

A Guide to Understanding TIF Districts in Lombard

What is a TIF?

Tax Increment Financing (TIF) is an economic development tool that municipalities can use to invest property tax dollars into the same neighborhood from which they came. TIF Districts can help revitalize areas by eliminating certain blighting conditions and instituting measures in order to encourage private investment and to enhance the tax base. The “tax increment” is the difference between the amount of property taxes collected before and after the designation of a TIF District. TIF Districts have a life of 23 years, but can be extended by an additional 12 years through State and municipal approval.

Does Lombard have a TIF District?

Yes, Lombard has four TIF Districts. Information on all four TIF Districts can be found on the Village’s website at <http://www.villageoflombard.org/TIF> .

- Downtown TIF was created in 1989 and extended for 12 years
- St. Charles Road TIF 1 West was created in 2003
- St. Charles Road TIF 2 East was created in 2004
- Butterfield Yorktown TIF was created in 2017

What has the Village spent money on in our TIF Districts?

Below are some TIF expenditures from the TIF Districts.

Downtown TIF

- 101 S. Main Street site studies and reports
- Purchasing property at 7 E. St Charles Rd for an expansion to the Metra commuter lot
- Downtown business grants
- Public Art grants
- Streetscape improvements
- Lombard Town Centre funding

St. Charles Road TIF 1 West

- Great Western Trail
- Downtown business grants

St. Charles Road TIF 1 East

- Great Western Trail
- Downtown business grants
- Oakview Estates redevelopment

Butterfield Yorktown TIF

- *TIF began in 2017*

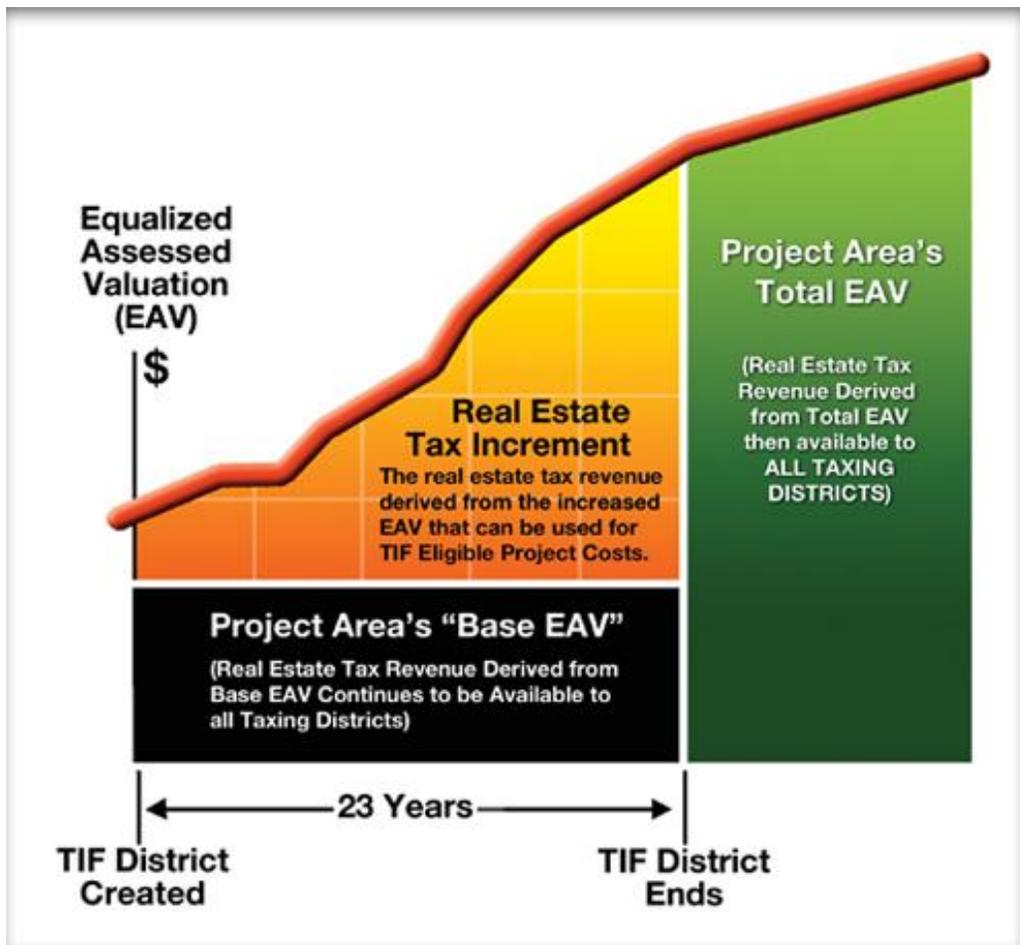
How does a TIF work?

