
CITY OF CHICAGO

Tax Increment Financing Program Guide



DEPARTMENT OF PLANNING
AND DEVELOPMENT

2020

Contents

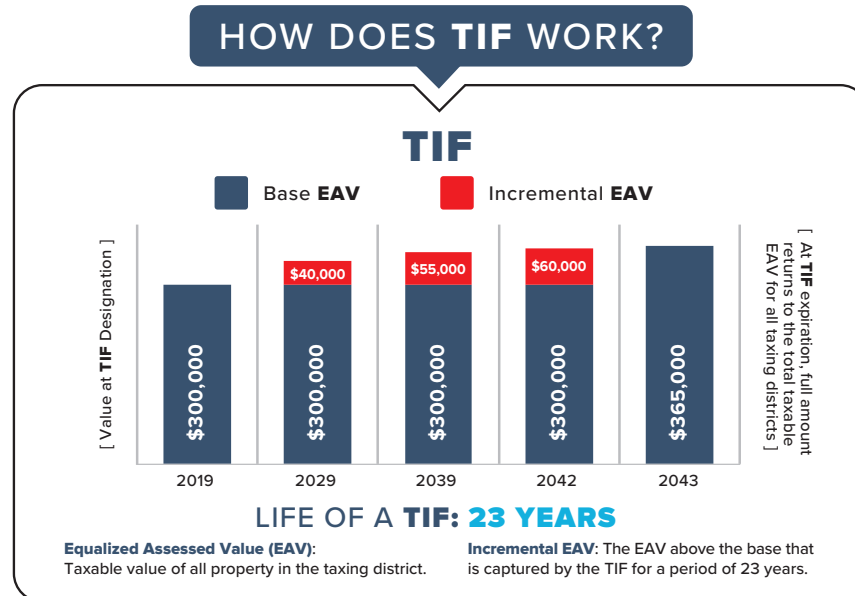
- AN OVERVIEW OF TAX INCREMENT FINANCING..... 3
- DESIGNATING TIF DISTRICTS..... 5
- ADMINISTERING TIF DISTRICTS..... 9
- TIF TRANSPARENCY AND ACCOUNTABILITY 14
- APPROVING TIF PROJECTS..... 17

An Overview of Tax Increment Financing

Tax Increment Financing, or “TIF”, is a financial tool used to promote economic development in the City of Chicago’s neighborhoods. Funds are primarily used to make improvements to Chicago’s physical assets, which include city infrastructure, neighborhood economic development, schools, transit, and parks. TIF is also used to leverage private-sector investment, including commercial, industrial, and affordable housing redevelopment projects.

HOW TIF DISTRICTS GENERATE FUNDS

Funds for these projects are generated from property taxes on increasing property taxes within the district over a period of 23 years. When a TIF district is created, the total Equalized Assessed Value (EAV) of the properties within the district establishes the base value of the TIF. As development in the area occurs, new property taxes are generated from the increase in EAV above the TIF district’s base. These funds are called incremental property taxes – which is often referred to either as “IPT” or just “increment” – and can be used for eligible redevelopment costs. Meanwhile, the taxes assessed on the value of the base continue to be dispersed to the other taxing bodies throughout the life of the TIF. When a TIF district expires, the increased EAV over the base is taxed normally with funds distributed to each taxing body according to their levy. The chart below explains this process.

