, the TIF district is dissolved and the tax base is returned to full use by all eligible taxing bodies. In Illinois, TIF is authorized for a period of up to twenty-three years, with the possibility of renewal for an additional twelve years.

Tax Levy. The total dollar amount of a local government's annual budget appropriations which it requests to be collected in property taxes.

Tax Rate. A percentage calculated by dividing a government's final tax extension by its total EAV.