



## FOR IMMEDIATE RELEASE

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### **CHICAGO HAD \$1.96 BILLION IN PROPERTY TAXES IN TIF ACCOUNTS ON JANUARY 1, 2021**

A review of the 2020 annual reports of the Chicago's 136 Tax Increment Financing Districts by researchers with the TIF Illumination Project has revealed some startling facts about local government finance. The CivicLab has been tracking and reporting on Chicago's TIFs since 2013. We believe all residents of the city should know how TIFs manipulate and remove hundreds of millions of dollars of property taxes annually.

**Our analysis reveals that as of January 1, 2021 there was over \$1.96 billion (\$1,957,995,811) sitting in Chicago's 136 TIF accounts.**

Other findings of our analysis of Chicago's TIF districts for 2020 include:

- **Chicago had 136 active TIFs in 2020.** Two new TIFs were created in the last days of the Emanuel Administration: Cortland/Chicago River (#183) was created to deliver a \$1.3 billion subsidy for the Lincoln Yards Project (including \$400 million in finance fees), and the Roosevelt/Clark (#184) was created to deliver a \$1.1 billion subsidy to the Project 78 development (including \$400 million in finance fees). These two TIFs came online in 2020 and got to work, with the Cortland TIF removing \$3,639,892 in property taxes and the Roosevelt/Clark TIF removing \$1,522,041.
- Since the TIF program was created in 1986 Chicago has created 184 TIF districts. A total of 48 TIFs have been closed or terminated. The following TIFs were terminated at the end of 2020 but were active that year and are included in this analysis: 49<sup>th</sup> Street/Lawrence Avenue (#004), 60<sup>th</sup> Street/Western Avenue (#005), Irving Park/Cicero Avenue (#027), and Stockyards Annex (#043).
- **Total Property Tax Increment extraction or removal for 2020 = \$820.5 million (\$820,471,237).** This is the amount of property taxes extracted by Chicago's TIF districts and diverted *from* local units of government.
- **Chicago's 136 active TIFs have collected a total of \$7 billion (\$7,032,091,643) since they were created.** Chicago's 48 terminated TIFs extracted \$2.3 billion (\$2,269,123,542) in property taxes while they were active.
- **Chicago's TIFs (active and inactive) have removed a staggering total of \$9.3 billion in property taxes from 1986 through 2020.**
- **In 2020 the Top Ten TIFs collected a total of \$439.5 million (\$439,481,644) in property taxes in**

**2020.** These are the “champions” in terms of removing property tax dollars from public use. The **biggest property tax extractor** in 2020 was the LaSalle Central TIF (#147) which took in \$119.8 million (\$119,840,238). This one TIF has diverted a total of \$487 million in property taxes away from local units of government (\$486,890,147).

- The **all-time champion in terms of property tax extraction** is the now defunct Central Loop TIF (#014, started in 1984 and cancelled in 2008) that collected a total of \$987 million (\$986,767,582).
- **In 2020 the Top Ten TIFs in terms of fund balance were holding \$844.5 million (\$944,543,038)** in property taxes on January 1, 2021. The TIF with the largest fund balance was the Kinzie TIF (#052) holding \$169.8 million (\$169,833,503).
- **Total expenditures from Chicago’s TIFs in 2020 was \$415 million (\$414,851,964).** This is how much all of Chicago’s TIF districts spent in 2020. The biggest spender in 2018 was the Lawrence/Broadway TIF (#109) at \$42 million (\$42,113,595).
- **Here are the TIF totals for wards by racial majority (at least 50% White, Black, or Latinx):**

	<b>2020 TIF REMOVAL</b>	<b>2020 TIF EXPENSES</b>	<b>2020 END YEAR BALANCE</b>
<b>WHITE WARDS (14)</b>	\$341,380,233	\$180,131,671	\$541,592,709
<b>BLACK WARDS (18)</b>	\$323,499,632	\$125,125,506	\$969,304,066
<b>LATINX WARDS (13)</b>	\$133,141,580	\$60,223,001	\$339,869,710

**Wards that are at least 50% Black contributed 49.5% of all the TIF funds sitting in TIF accounts at the end of 2020** (\$969.3 million of the total of \$1.96 billion).

