



CITY OF WASHINGTON, ILLINOIS

Committee of the Whole Agenda Communication

Meeting Date: August 9, 2021

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Agenda Item: TIF Project Quotes/Guidelines Discussion

Explanation: Monday's City Council meeting included a first reading ordinance for a TIF redevelopment agreement for an interior and exterior rehabilitation project of the building at 105-109 Washington Square owned by Heider Properties, LLC. Direction was given to schedule an agenda item at the Committee of the Whole meeting to discuss a possible requirement for applicants to secure multiple quotes for eligible TIF subsidy work.

Attached are the TIF guidelines that were approved in 2003. The guidelines, as well as the TIF Act, give municipalities fairly broad allowances for their individual TIF programs. Included in this could be a requirement that multiple quotes be provided. Similar language currently exists: "The City may seek alternate redevelopment proposals in accordance with state law." While there has not historically been a requirement to submit multiple quotes, that can be mandated for any projects. The program guidelines establish the objectives, financial assistance, eligible expenses, and procedure for the eventual approval of a private redevelopment agreement.

Fiscal Impact: TBD depending on any desired changes that could be done to the current guidelines.

Action Requested: Staff seeks feedback on whether multiple quotes should be required for any or all TIF projects. As part of that consideration, thought should be given to having some flexibility for certain projects, the additional time required to solicit multiple quotes, and how additional requirements could impact the perception of obtaining TIF funding.



Tax Increment Financing (TIF) Redevelopment Incentive Program Guidelines

Adopted April 21, 2003

BACKGROUND AND CONCEPT

Tax increment financing (TIF) is a method for financing economic development and redevelopment in Illinois municipalities. The primary purpose of TIF is to eliminate economic and physical decline by designating certain redevelopment districts.

When a TIF district is established, the most recent total equalized assessed valuation (EAV) for the district is determined. This is known as the "base EAV". As the TIF district is developed, its total EAV will grow. That portion attributable to the increase in EAV, known as the "tax increment", is placed in a special fund and is spent for redevelopment purposes as outlined in the TIF Redevelopment Plan.

The success of a TIF district is dependent upon increasing the EAV over the base through redevelopment. Establishing a TIF district does not decrease tax revenues collected by any taxing district; nor does TIF impose special assessments or raise the overall tax rate in the district. Taxes collected on the base EAV continue to be distributed to the municipalities, schools, libraries, and other authorities in the same manner. Only taxes generated above the base EAV are available for TIF use.

LOCAL OBJECTIVES

The City of Washington currently manages one remaining TIF district that was established in 1986 and is scheduled to expire in 2021. The TIF District is generally located around the downtown square (commonly referred to as the "Downtown Square TIF"). The objectives as specified in the Redevelopment Plans are summarized as follows:

- Downtown Square TIF:
1. Preservation and conservation of privately owned properties.
 2. Maintenance of an economically viable and vibrant downtown.

TYPES OF ASSISTANCE

TIF assistance is often in the form of a grant or subsidy, typically paid in multiple reimbursements of at least 20 percent of the TIF eligible costs. Historic preservation components can increase the share of the TIF eligible costs. Assistance may also be given in the form of a loan, interest write-down or reimbursement, or tax sharing.

GENERAL POLICY

The City has established the following general TIF funding policy. This policy attempts to facilitate the fair and consistent evaluation of private TIF requests.

- Funding is provided solely for eligible expenses incurred after approval of a private redevelopment agreement by the City Council.
- Eligible expenses for development projects can include relocation, demolition, site preparation, property assembly, and new construction.
- Eligible expenses for redevelopment projects can include rehabilitation and restoration.

Examples of ELIGIBLE expenses:

- Structural renovations
- Fixed property improvements
 - Buildings and structures
 - Mechanical equipment (HVAC)
 - Major wiring and plumbing
 - Parking lots
 - Other permanent elements
- Historic preservation/period façade improvements and elements
 - Siding or false front removal
 - Brick restoration
 - Doors and windows
 - Awnings
 - Other architectural restoration
- General public amenities

Examples of INELIGIBLE expenses:

- Routine maintenance
- Minor repairs
- Limited remodeling
 - Painting and finishing
 - Flooring/carpeting
 - Minor wiring and plumbing
 - Dividing walls and doorways
- Business supplies and equipment
 - Computers and printers
 - Telephones and communications
 - Signage
- Fixtures and furnishings
 - Shelving and displays
 - Coolers and freezers
 - Tables and counters

The eligible expenses listed above can directly influence the property's assessed valuation, which creates TIF funding for other projects. The ineligible expenses listed above are considered general property upkeep or business components that typically do not affect the assessed valuation.

OTHER GUIDELINES

In conjunction with State legislation requirements and local objectives, the following guidelines also apply. These guidelines must be met for a project to be considered for funding.

- Adequate funds must be available in the TIF redevelopment account.
- All projects must be consistent with the goals and objectives in the Redevelopment Plan.
- The applicant must pay all applicable real estate and other taxes.
- The estimated eligible project costs must total \$5,000 or more.
- Reimbursements will generally be given over a period of three (3) years or more.
- The redeveloper must be an Equal Opportunity employer and contractor.
- The redeveloper must pay prevailing wages in accordance with state law.
- The City may seek alternate redevelopment proposals in accordance with state law.
- Priority or additional assistance may be given to a project that results in one or more of the following:
 - A clear public benefit, such as off-street parking, restrooms, open space, or seating;
 - A substantial property or sales tax increase, such as a large expansion or new construction; or
 - Restoration of a downtown building to its true, original historic appearance.

PROCEDURE

1. Submit a completed application with all necessary attachments and documentation to the Planning and Development Department.
2. Your request will be discussed at a subsequent Finance Committee meeting, which meets the third Monday of every month at 5:00 pm at Five Points Washington. Your attendance is encouraged, and more than one meeting may be needed.
3. The Finance Committee will review the proposal and its conformance to the above guidelines and Redevelopment Plan. The Committee will then recommend by vote a specific level of assistance.
4. The City's legal staff will prepare a draft redevelopment agreement for your review and approval. Additional information may be necessary for the agreement.
5. Once the agreement is finalized, staff will prepare an ordinance for adoption, which requires two readings by the City Council for approval. The City Council meets the first and third Monday of every month. Attendance is encouraged.