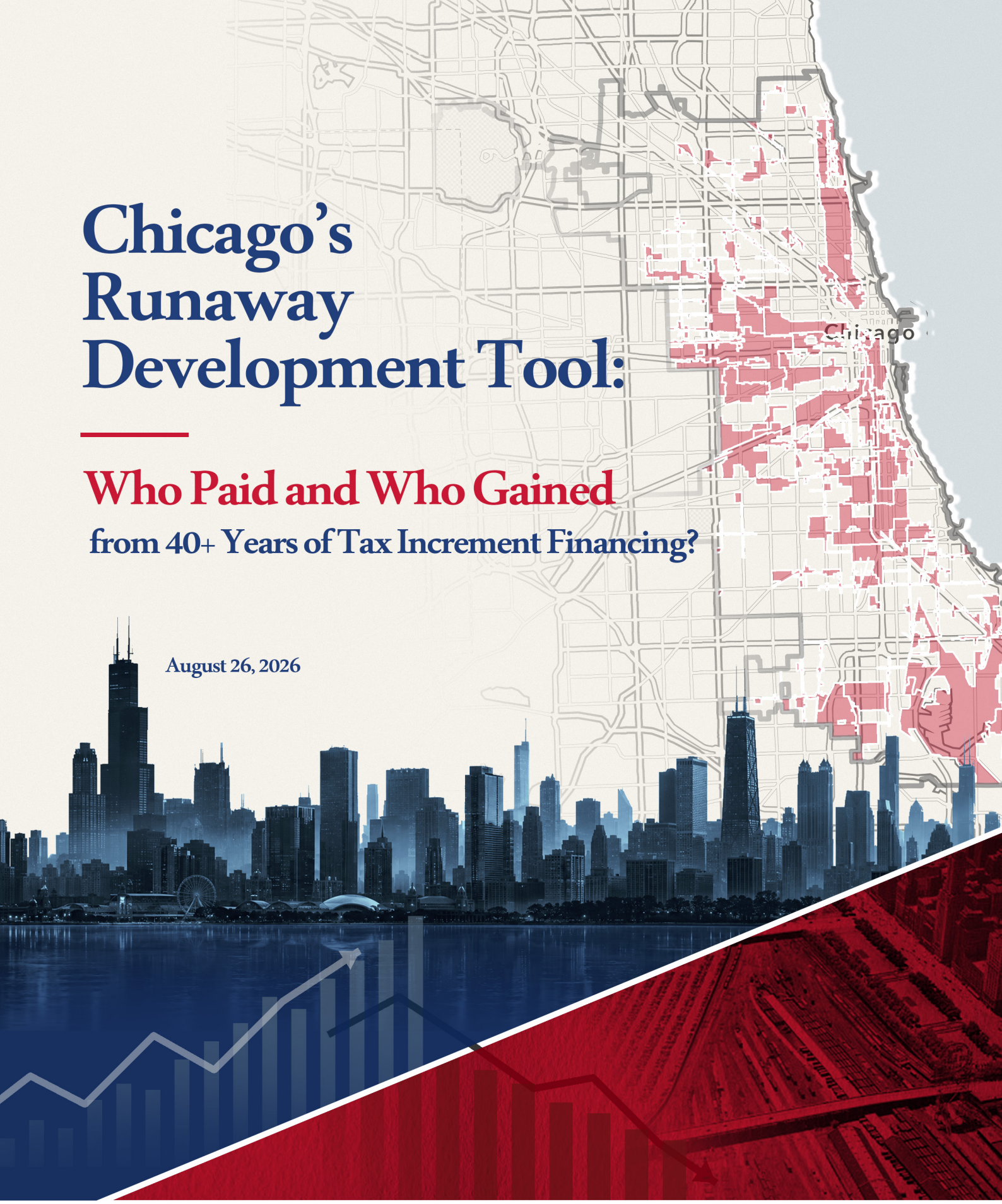
Chicago's Runaway Development Tool:

Who Paid and Who Gained

from 40+ Years of Tax Increment Financing?

August 26, 2026



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Preface

For more than half a century, Chicago has been navigating the consequences of profound global economic restructuring. The city that once stood as one of the nation's leading manufacturing centers experienced the loss of hundreds of thousands of industrial jobs, significant shifts in population, widening disparities among neighborhoods, and growing fiscal pressures on local government. As manufacturing employment declined and capital became increasingly mobile, cities across the country faced the challenge of maintaining public services, attracting investment, and revitalizing communities affected by disinvestment and economic decline.

These changes transformed not only local economies but also the tools available to local governments. Federal support for urban development declined, traditional sources of public investment became increasingly constrained, and cities found themselves competing more aggressively for private investment. In response, policymakers developed new strategies designed to stimulate economic activity, encourage redevelopment, and expand local tax bases. Tax Increment Financing (TIF) emerged as one of the most significant of these tools.

Created to encourage investment in areas where development might not otherwise occur, TIF represented an innovative response to changing economic conditions and the limitations of traditional public financing mechanisms. By capturing future increases in property tax revenues and directing those resources toward redevelopment activities, TIF offered local governments a means of promoting economic development without relying solely on existing public revenues. In Chicago, as in many other cities, TIF has supported infrastructure improvements, business development, housing initiatives, environmental remediation, and a variety of projects intended to stimulate investment and strengthen local economies.

This study of Tax Increment Financing begins with an acknowledgment of the circumstances that led to its creation and the role it has played in shaping the city's development landscape.

For more than three decades, the Great Cities Institute has examined the forces shaping Chicago's neighborhoods, economy, and systems of governance. Throughout that work, we have sought to understand not only how public policies influence urban development, but whether they remain aligned with the public purposes for which they were created. This report continues that tradition by examining one of Chicago's most significant - and least comprehensively evaluated - economic development tools.

Over time public policies evolve. Tools created to address specific challenges often expand beyond their original scope. Programs that begin as targeted interventions can become embedded within the routine operations of government, shaping decisions about investment, land use, infrastructure, and economic opportunity for decades. As this occurs, periodic reassessment becomes not only appropriate but necessary.

We recognize that cities require effective tools to foster growth, address disinvestment, and respond to changing economic realities. The question is not whether development should occur or whether government should create tools to spur development. The question is how development occurs, who benefits from it, and whether the public policies designed to promote development remain aligned with the public purposes they were intended to serve.

As the role of Tax Increment Financing has grown, so too has the importance of understanding how the program functions, how resources are distributed, and what impacts it has on communities, public institutions, and the broader goals of urban development.

The phrase "runaway tool" in this report's title should be understood within this context. It reflects our

conclusion that the scale, complexity, and institutionalization of TIF districts have outpaced, and too often ignored, the public discussion necessary to ensure accountability, transparency, and alignment with public goals of equitable development. Tools that become central to urban governance deserve careful examination. Their effectiveness should not be assumed. Using evidence, their outcomes should be measured. Their consequences should be understood - for all Chicago residents.

A comprehensive assessment of TIF requires attention not only to development outcomes but also to public finance. Unlike many economic development programs, TIF does not rely upon a separate source of revenue. Rather, it captures the growth in property tax revenues generated within designated districts and reinvests those funds within those districts. While this structure has enabled substantial investments in redevelopment and public improvements, our findings lead to important conclusions regarding the distribution of that investment, the fiscal impact that Chicago's massive use of TIF has had on local governmental bodies, and the increased tax burden TIF has spawned for all Chicago property owners.

Our analysis demonstrates that for the life of the TIF, schools, parks, libraries, community colleges, counties, and other taxing bodies do not share in the growth of the tax base generated within those districts. Consequently, the benefits and costs associated with TIF have been experienced differently across communities and institutions. As districts expand in number, size, and duration, understanding these fiscal relationships becomes increasingly important. Questions arise regarding who benefits from public investment, how resources are distributed across neighborhoods, and how the long-term fiscal capacity of local governments is affected.

These are not merely technical questions. They are questions about governance, public priorities, and the equitable distribution of opportunity.

Chicago's history is one of remarkable growth and innovation, but it is also a history marked by segregation, uneven development, and unequal access to investment. Some neighborhoods have attracted substantial public and private capital while others have endured decades of disinvestment. Some communities have benefited from major development initiatives while others continue to struggle with the consequences of economic restructuring, job loss, population decline, and limited access to resources.

