



## Children's Memorial Hospital Redevelopment To TIF or Not to TIF?

*Children's Memorial will be vacating its main hospital campus in mid 2012. In order to insure that the redevelopment takes into account the community's priorities (as expressed in the "Site Re-Use Feasibility Study" commissioned by Alderman Vi Daley and the City's Department of Community Development), the hospital is giving active consideration to the use of a TIF (Tax Increment Financing) for the project.*

[\[Click to download the Study as a .PDF file - 155 pages\]](#)

*In an effort to inform Lincoln Central's members about TIF's, this issue features two articles on this topic. The first article, provided by Children's Memorial, gives general background, plus a series of questions and answers about TIF's. The second article, written by LCA member Tom Tresser, highlights the ways TIF's have been used in the Chicago area and the effect of TIF's on Chicago property owners.*

*Much has been written about TIF's recently. There will be considerable discussion about the Children's redevelopment, especially after the specifics of a plan are revealed. Members are urged to learn more about TIF's by visiting [illinoispolicy.org](http://illinoispolicy.org), [TIFreports.com](http://TIFreports.com) and [cityofchicago.org](http://cityofchicago.org).*

### Children's Memorial Hospital TIF Eligibility Study for Children's Memorial Site Offers Exciting Neighborhood Benefits

Children's Memorial will be relocating its hospital to downtown Chicago in 2012. This is creating an exciting opportunity to transform the Triangle and surrounding areas into a dynamic cornerstone of the Lincoln Park neighborhood.

In an effort to maximize the community benefits of the redevelopment, Children's Memorial is exploring whether its six-acre property could qualify as a Tax Increment Financing (TIF) District. The Eligibility Study would allow the City – with community support – to shape goals and objectives for the site before a developer is selected.

TIF also would support funding for significant community improvements. These improvements could include upgrades to Lincoln Elementary public school, workforce housing, open space and green amenities, rehabilitation assistance for existing buildings and funding to promote retail and arts development.

The catalyst for exploring TIF eligibility was the "Children's Memorial Hospital Site Re-Use Feasibility Study" commissioned by Alderman Vi Daley and the City of Chicago Department of Community Development. [READ MORE](#)

### Tax Increment Financing – A Bad Deal for Taxpayers

by Tom Tresser – [www.tifreports.com](http://www.tifreports.com) – [tom@tresser.com](mailto:tom@tresser.com)

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When a TIF district is created the property taxes generated by all the properties in the district are "frozen" and for the next 23 years the taxing bodies that rely on property taxes for their operation continue to receive ONLY that "frozen" amount of revenue. Any amount above that frozen number –the increment – is diverted into the bank account of the TIF district.

Here's a diagram of how this works over time: [READ MORE](#)

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CityGround's baristas will help customers understand coffee and espresso and the nuances found in each drink and coffee bean. Like a sommelier, CityGrounds' baristas will help customers find their palate for higher quality coffee and espresso. [READ MORE](#)



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Fire Station Park, located behind the Chicago Fire Department station at Armitage and Larrabee, is one of several small parks that make this neighborhood special. "This is the first of what we hope will be a series of seasonal events at Fire Station Park," said Rodger Owen, Lincoln Central Association president. [READ MORE](#)



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TIF also would support funding for significant community improvements. These improvements could include upgrades to Lincoln Elementary public school, workforce housing, open space and green amenities, rehabilitation assistance for existing buildings and funding to promote retail and arts development.

The catalyst for exploring TIF eligibility was the "Children's Memorial Hospital Site Re-Use Feasibility Study" commissioned by Alderman Vi Daley and the City of Chicago Department of Community Development. Based on comprehensive input from Lincoln Park residents, the Re-Use Study identified key community goals that would be difficult to achieve without TIF funding.

[\[Click to download the Study as a .PDF file - 155 pages\]](#)

The 43rd Ward Alderman will continue to be closely involved in planning for the redevelopment and in soliciting residents' input. Lincoln Park community members will have an opportunity to review and consider key findings before the TIF Eligibility Study is completed in the summer. If a TIF District were approved, a public review would be required before City authorization to spend TIF funds.

Below are answers to questions most frequently asked by residents about TIF designation and its potential benefits to the Lincoln Park community.