- **Total revenues transferred OUT of TIFs in 2020 was \$475 million (\$474,984,733).** TIF dollars are moved in two ways: \$163,817,398 was transferred from one TIF to an adjacent TIF This is called “Porting.” The other method of distributing TIF dollars is when the Mayor declares a “Surplus.” In these cases, the “surplus” dollars are distributed to the local units of government in proportion to the percentage of property tax dollars those units derive from the property tax collection process. In 2020 that amount was \$311,167,335. In total, **57.9% of all collected TIF funds were moved.** This was done at the order of Mayor Lightfoot and these funds were used in her 2021 City Budget formulation.
- The TIF Illumination Project looked at the TIFs carrying debt and paying financing costs associated with Chicago’s TIF districts. In 2020 **8 TIFs used property taxes to pay a total of \$73.8 million (\$73,795,305) in finance charges** to two banks. The banks were:

Amalgamated Bank	\$51,121,836
Zions Bank	\$22,673,469
	\$73,795,305

- **In 2020 the Department of Planning and Development took \$12.3 million (\$12,266,506) for administrative costs from the total flow of TIF dollars.** This might be called “skimming from the skim.”
- **In 2019 97 Chicago TIFs captured at least 50% of the property taxes in their district,** of those 22 collected at least 90%. Of those, 6 TIFs extracted 100% of all property taxes collected in their districts. 2020 numbers will be available from the Cook County Clerk’s Office in late September.
- **We have more details from the 2019 analysis available, including:**
  - **“TOP 10” Lists (Extraction, Expenses, Fund Balances)**

- TIFs carrying debt and paying finance costs
  - TIFs that collected no increment in 2020
  - List of TIFs taking at least 50% and 90% of property taxes
- If you would like to see that information, please email us at [info@civiclab.us](mailto:info@civiclab.us)

## PUBLIC POLICY ISSUES RAISED BY THIS RESEARCH

### TIFs CONTRIBUTE TO INEQUITY AND THE PERSISTENCE OF POVERTY IN DISADVANTAGED COMMUNITIES.

The top performing TIFs are all in or near the Loop or Central City. Having TIF districts across the hottest performing real estate in the city bloats those TIF funds with nearly \$800 million dollars in property taxes that can't find their way to Black or Brown parts of the city suffering from disinvestment and the "blight" the TIF program is supposed to combat. By contrast, TIFs placed in the poorest parts of the city naturally continue to under-perform and will not produce revenues to improve those communities. In this way TIFs are anti-distributional and contribute to Chicago's history of neglecting poor communities of color. Ironically, the ward with the most of its land mass in one TIF or another is the 24<sup>th</sup> Ward which includes West Lawndale, a community that needs serious civic attention and investment.

At the end of 2020 Chicago's majority Black wards had contributed \$969.3 million to the total TIF dollars sitting in TIF accounts – about 50% of all the property tax dollars available in TIF accounts. Given the fact that the COVID19 pandemic is killing Black people three to seven times the rates that it is killing White people, we have to ask – **Why isn't that money being liberated immediately and put to use for emergency public services and support for those hardest hit communities?**

This problem was recently aggravated by the rush to approve two super-TIFs in April of 2019 – The Cortland/Chicago River TIF for \$1.3 billion to support the Lincoln Yard Project and the Roosevelt/Clark TIF for \$1.1 billion to support the 78 Development along the Chicago River. These two TIFs contain a total of \$800 million in finance charges. These two TIFs are starting to remove large amounts of property taxes from public circulation.