These disparities did not emerge overnight, nor can they be explained by any single policy. They are the product of complex historical, economic, and political forces that continue to shape the city today. Yet because TIF operates within this broader landscape, questions of equity cannot be separated from questions of effectiveness. A tool originally designed to address uneven development should be evaluated, at least in part, by its capacity to reduce rather than reinforce existing disparities.

Understanding where investments occur, which communities benefit, and how public resources are distributed is therefore essential to assessing whether Tax Increment Financing is fulfilling its intended purpose. Our findings reveal structural patterns and institutional practices that warrant reconsideration by policymakers, civic leaders, community organizations, researchers, and residents alike.

That conversation is particularly timely.

The challenges facing Chicago today differ in important ways from those that existed when TIF was first adopted. The city continues to confront the long-term effects of economic restructuring, but it also faces new pressures related to housing affordability, workforce development, infrastructure needs, climate resilience, and persistent racial and economic inequality. Addressing these challenges requires effective public investment, innovative development strategies, and governance structures capable of expanding opportunity across all communities.

Meeting these challenges requires ensuring that economic development tools remain accountable to the public interest and responsive to contemporary realities. It requires asking whether existing policies are achieving the outcomes they were designed to produce and whether reforms may be necessary to better align public resources with public goals.

Our work has been grounded in the belief that strong cities depend upon informed public dialogue,

reliable evidence, and a commitment to expanding opportunity and improving quality of life for all residents. This report reflects that tradition.

Ultimately, this report is not simply about Tax Increment Financing. It is about how Chicago chooses to invest in its future, how public resources are governed, and how the benefits of growth are shared across its neighborhoods. Every generation inherits institutions created to solve the problems of its time. It also inherits the responsibility to ask whether those institutions continue to serve the public good.

We hope this report contributes to that conversation by providing evidence, historical perspective, and a framework for informed public discussion. If it encourages policymakers, civic leaders, community organizations, researchers, and residents to think more carefully about the purposes, performance, and future of Tax Increment Financing, then it will have achieved one of its central goals.

It is in this spirit that we offer this report.

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Executive Summary

The continuing public debate surrounding Tax Increment Financing (TIF) underscores the importance of a careful, evidence-based assessment of its role in Chicago's development. To contribute to that discussion, a team of researchers at the UIC Great Cities Institute conducted a year-long examination of the history, evolution, and fiscal impacts of Chicago's use of Tax Increment Financing. Our analysis examined how the program has shaped patterns of public investment, affected property taxpayers and overlapping taxing bodies, and influenced the distribution of economic development across the city.

The findings summarized below reflect the principal conclusions of that research.

Summary of Principal Findings

- Tax Increment Financing began as a well-intentioned and innovative method for a succession of Chicago mayors and alderpersons to revitalize rundown city neighborhoods and finance public infrastructure, but soon morphed into a runaway tool so massive in scope that it drove up taxes significantly for all property owners across the city, while it simultaneously diverted an extraordinary share of property tax revenue generated in TIF districts away from schools and other basic public services and into TIF projects.
- We conclude that nearly all the increased property values in TIF districts would have occurred organically even if TIFs did not exist.
- The bulk of TIF funds over forty years have gone to a handful of downtown and more affluent neighborhoods, a shift of resources and investment that is difficult to reconcile with TIF's stated purpose of prioritizing 'blighted' or underperforming areas. The program thus reinforced the city's historic economic inequities instead of reducing them – and all of this happened with little transparency or accountability from city planning officials.
- We further conclude that the Johnson administration's efforts to reform TIF are positive steps and long overdue, but that the city has yet to achieve significant control and oversight over the mushrooming developer costs for TIF-subsidized affordable housing projects, nor has it fully eliminated the program's structural bias toward downtown development.

Background

Tax Increment Financing (TIF) has become one of the most significant economic development tools used by the City of Chicago since the program was established under Illinois law in 1977. Originally intended to stimulate investment in areas experiencing economic decline, TIF allows future growth in property tax revenues within designated districts to be reinvested in redevelopment projects and public infrastructure. Chicago created its first TIF district in 1984 and has since expanded the program far more than any other major U.S. city.

TIF emerged as a popular tool during a period of profound urban restructuring marked by manufacturing job losses, population shifts, a shrinking municipal tax base, sharp cuts in federal and state aid to

urban areas and growing economic distress in many neighborhoods. Supporters argue that TIF provides local governments with a flexible mechanism to attract private investment, increase property values, create jobs, and finance infrastructure that otherwise would not occur. Critics, however, have questioned for years the program's long-term fiscal effects, its lack of transparency and equity in spending, and its impact on other local taxing bodies such as Chicago Public Schools, parks, libraries and county government.

Over four decades, Chicago's TIF system has ballooned into a major component of the city's public finance structure. Between 1984 and 2025, the city's TIF districts generated **approximately $16.6 billion** in revenue, including nearly **$400 million** in investment earnings, with an inflation-adjusted value exceeding **$22 billion**. During that period, 184 TIF districts were created, with 108 remaining active in 2024, and they encompassed more than one-quarter of all taxable parcels in the city.

As TIF revenues have increased, so too has their impact on Chicago's property tax system. In 2025, TIF districts received approximately **17.8 percent** of all property tax collections in the city, a share nearly equal to the City's Corporate Fund. The accumulation of substantial TIF balances, together with recurring transfers of surplus funds back to other taxing bodies, has intensified debate over how these revenues should be managed and whether the current structure best serves the city's long-term development and fiscal needs.

So much money has flowed into TIF districts over the years that the balance of unspent funds held in their combined accounts at the end of 2024 had ballooned to nearly $3.4 billion, the largest in the program's history. Such balances stand in sharp contrast to the budget shortfalls that both the Chicago Public Schools and the city's own Corporate Fund scramble to eliminate every year. Little wonder that the past three mayors have steadily increased their "sweeps" of unobligated (or surplus) TIF funds and returned that money to the other taxing bodies, as is required by state law.

Those annual sweeps of TIF surplus have drawn sharp rebuke from some quarters, especially given their dramatic growth under Mayor Brandon Johnson. In addition, Johnson has spearheaded other reforms of the program that have yet to be fully analyzed.

About This Report

Given the continuing controversy over TIF and the recent changes under Johnson, a team of researchers at Great Cities Institute devoted the past year to an in-depth examination of the history and evolution of Chicago's experiment with this tool. We looked especially into how TIF diversions have affected all city taxpayers. As part of that, we sought to better understand whether TIF policies have shifted property tax burdens and concentrated benefits in certain parts of the city, as many critics charge, or instead dramatically revitalized the physical state of the city to the benefit of all residents, as the defenders maintain. In the process, we tracked the impact that public and community pressure has had on securing greater accountability and transparency from City Hall in the allocation and management of TIF money.

Our analysis combines extensive reviews of financial, property assessment, redevelopment and geographic data, including all publicly available data sets that summarize the allocation of TIF subsidies by type of project and specific location. We also studied scores of redevelopment agreements, government reports and audits, and interviewed current and former public officials involved with the program, as well as community leaders. Concurrently, we constructed a comprehensive dataset that included property assessments, growth of EAVs (Equalized Assessed Values) and tax rates over a recent ten-year period for every parcel in the city, both those located inside TIFs and those outside of them. We then applied modern causal inference methods to our dataset to quantify the tax shift attributable to TIF, distinguishing between value TIF creates and value it merely captures. A glossary of methodological terms is available in Appendix A.

Finally, we reviewed and analyzed the recent reforms adopted by Johnson and specific projects and redevelopment agreements approved since he came into office, in an effort to determine whether those reforms represent a significant turning point in this model of urban redevelopment or merely minor changes.

Portions of this report contain information that will appeal to a more general audience, while others, such as Section 2, feature more complex statistical analyses that will likely draw greater interest from urban planners and scholars of public finance. As a whole, our findings provide an evidence-based assessment of one of Chicago's most important – and least understood – public policy tools.