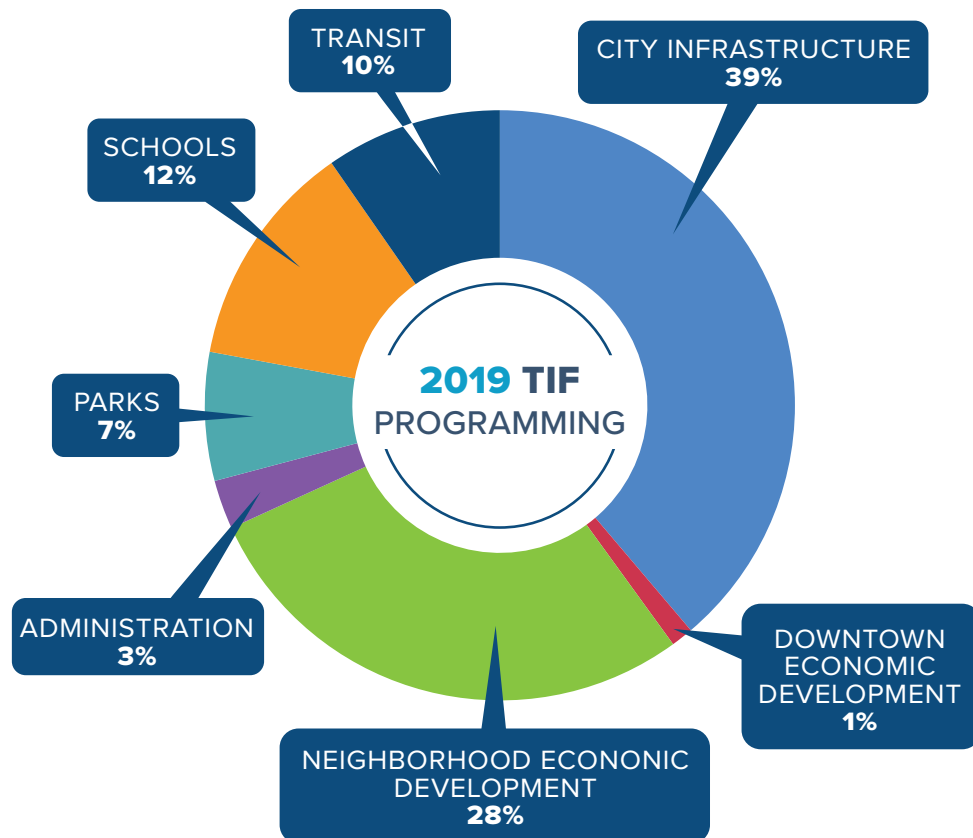


It is important to note that the inclusion of a property within a TIF does not increase its taxes. Since TIF districts do not directly change either the value of a property or the tax rate, any given property would have the same tax bill whether it was within a TIF or not.



CURRENT USE OF TIF IN CHICAGO

The use of TIF was first approved by City Council in 1983. Since then, a total of 184 TIF districts have been created and, as of January 1, 2020, there are 136 active TIF districts throughout the City of Chicago. The TIF program currently generates more than \$840 million in increment on an annual basis. The vast majority of those funds – including 71 percent of all funds in 2019 – are used to make fully public improvements, including street improvements, CTA facilities, schools, and parks. The remainder of funds are used to leverage private investment, including commercial, industrial, and affordable housing projects.



Designating TIF Districts

Illinois state law establishes a process for municipalities like Illinois to use if they intend to create TIF program. The City of Chicago follows this system to designate certain areas as TIF districts.

TIF DESIGNATIONS

The use of TIF funds starts with the creation, or designation, of a TIF district. To designate a TIF district, the City must take the following steps: (1) create a redevelopment plan that establishes goals for the TIF district, (2) study the district to learn whether it is eligible under the TIF Act, (3) obtain feedback from the public, (4) obtain the approval of the Community Development Commission, and (5) obtain City Council approval.

Activity	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Identifies a new TIF district												
Hire TIF consultant												
Data collection/Field work												
Prepare Plan/Eligibility Study												
Public Meeting												
File Plan with City Clerk												
CDC introduction												
Joint Review Board												
CDC Public Hearing												
Plan Commission												
City Council introduction												
Finance Committee												
City Council approval												
File Plan with Cook County												

District Eligibility Study

Once an area has been identified as in need of redevelopment, the Department of Planning and Development will undertake an analysis to determine if it meets the legal requirements necessary to designate a TIF district. This is often done in partnership with an outside consultant. The scope of work for an eligibility analysis includes field surveys performed on a parcel-by-parcel basis, exterior survey of the condition and use of each parcel, and analysis of the existing land uses and current zoning. This analysis forms the basis of an “Eligibility Study” which defines the ways in which an area meets the basic eligibility criteria legally required to be approved as a TIF district. The completed Eligibility Study provides a full summary of findings, relevant documentation demonstrating eligibility factors, and maps.

District Redevelopment Plan

In addition to the Eligibility Study, the Department of Planning and Development works to create a Redevelopment Plan. This document provides an overview of how the TIF will be used as well as City’s goals and objectives in creating the district. These are critical components for any TIF district because the City cannot allocate increment to a project unless it advances the goals of the TIF. Other elements of the Redevelopment Plan include anticipated improvements and activities, project costs and estimated budget, project boundary and legal description, and a future land use plan.



Public Review

After the completion of both the Redevelopment Plan and Eligibility Study, the Department of Planning and Development presents the findings of both documents at a public meeting to receive feedback from the public. Meetings are typically held at a location within or near the proposed TIF district and hosted in coordination with the local Aldermen that may be impacted by the designation of a TIF district. Following the meeting, the Redevelopment Plan or even the boundaries of the TIF may be refined based on feedback from the public.

