



# Ward 5 Meeting Tax Increment Financing

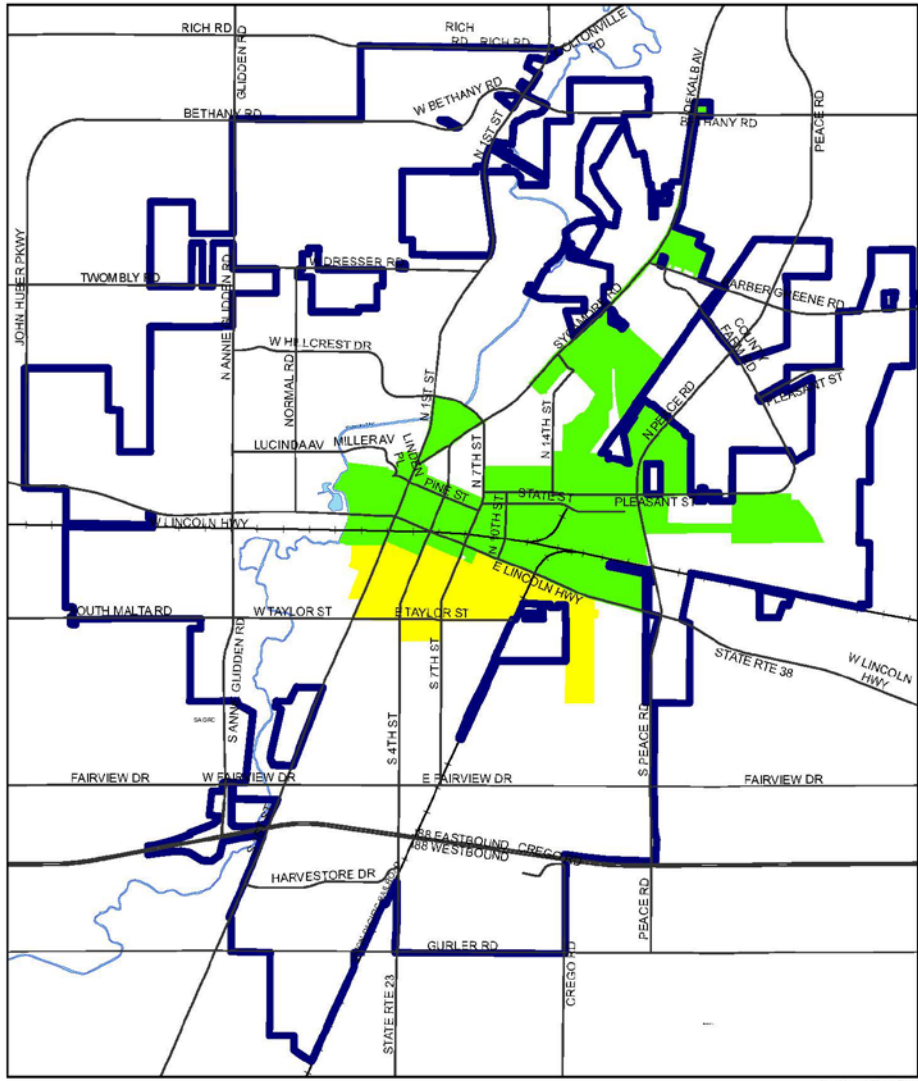
September 29, 2016

# TIF In Our City

