



CITY OF WASHINGTON, ILLINOIS

Finance & Personnel Committee Agenda Communication

Meeting Date: November 16, 2020

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Agenda Item: Square TIF District Extension Consideration

Explanation: The Downtown Square TIF district was originally established in 1986. It extends to the TP&W Railroad viaduct to the west, Zinser Place to the north, one-half block east of High Street to the east, and Burton Street to the south. TIF districts in Illinois have an original 23-year establishment. They can be extended another 12 years after receiving support from the impacted taxing bodies and State legislative approval. Following that, a redevelopment plan must be created or amended that generally addresses the procedures, projects, and funds that are needed to carry out the goals over the next 12 years.

The Square TIF district was extended for 12 years in 2009 and is currently set to expire in December 2021. At the same time that this district was extended, the Washington Road TIF—the City's only other TIF district—expired. A commonly held belief is that state statute only allows for a single 12-year extension. However, the language does not explicitly limit a TIF district to 35 years and the City of Springfield became the first, and so far only, municipality to have a second TIF extension approved in 2016. Staff is aware of at least three other cities that have or are currently in the process of seeking a second TIF extension.

The Square TIF district has provided funds for numerous public infrastructure and private redevelopment projects. Keeping older, historic downtowns relevant in the face of a rapidly changing retail environment and with competition from outlying big box stores is important. Having another 12 years of the TIF incentive can potentially provide funds to complete other public and private projects that can further enhance the Square. As opposed to the creation of a new TIF district, an extension allows for the use of the existing increment to be used for eligible projects instead of waiting for the fund to increase sufficiently to provide the necessary means to complete impactful projects.

Fiscal Impact: A second 12-year extension would allow for the existing fund to be offered for these projects. It would also allow for more time and thought to go into them instead of attempting to hurriedly initiate projects over the next year. The current fund has about \$1.1 million in it as of the start of the current FY 20-21. Any remaining funds at the expiration of a TIF district generally are redistributed between the State and taxing bodies. Possible larger public projects on the horizon can include a streetscape enhancement, Zinser infrastructure upgrades, and parking lot acquisition and construction. There are several buildings that could utilize this resource, including the eventual renovation and occupancy of the Danforth building.

Action Requested: Staff seeks feedback to ensure that the desire is to pursue a second 12-year extension of the TIF district. Initial conversation has been had at the recent annual TIF Joint Review Board meeting and our two state representatives have also been given notice about a possible request for sponsorship of an extension bill. Time is becoming of the essence to begin soliciting formal support from the taxing bodies and then beginning the legislative process early next year should there be interest in an extension.