Community Development Commission

The completed Redevelopment Plan and Eligibility Study are both filed with the City Clerk's Office and the Department of Planning and Development introduces the materials to the Community Development Commission ("CDC") for review. The materials are also presented to the Joint Review Board, which is comprised of representatives of the impacted taxing bodies, including Chicago Public Schools and the Chicago Park District. A presentation of the proposed TIF district is given to the Joint Review Board, which will review the matter and give a non-binding vote to either support or oppose the creation of the district.

Approximately two months after the CDC introduction, the matter is discussed by the body and community members are given another opportunity to provide input. CDC is ultimately responsible for taking a vote on the item and making a recommendation to City Council to approve the designation of the TIF district.

City Council

If the item is approved by CDC, legislation will be introduced at City Council authorizing the designation of a new TIF district and subsequently referred to the Committee on Finance. At the next meeting of the Committee in the following month, the designation of the TIF district would be subject to debate, discussion, and an additional opportunity for public feedback. Members of the Finance Committee would ultimately vote to approve the designation and refer it back to City Council for a vote and approval.

DIFFERENT TYPES OF TIF DISTRICTS

The State's TIF Act defines three different kinds of TIF districts – blighted, conservation, and transit. Each has a different rationale for their use and different eligibility criteria required for designation. The legislative process for all three, however, is generally the same.

Blighted TIF Districts

Blighted TIFs are put in place in order to provide funding for development in areas that are “blighted” based on the legal definition in the Illinois TIF Act. The definition includes factors like: a progressive and advanced deterioration of structures, a lack of physical maintenance of the built environment, and a decline in property values. A blighted TIF is unique in that it has eligibility criteria that is specific to property that is either improved or vacant. For example, criteria for improved property focuses on things like the deterioration or obsolescence of a building; while criteria for vacant property looks at environmental remediation and underground conditions. Improved areas need to demonstrate that five of 13 factors are present, while vacant areas require two of six factors to be present.

Conservation TIF Districts

Conservation TIFs are rapidly deteriorating or declining areas that do not yet meet the legal requirements of a blighted area but may become one if that decline isn't stopped. The eligibility criteria for conservation TIFs are generally the same as those for improved property in blighted TIFs. Conservation TIFs, however, require less factors to be present – three of 13, rather than five. Additionally, more than 50 percent of the buildings within a conservation TIF must have been constructed more than 35 years ago.

Transit TIF Districts

In June 2016, the Illinois General Assembly amended the TIF Act to allow for the creation of TIF districts focused on transit improvements.¹ These so-called “Transit TIFs” are distinct and different from blighted and conservation TIFs. Primarily, these TIFs can only be used to fund the construction or improvement of public transportation. Transit TIFs are also longer in place for 36 years but can only be designated within a half-mile of specific transit facilities.

Chicago currently has one Transit TIF for the Red Purple Modernization (“RPM” project). TIF will be used to provide funding for repairs and reconstruction of the CTA's nearly 100-year-old Red and Purple lines, including the modernization of stations between Lawrence and Bryn Mawr and a construction of an elevated bypass at the Belmont station.

¹ 65 ILCS 5/11-74.4-3.3



CLOSING TIF DISTRICTS

Typically, TIF districts remain in place for 23 years, which is outlined in the State's TIF Act and defined in each district's redevelopment plan. After the expiration, the increase in EAV over the life of the TIF is now part of the normal taxing levy. If there are any unspent funds remaining in a TIF district they are treated as surplus and transferred to the Cook County Treasurer to be proportionally redistributed back to the taxing bodies. There are, however, occasions when a TIF districts are closed before 23 years. Those occur either as a "Repeal" or an "Early Termination."

Repeal

The TIF Act requires the closure of a TIF district if there has been no activity or expenditures in advancement of the redevelopment plan within seven years of its designation. Any unspent funds remaining upon the repeal of the TIF are treated as surplus. Since 2011, three TIF districts have been repealed.

Early Termination

At the election of a municipality, any TIF district can be terminated any time prior to the defined expiration date. On an annual basis, the Department of Planning and Development undertakes a review of the City's portfolio of active TIF districts in order to identify districts that demonstrate:

- Inactivity – this occurs many times when the current EAV is below the base EAV, which results in no TIF revenue for the district
- Obligations Met – when projects are completed and paid in full, and no further activity is anticipated
- Redevelopment Goals Met – this occurs when districts have redeveloped without the need of TIF

In the case that one or more of those factors are present, the City may initiate the process to terminate the district. This action requires the approval of City Council and must occur before November of the year the action is taking place so that other taxing districts can be notified. Any unspent funds remaining upon the termination of the TIF are treated as surplus. Since 2011, the City has terminated 25 TIF districts.