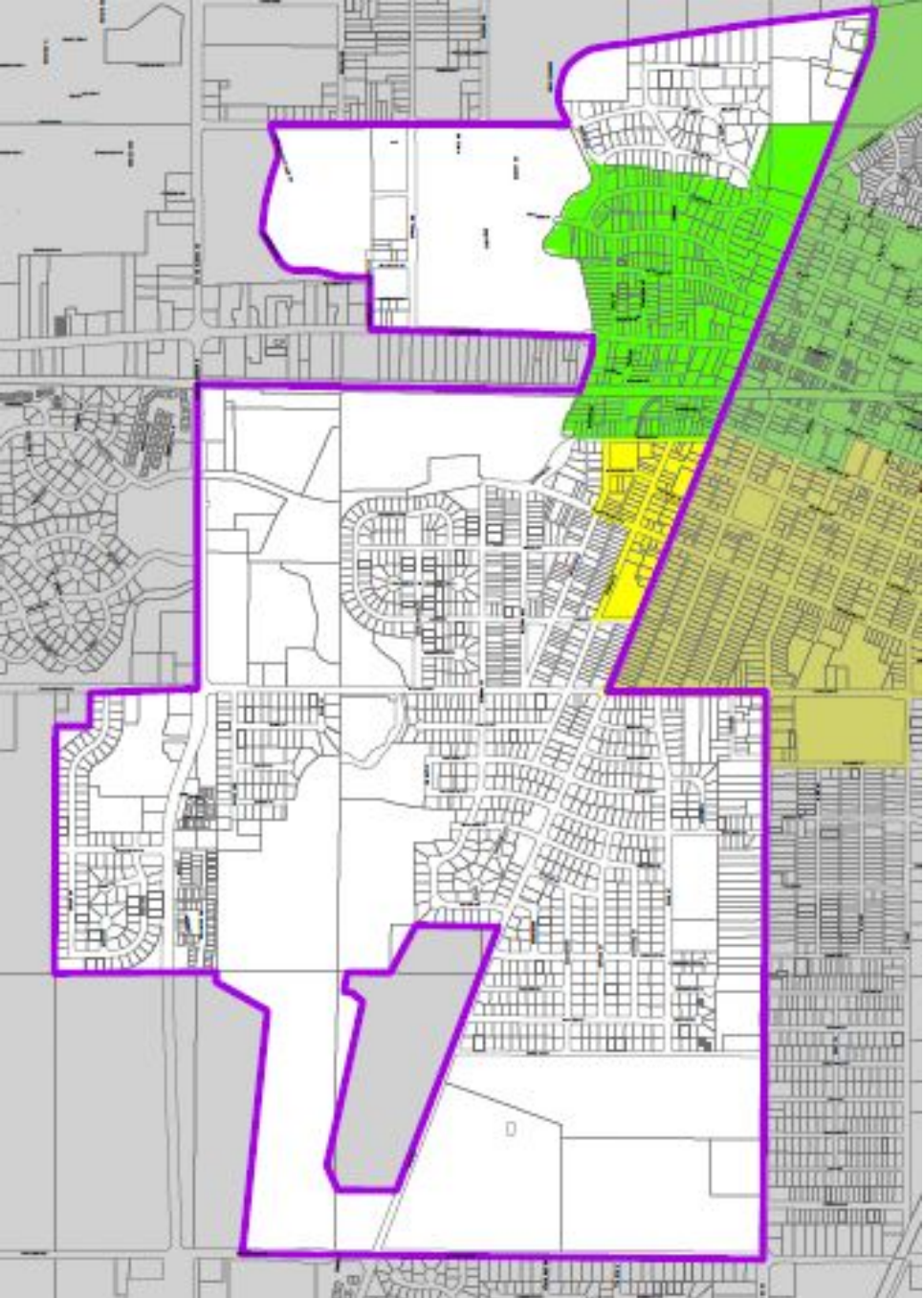
## Tax Increment Finance (TIF) Districts




- Central Area TIF
- TIF 2

► TIF in parts of 3 Wards (3, 4 & 5)