Sadly, our effort to track how Chicago's leaders collected and spent billions of dollars in TIF money all these years has been a frustrating one, given the deeply flawed record keeping and minimal transparency that marked the city's use of TIF for long stretches of time, some of which persist to this day. We nonetheless kept trying to "follow the money," that classic advice by Deep Throat in the film *All the President's Men*. In the end, our research produced a complex and at times troubling story of the promises and pitfalls of an urban revitalization program that spiraled out of control, of an obscure tool that swelled into one of the most powerful and least scrutinized instruments of city finance, and of how property taxes captured by TIF shaped Chicago's current landscape and accelerated the city's historic wealth inequities in ways that its original goal of "reducing blight" never envisioned. Finally, we offer some specific policy recommendations that could bring more transparency and accountability to the program and prompt officials to reevaluate their past assumptions about Tax Increment Financing's impact and to better utilize the program in the future.

Findings

We have grouped more specifics on the findings into five areas that are summarized below. The full report contains additional details, along with a short history of Chicago's TIF program, a glossary of key terms, and appendices that outline our methodology, that provide an extended literature review on TIF, and that detail the TIF spending that we tracked.

TIF Impact on City Property Tax

Decades of massive use of TIF in Chicago has led to significant hidden tax increases for all property owners. Furthermore, much of the city's increased property values – and the greater tax revenue they produced – would have occurred even if Tax Increment Financing did not exist.

Specifically, our analysis of property tax data for the period between 2014 and 2023 found that:

- TIF districts increased property tax rates for all Chicago property owners by an average of 13.7 percent over the study period, with the rate of increase growing from 7.8 percent in 2014 to 18.6 percent by 2023. This translates to approximately $721 million in additional taxes paid annually by Chicago property owners, rising to roughly $1.1 billion in 2023, and totaling $7.21 billion over the 2014–2023 period. In other words, the "self-financing" assertion commonly made about TIFs obscures the extent to which TIF captures growth in the tax base and shifts property tax burdens citywide to finance investments within TIF districts.
- For a typical Chicago homeowner with a $300,000 home, the additional tax attributable to the TIF tax shift was $878 in 2023, and it totaled $6,616 over the ten-year period.
- Most importantly, only 1.8 percent of the city's increment in EAV is TIF-attributable, *while 98.2 percent of it would have happened without any TIFs.*
- In other words, for every dollar of property value TIF investment actually generates, TIF captures $55 of appreciation it did not generate.

TIF in Chicago has led to significant hidden tax increases for all property owners, furthermore, much of the city's increased property values – and the greater tax revenue they produce – would have occurred even if Tax Increment Financing did not exist.

TIF Diversions and Expenditures: by Taxing Body, by Neighborhood, by Project Type.

Shockingly tiny portions of the annual taxes paid by properties in the city's wealthiest downtown TIF districts have gone to fund schools and essential city services, thus shifting those costs onto the broader tax base—including taxpayers inside and outside TIF districts.

- **As little as three percent of total taxes collected in most of those districts went to pay for schools, libraries, parks and other city services, while the overwhelming portion of the money, as much as 97 percent, went to the local TIF development fund.**
- **An even tinier portion of taxes paid by some of the city's most iconic buildings – sometimes as little as 1 percent – has gone to fund operating costs for schools and other city services, while all the rest has gone to the local TIF.** Among the buildings whose tax records we reviewed are the Google headquarters, the Bank of America Tower, and the former Commonwealth Edison Building, along with thousands of other properties within wealthy TIF districts.

TIF Expenditures by Community Area and Category

In our analysis we opted to track and map TIF spending on hundreds of projects by the city's 77 community areas, not simply by TIF districts, the boundaries of which most city residents are generally unfamiliar.

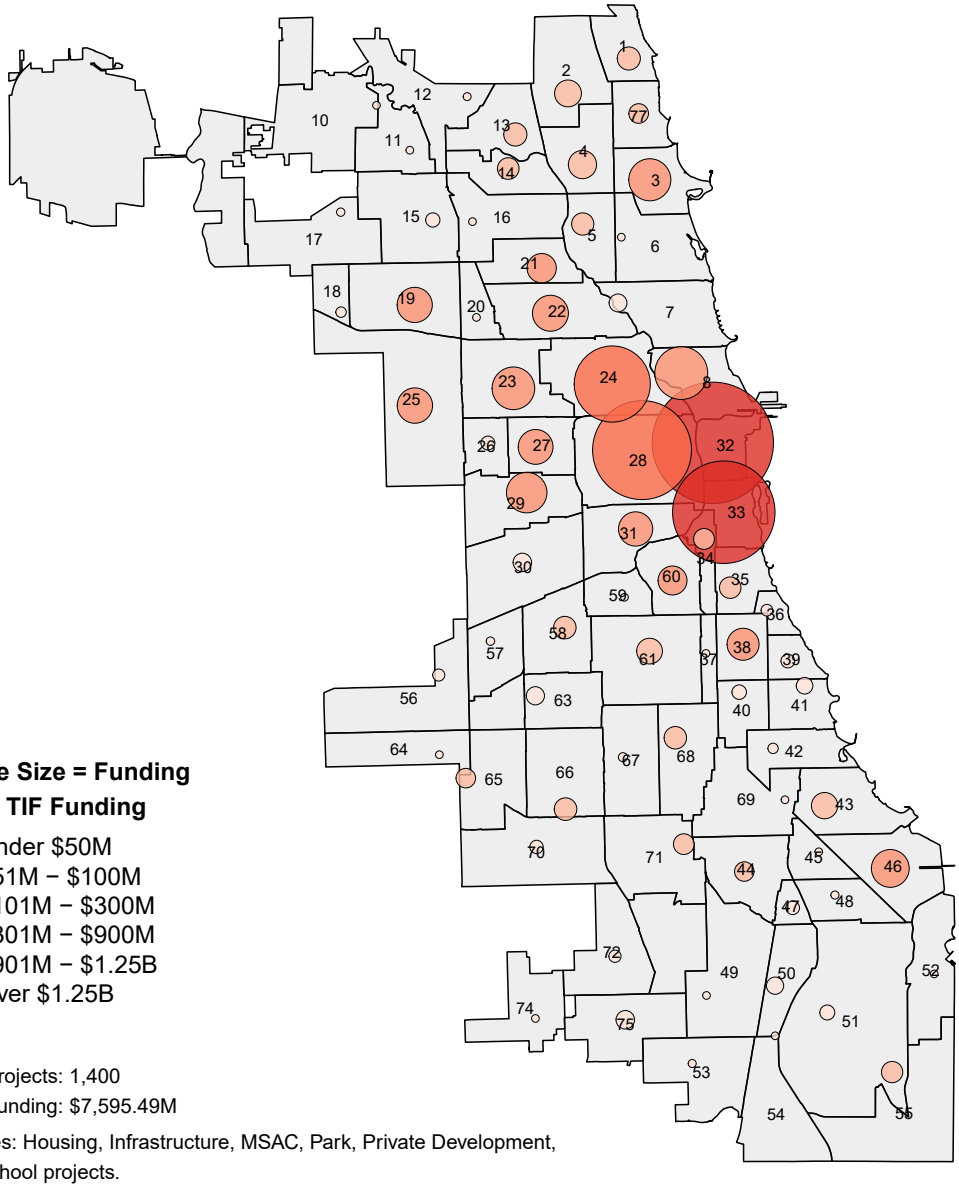
We found that more than half of TIF spending since 1986 – we estimate as much as 51 percent – has funded projects in the city's downtown or neighborhoods immediately around downtown, and this is true not simply for private commercial or industrial development, but for residential housing subsidies, for public school construction, for streets, roads and bridges, and even for public parks (See Map 5).

In this regard, our conclusions echo several past studies that have pointed to the structural unevenness in how TIF money is allocated. City officials privately acknowledge this downtown concentration, but they say it is understandable because each TIF district's revenue is generated from growth in equalized assessed value of properties within its own boundaries, which means districts with high baseline property values and rapid appreciation will generate more tax revenue. Most notably those properties in the downtown core, many of which did experience some blight decades ago, have tended to generate much larger increments, and those increments, in turn, provide substantially greater spending power for projects within those districts. This structural feature, however, is also why critics argue that TIF tends to pull resources toward already-strong neighborhoods, rather than toward more extreme blighted areas the TIF program was initially created to address. Few people today would describe Chicago's downtown as blighted. The "Central Area/Downtown District" as delineated by the Planning Commission's recently adopted plan for downtown development includes the Loop, the Near North Side, and the Near South Side, along with portions of three other community areas, West Town, the Near West Side and Armour Square. That area represented 45 percent of the city's tax base and contained less than 7 percent of the city's residents in 2025, or 184,000 people. Of the area's adult residents, 84 percent have a college education or higher.[1] The community areas that make up the Downtown district are the same neighborhoods that have received the bulk of TIF investment for more than forty years.

