

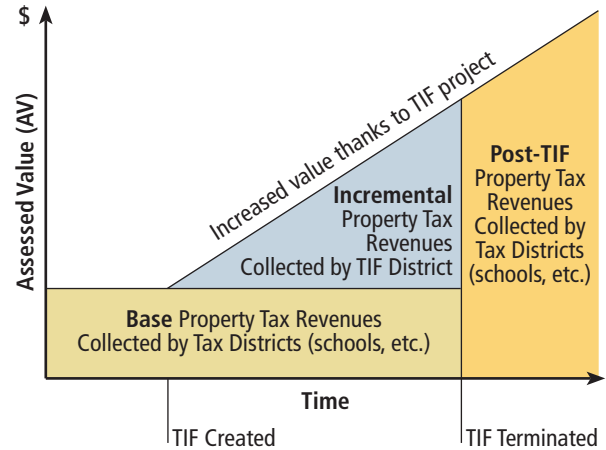
Understanding Tax Increment Financing (TIF)

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.

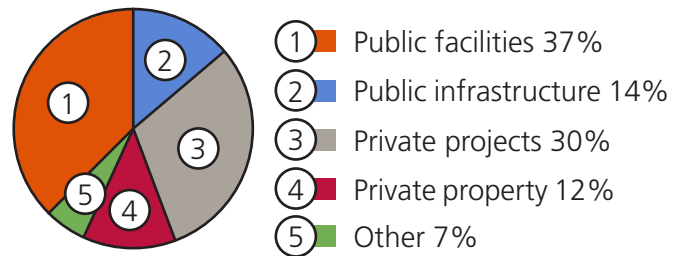
In the City of Chicago, TIFs are implemented in defined districts that have been reviewed by the Community Development Commission, the Chicago Plan Commission and the City Council, after community meetings. Under Illinois state law, neighborhoods qualifying for TIF designation must be “blighted” or in 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

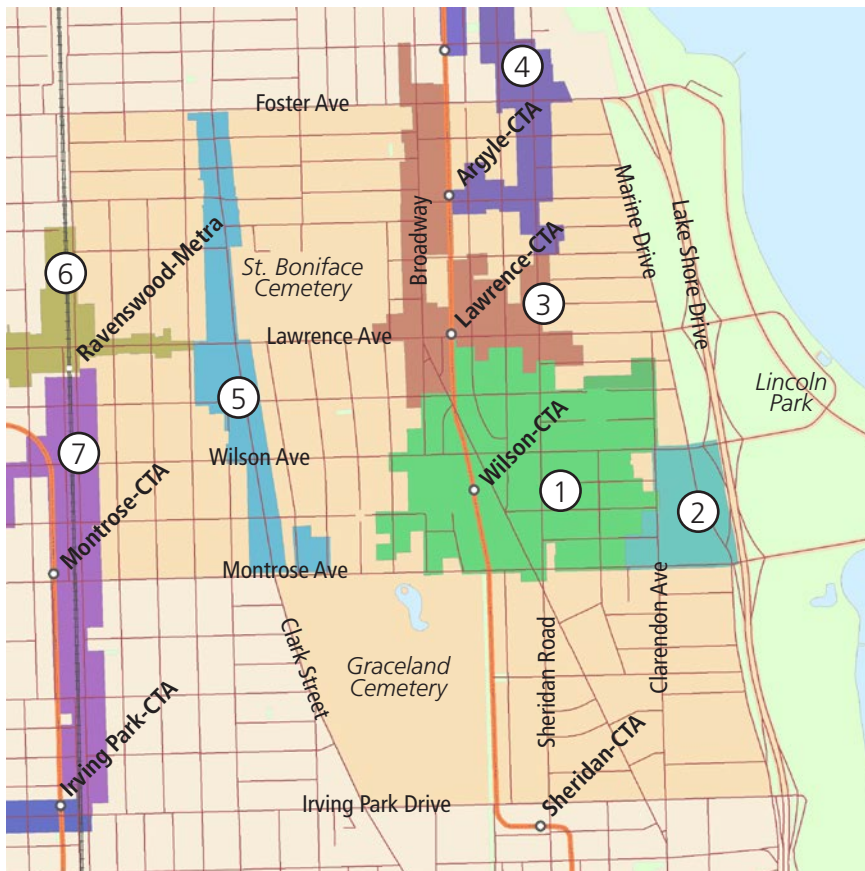
Tax Increment Financing (TIF) in Uptown

All of the sites being evaluated as part of the Uptown Corridor Development Initiative (CDI) are located within the Wilson Yard TIF district, which was designated in 2001. Wilson Yard is one of seven TIF districts that is partially or completely located within the Uptown community area, but it is the largest in the neighborhood and one of the largest in the City of Chicago.

Wilson Yard covers a total of 144 acres and is located roughly between Lawrence Avenue, Clarendon Avenue, Montrose Avenue and Magnolia Avenue, though its borders are more complex, as shown in the map on this page. The TIF district was created primarily to fund the redevelopment of the former CTA rail yard and train repair facility located between Broadway and Truman College. The resulting project (Wilson Yard) is a \$163 million complex that includes a Target store, an

Aldi supermarket, small retail spaces, office space and hundreds of housing units with dedicated affordability. \$54 million of the project's costs were covered by a portion of TIF district revenues.

Several other projects have also been funded through the Wilson Yard TIF, including the rehabilitation of the Hazel Winthrop Apartments; rehabilitation of the Clifton Magnolia Apartments; rehabilitation of the Uptown Preservation Apartments; the design of the Broadway streetscape program; the park on the grounds of the Stewart School; rehabilitation of the Uptown Broadway Building for offices and commercial space; rehabilitation of the Leland Hotel into apartments; and the rehabilitation of the Eastwood Sheridan apartments. In 2013, the Wilson Yard TIF received about \$6 million in revenues from its dedicated property taxes.



TIF districts in Uptown

- ① ■ Wilson Yard
Designated 2001, Expires 2025
- ② ■ Montrose/Clarendon
Designated 2010, Expires 2034
- ③ ■ Lawrence/Broadway
Designated 2001, Expires 2025
- ④ ■ Hollywood/Sheridan
Designated 2007, Expires 2030
- ⑤ ■ Clark/Montrose
Designated 1999, Expires 2022
- ⑥ ■ Western Avenue North
Designated 2000, Expires 2024
- ⑦ ■ Ravenswood Corridor
Designated 2005, Expires 2029