

Tax Increment Financing Rochelle IL

Introductory
Presentation
June 22, 2015



What is Tax Increment Financing?

Tax Increment Financing (TIF) is a technique which utilizes future tax revenues to stimulate new private investment in redevelopment areas.

- **Not a tax!**
- **Future tax revenues to be used in support of private development**
- **Tool to leverage public investment**



What is Tax Increment Financing?

incremental tax revenues pay for public investments



private investment



increased property values



additional incremental tax revenues



additional private investment



A Simple Example

- Before TIF

property value \$1,000,000;
taxes \$10,000

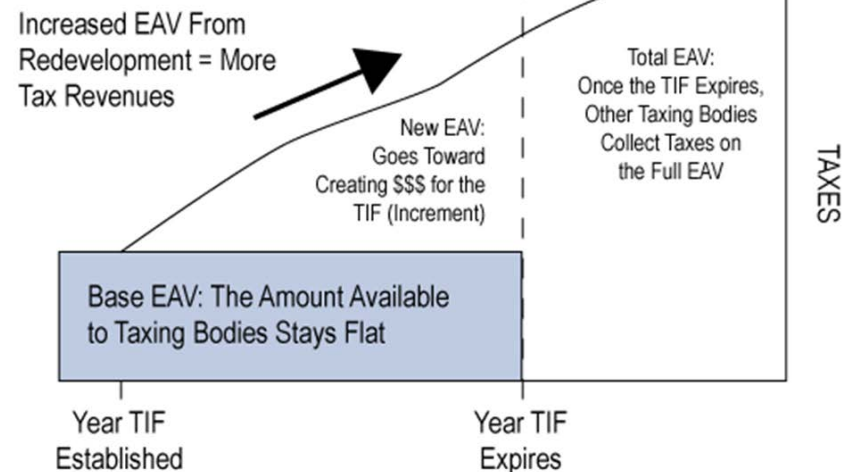
- After TIF spurs investment

property value \$1,500,000;
taxes \$15,000

- \$5,000 difference goes into TIF fund:

“increment”

HOW A SUCCESSFUL TIF GENERATES REVENUES



Types of TIF's

- **Blighted**
 - Abandoned quarries, disposal sites, mines, railroads
 - Areas of chronic flooding
- **Conservation Area**
- **Industrial Park Conservation Area**



Things to Remember...

- TIF does not create a tax increase to any property owner
- TIF does not freeze any property owner's taxes
- Any jurisdiction can modify its levy each year
- All taxing jurisdictions ultimately benefit by an increased tax base



TIF Funding

- **TIF funds can be used for:**
 - **Utilities & Road Improvements**
 - **Demolition and Environmental Clean-Up**
 - **Façade Improvements / Rehabilitation Assistance**
 - **Property Assembly**
 - **Not Construction Costs, Municipal Buildings***



Steps Toward Adoption

- **Establish Eligibility**
- **Prepare Redevelopment Plan and Program**
 - **Housing Study**
- **Convene Joint Review Board**
- **Notify Public**
- **Hold Public Hearing**
- **Adopt Ordinances**



Findings for Adoption

- **Project area not subject to growth and development through private investment**
- **Compliance with comprehensive plan**
- **Completion within 23 years**



Proposed Opportunity Sites

- Not All May Happen – Guides Redevelopment Activities



City of Batavia

Typical TIF Projects

- **Redevelopment of substandard, obsolete or vacant buildings.**
- **Financing general public infrastructure improvements.**
- **Development of residential housing in areas of need.**
- **Cleaning up polluted areas.**
- **Improving the viability of downtown business districts.**
- **Providing infrastructure to develop a site for new commercial and industrial uses.**
- **Rehabilitating historic properties.**



TIF Districts Near Rochelle



Rochelle TIF

Submitted By: Teska Associates Inc.

LEGEND

★ The City of Rochelle

📍 Number of TIF Districts in Neighboring Communities



Tax Increment Financing: Case Studies



CITY OF GENEVA RIVERFRONT TAX INCREMENT FINANCING DISTRICT COMPARING TIF EQUALIZED ASSESSED VALUE CHANGE VERSUS PREDICTED INFLATIONARY CHANGE IN EAV OVER 21-YEAR PERIOD

| ESTIMATED INCREASE IN PROPERTY EAVs USING 3%, 5% AND 7.5% ANNUAL INCREASES IN ASSESSED VALUES | | | |
|---|---|---|---|
| 1982 BASE ASSESSMENT | 2003 ASSESSMENT BASED ON 3 PERCENT ANNUAL INCREASE | 2003 ASSESSMENT BASED ON 5 PERCENT ANNUAL INCREASE | 2003 ASSESSMENT BASED ON 7.5 PERCENT ANNUAL INCREASE |
| \$1,625,618 | \$3,024,128 | \$4,528,911 | \$7,423,287 |

| 1982 BASE ASSESSMENT | 1982 - 2003 INCREMENTAL DIFFERENCE IN EAV USING 3% ANNUAL INCREASE | 1982 - 2003 INCREMENTAL DIFFERENCE IN EAV USING 5% ANNUAL INCREASE | 1982 - 2003 INCREMENTAL DIFFERENCE IN EAV USING 7.5% ANNUAL INCREASE |
|----------------------------|--|--|--|
| \$1,625,618 | \$1,398,510 | \$2,903,293 | \$5,797,669 |

| ACTUAL NUMBERS REFLECTING DEVELOPMENT CHANGE SINCE ESTABLISHING TIF | | | | |
|--|--------------|-----------------|--|--|
| 1982 BASE EAV | 2003 EAV | TOTAL EXEMPT | 2003 EAV BILLING VALUE (PAYABLE 2004) | 1982 - 2003 INCREMENTAL DIFFERENCE IN EAV FOR 2004 TAX COLLECTION PURPOSES |
| \$1,625,618 | \$14,322,889 | \$153,333 | \$13,869,556 | \$12,522,471 |

Tax Increment Financing: Case Studies

Dixon: CBD

- ❖ 57% growth in TIF fund revenue in one year;
- ❖ Since 1987 added \$8+ mill in new private investment;
- ❖ The private to public investment ratio is 2.6%, which means that for every \$100 dollars of public investment, \$38,000 in private investment has been generated due to the public TIF assistance.



Sycamore

- ❖ 29% growth in TIF fund revenue in recent year;
- ❖ Since 2000 EAV growth is 581% or 58% per year.



Questions?