When a TIF is established DuPage County establishes the base value of all the property in the district, which is called the Base EAV (equalized assessed value). The amount of property tax the taxing bodies receive (the Village, School Districts, etc.) is frozen at the base amount for the life of the TIF. New money, over the Base EAV, goes to the TIF District for TIF projects. In those 23 years, the new property tax increment can be used for TIF eligible expense.

As vacant land and dilapidated properties develop within the TIF, the EAV of those properties increase. New property taxes resulting from the increased assessed valuation above the base EAV create an incremental increase in tax revenues generated within the TIF District.

All properties in the district are assessed in the same manner as all other properties and taxed at the same rate. TIF is not an increase in taxes; it is only a reallocation of how the tax dollars are distributed. Increases in property taxes experienced by property owners are due to reassessment and rate increases, not TIF.

The below graph visually shows how a TIF works.



What can the TIF increment be used for?

The eligible uses for TIF funds are provided in Illinois' Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 through 11-74.4-11): the TIF Act. The Illinois TIF Act generally authorizes that TIF funds may be used for:

- the administration of a TIF redevelopment project
- property acquisition
- rehabilitation or renovation of existing public or private buildings
- construction of public works or improvements
- job training
- relocation
- financing costs, including interest assistance
- studies, surveys and plans
- marketing sites within the TIF
- professional services, such as architectural, engineering, legal and financial planning
- demolition and site preparation

Some restrictions may apply, so review the full Act for the list of TIF-eligible costs.

Projects could include:

- the redevelopment of substandard, obsolete, or vacant buildings
- general public infrastructure improvements, including streets
- cleaning up polluted areas
- improving the viability of downtown business districts
- providing infrastructure needed to develop a site for a new use
- rehabilitating historic properties

How is a TIF District created?

The state law that allows Illinois municipalities to create TIF Districts requires that they are only established in areas that are "blighted," or in danger of becoming blighted (often called a "conservation area" TIF). To determine if an area is eligible, the municipality hires a consultant to conduct an "eligibility study" of the proposed TIF area. If the area meets the State standards, then the municipality conducts a study of the area and writes a "redevelopment plan" and a "project budget", an overview of the development priorities for the area and how TIF dollars will be spent during the TIF Districts 23 year life. There is a TIF public hearing and the local taxing districts meet to review the TIF parameters. The redevelopment plan must be approved by the Board of the municipality via the approval of three TIF ordinances.

Who controls TIF funds?

Municipal officials control the allocation and disbursement of funds within the TIF district.

Can TIF Districts be changed?

Yes, TIF Districts can be changed. In the case of minor changes to the Redevelopment Plan, notice must be given to all taxing bodies and to the public through publication in a newspaper of general circulation within the area prior to the TIF being established. However, major changes to the Redevelopment Plan such as adding or deleting parcels of property to the TIF district, changing land use, changing the nature of or extending the life of a TIF, increasing the number of low income households to be displaced, adding new redevelopment costs to the budget, or increasing the budget by more than 5% after adjustments for inflation, require another public hearing.

Does TIF require the issuance of debt?

The creation or amendment of a TIF district does not mean that any debt will be created or incurred. The municipality may decide to issue bonds and incur debt with the revenue source being the incremental property tax, or the municipality may choose to assist via funds which have already been built up in the restricted TIF fund. Terms of assistance to any project are agreed upon with a “Redevelopment Agreement.”

Who monitors the TIF?

The municipality monitors the progress of the TIF district. By law, all the school districts and major taxing bodies meet with the TIF municipality annually to review the progress of each TIF, which is called the Joint Review Board (JRB) meeting. Under Illinois law, municipalities have an obligation to cooperate with other taxing bodies in monitoring TIF Districts. By law, the JRB must meet annually to review the effectiveness and status of the TIF district. The JRB reviews the Annual TIF Report (ATR) that is submitted yearly to the State of Illinois. Lombard also posts the ATRs on the Village’s website.