EXTENDING TIF DISTRICTS

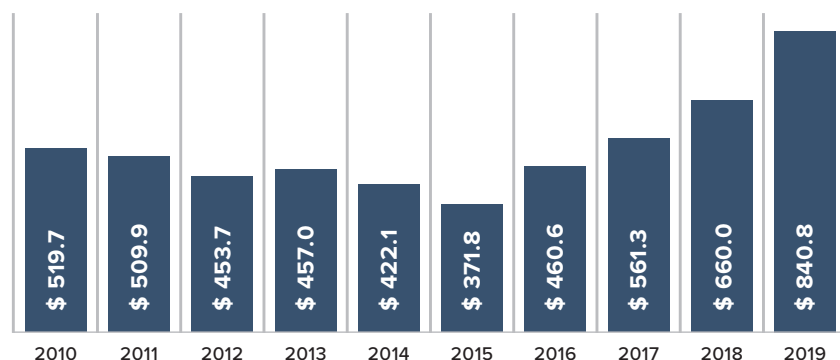
Occasionally, a TIF districts will be nearing the end of its 23-year term but still have a significant amount of redevelopment necessary to address the goal and objectives of the Redevelopment Plan. In these cases, the City may pursue an "extension" of the TIF district. This action requires authorization by the State legislature and, if approved, provides an additional 12 years to the term of the TIF district – a total of 36 years. TIFs cannot be extended more than once.

Administering TIF Districts

The City uses TIF revenues to defray redevelopment costs, such as infrastructure investments.

TIF Revenue

The amount of TIF available for the use is a function of property taxes and varies each year. In recent years, as the City has recovered from the recession, the amount of increment generated has increased. In 2019, the City's TIF districts generated \$841 million. The chart below compares that figure to recent years.



TIF REVENUE (IN MILLIONS)

* Source: Cook County Clerk TIF Reports

Eligible Redevelopment Project Costs

Once funds accumulate within each district, they are available to be used for eligible redevelopment costs. The rules of what makes a redevelopment cost either an eligible or ineligible is established by the State of Illinois. When projects request funding, the City of Chicago reviews each to determine if they meet the legal requirements for the use of TIF.

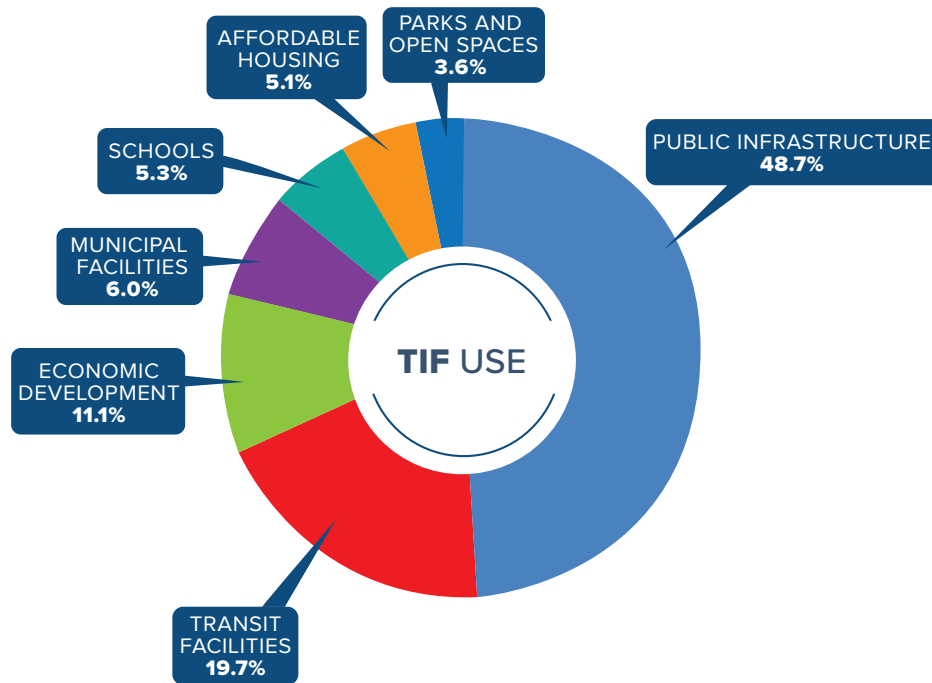
COMMON ELIGIBLE COSTS INCLUDE:	COMMON INELIGIBLE COSTS INCLUDE:
Public works, including infrastructure and municipal facilities.	New construction, except for municipal facilities and affordable housing
Property acquisition.	Fixtures, such as ornamental lighting, appliances, or furniture
Site preparation	Minor improvements, such as painting or fencing
Environmental remediation.	Parking lots
Reconstruction or renovation of existing buildings.	Landscaping, except for public parks
Affordable housing units up to 50 percent of the per unit cost.	Operational expenses
Planning and development studies, including architectural design.	
Job training of employees of businesses located within the TIF district.	
Interest costs related to the development of a TIF project.	

