Ward 5 Meeting
Tax Increment Financing

September 29, 2016
TIF In Our City

- TIF in parts of 3 Wards (3, 4 & 5)
Ward 5
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

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- 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
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
  - Discussion with builders, developers, and real estate brokers
    - Comps are based on neighborhoods
    - Easier to create synergy in a small area vs. city-wide
- Focused approach to incentivizing growth
  - 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