

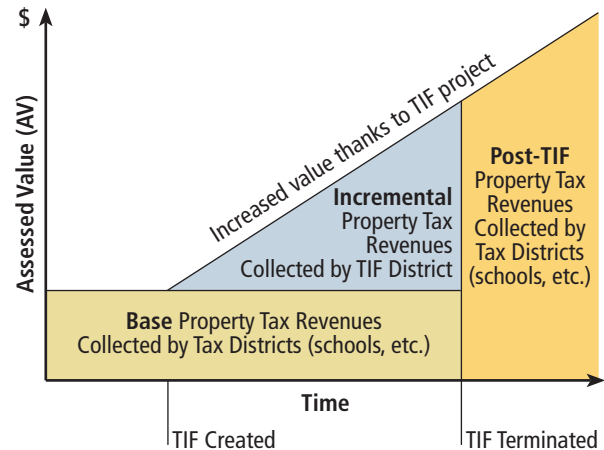
Understanding Tax Increment Financing (TIF)

Tax Increment Financing (TIF) is a revenue-generating tool used to capture the increasing property values created thanks to improvements in a certain area. Public investments in community infrastructure and projects, from new parks to streetscapes to affordable housing, result in higher neighborhood quality of life. The goal of a TIF is to use some of the resulting increasing property values to repay the cost of the initial improvements or invest in new neighborhood amenities.

TIF districts collect the “incremental” property tax revenues created after an investment is made in a specific district. These revenues are used to repay the initial investment in projects or to fund new investments. The base property tax revenues—those used to fund essential public resources such as schools—remain dedicated to their regular needs. At the end of a defined period, all property tax revenues are directed to the regular tax districts (outside of the TIF). Throughout the process, no property taxes are raised in the district and property owners pay the same rates as owners throughout the municipality.

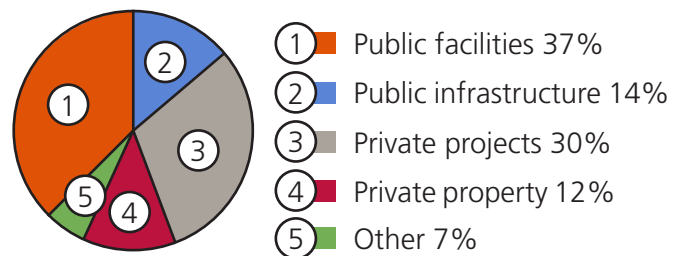
In the City of Chicago, TIFs are implemented in defined districts that have been reviewed by the Community Development Commission, the Chicago Plan Commission and the City Council, after community meetings. Under Illinois state law, neighborhoods qualifying for TIF designation must be “blighted” or in danger of becoming so, characteristics which are defined by state statute. As of 2014, there are 165 Chicago TIF districts that operate over 23 year periods. Each district has a specified fund and must develop a redevelopment plan to allocate funding to specific projects in the area, and funded projects must be approved by the City Council. In Chicago, residential projects partially funded with TIF money must provide 10 percent of units at affordable prices, under the Affordable Requirements Ordinance (ARO). Since 1986, when the first Chicago TIF was created, over \$5 billion has been directed to these districts.

How TIFs work



TIFs in Chicago

- Roughly \$500 million collected annually.
- TIF funding is distributed to a variety of public and private projects:



Sources: City of Chicago, Cook County, 2014

Resources

The City of Chicago’s TIF page and portal

- » cityofchicago.org/city/en/depts/dcd/provdrs/tif.html
- » webapps.cityofchicago.org/ChicagoTif/