² <https://www.cookcountyclerk.com/service/tif-reports>



How Chicago Uses TIF

Since 2011, the City of Chicago has approved the use of more than \$4.8 billion in TIF for eligible redevelopment projects. The overwhelming majority of those costs - \$4.0 billion, or 83.8 percent of all expenditures – went towards fully public projects, including public infrastructure, schools, parks, transit, and municipal facilities. The chart below provides specific details on how these funds were allocated. There are four basic types of TIF-funded projects: public infrastructure and facilities, affordable housing, economic development, and planning and administration.



CATEGORY	TOTAL ALLOCATION	PERCENTAGE
Public Infrastructure	\$2,356,407,744	48.7%
Transit Facilities	\$952,615,500	19.7%
Economic Development	\$537,577,140	11.1%
Municipal Facilities	\$289,440,771	6.0%
Schools	\$257,942,520	5.3%
Affordable Housing	\$244,232,941	5.1%
Parks and Open Spaces	\$173,933,018	3.6%
Plans, Studies, and Administration	\$21,668,458	0.4%
TOTAL	\$4,833,818,092	100.0%

Public Infrastructure and Facilities

This category includes expenditures that are generally considered public works. This encompasses the construction or rehabilitation of infrastructure, schools, parks, transit, and municipal facilities. As stated above, this category is where a significant majority of the City's TIF funds are pledged – more than \$4.0 billion, or 83.8 percent of all expenditures since 2011.

Infrastructure generally refers to projects located in the public right-of-way, including the design and construction of streets, sidewalk, alleys, lighting, and utility improvements. Since 2011, more than \$2 billion in TIF funds has been allocated towards projects that ensure the City's infrastructure remains in a state of good repair and prioritizes the safety of all residents. These projects most commonly are undertaken by the Chicago Department of Transportation.

***Example:** Built in two phases, the Pilsen Sustainable Street is the first “sustainable streetscape,” built along Cermak and Blue Island Avenue. Receiving a total of \$10.9 million in TIF funds, the two-mile street scape includes new sidewalk and roadway surfaces, street trees, landscaped planters, roadway and pedestrian lighting, and community identifier elements.*

School projects include the construction or rehabilitation of the City's public schools. Projects may include the rehabilitation an existing building to address programmatic or life safety issues, the construction of a new facility to address demand, or the improvement of school grounds including playgrounds and athletic fields. Since 2011, the Chicago Public Schools have received \$258 million in TIF investments.

***Example:** After identifying a demand in the Near South Side community area, Chicago Public Schools received \$11 million of TIF funds to construct South Loop Elementary School. The four-story facility has 32 classrooms, a lunchroom, gymnasium with stage, multipurpose room, and rooftop play area.*

Park projects refer to the construction or improvement of public open space or parks. This has included the construction of new fieldhouses in existing parks, the development of new parks in areas of need, and as well as smaller investments in playgrounds and landscaping. Nearly all \$174 million in TIF funds approved for park projects have been agreements with the Chicago Park District, although occasionally the City has provided TIF funding for privately-owned parks that are publicly accessible.

***Example:** The Chicago Park District received \$10 million of TIF funds to construct the 64,000 square foot Morgan Park Sports Center. The center includes an indoor NHL-sized ice rink arena with 1,200 seats, a state-of-the art gymnastics center, and a fitness studio.*



Transit facilities encompass a number of different kinds of improvements, but includes the construction or improvement of train stations, the installation of bus-specific improvements in the roadway, and well as more basic improvements like viaduct or track replacement. Since 2011, the City has allocated \$952 million on transit projects undertaken by the Chicago Transit Authority and the Chicago Department of Transportation. This figure includes \$625 million approved for the Red-Purple Modernization project.

Example: *The Quincy Station is one of the oldest and best-preserved CTA stations in Chicago. Using \$15.7 million of TIF funds, the renovation included two new elevators, stair renovations, and lighting improvements.*

Municipal facilities refer to the buildings that are used every day by the City's residents, including libraries, fire stations, and satellite service centers. In total, the City has allocated more than \$289 million for projects that enhance these facilities and ensure that all residents have access to critical City services.