## Frequently Asked Questions

### ***How would a TIF work?***

A TIF would not directly increase taxes.

The TIF study area under consideration would use part of the taxes generated by new development on the Children's Memorial site to fund improvements in a designated area. No property taxes are currently generated by the site since Children's Memorial is a not-for-profit institution.

### ***Why is TIF being considered for the area surrounding the hospital site?***

TIF is the most powerful financial tool available to support the community's goals for re-use of the site. TIF helps the City work with the community to ensure that private redevelopment of the site will include benefits that are in the best interests of the neighborhood as a whole.

TIF Districts also have the potential to generate revenues for public capital projects that otherwise may not be covered by the taxing bodies' individual budgets.

### ***What areas does the TIF Eligibility Study include?***

The area being studied for TIF designation includes: the hospital properties that will be closed, Lincoln Elementary public school to the east of the hospital, the Belden Apartments for the Disabled at Belden Avenue, Halsted Street, and commercial property on Lincoln Avenue north of Fullerton Street.

### ***What kinds of benefits to the community can be built into the TIF Plan?***

The TIF Plan would be designed to promote development that responds to the community requirements detailed in the Site Re-Use Study. Key objectives identified by residents include: mixed use development that is affordable to a variety of income levels, design that respects the existing character of the neighborhood, provision of open space and other public amenities, and promotion of sustainability, pedestrian friendly streetscapes and a multi-modal transportation network.

The following are examples of specific improvements that might be funded in the TIF district under consideration.

- Improvements to Lincoln Elementary public school;
- Workforce and/or senior housing;
- Open space and public amenities;
- Funding to promote retail and arts improvement, including the Biograph Theater;
- Rehabilitation assistance for existing buildings;
- Resources to improve Belden Apartments of the Disabled; and,
- Incorporation of environmentally friendly design.

***How will eligibility for TIF designation be determined?***

The TIF designation process involves four primary components: (1) a TIF Eligibility Study; (2) a Redevelopment Plan; (3) public comment opportunities; and, (4) City approval.

The TIF Eligibility Study will investigate factors including the extent to which infrastructure in the study area is deteriorating or obsolete. The study will be completed in the summer and will include opportunities for community input.

***How does TIF affect schools and other taxing bodies?***

Taxing bodies – Chicago Public Schools, Chicago Park District and Cook County – are able to collect taxes to meet their budgets. The amount they collect is based on the Equalized Assessed Valuation (EAV) at the time of the TIF district’s creation. Taxes generated above a base EAV amount are put into the TIF fund and a portion of these funds are made available for eligible redevelopment activities.

***Will the public have an opportunity to provide input on the TIF Plan?***

Comprehensive public review is required by the TIF designation process. If an area is found to qualify for TIF designation, a Redevelopment Plan is drafted. The Plan functions as a formal "constitution" for the TIF District and includes goals and objectives for redevelopment, TIF-eligible redevelopment activities, a maximum TIF budget and a future land use map.

Official approval of the Redevelopment Plan and subsequent designation of the TIF District is dependent on community support and review by the 43rd Ward alderman and full City Council.

***Will the community have an opportunity to provide input once a TIF District is established?***

After a TIF District is established, developers still must apply to the City to have access to TIF funds. These developer requests are subject to requirements for public comment on their specific proposals.

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## From the President's Desk

### Tango in the Tropics to Chicago



I was fortunate enough to take a trip to Buenos Aires, Rio, Barbados, and the Turks and Caicos Islands. Warm and sunny in the 80's and the pace of life seemed more relaxed than Chicago.

This trip allowed me to observe several cities with the perspective of both a tourist and a typical resident. I enjoy going out and trying to get a real sense of what it is like to live in the cities I visit. I like to walk the streets talk to the locals and try the food and drink.

Not a surprise, but everyone seems to be very similar to us on many levels. They want to have a good job, eat well, and have a nice home and prosperous and peaceful life. And they are very concerned about their family.

