

EVANSTON ILLINOIS

Proposed Five-Fifths Tax Increment Financing (TIF) District Update -5th Ward Meeting

Paul Zalmezak, Economic Development Division Manager June 30, 2021

AGENDA

- I. Overview of TIF
- II. Background on Proposed Five-Fifths TIF District / Goals
- III. Next Steps

Tax Increment Financing (TIF) District is established as follows:

1. A municipality identifies an economically stagnant area determining private investment not likely to occur at a reasonable rate
2. A study determines if the proposed areas as a whole statutorily qualifies (i.e Civic Center alone doesn't, but the entire district does)
3. Discuss with overlapping taxing districts (joint review board)
4. Public input throughout (ward meetings and public meetings)
5. The municipality prepares a the required TIF Plan
6. Council considers three sequential ordinances to establish the TIF District:
 - 1) Ordinance to Approve the TIF Redevelopment Plan and Projects;
 - 2) Ordinance to Designate the Redevelopment Project Area; and
 - 3) Ordinance Adopting TIF for the Redevelopment Plan, Projects and Area.

TIF OVERVIEW

- TIF is primarily a financing tool designed to address area impediments to redevelopment and encourage redevelopment activity.
- TIF involves splitting property tax revenue generated from properties within the TIF District into two buckets for a period of 23 years:



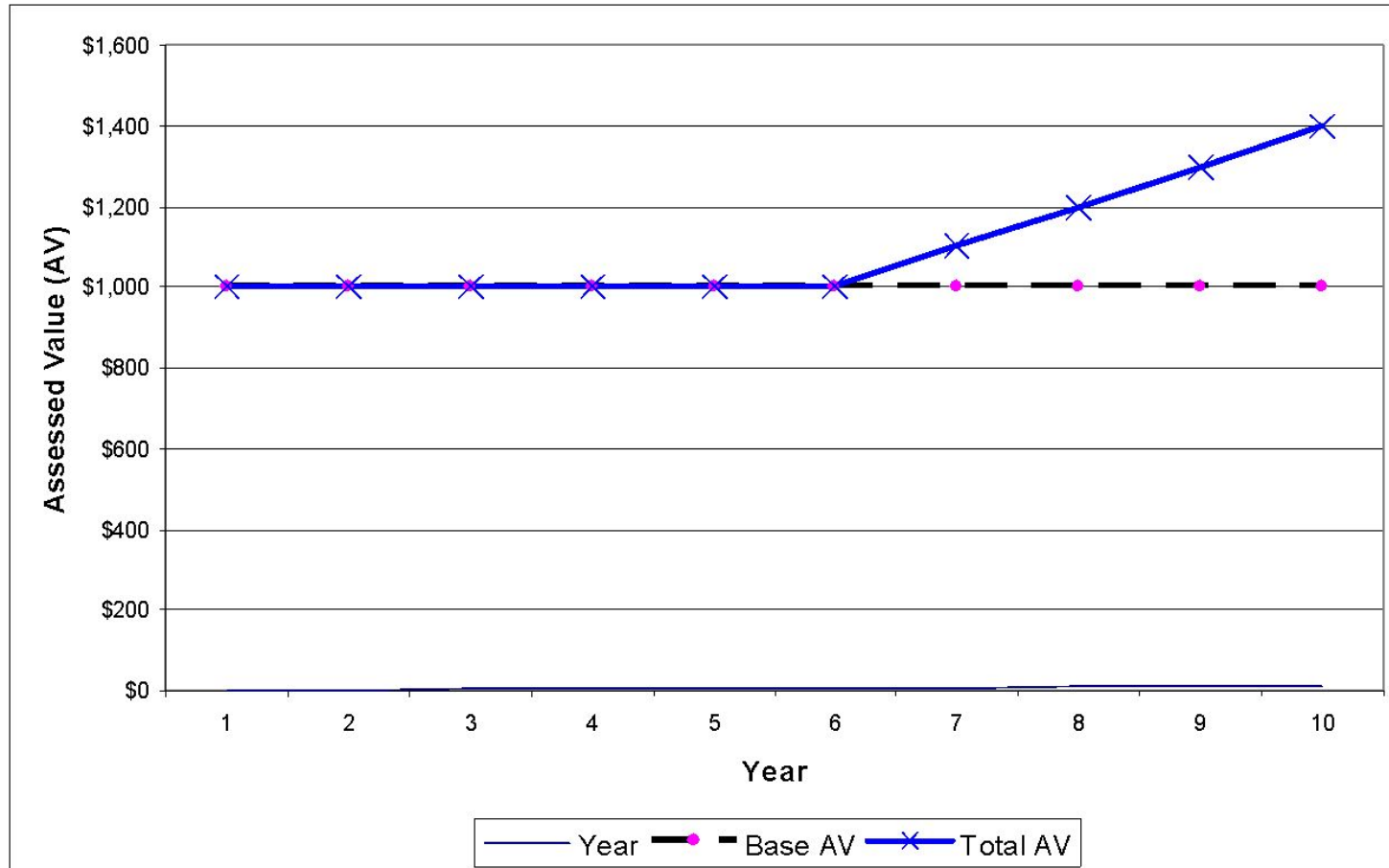
Bucket 1 for Local Governments
Base Revenues – To Fund All Local Governments including schools, city, county, Oakton, etc.