Cook County TIFs 101

- » cookcountyclerk.com/tsd/tifs/pages/tifs101.aspx

Illinois Tax Increment Association

- » illinois-tif.com

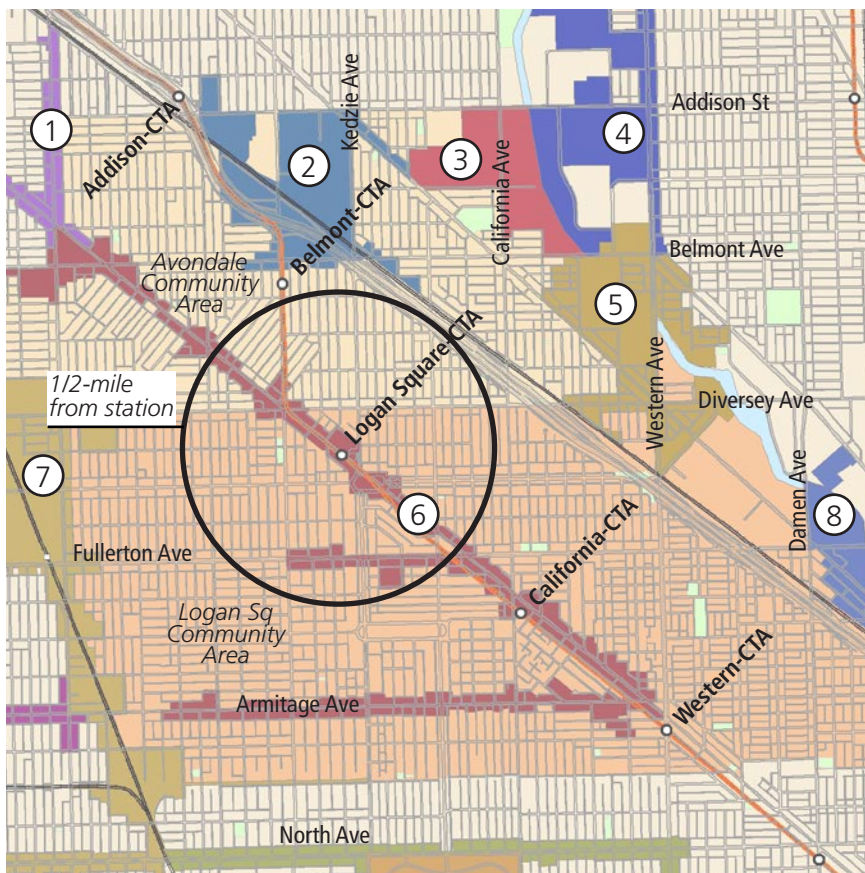
Tax Increment Financing (TIF) in Logan Square and Avondale

All of the sites being evaluated as part of the Logan Square Corridor Development Initiative (CDI) are located within the Fullerton/Milwaukee TIF district, designated in 2000. Fullerton/Milwaukee is one of several TIF districts that is partially or completely located within the Logan Square and Avondale community areas, but it plays an important role in the neighborhood, covering most of the business areas and running along the CTA Blue Line. The district's annual revenues were roughly \$7.6 million in 2012, and the fund's balance was \$23 million.

Fullerton/Milwaukee covers 257 acres and includes parcels along Armitage, Fullerton and Milwaukee, as shown in the following map. The TIF district was created to fund business improvements, streetscaping programs and remediate land and buildings for future use, and so far it has been used on a number of local projects.

The Hairpin Lofts, the setting for this CDI and an iconic building at the intersection of Milwaukee, Diversey and Kimball, was redeveloped by Brinshore Development and the Anixter Center into 28 apartments, retail spaces and a community arts center. The redevelopment was funded through \$11 million in TIF money.

Another major project funded through the Fullerton/Milwaukee TIF is the renovation of the Logan Theatre (funded with \$1 million in TIF money) to provide an improved auditorium space. The renovation of the Florsheim shoe factory into a retail and condominium building (with 175 units) was provided \$8.5 million in TIF funding. Finally, the Zapata apartments were renovated into 61 units of affordable housing, in part thanks to \$4.6 million in TIF funding.



TIF districts

- ① Avondale
Designated 2009, Expires 2033
- ② Kennedy/Kimball
Designated 2008, Expires 2032
- ③ Addison Corridor North
Designated 1997, Expires 2020
- ④ Western Ave South
Designated 2000, Expires 2024
- ⑤ Addison Corridor South
Designated 2007, Expires 2030
- ⑥ Fullerton/Milwaukee
Designated 2000, Expires 2024
- ⑦ Pulaski Industrial Corridor
Designated 1999, Expires 2022
- ⑧ North Branch North
Designated 1997, Expires 2021