On a more somber note, I was continuously reminded by people on my tour as well as the locals to be very careful walking around certain areas. My wife was told that women should never wear jewelry or other valuables anywhere for fear of being mugged. As I became a little more cognizant of what was around me, I began to notice many issues about the cleanliness and maintenance of the streets and buildings. For whatever reason, the natives appeared resigned to high levels of crime. They seemed not to care about the maintenance of their properties and the cleanliness of their streets. They seemed to take care of their own needs but did not want to take responsibility for their surroundings like it was someone else's problem. Their fabulous cities are deteriorating around them and the locals do not seem to notice.

This realization gave me pause as I compare this experience with what we have in our own community. We have a very good thing going for us here in Lincoln Park. Low crime, well maintained properties, clean parks and streets, for the most part. How did this happen? The various neighborhood associations were a major factor in making our community a desirable place to live and work. Resident involvement was and remains a key reason for this. By getting involved, residents have made a positive difference in our quality of life.

This sense of involvement needs to be maintained and strengthened if our community is to remain vibrant. Support of your neighborhood association is one way for residents to remain involved. The reason I am a member of the Lincoln Central Association is to make a positive difference.

Involvement is the most important issue. We must recognize the corrosive effects of the small things - graffiti on a wall, the trash blowing around the streets, the papers in our parkways. We must be diligent in the concept of Zero tolerance to crime. Everyone must participate. If you see someone or something that is not right, call the police. If you see graffiti, report it (Call 311). If you see trash in front of your house, pick it up. If you see litter in your neighbor's sidewalk or parkway, encourage them to pick it up. Or just pick it up yourself. Keep your home well maintained. This not only helps maintain your property value but it encourages your neighbors to make improvements also.

Volunteer with organization like Lincoln Central that is concerned with your area. I think that we will find that because of looming city budget cuts, city services will be significantly reduced. Residents will have to rely on their own efforts to keep our neighborhood in top shape.

Lincoln Central has established several community initiatives to keep our community in top shape. These are:

- Active participation in the parks and streets of our area
- Continuous interaction with the CAPS program
- Vigilant monitoring of graffiti to insure quick clean up
- Working with Alderman's office to insure service for our community

We welcome your ideas and involvement. Please feel free to contact me at 312-259-2040 or email me at [Rowen@bgdchomes.com](mailto:Rowen@bgdchomes.com).

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## Tax Increment Financing – A Bad Deal for Taxpayers

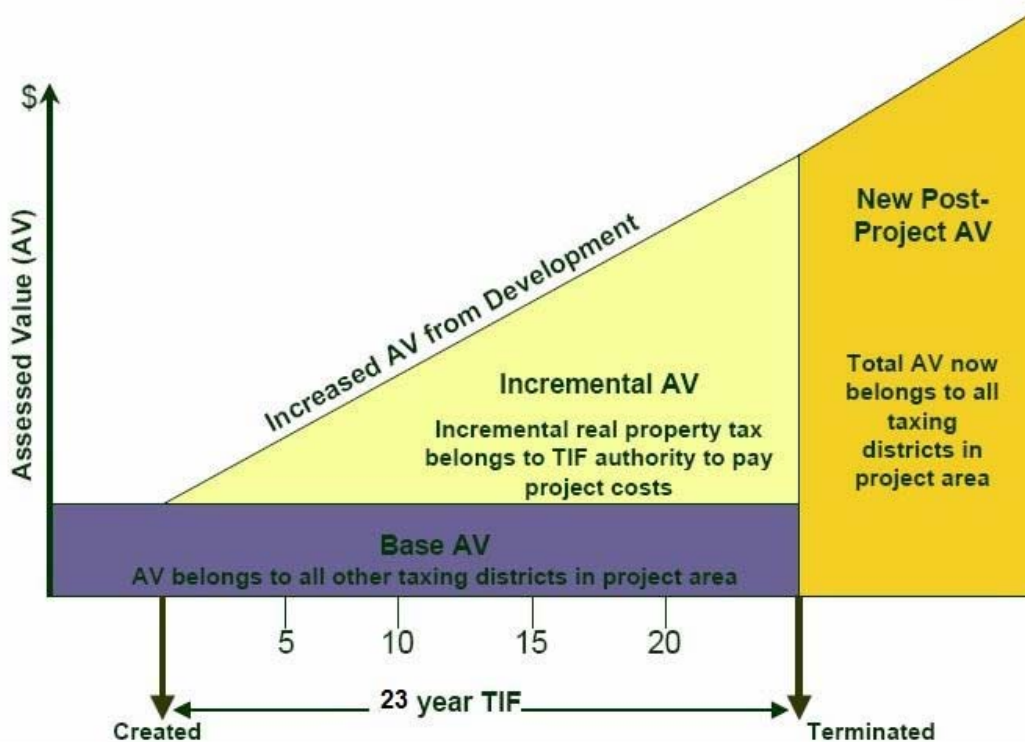
by Tom Tresser – [www.tifreports.com](http://www.tifreports.com) – [tom@tresser.com](mailto:tom@tresser.com)