Example: *The Public Building Commission and Chicago Public Libraries used \$15.7 million in TIF funds to construct a 16,000 square foot Chinatown Library.*

Affordable Housing

One of the City's most critical issues is maintaining the affordability of housing for all residents. TIF has played an essential role in addressing these concerns. Since 2011, more than \$244 million in TIF funds have been allocated towards projects that develop new affordable units or maintain existing ones. This includes the construction of multi-family housing development projects either by private developers or the Chicago Housing Authority.

Example: *The City used \$5.2 million in TIF funds to rehabilitate a building in East Garfield Park to create the East Park Single Room Occupancy (SRO) building, which provides permanent supportive housing to homeless persons and very low-income persons at risk of homelessness.*

Economic Development

The City has used \$537 million in TIF funding since 2011 to support economic development projects in areas that have significant market challenges or on properties that are difficult to develop because of factors like environmental remediation. Projects typically include large-scale commercial or industrial developments that provide new services, create job opportunities, or allow existing businesses to expand. Of this funding, approximately \$130 million supported the Small Business Improvement Fund, which provides grants of up to \$150,000 each to small commercial or industrial businesses in order to targeted rehabilitation improvements. Additionally, the TIFWorks program is used to provide funding to businesses located in TIF districts to provide workforce training.

Example: *The Hatchery, an incubator that helps new businesses get off the ground, used \$7.2 million in TIF funding to construct a building to house the incubator, including work and production quarters, dry and cold storage, common kitchens, and shipping docks.*

Planning and Administration

In addition to capital expenses, the City uses TIF to fund planning studies that help guide the future of the City's neighborhoods. These can be broadly focused over large areas, like the effort to modernize our industrial corridors, but are often more narrowly focused on commercial corridors or neighborhoods or even specific sites. Funds are additionally used to help the City administer the TIF program, including the development of software to help make the use of TIF more transparent.

Example: The North Branch Framework Plan was created to study the use of 760 acres along the North Branch of the Chicago River between Kinzie Street and Fullerton Avenue. The plan includes modern land use parameters that will be used by legislative bodies to assess future development proposals and land use transitions in the North Branch.

TIF SURPLUS

Each year the City of Chicago has reviewed the balance of all active TIF districts to identify funds that have not been used and are not required for the TIF district to continue to advance its objectives. These funds are referred to as "surplus." If the City declares funds to be surplus they are returned to the local taxing bodies, including the Chicago Public Schools, the City, Cook County, and other sister agencies. Although the City of Chicago has pursued a policy of annual surpluses since 2011, Mayor Lightfoot adopted an approach that led to the City's largest ever surplus declaration of \$300 million in 2020. This approach includes a full surplus of all increment generated in Chicago's downtown TIF districts. Downtown TIF districts include Chicago/Kingsbury, River West, LaSalle Central, Canal/Congress, Jefferson/Roosevelt, Randolph/Wells, Roosevelt/Canal, and River South.

TIF Surplus Distribution Year	Total Surplus
2009	\$24,607,012
2010	\$41,439
2011	\$276,438,000
2012	\$96,487,679
2013	\$43,548,517
2014	\$65,181,708
2015	\$84,390,765
2016	\$113,163,520
2017	\$176,710,375
2018	\$171,088,000
2019	\$175,821,706
2020	\$300,183,868



TIF Transparency and Accountability

The City of Chicago is committed to managing the TIF program in a manner that is both transparent and accountable. This includes providing the public with data on individual projects and the program as well as ensuring that recipients of TIF funds are holding up their end of the agreement.

DATA SHARING

In 2009, the City Council first passed the TIF Sunshine Ordinance³ which requires the Department of Planning and Development to make certain TIF-related documents readily available to the public for both TIF districts and TIF-funded projects. This includes TIF district redevelopment plans, redevelopment agreements, and other project-specific data.

In order to provide this information in a user-friendly format, the Department of Planning and Development maintains the TIF Portal.⁴ An interactive map allows users to find detailed information on all TIF-funded projects throughout the City. Projects with a Redevelopment Agreement also have information regarding job creation, compliance status, and property tax information. Additional information on these projects, as well as other TIF-funded programs such as the Small Business Improvement Fund, can also be found in tabular format on the City's Open Data Portal.⁵ Both the TIF Portal and Open Data are updated on a daily basis.

