

If you're walking down the right path and you're willing to keep walking, eventually you'll make progress.

—Barack Obama

TIF accounts boast \$1.4 billion in property taxes in 2018

BY JIM VAIL

An independent analysis of the 2017 annual reports on Chicago's 145 Tax Increment Financing Districts showed that there was \$1.4 billion in TIF accounts – what many call a giant slush fund that the mayor controls at the expense of the people.

“Our research over the past four years and the 50 public meetings we’ve conducted all over the city in front of thousands of people brings us to this conclusion – this is a program not to be trusted,” said Tom Tresser, the lead organizer of the TIF Illumination Project which conducted the research. “People in every part of the city have experienced rising taxes and fees while having their schools closed or cut as well as living through high rates of violence, disinvestment and other serious problems. They don’t see how the mayor can continue to shower their property taxes on undeserving insiders and continue to hoard hundreds of millions of property tax dollars in the way we demonstrate.”

Tresser, who heads the CivicLab which has been educating groups across the city about TIFs in their districts, said civic groups have called for a complete accounting of the TIF program, which transfers taxes collected in a part of the city into a pot that the mayor controls in order to spur development in blighted areas. But those “blighted” areas have turned into a joke as TIF monies have gone toward funding corporate headquarters downtown and luxury developments on the North Side.

The TIF Illumination Project issued a series of Freedom of Information Act requests to both the Department of Planning and Development and the Office of Budget and Management to get information about the TIF funds. The results are online: <http://www.tifreports.com/2017-tif-analysis>.

The city claims that the TIF funds are “committed” and not available to redistribute to the city, but they were labeled “confidential and under discussion” according to the TIF Project.

“The TIF funds can’t be both ‘committed’ and ‘under discussion,’” Tresser said in a press release. “We therefore reject the mayor’s claim that the \$1.44 billion in property tax dollars are all ‘committed’ to various projects.”

Tresser said he would like to see a complete audit of the entire TIF program made public.

“Until that time we recommend the program be frozen and no new funds be collected or disbursed,” Tresser wrote.

Tresser’s group isn’t the only one aiming to put the TIF program on deep freeze. Ald. Carlos Ramirez-Rosa [35th] tweeted that, to service the city’s pension debt and fund city services, the city should “end corporate welfare by eliminating all TIF districts.”

“Tax Increment Financing as practiced in Chicago is a program off the rails and contributes to inequity, displacement and cronyism in this city,” Tresser wrote in his summary, noting that Mayor Rahm Emanuel has not held a public forum on his budget plan in two years.

The analysis for TIF districts in 2017 included:

1) Chicago had 145 active TIFs in 2017, a decrease of three districts from 2016 (cancelled Addison North). Chicago has created 180 TIF districts since the program was created in 1986, while a total of 35 TIFs have been cancelled.

2) A total of \$493 million in TIF monies was extracted by diverting the money from local units of government that rely on property taxes – 56 percent of Chicago property taxes (more than \$276 million) were supposed to go to the Chicago Public Schools.

3) Chicago’s 145 active TIFs have collected a total of \$7.1 billion since the program started. The biggest property tax extractor was the Central Loop TIF which took almost \$1 billion from 1984 to 2008.

4) The top 10 TIFs collected

\$238 million in property taxes in 2017, and the No. 1 TIF was La-Salle/Central which collected \$35 million.

5) The top 10 TIFs were holding \$583 million in property taxes while the TIF with the largest fund balance was the Kinzie TIF (\$97.3 million).

The top-performing TIFs are all in or near the Loop or Central City. The project said using TIF funds from the hottest-performing real estate in the city “bloats those TIF funds with over one half of \$1 billion in property taxes that can’t find their way to build parts of the city suffering from disinvestment and the ‘blight’ the TIF program is supposed to combat.”

By contrast, TIFs on the South and West sides continue to underperform and will not produce revenues for those communities.

“In this way TIFs are anti-distributional and contribute to Chicago’s history of neglecting poor communities of color,” the report states.

The biggest spender in 2017 was the River South TIF at \$26.6 million. About \$22.7 million of that amount went to the expansion of the South Loop Elementary School.

The biggest spender in 2016 was the Near North TIF, spending \$46.2 million, with \$15.5 million going to expand Walter Payton High School and \$22.3 million given to Amalgamated Bank for paying down bonds.

The two North Side TIFs that collected no property taxes in 2017 were Harlem and Irving Park/Elston.

The TIF Illumination Project looked at the financing costs of TIF districts and noted that in 2017, 14 TIFs used property taxes

to pay a total of \$74.9 million in finance charges to three banks – Amalgamated (\$22 million), Zions (\$51 million) and JP Morgan Chase (\$763,000).

The group states that the debt being paid down by Chicago TIFs are related to two series of bonds issued in 2007 and 2010 to pay for Mayor Richard M. Daley's New Schools Across Chicago Program.

"What are the terms of these notes?" Tresser wrote. "How much have we paid to these banks, at what profit and how much longer will we be paying? Chicago has an unfortunate history of getting into bad deals with banks that extract onerous fees that the taxpayers routinely must pick up. Is this another example?"

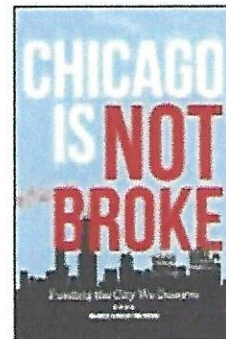
Tresser stated that his CivicLab does not have the expertise to get the answers to those questions.

The Department of Planning and Devel-

opment extracted \$8.4 million for staffing costs from 93 TIFs, what the TIF Illumination Project termed "skimming the skim," asking how the department could take such an action without city council approval for an increase in its operating budget.

Tresser co-founded the CivicLab, which analyzes the TIF budgets and educates the public. He was also the co-founder of Protect Our Parks, which sued to stop the privatization of Lincoln Park, and co-organizer of No Games Chicago, which worked to defeat the bid for the 2016 Olympics. He published the book "Chicago is Not Broke. Funding the City We Deserve" in 2016.

The TIF research was conducted at the City Bureau which brings journalists and community members together in collaboration to promote responsible media coverage, increase civic engagement and hold powerful forces to account.



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