Tax Increment Finance (TIF) is in the news. It should be. As esoteric as the subject might be, you should care about this program if you own property in Cook County.

When a TIF district is created the property taxes generated by all the properties in the district are "frozen" and for the next 23 years the taxing bodies that rely on property taxes for their operation continue to receive ONLY that "frozen" amount of revenue. Any amount above that frozen number –the increment – is diverted into the bank account of the TIF district.

Here's a diagram of how this works over time:

### TIF Assessed Value (AV) Over Project Life



TIFs are a program originally designed to spur development in areas that are depressed, run down and where the market would not normally countenance investment. We're talking about severe blight. The TIF program allocates public dollars to private businesses in order to create projects that would not have happened unless that money was made available.

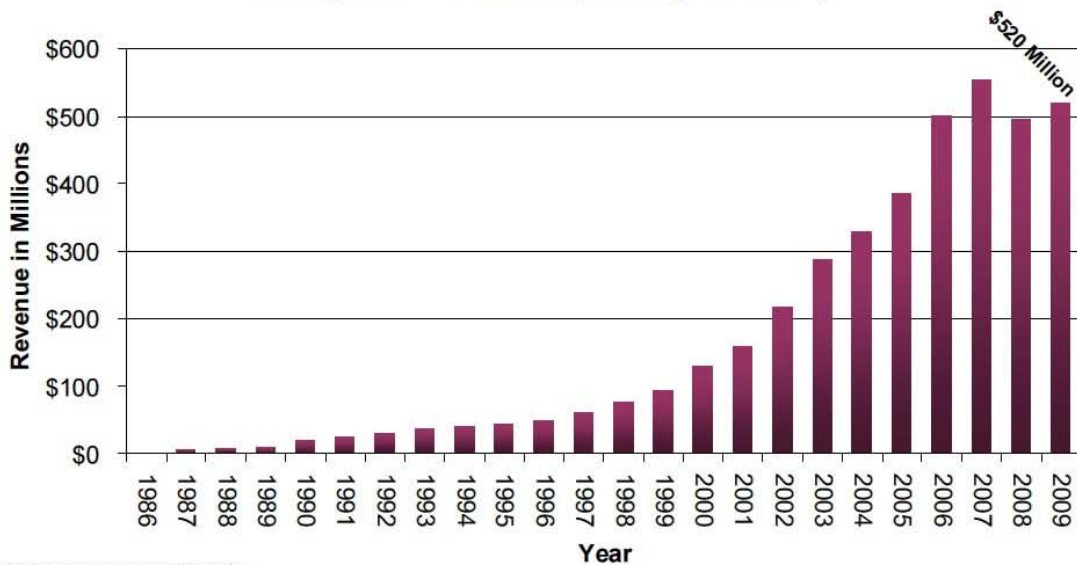
But this is Cook County. This is Chicago.

In 2009 420 TIF districts across the Chicago area siphoned \$839 million in property taxes from the units of government (the County, the City, Chicago Public Libraries, Chicago Park District, Chicago City Colleges, local townships) that rely on property tax for operation.

\$519 million was from properties inside the City of Chicago. That's just for one year. At the end of 2009 all the TIF accounts for the city held a combined total of \$1.5 billion in unspent funds.