REQUIRED DOCUMENTS UNDER THE SUNSHINE ORDINANCE	REQUIRED PROJECT DATA UNDER THE SUNSHINE ORDINANCE
TIF Redevelopment Plans and amendments	Project location
TIF Redevelopment Agreements and amendments	Total project costs and total TIF subsidy
CDC Staff Reports	Legislative approval dates by CDC and City Council
Annual TIF Reports	Jobs covenants (if applicable)
Certificate of Completion	Compliance with MBE/WBE and City residency commitments (if applicable)
	Property taxes for the project prior to approval and three years following completion
	Affordable housing units completed (if applicable)
	Sustainability requirements (if applicable)

In addition to this project-specific data, the City also provides a set of comprehensive balance sheets for all TIF districts. These are typically updated once a year and can be found on the Department of Planning and Development's website.⁶

³ Chicago, Illinois, Municipal Code § 2-45-155

⁴ DPD, TIF Portal: <https://webapps1.chicago.gov/ChicagoTif/>

⁵ Open Data Portal, TIF Projects: <https://data.cityofchicago.org/Community-Economic-Development/Tax-Increment-Financing-TIF-Projects/mex4-ppfc>

⁶ DPD, TIF Program: https://www.chicago.gov/city/en/depts/dcd/supp_info/tax_increment_financingprogram.html

District Annual Reports

The State of Illinois requires municipalities to annually submit reports to the Illinois Office of the Comptroller which provide a detailed record of all financial activity within TIF districts over the previous year.⁷ In order to ensure accuracy, these “District Annual Reports” are reviewed by a third-party financial auditor. District Annual Reports are required to be annually submitted to the State Comptroller no later than June 30. After the reports are certified by the Comptroller they are published on the Department of Planning and Development’s website⁸ – this typically occurs in late July.

Mayor Lightfoot’s commitment to transparency also extends to these reports and, for the first time ever, in 2019 the Department of Planning and Development published the 2017 and 2018 District Annual Report in tabular format on the Open Data Portal. This provides the information in a more easily accessible format and allows users to more easily compare data between districts and years. DPD will continue this practice for the 2019 District Annual Reports and beyond.

Ten-Year Reports

In addition to Annual Reports, as of 2010 the TIF Act requires a status report on each TIF district no later than 10 years after it is established.⁹ These “Ten-Year Reports” provide a bigger picture view of the TIF districts, including the total amount of increment generated, expenditures, the amount of private and public investment in the district, and the status of the redevelopment plan’s goals and objectives. After being drafted, these reports are presented for review and comment at a Community Development Commission meeting. These reports can be found on the Department of Planning and Development’s website.¹⁰

MONITORING AND COMPLIANCE

One of the critical roles of the Department of Planning and Development is monitoring all private redevelopment projects receiving TIF funding. The goal of this work is to ensure that private parties are receiving public funds only if they provide the public benefits outlined in the redevelopment agreement. TIF beneficiaries are required to annually provide sworn affidavits detailing how performance goals are being met. The term of these compliance provisions is typically ten years. If projects fail to live up to their end of the bargain, the City may claw back funds, withhold payments, or seek damages.

The Monitoring and Compliance group is currently responsible for reviewing the status of more than 300 TIF-funded projects. Since 2014, this work has resulted in nearly \$65 million in savings taxpayer funds in the form of withheld payments or funds returned to the City.

⁷ 65 ILCS 5/11-74.4-5 (d)

⁸ District Annual Reports: https://www.chicago.gov/city/en/depts/dcd/supp_info/tif-district-annual-reports-2004-present.html

⁹ 65 ILCS 5/11-74.4-5 (h)

¹⁰ Ten-Year Reports: https://www.chicago.gov/city/en/depts/dcd/supp_info/ten-year_tif_districtstatusreports.html



PROJECT	TIF DISTRICT	FUNDS SAVED	CAUSE
Ziegler	LaSalle Central	\$1,691,200	Violation of jobs covenant
Lincoln Village	Lincoln Avenue	\$4,447,975	Property sold without City consent
Cardinal Partnership	47th/Ashland	\$40,273	Project did not maintain the required minimum occupancy
Accretive Health	LaSalle Central	\$6,000,000	Violation of jobs covenant
DeVry	LaSalle Central	\$1,000,000	Violation of jobs covenant
Coyne Institute	Kinzie Industrial	\$4,399,304	Property sold without City consent
Park Federal Savings Bank	47th/Ashland	\$850,000	Property sold without City consent
Thai Town	Lawrence/Pulaski	\$726,306	Failure to comply with construction compliance requirements
Greenwood Associates	Stony Island/Burnside	\$145,063	Developer declared bankruptcy
Grossinger	Weed/Freemont	\$11,492,827	Property sold without City consent
Home Depot	Northwest Industrial	\$2,161,891	Violation of jobs covenant
CCH	Peterson/Pulaski	\$5,295,186	Developer failed to complete the project
Keebler	Lake Calumet Industrial	\$2,056,700	Developer completed the project but failed to demonstrate compliance
Park Place Homes	51st/Archer	\$7,400,000	Developer declared bankruptcy
Career Builder	Central Loop	\$699,280	Violation of jobs covenant
Portage Square	Portage Park	\$2,000,000	Developer indicted in federal court
Marquette Village	Greater Southwest Industrial East	\$6,093,318	Developer failed to complete the project
Renaissance at Beverly Ridge	105th/Vincennes	\$7,609,180	Developer failed to complete the project
TOTAL		\$64,108,503	