Bucket 2 - for Fifth Ward
Incremental Revenues – For projects only within the TIF.

TIF OVERVIEW

A successful TIF produces positive incremental revenue over time



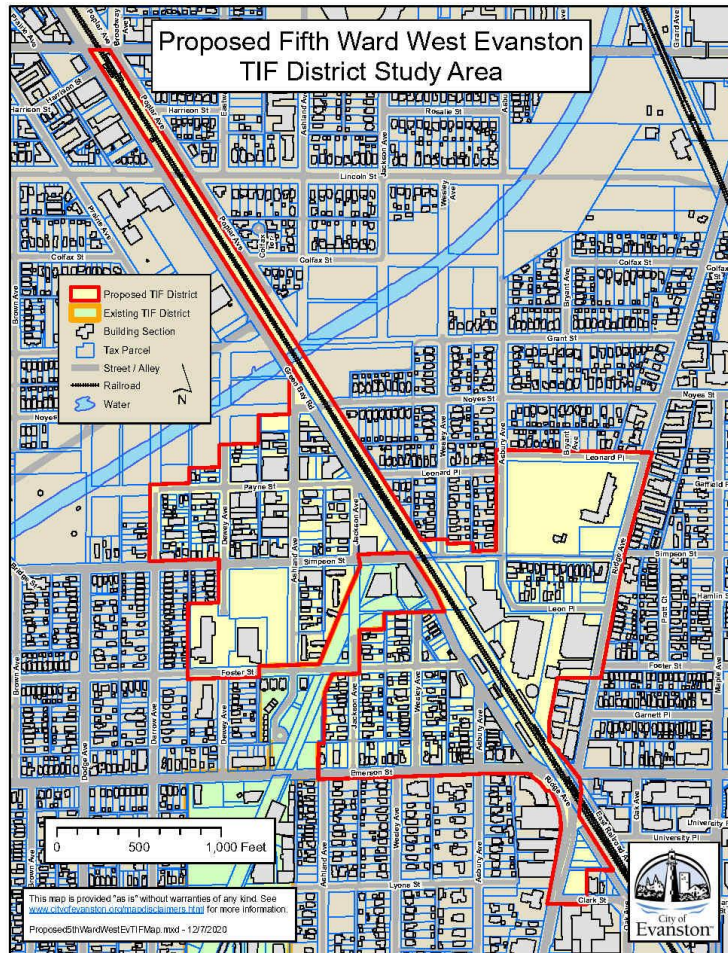
WHAT CAN TIF BE USED FOR?

- TIF budget will not fund all private development costs.
- Capital items, including property assembly, public improvements, rehabilitation, or site preparation.
- 50% of the cost of constructing new affordable housing units.
- TIF budget does ***not*** pay for municipal personnel or operating costs.

WHO DECIDES HOW TIF IS USED?

