

Glossary from

<https://www.cityofchicago.org/content/dam/city/depts/mayor/Press%20Room/Press%20Releases/2011/August/8.29.11TIFReport.pdf>

Appendix C: Glossary

Affordable housing. Housing is considered “affordable” when housing costs equal 30% or less of a family or individual’s income.

But-for test. Analysis to determine whether a TIF project or district requires public investment. To designate a new TIF district in the State of Illinois, a municipality must demonstrate that the physical and economic conditions in the area would not be addressed if not for the funding provided by TIF. It must be shown that “but-for” the public investment provided through TIF, effective redevelopment would not occur. Within a TIF district, a similar test applies to proposed projects: for a proposed TIF project to receive TIF funding, it must be shown that the project would not occur in the desired form and location if not for the support provided by TIF funds.

Blight. A significant presence in a given area of at least five of a set of conditions laid out by Illinois law: dilapidation, obsolescence, deterioration, presence of structures below minimum code standards, illegal use of individual structures, excessive vacancies, lack of ventilation/light/sanitary facilities, inadequate utilities, excessive land coverage and overcrowding of community facilities, deleterious land use, the need for environmental clean-up, lack of community planning or a lack of growth in “Equalized Assessed Value” (EAV, a measure of property values) for three of the previous five years.

Central Loop Improvement Fund (CLIF). TIF program through which low-interest loans were offered to Central Loop businesses that would not otherwise qualify for TIF funding.

City Chief Financial Officer. City official responsible for establishing and implementing long-term financial plans and policies for the City and for managing the City’s overall debt profile.

City Council. Chicago’s legislative body, made up of 50 aldermen, one from each Chicago district. It meets once a month to vote on all proposed loans, grants, bond issues, mayoral appointees and other financial appropriations. City Council provides final approval for TIF district designations, private projects, SBIF/NIP allocations and transfers to other governmental agencies.

Commercial development district. A TIF district formed to fund commercial real estate development. The 60th/Western TIF district, a 150-acre district created in 1996, aims at making Western Avenue between 59th and 63rd streets a top shopping destination for residents of Chicago Lawn and adjacent communities. The Irving/Cicero TIF district, another commercial development district, aims at combatting disinvestment in the area’s retail sector by funding land assembly and preparation initiatives, improvements to streets and rehabilitation and renovation costs.

Community Development Commission. Group made up of 15 members appointed by the mayor and confirmed by City Council. The CDC reviews and recommends action to the City Council on the establishment of new Tax Increment Financing districts, Redevelopment Area designations and appointment of members to Community Conservation Councils.

Conservation area. An area where most of the buildings are over 35 years old and there is significant presence of at least three of the following factors: dilapidation, obsolescence, deterioration, presence of structures below minimum code standards, illegal use of individual structures, excessive vacancies, lack of ventilation/light/sanitary facilities, inadequate utilities, excessive land coverage and overcrowding of community facilities, deleterious land use, the need for environmental clean-up, lack of community planning or a lack of growth in "Equalized Assessed Value" (EAV, a measure of property values) for three of the previous five years.

Cook County Assessor's Office. Responsible for setting fair and accurate values for 1.8 million parcels of Cook County property. Also works with other government agencies to stimulate economic development, job creation and the construction of affordable housing.

Debt service. The repayment of principal, interest and other costs on loans or other incurred debt.

Department of Housing and Economic Development (DHED). Responsible for promoting economic development by helping existing businesses grow and by attracting new industry to the City. The department also leads Chicago's affordable housing, housing preservation and community-based homebuyer assistance programs, as well as the City's zoning, land use planning, sustainability and historic preservation initiatives.

Encumbered. Funds are considered "encumbered" when they are committed for current, planned or anticipated projects.

Equalized Assessed Value (EAV). The final taxable value of a property or area, assuming that no tax exemptions are applied. The Cook County Assessor's Office is responsible for 'assessing' properties in Cook County, a process designed to place a value on pieces of property for tax purposes. To ensure that property is assessed fairly throughout the State of Illinois, the assessed value of property is multiplied by an equalization factor, yielding the property's equalized assessed value. The equalization factor is used to ensure that the property values calculated for taxing purposes are determined fairly throughout Illinois.

Green Roof Improvement Fund (GRIF). TIF program through which grants were given to Central Loop businesses to design and implement rooftop gardens.