# Ward 5



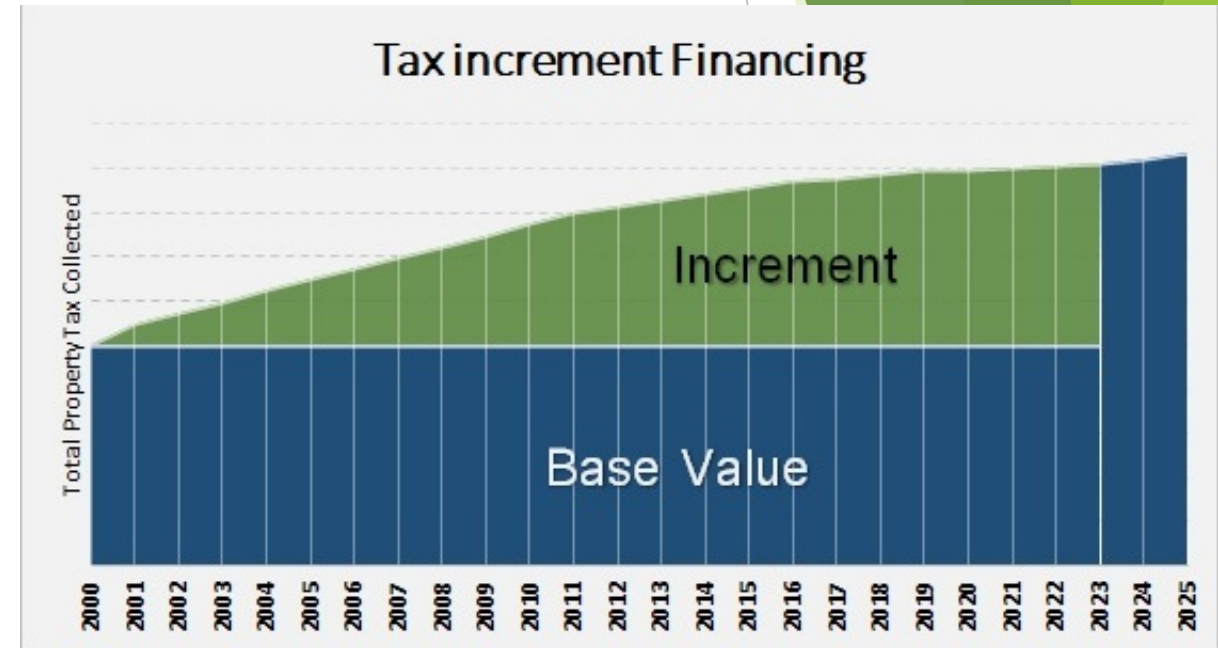
-  Ward 5
-  Central Area TIF
-  TIF 2

# Purpose of Meeting

- ▶ Meet with property owners in each of three wards
- ▶ Overview of TIF
- ▶ Obtain neighborhood feedback on ideas being considered for future programs to improve residential neighborhoods

# What is TIF?

- ▶ Base Assessed Value Established
  - ▶ Taxing bodies (Schools, Parks, County, etc.) collect property tax based on the assessed value at beginning of TIF
- ▶ Increment
  - ▶ As investment in district occurs, property values (therefore assessed values) increase
  - ▶ Difference between base value and new value is called the increment
  - ▶ Revenue (derived from the increment times a given year's tax rate) goes into a special fund to be reinvested into district



# DeKalb's TIFs

- ▶ Illinois TIF legislation states that the life of TIF district is **23 years**
  - ▶ A city can extend the life of a TIF for an additional **12 years**
- ▶ DeKalb's Central Area TIF was established in 1986, and extended in 2009
  - ▶ Expiration: **12/31/2021**
    - ▶ Last increment collected: **2022**
- ▶ TIF 2 was established in 1995
  - ▶ Expiration: **12/31/2018**
    - ▶ Last increment collected: **2019**
- ▶ What happens when TIF ends?
  - ▶ The total property value (base + increment) returns to the tax rolls

# State Statutes Regulate TIF expenditures

- ▶ Construction of public works or improvements
- ▶ Financing costs, including interest assistance
- ▶ Studies, surveys, and development plans
- ▶ Marketing existing sites in the TIF
- ▶ Rehabilitation of public or private buildings
- ▶ Property acquisition
- ▶ Demolition and site preparation
- ▶ Job training
- ▶ Relocation costs
- ▶ Administration of TIF projects
- ▶ Professional services (architectural, engineering, legal, and finance)