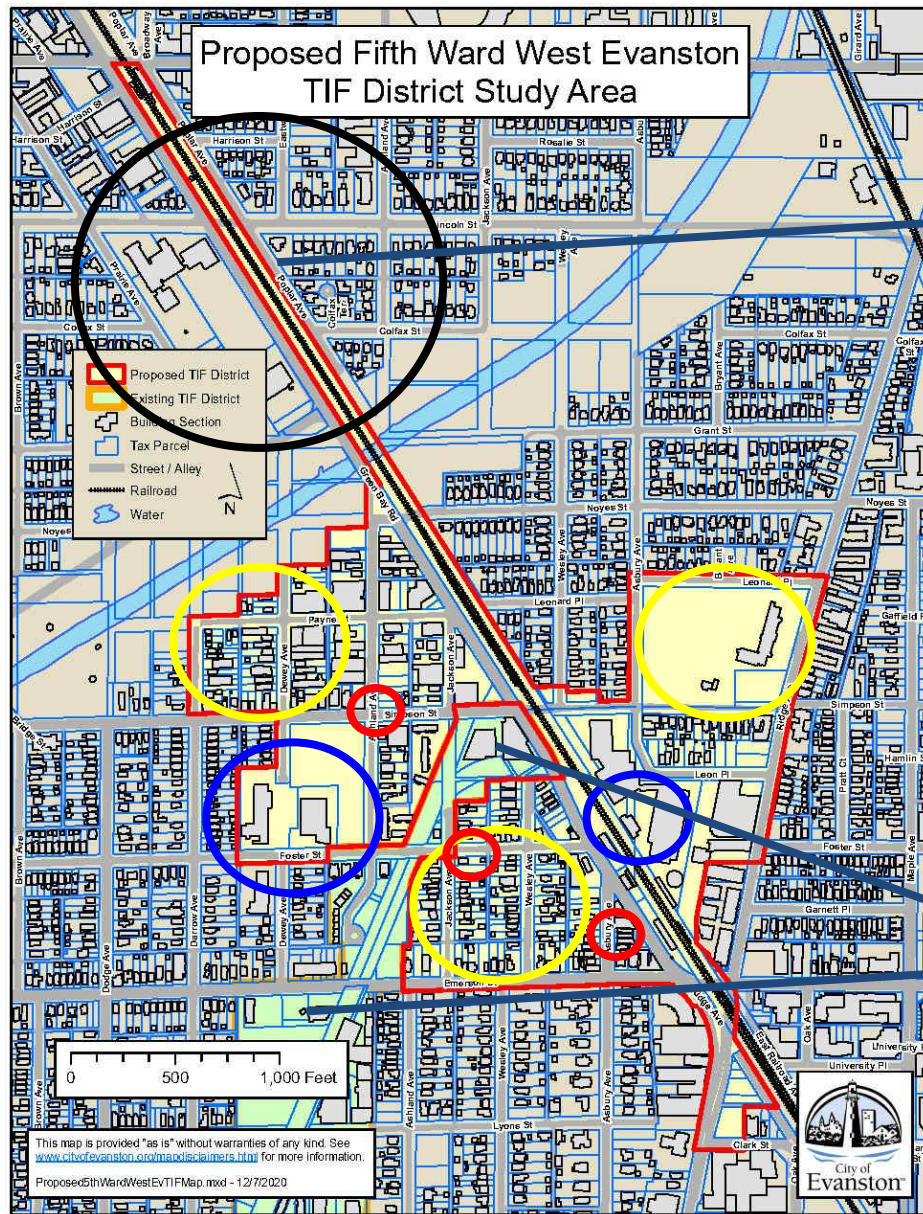
- TIF designation does not replace local planning or zoning processes – these remain in place and normal entitlement reviews continue to control project implementation
- Redevelopment decision remain in local control, with community input, City staff recommendations, and City Council consideration
- Numerous community plans over the years including West Evanston Master, Affordable Housing Plan, Economic Development Work Plans, etc.
- Future planning

FIVE FIFTHS TIF - STUDY AREA

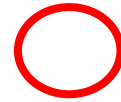


- Affordable Housing
- Private Housing Repair
- Workforce Development
- Business District Improvements
- Infrastructure
- Parks / Public Amenities

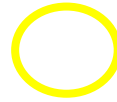
FIVE FIFTHS TIF - Proposed



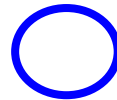
This section is a railroad tax parcel. it extends from Emerson to Central. TIF boundary cannot cut a parcel in half. Therefore has a “weird” shape