Approving TIF Projects

The approval process for all TIF-funded projects starts with the Department of Planning and Development reviewing proposals to ensure they are legally eligible and financially feasible. Specifically, this includes ensuring that the proposals are allocating TIF on legally eligible expenses, ensuring that projects advance the goals and objectives of the TIF district, and that there is sufficient increment in the district to fund the project. If a project does not meet these baseline requirements, it is determined to be infeasible and is denied. Projects that do meet these requirements are advanced a review at the TIF Investment Committee (TIC) and the legislative approval process.

TIF INVESTMENT COMMITTEE

The TIF Investment Committee was created to serve as an internal review body for projects requesting the use of TIF. The objective of the TIF Investment Committee is to promote transparency and accountability in the administration of the TIF program, identify TIF-eligible projects that advance the objectives of the TIF district and the surrounding community, and avoid wasteful or inefficient spending.

The TIF Investment Committee meets on a regular basis to ensure prompt review of applications for TIF funding. There are six voting members: the Chief Financial Officer, the Budget Director, the Comptroller, the Deputy Mayor for Infrastructure and Services, the Deputy Mayor for Neighborhood and Economic Development, and the Chief Equity Officer. A meeting of the TIF Investment Committee requires the presence of no less than four voting members. The TIF Investment Committee may approve a project based on a majority vote of present members. Department Commissioners may also attend these meetings as non-voting members. Support is provided by the Financial Incentives Division of the Department of Planning and Development, the Office of Budget and Management, and the Office of the Mayor.

Projects are submitted to the TIF Investment Committee by departments, aldermen, and other applicants for funding. The TIF Investment Committee promulgates guidance to potential applicants on the form their application should take and what information is required for consideration by the Committee. Prior to a meeting of the TIF Investment Committee, the Financial Incentives Division and other supporting staff shall review each application to ensure that it is eligible for TIF funding and to prepare an analysis of the application for review by voting members. The TIF Investment Committee shall review each application to determine whether the application presents a TIF-eligible project that advances the objectives of the TIF district and the surrounding community.



PROJECT APPROVAL

In general, there are four different categories of TIF projects: Redevelopment Agreements, Intergovernmental Agreements, TIF-funded programs, and TIF-funded infrastructure.

Redevelopment Agreements

Any development projects undertaken by private developers are approved by City Council with a Redevelopment Agreement (RDA). These projects include commercial, industrial, or mixed-use developments as well as affordable housing projects. RDAs are a developer's contract with the City of Chicago and detail the use of TIF, funding requirements, and public benefits to be provided.

Intergovernmental Agreement

Intergovernmental Agreement (IGA) projects are used to provide TIF funds to the City of Chicago's sister agencies, which primarily includes the Chicago Housing Authority, the Chicago Park District, the Chicago Public Schools, and the Chicago Transit Authority. TIF has been used for these agencies to make improvements to local schools, enhance transit service through new stations, and the development of park space.

TIF-Funded Programs

TIF-funded programs are largely administered through the Department of Housing and the Department of Planning and Development and include the Small Business Improvement Fund (SBIF), the Neighborhood Improvement Program (NIP), and the Purchase Price Rehab Program. These programs are different because they receive approval for a budget allocation rather than for specific projects.

TIF-Funded Infrastructure

These projects include any TIF-funded improvements to City infrastructure or municipal facilities, and generally include projects led by the Chicago Department of Transportation or the Department of Assets, Information, and Systems. Examples of these projects include road construction, bridge replacements, or building improvements to libraries. Like all TIF-funded projects, infrastructure is subject to review by the TIF Investment Committee.

State law and the municipal ordinances authorizing the creation of TIF districts govern how redevelopment projects must be approved. When applicable, the City obtains the approval of the Community Development Commission, the Committee on Finance, and the City Council.

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