1 See "Central Area Plan 2045," adopted by Chicago Planning Commission, November 20, 2025, pp. 7-8, at: https://www.chicago.gov/content/dam/city/sites/central-area-plan/pdfs/Central_Area_Plan_2045.pdf

Map 5: TIF−Funded Projects Tracked by GCI, by Community Area (1986−2026)

Not adjusted for inflation



Circle Size = Funding

Total TIF Funding

- Under $50M
- $51M − $100M
- $101M − $300M
- $301M − $900M
- $901M − $1.25B
- Over $1.25B

Total Projects: 1,400

Total Funding: $7,595.49M

Includes: Housing, Infrastructure, MSAC, Park, Private Development, and School projects.

Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data.

Map Generated by Great Cities Institute

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Side Table for Map 5: Total TIF Project Spending by Community Area (Downtown Receiving Areas Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
1	Rogers Park	9	$68.80M	39	Kenwood	6	$27.84M
2	West Ridge	24	$89.48M	40	Washington Park	9	$30.38M
3	Uptown	38	$196.06M	41	Hyde Park	6	$38.62M
4	Lincoln Square	44	$97.53M	42	Woodlawn	6	$16.88M
5	North Center	20	$64.39M	43	South Shore	8	$85.96M
6	Lake View	2	$7.82M	44	Chatham	10	$50.85M
7	Lincoln Park	5	$43.85M	45	Avalon Park	6	$8.42M
8	Near North Side	50	$292.85M	46	South Chicago	12	$162.85M
10	Norwood Park	1	$0.14M	47	Burnside	5	$27.49M
11	Jefferson Park	7	$7.49M	48	Calumet Heights	8	$10.94M
12	Forest Glen	2	$10.60M	49	Roseland	5	$2.08M
13	North Park	24	$68.99M	50	Pullman	10	$41.18M
14	Albany Park	20	$61.23M	51	South Deering	10	$32.16M
15	Portage Park	27	$29.60M	52	East Side	5	$5.98M
16	Irving Park	9	$9.22M	53	West Pullman	9	$10.88M
17	Dunning	5	$11.62M	54	Riverdale	1	$6.00M
18	Montclare	6	$17.30M	55	Hegewisch	2	$59.58M
19	Belmont Cragin	29	$143.56M	56	Garfield Ridge	11	$22.20M
20	Hermosa	4	$1.95M	57	Archer Heights	4	$11.81M
21	Avondale	15	$104.26M	58	Brighton Park	12	$65.56M
22	Logan Square	30	$149.11M	59	Mckinley Park	8	$9.64M
23	Humboldt Park	43	$200.91M	60	Bridgeport	24	$102.08M
24	West Town	31	$553.63M	61	New City	28	$83.12M
25	Austin	33	$144.80M	63	Gage Park	4	$45.33M
26	West Garfield Park	11	$28.29M	64	Clearing	2	$0.45M
27	East Garfield Park	38	$140.75M	65	West Lawn	6	$51.20M
28	Near West Side	104	$874.70M	66	Chicago Lawn	2	$66.09M
29	North Lawndale	44	$183.75M	67	West Englewood	10	$13.42M
30	South Lawndale	10	$46.49M	68	Englewood	17	$65.48M
31	Lower West Side	24	$136.86M	69	Greater Grand Crossing	2	$1.11M
32	Loop	270	$1,250.02M	70	Ashburn	6	$26.42M
33	Near South Side	32	$930.73M	71	Auburn Gresham	7	$56.69M
34	Armour Square	13	$57.36M	72	Beverly	11	$22.50M
35	Douglas	15	$60.65M	74	Mount Greenwood	4	$2.30M
36	Oakland	9	$20.83M	75	Morgan Park	12	$46.67M
37	Fuller Park	2	$6.76M	77	Edgewater	23	$51.50M
38	Grand Boulevard	39	$121.47M				

Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

We found, for example, that:

- **Five downtown neighborhoods received nearly two-thirds of all private development subsidies**.

  Of nearly $2.6 billion in TIF subsidies that we tracked for private development projects going back to 1986, 64 percent was allocated to the Loop, West Town, Near South Side, Near West Side, and Near North Side. This included subsidies that went to commercial and industrial ventures, as well as medical or non-profit cultural and higher education projects, but it did not include projects for affordable housing.

- **Four downtown neighborhoods amassed more than half of all TIF spending on public improvements since 2019.**

  The city's TIF Investment Committee approved $1.5 billion between 2019 and 2024 for public infrastructure projects – such as repairs to streets, sidewalks, bridges, and traffic lights (not including subsidies for mass transit). Nearly 58 percent of that money was allocated to the Loop, Near West Side, Near South Side, and Near North Side.[2]

- **Four downtown community areas received forty percent of all TIF housing subsidies.**

  Of another $1.6 billion in TIF funds since 1999 that subsidized new affordable housing or substantial rehab of residential units, 40 percent went to projects in the Loop, the Near South Side, Near West Side and Near North Side.

- **The same four neighborhoods also received half of all funds allocated for the city's main TIF-funded school construction effort.**

  Of $867 million that we tracked from the main TIF-funded program for school construction and renovation, projects in the Loop, Near South Side, Near West Side and Near North Side received 50 percent. The rest went to some of the city's 73 other community areas, 35 of which have received no TIF money from this program. Mayor Richard M. Daley launched a second separate schools construction program that used TIF monies as part of his Renaissance 2010 reform of public education. That program, known as Modern Schools Across Chicago Bonds, eventually built nineteen new public schools that were more evenly distributed around the city, still our analysis of those projects indicates they were largely sited on Chicago's North and Southwest Side, with only one built on the South Side.

- **Six neighborhoods in and around downtown benefitted from nearly half of all TIF subsidies for public parks.**

  The Loop, Near West Side, Near South Side, Near North Side, Armour Square and Bridgeport received 47 percent of $508 million allocated for city parks construction from TIFs since **1994.**

We further noted a remarkable reduction in the proportion of Black residents in several TIF districts near downtown in the years after those districts were created.

- The population of the Central West TIF on the Near West Side, for example, plummeted from 89 percent Black when the TIF was established in 2006 to just 39 percent in 2020, while its white (non-Hispanic) population jumped from less than 7 percent to 38 percent. While such sharp drops in minority population alone do not prove a direct relationship between TIFs and displacement, they do suggest that the increased real estate values that accompanied TIF funding near downtown neighborhoods likely accelerated the sharp drop in lower-income residents of color and the influx of higher-income white residents.

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2 The city has not published separate comprehensive data on infrastructure spending before 2019, when the TIF Investment Committee was created, unless that spending was connected to IGA or RDA agreements, so we restricted our analysis here to commitments approved and publicly reported by the Investment Committee.

Our review also found some noteworthy trends in the TIF program by categories of spending:

- **Banks and other financial institutions have benefitted enormously from the TIF program**.

  Of some $11.8 billion in total TIF spending, more than $2 billion – 17 percent – went to fees and interest costs charged by banks and other financial institutions.[3] This aspect of the program has received little attention in previous reports.

- **By comparison, just 1.7 percent of total TIF allocations went for neighborhood improvement grants, small business loans or job training programs, all of which are permitted expenditures under TIF law.**

Just 1.7 percent of total TIF allocations went for neighborhood improvement grants, small business loans or job training programs, all of which are permitted expenditures under TIF law.

How Was the Program Managed?

Chicago's TIF program has been marked from its inception by heavy-handed control from the mayor's office over all decisions, minimal transparency or accountability to the public on spending priorities, and inconsistent or inadequate record-keeping on the finances of the various TIF districts.

TIF programs across the country have often drawn criticism for insufficient transparency in the way they operate.[4] Over the years, Chicago officials typically only increased their release of detailed data on the program's spending as a direct result of community and media pressure or in response to independent audits or legislative reforms. The Department of Planning and Development began in 2014, for example, to produce multiple on-line annual reports of income and expenditures of each TIF district, largely due to the requirements of City Council's 2009 TIF Sunshine Law and to further reforms instituted by Mayor Rahm Emanuel. Mayor Lori Lightfoot, Emanuel's successor, took those improvements a step further when she established a TIF Investment Committee to approve all spending decisions, including on public infrastructure projects, and that committee then began publishing data on its decisions on-line.