Business District Improvements/Workforce



Residential improvements - home repairs, 50% cost of new affordable housing



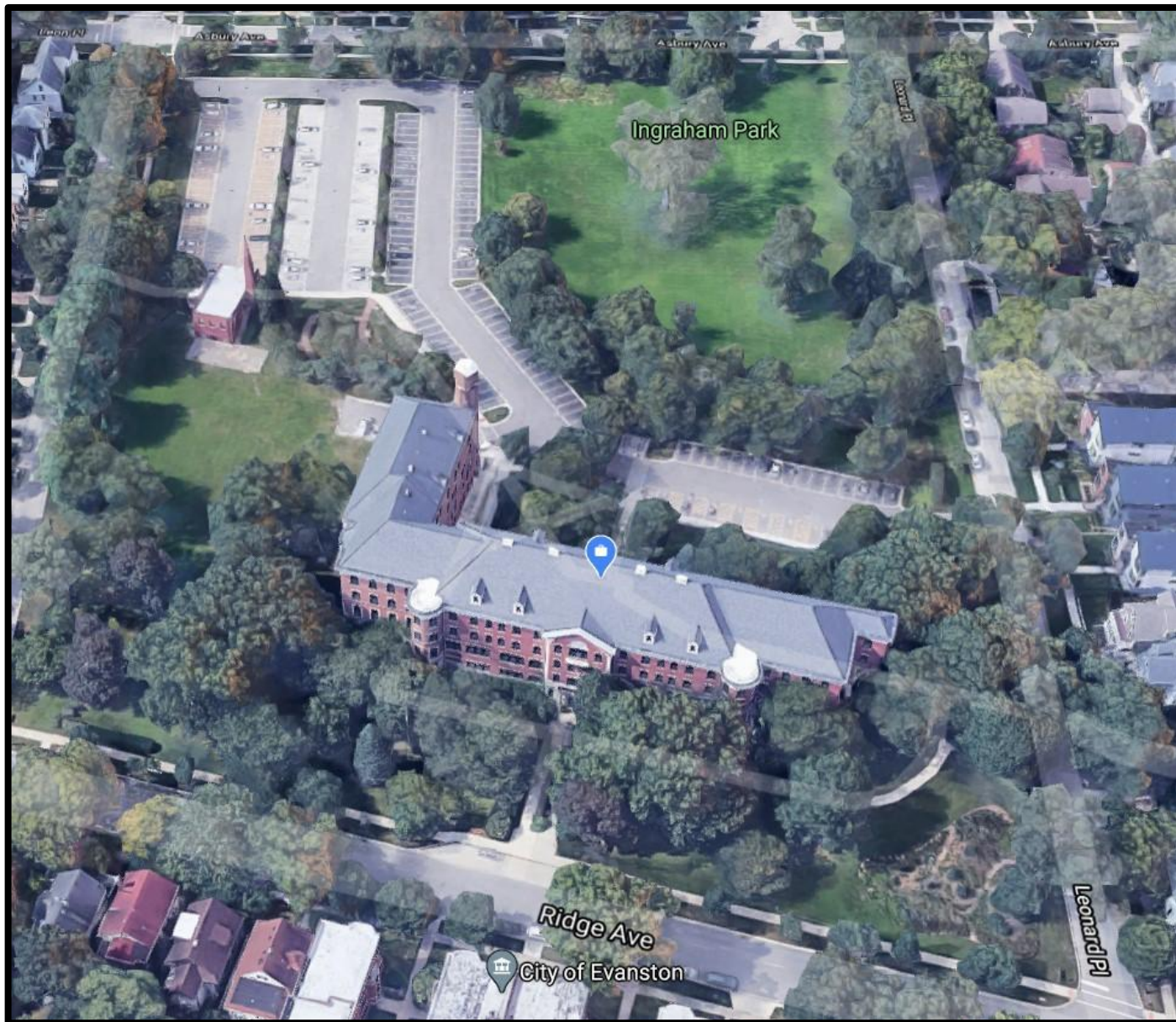
Institutional improvements where applicable including Foster School and Fleetwood Jourdain