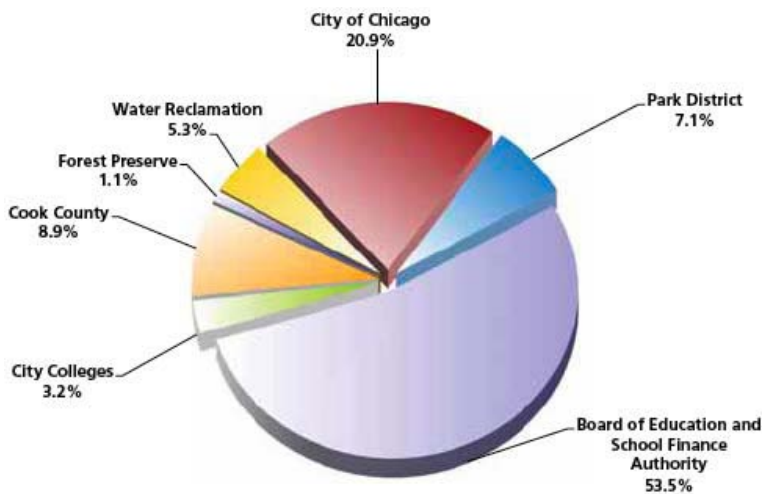
TIFs have been a real growth industry over the past ten years. See the chart below:

## Chicago TIF Revenue by Year (1986-2009)



Source: Cook County Clerk's Office

Now – here's the main point that affects your property taxes. As mentioned, most of our local government relies on our property taxes to operate. See the pie chart to see how this works:



Since all the units of local government know how this game is played and can see how much money they ARE not getting due to TIFs, they have to ratchet up their own share of property taxes every year.

Ever wonder why your home or property keeps getting assessed and higher and higher rates and why your property taxes go up and yet the actual market value of your property has DECLINED lately. Now you know a major factor behind that trend.

If you have the stomach and stamina to wade through the scholarly article, "Creation vs. Capture: Evaluating the True Costs of Tax Increment Financing" published in Volume 6, #4 of The Journal of Property Tax Assessment & Administration by Sherri Farris and John Horbas, the senior research analyst and Director of Research, respectively, at The Cook County Assessor's Office at the time of publication, you will have an advanced education on TIFs. [ <http://www.cookcountyassessor.com/forms/CreationvsCapture.pdf> ]

Here's the most relevant conclusion from this report:

### **Chicago Tax Rate**

If the property value for all Chicago TIF districts had been included in the base for tax year 2006, the city composite tax rate would have been 11 percent lower. This rate was estimated by returning all EAV currently allocated to TIF to the general tax base, and recalculating tax rates for each of the taxing agencies, and then the composite rate including all of them. The rate for 2006 with all TIF EAV returned to the tax base would have been 4.732 percent, whereas the actual 2006 rate was 5.302 percent. This means that including TIF EAV would also have reduced individual tax bills by 11 percent in 2006. It is important to note

In plain language this translates to:

### **Eliminate TIFs in Chicago and REDUCE your property tax bill by at least 11 percent.**

I don't know about you, dear reader, but I could've used that 11 percent over the last decade or so.

OK, so now you get a sense of how big the TIF program is and how it impacts our tax bills.

You can also appreciate how this program is starving those units of government that rely on property taxes for their operation.

Putting charges of corruption and waste aside that estimate that fully ten percent of all government spending in Illinois is wasted due to corruption and waste, you can see that local units of government are not getting what they should to operate. Groups as diverse as the Chicago Teachers Union, a parents group called RAISE YOUR HAND Coalition and The Sweet Home

Chicago Coalition for Affordable Housing are all angling for hundreds of millions of dollars in TIF funds for their preferred programs.

Finally, The TIF Program is notoriously corrupt and opaque to citizen review. The Chicago Reader has been documenting TIF abuse for years. Here are just a few of the most appalling stories of abuse:

- Grossinger Auto sold its old property on Wells Street and still got \$8.5 million in TIF money approved by Alderman Vi Daley to move into the hottest retail zone in the city.
- Willis Insurance (with 2009 revenues of \$3.3 billion) got \$3.8 million in TIF funds to help pay for its move to the Sears Tower.
- The Chicago Mercantile Exchange got \$15 million for rehabbing its HQ (2010 revenues of over \$2.9 billion).
- In Lincoln Park, Children's Hospital is considering TIFing its old site to help subsidize the transfer of its old site to a private developer.