# TIF in DeKalb

- ▶ Capital Projects (Affects “Public Property”)
  - ▶ Investment in Public Infrastructure (roads, sidewalks, airport, lights, trees)
- ▶ Programs (Affects “Private Property”)
  - ▶ Economic Development
  - ▶ Property Acquisition, Remediation, Rehabilitation
  - ▶ Façade Improvement



# TIF in DeKalb - Moving Forward

- ▶ Capital Projects (Affects “Public Property”)
  - ▶ Investment in Public Infrastructure (roads, sidewalks, airport, lights, trees)
- ▶ Programs (Affects “Private Property”)
  - ▶ Economic Development
  - ▶ Property Acquisition, Remediation, Rehabilitation
  - ▶ Façade Improvement
- ▶ Potential Neighborhood Reinvestment

# TIF in DeKalb – Moving Forward

## Why is Neighborhood Reinvestment Important

- ▶ The current state of DeKalb's housing market
  - ▶ Median sale price of home yet to recover
    - ▶ 2006: \$180,000
    - ▶ 2016: \$137,000
  - ▶ Large number of homes for sale under \$100,000
    - ▶ <\$100,000: 40
    - ▶ \$100,000 - \$200,000: 112
    - ▶ >\$200,000: 36
- ▶ Low comparable sale values make investing in new speculative housing impractical
  - ▶ Same size home could sell for approx. \$40,000 more in neighboring community

# TIF in DeKalb – Moving Forward

## Why is Neighborhood Reinvestment Important

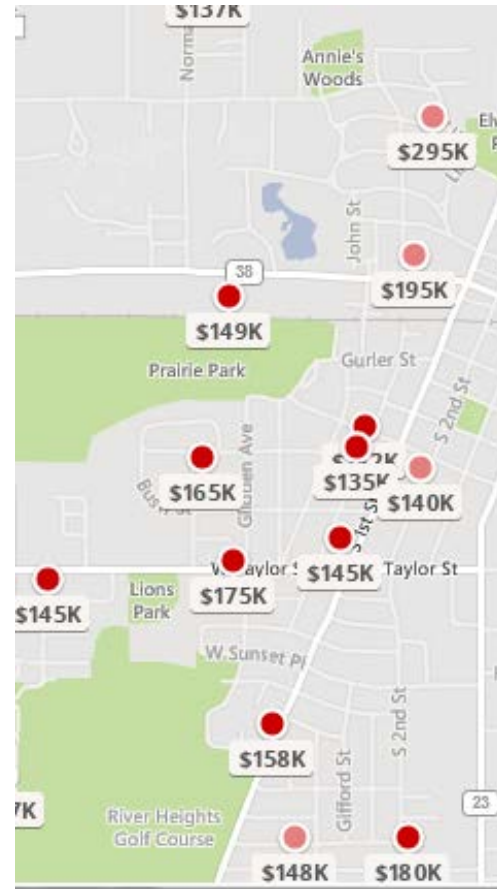
- ▶ Why do we need growth in housing market?
  - ▶ Broad tax base = smaller individual tax burden
    - ▶ DeKalb County ranked 3 in nation for highest property tax
  - ▶ Shrinking population is a concern for outside investors
- ▶ Focused approach to incentivizing growth
  - ▶ Discussion with builders, developers, and real estate brokers
    - ▶ Comps are based on neighborhoods
    - ▶ Easier to create synergy in a small area vs. city-wide
  - ▶ Some areas would qualify for existing incentives
    - ▶ Stacking incentives lowers financial barriers to investment/redevelopment
      - ▶ e.g. historic preservation credit + energy efficient credit + first time homebuyer credit + TIF grant

# TIF in DeKalb- Moving Forward

## Why is Neighborhood Reinvestment Important



Pocket of <\$100,000 in Ward 5 for sale



Room to Raise the Bar

# Potential Neighborhood Reinvestment Programs

## Your Thoughts

- ▶ De-conversion program (multi-family back to single-family)
- ▶ Urban Pioneers/Find It Fix It (New or first time homeowners buy and renovate low cost single family)
- ▶ Neighborhood Reinvestment Program (focused renovations/rehab on current owner occupied units)
- ▶ Other Ideas