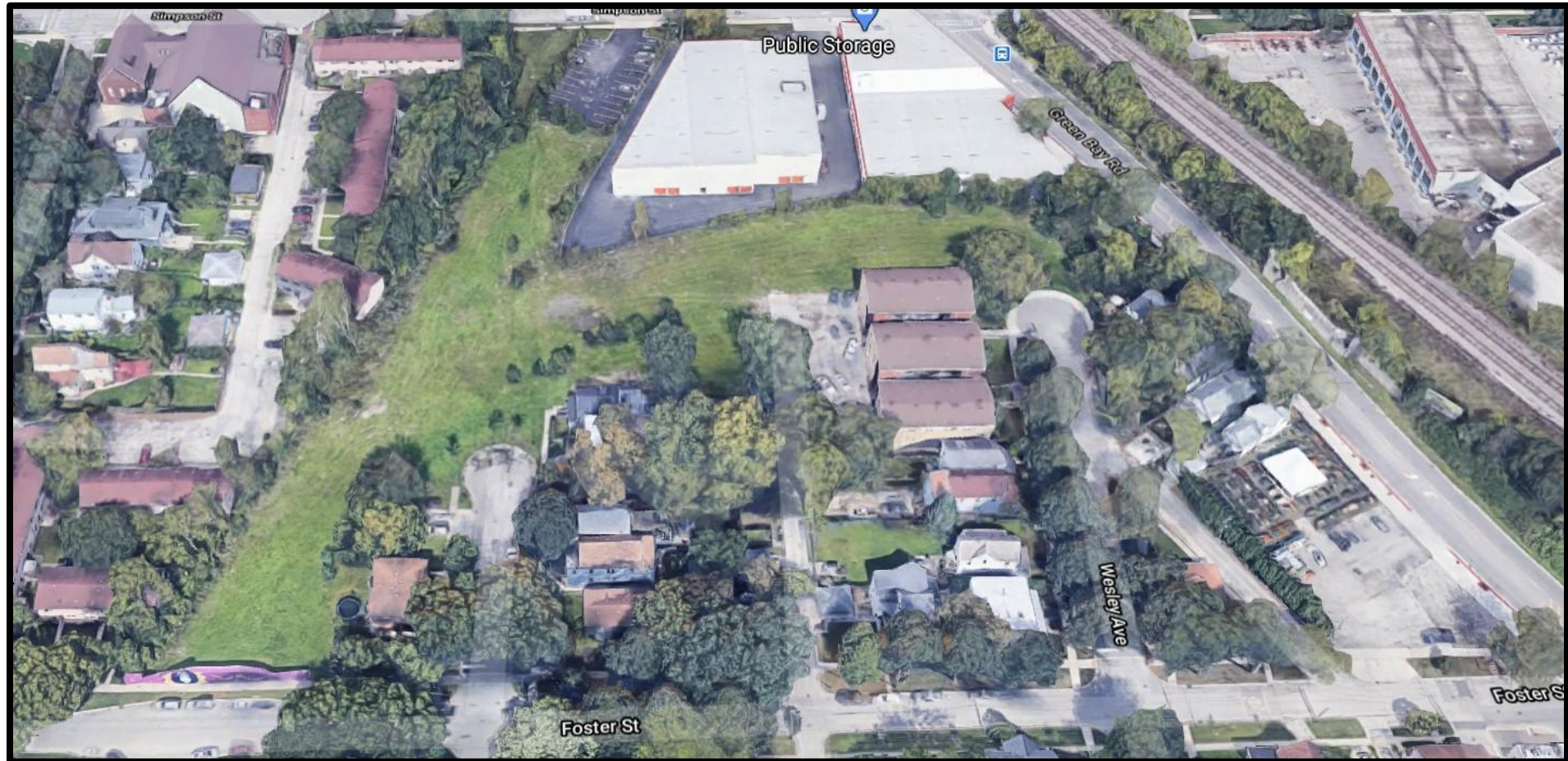
Green shaded area is the existing West Evanston TIF district. It expires in 7 years.

