

# VILLAGE OF HOMEWOOD



**BOARD AGENDA MEMORANDUM**

**DATE OF MEETING: December 13, 2022**

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**To:** Village President and Board of Trustees

**From:** Napoleon Haney, Village Manager

**Topic:** Transfer balance of remaining tax increment financing (TIF) dollars from the expiring Southwest TIF district to the active and adjacent Downtown Transit Oriented (TOD) TIF district

## **PURPOSE**

Municipalities in Illinois and across the nation are faced with numerous challenges, not the least of which is encouraging economic growth in disinvested and underperforming areas in need of development or redevelopment. Most often, improving these areas requires a public investment to reduce the extra cost and risk that private development faces in such areas. The public wishes to see this development occur in their communities, but without increased taxes or the reduction of other necessary services and projects that would be required to pay for the public investments that development and redevelopment usually require.

One tool successfully in use in Illinois and 48 other states to meet this economic development challenge is Tax Increment Financing or TIF. With this development tool, local governments can make the improvements they need, like new roads or sewers, and provide incentives to attract new businesses or help existing businesses stay and expand. TIF does this without tapping into general municipal revenues or raising taxes.

TIF districts can cover smaller geographic areas like Homewood's, and TIFs can be geographically extensive - covering miles of acreage similar to a Chicago Heights TIF created in 2018 that extends 2.2 miles in length and includes property from Joe Orr Road south to Sauk Trail.

Homewood currently has seven (7) active Tax Increment Financing districts. For comparison, according to the Cook County Clerk's Office TIF Viewer <https://maps.cookcountyil.gov/tifViewer/>, the Villages of South Holland and Glenwood each have eight (8) active TIFs. Matteson has six (6) active TIFs with the Villages of Chicago Heights, Tinley Park, and Richton Park each with five (5) active TIFs. The City of Chicago has 132 individual TIF districts.

### *Homewood TIF to Expire*

Homewood's Southwest Central Business District (CBD) TIF No. 3 was established on February 23, 1999 and is scheduled to expire on December 31, 2022. Illinois law allows TIF districts to

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exist for a period of up to 23 years. According to Illinois State Statute, prior to the expiration of a TIF district, a municipality is allowed to transfer all remaining and unobligated TIF revenue generated in one TIF district to an adjoining TIF districts to fund regional projects (65 ILCS 5/11-74.4-4(q)). This transfer of funds from one TIF to another is known as “porting”. The Village anticipates transferring funding to the Downtown Transit Oriented Development (TOD) TIF after all outstanding payments, incentive agreements, and costs supported by the Southwest CBD TIF are satisfied. It is estimated that the Southwest TIF will have an estimated balance of roughly \$224,000 to “port” to the adjacent Downtown TOD TIF District.

## *Common Boundary to Downtown TOD TIF*

The Southwest TIF shares a common boundary with the Downtown Transit Oriented Development (TOD) TIF District. The Downtown TOD TIF District is seeing a positive resurgence of private development interest. The Downtown TOD TIF generates TIF funding to support incentives provided to the Hartford Building Development, which includes the Stoney Point Restaurant development as the ground floor tenant. The Downtown TOD has several other developments planned that could benefit from the porting of funding from the Southwest TIF District. In addition, with sustained elevated material costs, COVID related supply chain delays, and labor shortages, the Village anticipates that the amount of redevelopment project costs needed for projects within the Downtown TOD TIF will exceed the amount of incremental tax revenues scheduled to be paid into the Downtown TOD TIF Special Tax Allocation Fund to reimburse these development costs.

## **PROCESS**

If the Village Board is amenable to a “TIF to TIF district” transfer, the Board will need to pass a resolution approving the porting/transferring of all unobligated funds from the Southwest CBD TIF’s Special Tax Allocation Fund into the Downtown TOD TIF’s Special Tax Allocation Fund.

## **OUTCOME**

Transferring the remaining funding from the Southwest CBD TIF will better equip the Downtown TOD TIF to support its financial obligations, costs and incentives; thereby, removing the need to tap into general funds to satisfy those obligations.

## **FINANCIAL IMPACT**

**Budgeted Amount:** N/A

## **LEGAL REVIEW**

Completed

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## **RECOMMENDED BOARD ACTION**

Pass a resolution approving the transfer of funds from the Southwest Central Business District Special Tax Allocation Fund to the Downtown Transit Oriented Development Special Tax Allocation Fund.

## **ATTACHMENT(S)**

- Map of Homewood TIF Districts
- Map of Southwest Central Business District (CDB) TIF
- Map of Adjacent TIF Districts
- TIF FAQ