Even after these many reforms of the program, however, GCI staff still found a disturbing amount of the data the City has released to be incomplete or inconsistent. This has occurred even though the salaries of more than 100 city employees are currently paid directly from the tax revenues of the various TIF districts to administer and track the program. To reconcile any gaps that we identified in the data, we had to sift through thousands of pages of individual annual TIF district reports, audits and redevelopment agreements. We then corrected the publicly available information in our own separate database to produce a somewhat more accurate, though still incomplete, picture of where TIF money went (See Appendix E). Even during the past few months, the number of projects and amount of TIF subsidies listed in the city's portal kept changing, with officials suddenly deleting some projects or amending the data associated with them or adding other projects for which information did not previously exist – all without any explanation. In other words, TIF data are constantly changing.

In addition, most mayoral administrations have tended to keep deliberations on projects closely held. City Hall has routinely consulted alderpersons only on projects within their own wards, and staff of

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3 Our $11.8 billion figure includes $1.8 billion in transit subsidies, $7.6 billion in all other subsidies, $2 billion in financing fees for TIF projects, as well as $205 million for neighborhood improvement and job development initiatives, along with $232 million for the city's administrative costs connected to the TIF program. See appendix E for a detailed breakdown.

4 See David S. Bieri and Carla Maria Kayanan, "Improving TIF Transparency and Accountability: Towards a Consolidated View of TIF Activities in Michigan," Center for Community and Economic Development, Michigan State University, June 2014, at: https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201606-TIFtransparencyMI.html/$file/TIFtransparencyMI.pdf ;

the planning department have tended to seek public comment on proposed projects only in the final stages.[5]

City officials in the past repeatedly skirted state law that requires they return to Chicago's other taxing entities any surplus money that TIF districts generate but don't need. A key way that this happened was through transfers of funds from one TIF into an adjacent TIF, just as the former district was about to expire.

In the early decades of the TIF program, during the Daley era, officials rarely even identified surplus funds. Mayor Emanuel's TIF reforms in 2013 established for the first time a uniform procedure to calculate surpluses and sweep that money back to the other taxing bodies, as state law requires. Despite those reforms, city officials increasingly relied on a provision of TIF law known as "porting," through which a municipality is permitted to transfer money out of one TIF district to an adjacent district for a development project. **Our analysis found a trend of disproportionate porting in the final years of many TIFs, a practice that effectively denied the city's other taxing bodies access to those unused or surplus funds after the TIF expired.** As recently as 2022, a Chicago Office of Inspector General audit noted that "the City limited the amount of funds to be considered for surplus declaration because of budgetary recording errors, lack of consistency in reviewing projects, and the allowance of stagnant unspent funds."[6] Even more recently, GCI staff found similar errors and inconsistencies when we compared the City's 10-year budget projections for all TIF districts – a document published twice a year – to actual year-end financial reports from several of the biggest districts.

Johnson Administration Reforms: How is TIF Changing?

Mayor Johnson's increased annual sweeps of TIF surplus have begun to curb the runaway character of the TIF tool and returned much needed revenue and tax base to the city's other taxing bodies.

During his first three years in office, Johnson declared record TIF surpluses each year: $435 million for 2024, $712 million for 2025, and $1 billion for this year. The combined $2.1 billion was transferred back to other taxing districts, such as Chicago Public Schools, the City Corporate Fund, Cook County and the Water Reclamation District. The total Johnson declared as surplus during those three years was nearly as much as the City had swept throughout the entire previous history of the program.

In some cases, however, the amount of surplus the City swept from specific TIF districts appears to have been based on flawed or questionable spending and revenue projections by the Department of Planning and Office of Budget and Management.

At the end of 2024, for example, the Pilsen TIF's annual financial report listed $143 million in its fund balance. Of that amount, the report, which included an audited financial statement, listed only $1.3 million as a surplus, and it described the rest of the money – $141.7 million – as "restricted for future development projects." One year later, however, city planning staff suddenly redesignated $125.7 million of Pilsen's fund balance as a surplus, and City Hall promptly swept all that money out of the TIF's account. That such a large amount of money could be so easily reclassified from "restricted" to "surplus" in just one year suggests a planning process that is extremely pliable or easily manipulated. Pilsen's surplus alone ended up making up 12.5 percent of the $1 billion Mayor Johnson declared as surplus for 2026.

Johnson's signature $1.25 billion Housing and Economic Development Bonds plan is also a positive reform that makes possible more equitable infrastructure spending to underserved neighborhoods. City officials have declared they will use a major slice of the additional funds

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5 "Of the 11 aldermen who spoke with us about their TIF meetings, none was allowed to see the entire TIF budget—they were shown the revenues and expenditures planned for their wards alone and asked to sign off," reported journalists Ben Joravsky and Mike Dumke in an investigation, "Shedding Light on the Shadow Budget," The Chicago Reader, December 10, 2009, at: https://chicagoreader.com/news/shedding-light-on-the-shadow-budget/

6 City of Chicago Office of Inspector General, "Audit of the City's Compliance with the TIF Sunshine Ordinance and TIF Surplus Executive Order, January 2022, p. 3, at: https://igchicago.org/wp-content/uploads/2022/01/OIG-Audit-of-the-Citys-Compliance-with-the-TIF-Sunshine-Ordinance-and-TIF-Surplus-Executive-Order.pdf

to subsidize affordable housing projects in neighborhoods across the city that in the past have seen minimal investment. The cost of the bonds is to be financed from the additional tax revenues to the general fund that will be generated by expiring TIFs.

Nevertheless, the City should do more to control the spiraling costs per unit of affordable housing built with TIF subsidies. The United Yards 1A project at 47th Street and South Ashland Ave. in Back of the Yards is just one example of high per-unit costs. Originally conceived under former Mayor Lori Lightfoot as 51 units of affordable housing, the project received final approval during Mayor Johnson's first year in office for $14.5 million in TIF funds, plus millions more in tax-exempt financing and other city subsidies. But by the time the project was completed last year its total cost had climbed from $41.9 million to $46 million, which meant that average cost per unit had zoomed to $902,000. We found numerous other examples of affordable housing projects with enormous per-unit construction costs.

The historic bias of TIF toward downtown development should be reconsidered, given that a few mega projects continue to consume a disproportionate share of spending.

Despite years of delays in both the Lincoln Yards and 78 megaprojects, the City continues to earmark more than $1 billion of TIF subsidies for these two efforts in relatively affluent neighborhoods near downtown instead of redirecting some of that money to other projects. At the same time, Mayor Johnson has chosen to move forward with $322 million in TIF subsidies for Reimagine LaSalle, a plan initiated by the Lightfoot administration to convert portions of space in six downtown office buildings to residential units.

Proponents of those conversions have touted the fact that 30 percent of the new rental units will be affordable. But GCI's review of Reimagine LaSalle's various redevelopment agreements found the private developers will receive an average TIF subsidy of $581,000 per each affordable unit, not including other federal or state low-income housing subsidies. Furthermore, we found 86 percent of those affordable units are slated to be studio or one-bedroom apartments. This preponderance of tiny living spaces suggests the project is clearly not geared for working-class Chicago families who typically need units of two- to four-bedrooms. Finally, we note the $322 million in Reimagine LaSalle subsidies *nearly equals the amount of money the City has earmarked from its Housing and Economic Development Bonds to help finance affordable housing units across the entire rest of the city.*[7]

Policy Recommendations

While the reforms implemented by Mayor Johnson have placed some needed brakes on Chicago's runaway TIF program, they have yet to address the structural flaw of the TIF system itself, which means a future mayor could easily roll those reforms back. If TIFs are to survive – and we do not recommend here their complete elimination – the program's flaws could be better addressed in some of the following ways:

Amend TIF law to reduce the size of TIF diversions from other overlapping taxing districts, especially from school districts which most depend on property taxes.