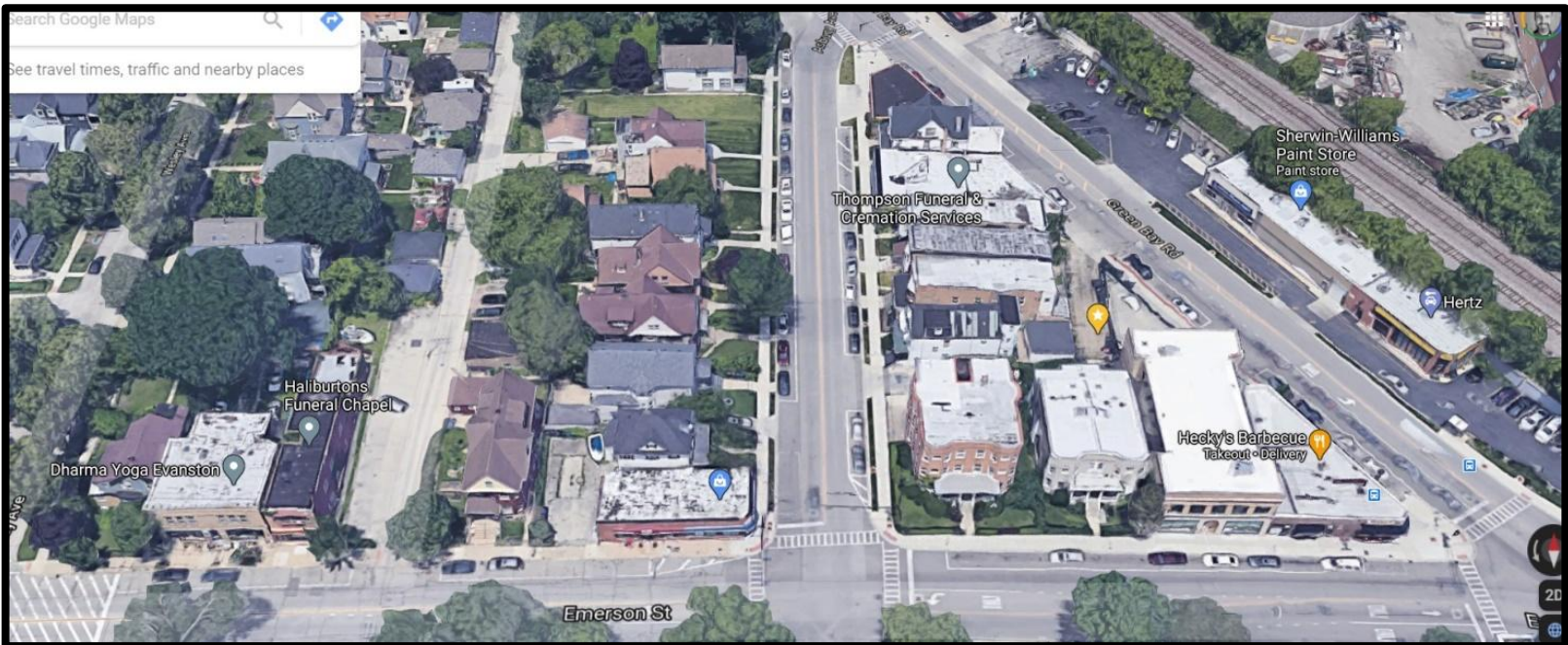
Infrastructure Repairs Throughout District shaded yellow/red boundary