### THE INVEST SOUTH/WEST PROGRAM IS A PITIFUL ATTEMPT TO REDRESS DECADES OF ECONOMIC INJUSTICE

The Lightfoot Administration has made quite a lot of its INVEST South/West Program ([https://www.chicago.gov/city/en/sites/invest\\_sw/home.html](https://www.chicago.gov/city/en/sites/invest_sw/home.html)). The CivicLab's analysis of this much lauded project reveals it represents literally crumbs compared to the total dollars moved to support private projects in Chicago's White wards over the years and pales in comparison to the two "super TIFs" created in April of 2019 – to support the mega developments at Lincoln Yards and Project 78. The INVEST South/West Program proposes to direct \$250 million in TIF funds to ten communities of color – or \$25 million per community. These communities cover a total of 27,588 acres and contain over 488,000 residents. The two communities where the mega projects will be located cover a total of 303 acres and NO ONE lives there right now. Yet the Lincoln Yards Project (developed by Sterling Bay) and Project 78 (developed by Related Midwest) will receive a total TIF subsidy of \$2.4 billion. The CivicLab characterizes this completely backwards public subsidy for so called "development" as an act of economic warfare on Chicago's Black and Brown residents.

### THE ENTIRE TIF PROCESS IS FRAUGHT WITH MYSTERY AND OPACITY – TIFs REMAIN A SLUSH FUND

TIFs have often been characterized as a **slush fund controlled by the Mayor**. Our own work substantiates this claim (see <http://www.tifreports.com/slush>). We have shown here that in 2020 almost 60% of all the TIF funds collected in Chicago are moved out of the area where the dollars have been collected and distributed in a secretive and arbitrary manner.

We also find that the Department of Planning and Development captures \$12.2 million from all the TIF dollars that flow through its grasp. This constitutes a shell game that removes money from the public's view INSIDE of the larger skim of TIF dollars. We call this a “skim inside a skim.”

At Mayor Lori Lightfoot's first budget address in October of 2019 she announced that she would be capturing \$300 million from the \$1.5 billion sitting in the TIF funds to be used to cover her 2020 budget formulation. Our review show where she took those funds from. It is understandable that Tax Increment Financing in Chicago is seen as a slush fund that is completely malleable and subject to the Mayor's will.

### **IS CHICAGO REALLY BROKE?**

We have conducted this analysis of Chicago's TIFs since 2012. **We have found between \$1.4 and \$1.9 BILLION in property taxes sitting in the TIF accounts** at the start of the calendar year. The Mayor, the local media, and major well-funded civic groups repeat the message that we are out of civic funds and that we must pay more in regressive taxes and fees AND suffer service cutbacks. The message of scarcity rings false and is a death sentence for people of color suffering from COVID19 and the baked in racism that is a the “pre-condition” here, backstopping and informing our civic ecosystem.

### **THE CIVICLAB CALLS FOR THE ABOLITION OF THE TIF PROGRAM**

After eight years of research and over 200 public meetings and open enrollment workshops, and after talking to and listening to thousands of neighbors in every part of the city, we have reached this conclusion. After talking to activists, union leaders, academics, and reporters in cities across the country, we have reached this conclusion. Tax Increment Financing in Chicago is a racist, unfair, and corrupting program. It can't be reformed as it is structurally unsound. We have listed our arguments at [www.endtifsnow.org](http://www.endtifsnow.org).

### **THE CIVICLAB IS WORKING WITH ACTIVISTS IN TEN CITIES AROUND ECONOMIC JUSTICE CAMPAIGNS**

The CivicLab is not alone in its rebuke of Tax Increment Financing Programming. We are working with activists in ten cities around campaigns for economic justice that are centered on local TIF abuse and secrecy. We are working with neighbors in Evanston, Berwyn, Cicero, Elgin, Olympia Fields, and Homewood – all in Illinois. We are also in collaboration with organizers in Detroit, Cincinnati, Davenport, Louisville, Paducah (KY). See <http://www.tifreports.com/tif-organizing-services> for details.