The General Assembly could, for example, pass legislation that requires annual inflation-adjustment for the frozen equalized assessed values of all properties within a TIF district, as some states do, or it could use the transit TIF model for all new TIF districts, thus assuring that school districts and other taxing bodies retain a significant portion of revenue from TIF increments. Pending such reforms, the Assembly should preserve the current provision of TIF law which mandates an annual sweep by a municipality of any unused TIF funds.

7 Of the $1.25 billion that City Council approved for Johnson's Housing and Economic Development Bond, $360-$390 million has been earmarked for "affordable rental housing" projects. See: https://www.chicago.gov/city/en/sites/business-and-neighborhood-development-strategy/home.html

Move more aggressively to phase out downtown TIFs that have already accomplished their original goals.

As our report notes, the City in recent years extended several downtown TIFs beyond their initial 23-year lifespan even though those districts had already substantially achieved their original revitalization goals. We urge such districts be allowed to expire in the future. The most important example, and the biggest revenue generator in TIF program history, is LaSalle Central TIF in the Loop. It has already captured more than $1.4 billion in increment revenues since its creation in 2006, and it is scheduled to expire in 2030. We believe it should not be extended.

Substantially increase TIF assistance to small business, neighborhood development, and job and workforce development programs.

As our report found, less than 2 percent of all TIF expenditures over the past four decades has gone to these vital areas. Mayor Johnson's new $1.25 billion Housing and Economic Development Bond is a step in the right direction, but even that plan currently targets only $100 million for "small and emerging business" loans, and only $15 million for job development and workforce training. That is far below what is necessary, given that businesses with 20 employees or less generated 99 percent of all job growth in Illinois since the pandemic.[8]

Overhaul the City's TIF data reporting.

After decades of piecemeal changes to its reporting requirements, the City's TIF Data Portal has become a confusing hodgepodge of some 200 separate on-line data sets, many of them outdated or repetitive. We found that even the dozen or so most reliable data sets often contain errors or inconsistent information. In some cases, entire years of data are simply not available. Given that salaries for more than 100 city employees who administer and monitor the program come from TIF funds, we urge a concerted effort to improve TIF data and make it more comprehensible to the public.

Create independent oversight of the TIF program.

While both the state and Cook County require regular reports on TIF income and expenditures, and while occasional independent audits of the program do take place, Chicago's TIF program is so vast and complex that independent monitoring is virtually non-existent. We urge the creation of an on-going oversight mechanism for TIF income and expenditures, either through increased staffing of City Council's Office of Financial Analysis or by creating a new independent budget office similar to what New York City has had for decades.[9]

Expand TIF subsidies for affordable housing, but better control per unit costs.

Given the city's massive crisis in affordable housing, we applaud Mayor Johnson's efforts to direct more funds from his Housing and Economic Development Bond to target affordable housing, especially in previously underserved neighborhoods. But our review of redevelopment and financing agreements for several recent TIF-subsidized housing efforts found mushrooming per unit costs for these projects and we urge that the City more carefully monitor and control the financing of those projects, especially when it comes to "soft costs."

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8 Bryce Hill, "Small Business Saturday gives Illinoisans reason to be thankful: these businesses have been the sole job creators since 2020," Illinois Policy, November 26, 2025, at: https://www.illinoispolicy.org/small-businesses-create-virtually-all-new-illinois-jobs/

9 See: NYC Independent Budget Office, at: https://www.ibo.nyc.ny.us/aboutWhatwedo.html

Section 1:
A Short History of TIF in Chicago

Background

In the decades following the racial conflicts and civil disorders of the 1960s, major U.S. cities confronted a daunting crisis driven by structural and economic changes. The decline was marked by massive job loss due to the flight of manufacturing, by the out-migration of white middle class residents to the suburbs, by sharply reduced revenues from a declining property tax base, and by sharp increases in urban populations of low-income Black and Latino residents who often needed higher levels of government services due to their lower wages.

During that period, an obscure development tool known as Tax Increment Financing (TIF) emerged as the most widely used program by Chicago and thousands of other local governments to finance public infrastructure and support private investment and job retention projects aimed at reversing that economic decline.[10] Illinois enacted its TIF legislation in 1977.[11] The law allowed a municipality to designate a geographical area as "blighted" or in danger of becoming so, to then declare that area a TIF district, and to adopt a plan for its redevelopment. In 1984, former mayor Harold Washington launched the city's first such district, the North Loop TIF, in his effort to revitalize a run-down section of downtown.

TIF law permits municipal officials to approve subsidies to private firms for specific projects within the designated district or to directly construct public improvements. Costs of the projects are paid for from future taxes generated by the rise in the district's property values above their level when the district was created – what is known as the "increment" – either on a "pay-as-you-go" basis or by issuing bonds whose repayment is pledged from those future revenues. As they are generated, those revenues are collected into a separate district improvement fund, an arrangement that can exist for up to 23 years – plus an additional 12 years if officials choose to extend a TIF district's life. **It is important to note that the equalized assessed property values (EAVs) of all property in the district are measured when the TIF is created and then "frozen" at that level for the life of the district. The other overlapping taxing bodies, which usually include the public schools, the municipal government, the county government, the public library, etc., continue to collect property tax on that frozen base, but cannot draw on any growth in value above it, the increment, until the TIF expires.**

Proponents of TIF, who typically include business leaders, bankers, private developers, urban planners and elected officials, describe it as a "self-financing" tool that offers local neighborhoods the autonomy to dedicate some of the property taxes they generate for their own local development needs. TIF subsidies, those advocates have long claimed, allow municipalities to attract new investments from the private sector that would otherwise not occur, thus driving up local property values and tax revenues.

This is the premise behind the law's "but-for" requirement: before creating a district, local officials

10 Richard Briffault, "The Most Popular Tool: Tax Increment Financing and the Political Economy of Local Government," University of Chicago Law Review 77:65, 2010, p.1, at: https://academiccommons.columbia.edu/doi/10.7916/D8FF44CN/download

11 See Illinois TIF Law, (65 ILCS 5/11-74.4-3), at: https://www.ilga.gov/Documents/legislation/ilcs/documents/006500050K11-74.4-3.htm

must find that the development would not happen but for — that is, were it not for — the TIF subsidy. That finding has been the main rationale for the tool since its inception.[12] Former mayor Richard M. Daley, whose administration oversaw the biggest expansion of TIF districts, repeatedly hailed them as "the only game in town" when it came to development.[13] Daley and others pointed as proof to the remarkable economic renaissance of Chicago, best exemplified by the rapid growth of the city's downtown skyline and by a boom in new luxury housing and public works projects along commercial corridors closest to the Loop, all of which occurred despite decades of population decline. As one Illinois legislative task force noted, "local policy makers often like tax increment financing because it is relatively flexible and enables them to be entrepreneurial, formulating and implementing development plans. It's also an easier sell than tax rate increases or general obligation bonds that require a voter referendum."[14]

The TIF model, its defenders routinely assert, harms neither individual taxpayers nor the operating budgets of city agencies, such as schools, libraries, parks and the local government itself, all of which have historically depended on slices of the same property tax for their operating expenses.[15] The same tax rates, they note, apply to property owners within a TIF district and to those outside of one; and as for the other taxing bodies, it is asserted that they still get to determine the size of the property levy they will charge each year to meet their budget needs, so they ostensibly are not "losing" any money. For example, the Department of Planning and Development flatly denies on its website that TIF districts take money away from local parks and schools. "School districts continue to receive all the tax revenue they were entitled to before the creation of the TIF district," the department notes in its Frequently Asked Questions about TIF. The Department goes on to state:

> ***Q**. Do TIF districts raise taxes?*
>
> ***A.*** No. Homeowners and businesses may see an increase in their property taxes, but only in proportion to the increase in the value of their property – the same if they were not in a TIF district.[16]

Most researchers, however, have long recognized that once a TIF is created, the tax base available to the overlapping taxing bodies becomes smaller than it otherwise would be. As a result, **those bodies have had to levy higher taxes on all Chicago property owners to make up for the growing portion of money that TIF districts divert from the property tax base each year.** Even the most fervent defenders of the TIF program occasionally acknowledge this, but they usually allude to it in general and imprecise terms, while our government officials rarely seek to quantify it.[17] A 2018 state legislative report, for example, noted:

> Schools and similarly situated governments that lose revenues captured by the TIF sponsor may have to respond by increasing the tax rate to compensate for a stagnant tax base. Thus, although there may be no direct increase in tax rates, there may be an indirect tax rate increase later.[18]