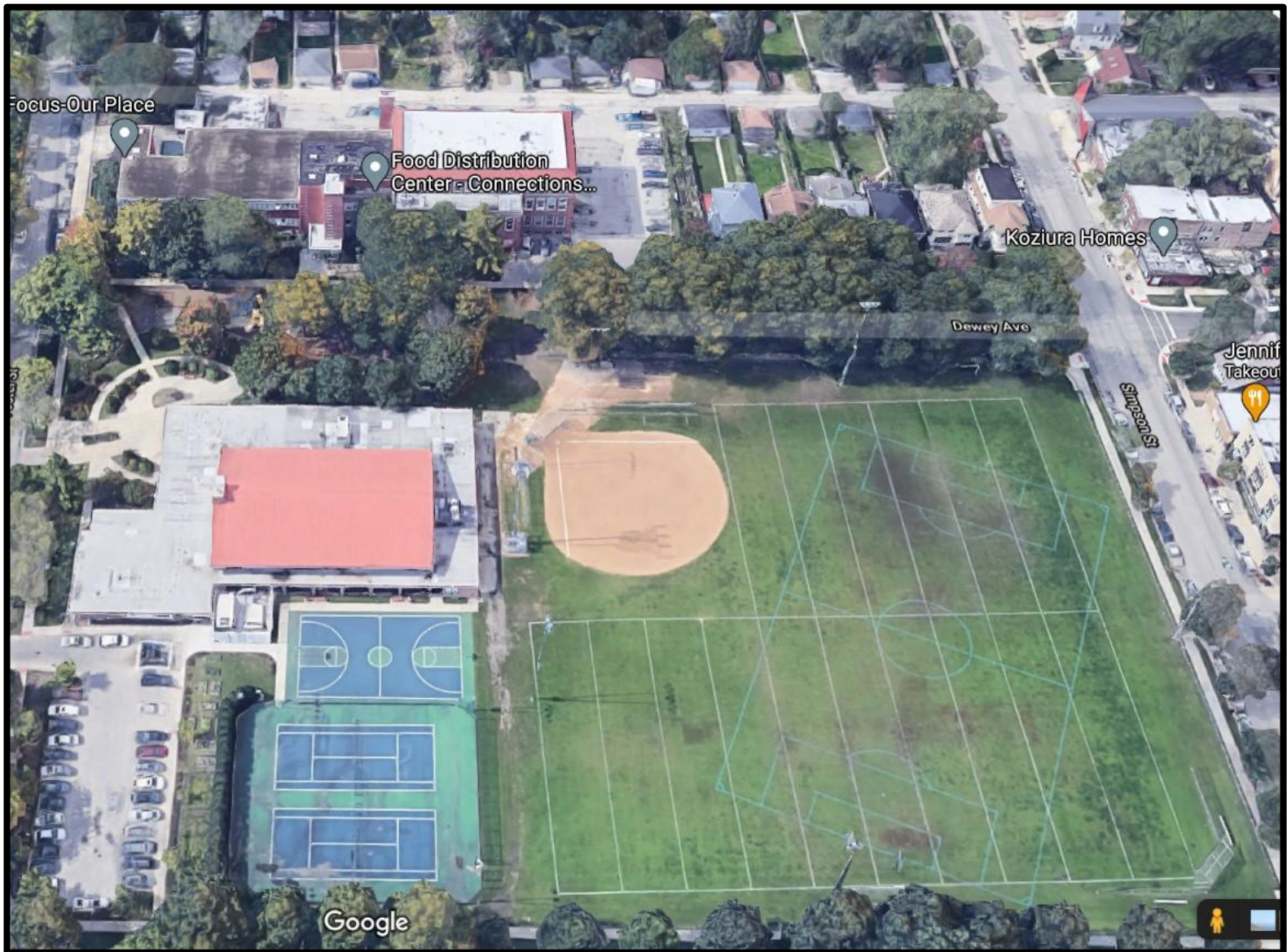


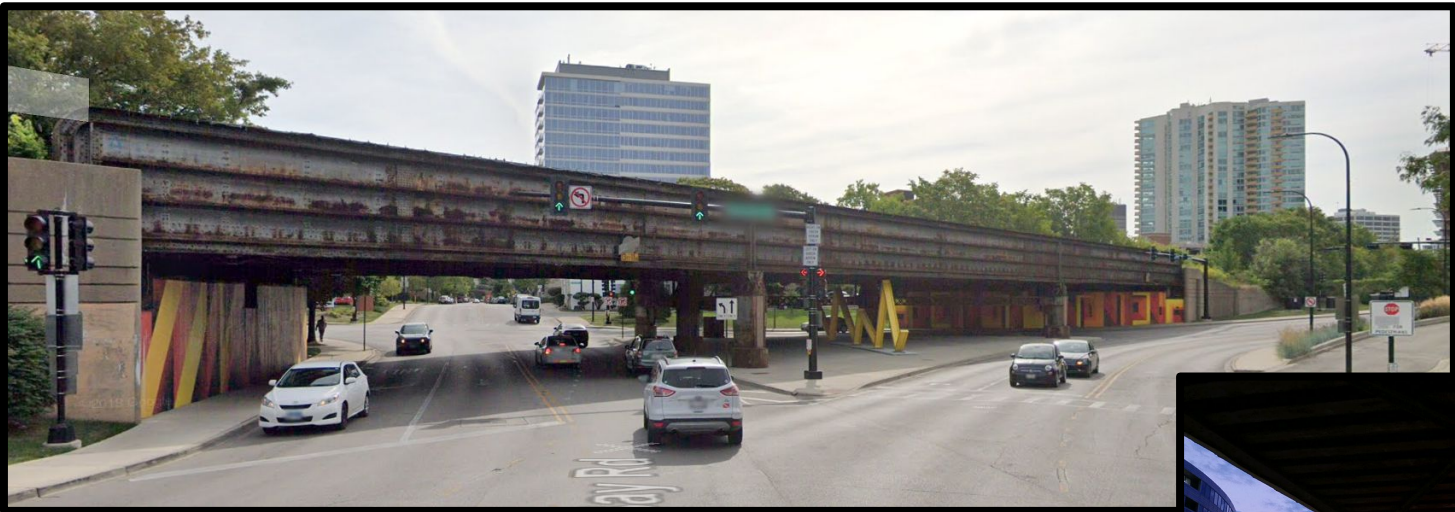












TIF PUBLIC PROCESS REQUIREMENTS

- Under the TIF Act, the entire TIF adoption process can take between 4 to 6 months. The City's TIF Plan will be in draft form until actual adoption in order to allow for public input and review. We are in the middle of this process.
- There are numerous public notices and meetings/hearings that must either be published in local newspapers, sent by regular mail, or sent by certified mail.
- Local taxing districts are invited to a Joint Review Board to act in an advisory capacity early in the process.
- Several Ward meetings including this one, more as needed
- TIF reporting requires annual independent audit and annual review of redevelopment activities.

“REDEVELOPMENT PLAN & PROJECT”

- TIF Act requires a “Plan and Project” that identifies the qualifying factors.
- Does not mean that the Fifth Ward is blighted
- There is not a plan to “redevelop” the Fifth Ward
- The plan document includes a budget based on anticipated 23 year increment received.
- Projects proposed by staff in the TIF or TIF funding requested by private entities requires a full public City Council approval process.

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NEXT STEPS

- Public Hearing During City Council– July 12, 2021
- City elected officials review public input from that hearing and normal public input processes
- Ordinances establishing TIF to be introduced at a City Council meeting as early as July 26, 2021 (with consideration Aug 9th)
- TIF designation ordinances may be introduced 14 to 90 days after the Public Hearing
- If the TIF ordinances are approved, they are then filed with the County Clerk
- Increment begins accruing summer/fall 2022

Program Actions/Improvements	Estimated Costs
Land Acquisition, Assembly Costs, Relocation	\$ 2,500,000
Demolition, Site Preparation, Environmental Cleanup and Related Costs	\$ 6,200,000
Public Improvements and Infrastructure Improvements	\$13,000,000
Public Facilities/Improvements (including capital costs for City related improvements and taxing districts capital costs)	\$24,000,000