Increment. When a TIF district is created, the Estimated Assessed Value (EAV) of property in the district becomes 'frozen.' Taxes collected on this base level of EAV continue to be distributed to the overlapping taxing districts. However, for the lifetime of the TIF district, any growth in the EAV of property in the district is considered "increment." Property taxes collected on the increment goes into a separate account that is used to pay for public and private TIF-related projects in that district. Illinois state law places limits on the purposes for which these revenues may be used.

Industrial development district. A TIF district formed to fund industrial real estate development and job creation. One example of an industrial development district is the Stockyards Southeast Quadrant TIF, a district that was created to strengthen the economic well-being of businesses in the area. Area projects have included soil remediation and

analysis, public works, and upgrades to area utilities. Another industrial development district is the 105-acre 73rd/Kedzie TIF district. The district was designed to promote job retention and creation at Nabisco's bakery, which occupies more than half of the district. The district also supports job training programs and improvements involving land assembly and parking.

Industrial park conservation area. An area within one and a half miles of a municipality that, within the last six months, has had unemployment levels greater than 6% and greater than 100% of the national average. The area must also be located adjacent to a blighted or conservation area, and contain vacant land suitable for use by any manufacturing, industrial, research, or transportation enterprise.

Intergovernmental agreement (IGA). A compact between multiple government bodies binding one or multiple parties to a set of stipulations.

Metrics. Measures by which data are evaluated and tracked.

Monitoring. Before distributing funds to private developers, the Department of Housing and Economic Development (DHED) monitors all TIF projects to ensure that the terms of the redevelopment agreement have been met. For example, an employer might promise to create a certain number of jobs in exchange for TIF funding; DHED is responsible for ensuring that these commitments have been met.

Multi-purpose district. A TIF district formed to fund some combination of commercial, industrial and/or residential real estate development.

Neighborhood Improvement Fund/Neighborhood Improvement Program (NIF/NIP). TIF program offering grants to help residents and landlords make improvements to their residential buildings.

Office of Budget and Management (OBM). Responsible for preparing and implementing the City's annual budget. Also evaluates the efficiency of all City operations, and drives management reforms that enhance the City's financial condition.

Porting. The practice of taking TIF funds collected in one TIF district and spending them in an adjacent district.

Redevelopment agreement (RDA). An agreement between the City and a private developer stipulating the terms of public support for a private project. Through RDAs, the City is often able to bind developers to certain commitments: for example, a developer may promise to create a certain number of jobs or maintain some quantity of affordable housing units. An RDA may contain estimated project costs, conditions for receiving public funds and other details.

Residential development district. A TIF district formed to fund residential real estate development. The 47th/State TIF district, a residential development district created in 2004, has served to facilitate the Chicago Housing Authority's redevelopment of the Robert Taylor Homes housing complex as a pedestrian-scale, mixed-income, residential community. In the 47th/State district, TIF funds have been used to support the development of owner-occupied

housing units and aid land assembly efforts for new development projects. In the Madden/Wells TIF district, nearly 300 rental and for sale residential units at the Oakwood Shores apartment complex were made possible through \$6.6 million in TIF assistance.

Small Business Improvement Fund (SBIF). A TIF program offering grants to small businesses to subsidize certain capital improvement costs.

Senior housing. Housing units reserved for individuals 55 years old and older.

Surplus. By state statute, at the end of each year any balance in a TIF district that is not already encumbered by current projects or earmarked for future planned or anticipated projects should be declared as surplus and returned to the overlapping taxing districts. Additionally, when a TIF district is dissolved, all remaining unencumbered funds are returned to the overlapping taxing districts.

Tax increment financing (TIF). A financing tool that encourages economic development in economically challenged communities through the creation of "TIF districts."

TIF district. An area within which some property taxes are put in a fund used to finance development projects. An area must be shown to be blighted, a conservation area, or an industrial park conservation area to qualify for TIF district status.

TIF Task Force. An internal committee created by the previous Mayor to review TIF projects and provide final approval on public works projects completed by the City. The committee is comprised of the Commissioner of the Department of Housing and Economic Development, the Director of the Office of Budget and Management, the Chief Financial Officer, and the Deputy Mayor for Economic Development (who also chairs the Mayor's Economic, Budgetary, and Business Development Council), as well as the City Comptroller who serves in an advisory capacity.

TIFWorks. A TIF program used to fund the training of Chicago workers. Most TIFWorks funding is used to train incumbent employees.