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12 "In order to establish a TIF district, a local government must find that development or redevelopment of the area would not occur "but for" the creation and use of TIF," see "Fact Sheet: Tax Increment Financing," Illinois Municipal League, April 11, 2025, at: https://www.iml.org/file.cfm?key=18431

13 By the time Daley left office in 2011, there were 160 TIF districts operating in Chicago, covering one-third of the city. See Celeste Meiffren, "Shining a Light on Tax Increment Financing in Chicago," Illinois PIRG, December 2012, at: https://pirg.org/illinois/wp-content/uploads/2011/12/TIF-Sunshine-Report.pdf ; also Joan Youngman, "TIF at a Turning Point: Defining Debt Down," Lincoln Institute of Land Policy Working Paper, 2011, p. 8, at: https://www.lincolninst.edu/app/uploads/legacy-files/1914_1232_TIF_Final.pdf

14 See Illinois Municipal League, "Final Report of the TIF Reform Task Force," June 1, 2018, pg. 10, at: https://www.iml.org/filecfm?key=14158

15 Greg Hinz, "The demagogues are wrong about TIFs," Crain's Chicago Business, March 14, 2015, at: https://www.chicagobusiness.com/article/20150314/ISSUE05/150319867/how-chicago-has-spent-its-tif-money. During background interviews GCI conducted with several current and former city and county officials directly involved with TIFs, all of them asserted that TIFs did not ultimately hurt finances for the public schools or other taxing authorities. However, top Chicago Public Schools executives and leaders of the Chicago Teachers Union we spoke to strongly disputed those claims.

16 See "Frequently asked questions related to City of Chicago's Tax Increment Financing (TIF) program," Department of Planning and Development, at: https://www.chicago.gov/city/en/depts/dcd/supp_info/frequently_askedquestions.html

17 See "Tax Increment Financing (TIF): A Civic Federation Issue Brief," Nov. 10, 2007, p.4, at https://www.civicfed.org/civic-federation/publications/tax-increment-financing-tif-civic-federation-issue-brief

18 See Illinois Municipal League, "Final Report of the TIF Reform Task Force," p. 11, June 1, 2018. https://www.iml.org/file.cfm?key=14158

The most recent annual report on TIFs by Cook County Clerk Monica Gordon is more explicit. "Because a TIF captures the incremental value, which is no longer available to other taxing districts," Gordon states, "the tax revenues of other taxing districts are now distributed upon a smaller amount of EAV *which results in the tax rates of those districts being higher. Consequently, tax bills are higher for all properties in taxing districts affected by TIF* (our italics).[19]

Only a few previous independent studies have attempted to calculate the size of that increase.[20] This report seeks, in part, to build on and update those prior efforts. It is long overdue that policy makers finally quantify for the public the size of the property tax increase, or TIF "tax shift," that results for all Chicago property owners from the City's massive use of TIF over all these years.[21] This is especially so given the shocking record rise in property taxes of 16.7 percent that Chicago homeowners experienced in 2025.[22]

Beyond the issue of the "tax shift," few studies have attempted to ascertain the extent to which increased property values within TIF districts have been largely a result of the investment they received from TIF increment tax diversions. **Despite the dearth of concrete evidence about TIF's direct impact on property values, the mechanism has been utilized by Chicago far more than by any other major city in the country**.[23] Some 184 separate TIF districts have been created here since 1984, with 108 still operating in 2024. Those existing districts covered more than 27 percent of all real estate parcels in the city that year. **Between 1984 and 2025, the various Chicago TIF districts captured more than $16.2 billion in city property taxes, plus they generated $400 million in additional interest on those funds, for a total income of approximately $16.6 billion (See Figure 1).**[24] That's an astonishing amount of money. An inflation-adjusted calculation for the entire 40-year period would boost the present-day value of those captured taxes to an estimated $22.5 billion.

Between 1984 and 2025, the various Chicago TIF districts captured more than $16.2 billion in city property taxes, plus they generated nearly $400 million in additional interest on those funds, for a total income of approximately $16.6 billion.

19 Cook County Clerk Monica Gordon, "Cook County TIFs to generate over $2 Billion in Revenue," January 21, 2026, p. 5, at https://www.cookcountyclerkil.gov/sites/default/files/pdfs/2024-tif-report.pdf

20 One of the first to do so was then-Cook County Commissioner Mike Quigley's, "A Tale of Two Cities: Reinventing Tax Increment Financing," April 2007. Another was by Sherri Farris and John Horbas, "Creation vs Capture: Evaluating the True Cost of Tax Increment Financing," Journal of Property Assessment 6:4 (2009), at https://www.tifreports.com/wp-content/uploads/2016/05/Creation_vs_Capture-Evaluating_True_Cost_TIF-FarrisHorbas.pdf

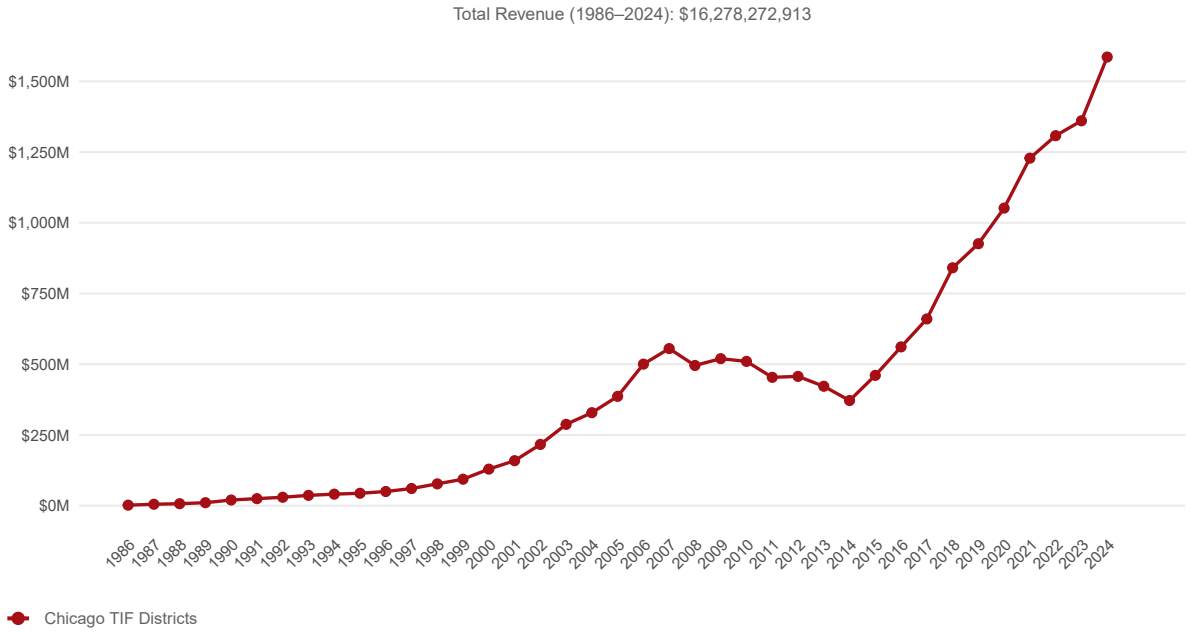
21 The "tax shift" is the additional property tax all Chicago property owners — inside and outside TIF districts — bear because TIF increment is diverted from the general tax base. Because taxing bodies set their levies by budget, the same levy falls on a smaller base, raising rates for everyone; the shift redistributes the existing burden rather than creating a new tax. We measure it as the gap between the actual tax rate and the rate that would prevail with increment in the base (Section 2).