Construction and Relocation of Public Buildings Pursuant to the Act	\$10,000,000
Rehabilitation Costs and Affordable Housing Construction Costs	\$9,750,000
Interest Costs Pursuant to the Act	\$3,000,000
Planning, Legal, Engineering, Administrative and Other Professional Service Costs	\$9.800,000
Job Training	\$1,000,000
Statutory School Payments (pursuant to the TIF Act)	\$10,000,000
TOTAL ESTIMATED COSTS	\$89,250,000



- 8) **March 23, 2021**
(actual date) **City Staff and KMA send Notices of Public Meeting to residential addresses within the TIF and taxpayers by *regular* mail, and to taxing districts and any interested parties by *certified* mail. Notices of the Public Meeting must be sent 15 days prior to Public Meeting.**
- 16) **April 15, 2021**
(actual date) **City Staff holds Public Meeting to review of TIF “basics” and City’s plans for the area. The Public Meeting must occur 14 business days prior to the Public Hearing Notices sent out to taxing districts and IDCCA. COMPLETED 4/15/21**
- 26) Week of
June 21, 2021 **City publishes Notice of Public Hearing in two (2) editions of local newspaper (not more than thirty (30) days nor less than ten (10) days prior to public hearing).**
- 27) **June 28, 2021**
(actual date) **City and KMA send Notices of Public Hearing to all **property taxpayers of record in the proposed TIF District, all residential addresses,** and **interested** parties (not less than ten (10) days before public hearing). Complete research of delinquent taxpayers and sends notices to taxpayers of record for the previous three years.**
- 28) **July 12, 2021**
(actual date) **City holds the Public Hearing for the proposed TIF District. Any interested person or affected taxing district may file written objections or be heard orally in this forum. The public hearing may be continued to another date without any further written notices. If any significant changes are to be made in the Redevelopment Plan, notices of such changes must be sent to taxing districts and published in a local newspaper at least ten (10) days prior to TIF ordinance adoption.**