Other major corporations which have received tens of millions of your property tax dollars as gifts include Quaker Oats, United Airlines, Career Builder, CNA Insurance, MillerCoors and UPS!

Back in November of 2009 Cook County Clerk David Orr held a press conference and said "Too often, Chicago's policy has been to collect millions in a piggy bank and decide how to spend it later," Orr said. "Now, the city is plugging its budget hole with TIF money but TIFs were not created to be a safety net when the economy went sour. The TIF system is broken and it needs to be fixed."

But TIFs have not been fixed. Nor are they likely to be. So 250 citizens protested the TIF rip off in front of and inside Grossinger's Auto on March 19. David Orr was there and said "There is an enormous myth that Chicago is broke," Orr told the gathering crowd, "but there is currently 1 billion dollars in TIF funds, with \$500 million added annually... we need to call for a moratorium on TIFs. The wealthy say we must all share the pain, but they need to share the wealth! ...We want businesses to do well, but they don't have to take it all!"

Bottom line:

- TIFs are taxes
- TIFs push your property taxes up even if you don't live in a TIF district
- TIFs are a slush fund controlled by the Mayor and Aldermen and are extremely difficult to monitor (in Chicago and across Cook County – they are always created and governed at the municipal level)
- TIFs starve the local units of government wherever they are created

Tax Increment Financing. A big story and destined to get bigger.

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Tom Tresser is a long-time Lincoln Park resident. He is an educator and organizer dedicated to protecting the Commons. He was a co-leader of No Games Chicago (<http://www.nogameschicago.com>) and is working on a new online report dedicated to investigating and exposing TIF abuse at <http://tifreports.com>. He can be reached at [tom@tresser.com](mailto:tom@tresser.com).

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The CityGrounds Lincoln Park location serves to be much more than a caffeine stop: this coffee bar serves as a space to be used and enjoyed by the community. CityGrounds offers space for customers to reconnect with their neighbors and community at large, hold a business meeting or group gathering or just relax and unwind after a long day at work.

CityGrounds' unique space is designed for persons on-the-go and individuals with time to sit and unplug for a bit. The first floor captures the essence of the coffee bar with counter-height and seating for those needing a quick pick-me-up or for the morning commuters waiting for the nearby CTA bus. The triple wide patio doors and soft interior colors naturally brighten the interior millwork and equipment.

The second floor offers traditional café seating as well as couches and chairs to accommodate a more relaxed space for business meetings, intimate encounters, group functions and reading or working incognito.



Proprietor Steve Chang is a coffee aficionado with a genuine interest in using the coffee bar as a community-oriented space. In an effort to built ties to the neighborhood, CityGrounds is sponsoring a team in this spring's Oz Park Baseball League as well as working with the Lincoln Park Community Shelter. He hopes to engage all of his customers in sharing his interest of coffee as well as building a lively and convivial community gathering space.

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Fire Station Park, located behind the Chicago Fire Department station at Armitage and Larrabee, is one of several small parks that make this neighborhood special. "This is the first of what we hope will be a series of seasonal events at Fire Station Park," said Rodger Owen, Lincoln Central Association president. "Small parks like Fire Station are gems in our neighborhood, and we're excited to spruce this one up and make good use of it."

Plans for renovating Fire Station Park have been made possible by the in-kind or financial support of the following.

Thank you to:

Lincoln Central Association  
 Hoerr Schaudt landscape architects  
 Chicago Department of Transportation  
 43rd Ward Alderman's office  
 Openlands  
 Greencorps Chicago  
 Home Depot

"The energy and enthusiasm at the festival was wonderful. Our hope is to create a park that families and people of all ages will enjoy and become actively involved with," said Lincoln Central Association Director and Parks Co-Chair Sally Drucker. "We welcome anyone interested to contact us."

Renovation of the park begins this spring with the planting of native perennials, shrubs and trees. Plans to offer community garden plots are also underway. If you enjoy the outdoors or gardening, volunteer opportunities are available to:

available to.

- Help maintain the park;
- Plan events;
- Communications and promotion; and
- Create educational programs to take place in the park.

For more information or to get involved with Fire Station Park, contact Sally Drucker at [sdsscout@gmail.com](mailto:sdsscout@gmail.com).

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