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The TIF research was conducted by Lead Organizer Tom Tresser ([www.tresser.com](http://www.tresser.com)). Tom is a long-time civic educator and public defender in Chicago. He was the co-founder of the CivicLab with Benjamin Sugar. The CivicLab operated a co-working/maker space for two years in the West Loop and closed on June 30, 2015 ([www.civiclab.us](http://www.civiclab.us)). The civic research, training, and tool making continues under the stewardship of President, CEO Jonathan Peck and Vice President Phillip. The CivicLab is a Black led 501 c 3 tax-exempt “do tank” dedicated to research, activation, and capacity building for grassroots democracy, government accountability, and social justice movements. Our work expands public imagination and civic possibility.

In 2008 Tom was a co-founder of Protect Our Parks which sued to stop the privatization of Lincoln Park ([www.wesavelinconpark.org](http://www.wesavelinconpark.org)). In 2009 he was a co-organizer of No Games Chicago which worked to defeat the bid for the 2016 Olympics ([www.nogameschicago.com](http://www.nogameschicago.com)). He curated and published “Chicago Is Not Broke. Funding the City We Deserve” in July of 2016 ([www.wearenotbroke.org](http://www.wearenotbroke.org)). In May of 2017 he co-founded The POWER Institute (People Organizing to Win, Engage & Resist) with Jonathan Peck ([www.powerinstitute.us](http://www.powerinstitute.us)). He can be reached at 312-804-3230, tom@civiclab.us

The TIF Illumination Project is online at <http://www.tifreports.com>. Since 2013 it has revealed the impacts of TIFs

at the ward level. We show how much property taxes are extracted from inside each ward by the TIFs IN that ward. We produce graphic posters that contain the following:

- The shapes of all TIFs that are in the ward
- How much revenue those TIFs took from properties just IN the ward
- How much revenue FROM the ward was left in the in-ward TIF accounts at the end of the year
- Who has received TIF funds inside the ward
- How much money was transferred in our out of these TIFs
- How much money the Department of Planning skimmed from these TIFs for its own use
- Any donations made from recipients of TIF funds to local elected officials

The TIF Illumination Project distributes these graphic posters at TIF town meetings, or **Illuminations**, that have been independently organized by residents of the community. Since February of 2013 we have been invited to present at 180 public meetings in front of over 13,000 people. Our heartfelt thanks to the dozens of volunteers who help organize these meetings. A record of these meetings is online at <http://tifreports.com/tif-town-meetings>. Presentations from these meetings can be purchased at our TIF Data Store at <http://www.tifreports.com/store>. Our online presentations at <https://tinyurl.com/CivicLab-Presentations> have been viewed over 230,000 times.

We have produced two TIF training videos via crowdfunding campaigns. "TIF 101" (22 minutes) explains the basics of Tax Increment Financing and features Professor Rachel Weber from the University of Illinois at Chicago and Cook County Clerk David Orr. "TIFs Off the Rails – Public Policy Problems with Chicago's TIF Program (17 minutes) features Professor Richard Dye of the University of Illinois and Professor Stephanie Farmer of Roosevelt University. These videos are available on YouTube at [http://www.tifreports.com/training\\_videos](http://www.tifreports.com/training_videos).

Over 900 people have contributed to our work since 2013. You know who you are. Thank you!

The CivicLab gratefully acknowledges the support of the Voqal Fund which helped keep the CivicLab open in 2014 and thus provided a base for the TIF Illumination Project to do its work. We are also thankful to the Sum All Foundation, the MoveOn Action Fund, the Crary Family Fund, and the Crossroads Fund for their past support. The Chicago Community Trust funded our 2018 Civic Harambee in August of 2018 through their "On The Table Program." We acknowledge the support of the Joseph and Bessie Feinberg Foundation and the Crown Family Philanthropies. We have also received support in 2018 and 2020 from Illinois Humanities.

In August of 2021 the TIF Illumination Project was named a finalist for the MIT Solve MIT Solve Global Challenge "Antiracist Technology in the U.S." Seven winners will be chosen from the 15 finalists from this challenge. There are four other global challenges and over 1,800 solutions were submitted from 29 countries. The 35 winners across all five challenges will share in a \$2 million prize pool. The winners will be announced on September 17, 2021. Our solution is at <http://tinyurl.com/Vote-4-CL-Tech-Challenge>.



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