22 See "2024 Tax Year Bill Analysis," Cook County Treasurer's Office, November 2025, p.2, at: https://www.cookcountytreasurer.com/pdfs/taxbillanalysisandstatistics/taxyear2024analysisenglishversion.pdf

23 According to one study, by 2014, Chicago had "as many TIF districts (149) as the other nine largest U.S. cities combined." See David Merriman, "Improving Tax Increment Financing for Economic Development," Lincoln Institute of Land Policy, 2018, p. 36, at: https://www.lincolninst.edu/publications/policy-focus-reports/improving-tax-increment-financing-tif-economic-development/

24 Some studies have mistakenly claimed a much smaller total revenue generated by Chicago TIFs since the program's inception. A recent Illinois Policy Institute report, for example, claimed only $5 billion had been collected since the program's inception. See: https://www.illinoispolicy.org/mayor-johnsons-record-setting-1-billion-tif-surplus-highlights-issues-and-abuse-of-chicagos-tax-increment-financing-districts/ . GCI's much larger estimate is based on the historic year-to-year TIF revenue summary from 1986-2020 published by the Cook County Clerk's Office, plus the annual reports on TIF by the Clerk in recent years. For historical data see: https://www.cookcountyclerkil.gov/sites/default/files/pdfs/Chicago%20TIF%20Revenue%20Totals%20By%20Year%20-%201986-2020.pdf and https://news.wttw.com/sites/default/files/article/file-attachments/2024-tif-report.pdf . Note that these are all estimates, because taxes billed are not all collected, plus a portion of the taxes received by the city's two transit districts in recent years are transferred by them to Chicago Public Schools and other taxing districts.

Figure 1: Property Tax Revenues All Chicago TIFs by Year



Data Source: Cook County Clerk Office. Tabulations by Great Cities Institute.

GCI staff were able to track expenditures or commitments by city officials for about $11.8 billion in TIF funds that went to development subsidies, public infrastructure costs, financing fees or administrative costs connected to the program. That amount, we must note, does not reflect all TIF expenditures because records from the program's early years are incomplete. Despite this enormous spending by Chicago TIF funds, few people outside of some urban planning circles and the real estate industry even understand how the program works or where all that money actually went.[25]

The proliferation of TIF districts, meanwhile, spurred unrelenting opposition from advocates for public schools and neighborhood leaders who questioned both their widespread use and the secretive manner in which city officials administered the program, especially in its early decades. A stream of academic studies, government audits and media investigations were produced on TIFs over the years, a good number critical of the city's approach. Some derided it as a neoliberal policy that allowed local governments to privatize and financialize public tax revenues through market-driven partnerships where the needs of private developers typically received priority over those of schools and other public services.[26] By giving a TIF district "first claim on the incremental [property] tax revenue" for decades, officials are putting "corporations ahead of school children, public health, and public safety in the city's 'pecking order' of budget priorities," one civic group asserted.[27] An even more radical critique depicted TIFs as part of "a long line of majority-imposed policies on Black and Brown communities that are designed to keep them down, bleed them, fleece them, and make advancement impossible in America and in Chicago."[28] Others, however, insist that "TIF is a very effective mechanism for municipalities to share in the equity creation of property value with a developer."[29]

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25 A former member of the city's TIF Task Force, the body that must approve all subsidies, and several aldermen admitted to GCI staff that they had only minimal knowledge of how the TIF program operates.

26 Former UIC urban planning professor Rachel Weber raised concerns about TIF more than twenty years ago, noting that "entrepreneurial strategies have the potential to divert revenues from more redistributive functions, such as recreation, public health, affordable housing and education, to developmental priorities," See Weber, "Equity and Entrepreneurialism: The Impact of Tax Increment Financing on School Finance." Urban Affairs Review, 38, (5), May 2003, p. 620, at: https://journals.sagepub.com/doi/10.1177/1078087403038005001

27 Tee "Tax Increment Financing, Frequently Asked Questions" Good Jobs First, at: https://goodjobsfirst.org/tax-increment-financing/

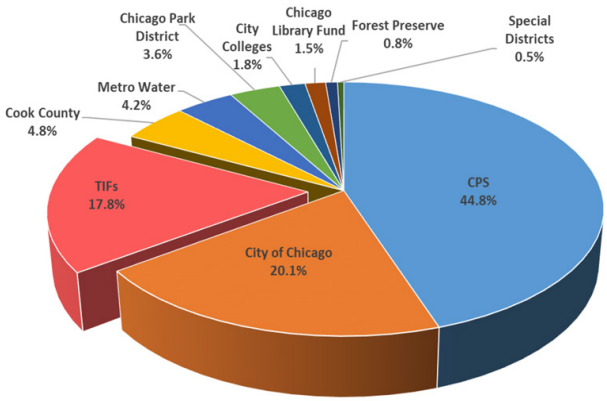
28 See "End TIFs Now," Civic Lab, at: https://www.civiclab.us/shut-down-tifs-petition/ . The Civic Lab's TIF Illuminations Project was for many years the first independent effort to systematically collect and disseminate data on TIF revenues and expenditures by individual wards and to do so annually.

29 Ken Wysocky, "Tax Increment Financing: Valuable Tool or Crony Capitalism?" Badger Institute, April 30, 2018, at: https://www.badgerinstitute.org/diggings/tax-incremental-financing-valuable-tool-or-crony-capitalism/

Determining the validity of these dueling claims is not simply an academic exercise, for TIF has emerged as a major policy battleground over how to rebuild our cities. Here in Chicago so much money has flowed into TIF districts over the years that the balance of unspent funds held in their combined accounts at the end of 2024 had ballooned to nearly $3.4 billion, the largest in the program's history. **Last year alone, TIFs took in a record $1.585 billion, which represented 17.8 percent of all taxes billed to Chicago property owners, and which was nearly equal to the 20.1 percent that the City collected in what is known as the "Corporate Fund," through which basic city operations, such as police, fire, health care, housing and social services are financed.** The remainder of property tax revenue in 2025 was shared by more than a half dozen other overlapping tax bodies, the largest being Chicago Public Schools, which typically is entitled by law to about 54 percent of all property taxes collected, but which last year received only 44.8 percent, with smaller slices going to the Corporate Fund, Cook County Government, the Park District, City Colleges, the Metropolitan Water Reclamation District, and the Cook County Forest Preserve (See Figure 2).[30]

The billions of dollars in net balance held by Chicago's TIF accounts, officially denoted in the city budget as the "Special Area Property Tax," stands in sharp contrast to the annual budget shortfalls that both the Chicago Public Schools and the city's own Corporate Fund scramble to eliminate annually. That is why city officials under the past three mayors have steadily increased their "sweeps" of unobligated TIF funds (or surplus) and returned that money to the other taxing bodies, as is required by state law.

Figure 2: Distribution of Property Tax to Taxing Districts in the City of Chicago, 2025



Data Source: Cook County Clerk Annual TIF Report (January 26, 2026)

The size of those sweeps, especially under Mayor Brandon Johnson, have drawn sharp rebuke from some quarters. "While sweeping TIF surplus funds has become common practice with increasingly lucrative payouts in recent years, increases in this revenue source are not sustainable at the current pace," the non-profit Civic Federation noted recently. "TIF is also a revenue source that is not intended to fund general government operations but rather to fund economic development in blighted areas," the Federation went on to say.[31] Illinois Comptroller Susana Mendoza has even urged the state legislature to limit a mayor's ability to declare a TIF surplus. "[TIFs] were not created to be slush funds that a mayor or council snatches when they're unwilling to look for efficiencies in the city budget and just need to plug a massive hole," Mendoza and development expert David Doig assert in a recent article.[32] **But before rushing headlong into a law that curbs surplus sweeps, legislators would be wise to address the more fundamental question: why does Chicago's TIF system keep generating far greater tax revenue each year for infrastructure and economic development than city officials can spend, even as municipal and county agencies that depend on the same property tax to fund their public services confront annual budget shortfalls?**

30 For the most recent tax figures, see Cook County Clerk's "Cook County TIFs to Generate Over $2 Billion in Revenue," January 26, 2026, at: https://www.cookcountyclerkil.gov/sites/default/files/pdfs/2024-tif-report.pdf . Note that the Clerk's annual numbers do not correspond exactly to those compiled by the Cook County Treasurer, because the Treasurer subtracts from TIF revenue a portion of funds collected by the two transit TIFs which are automatically remitted back to the Chicago Public Schools and other taxing districts.

31 Grant McClintock and Daniel Vesecky, "Chicago's FY 2026 Proposed Budget: A Stumbling Start," Civic Federation, October 22, 2025, at: https://civicfed.org/blog/chicagos-fy2026-proposed-budget-stumbling-start

32 Susana A. Mendoza and David Doig, "Mayor Johnson stripped neighborhoods of improvements by raiding TIFs," Chicago Sun-Times, March 16, 2026, at: https://chicago.suntimes.com/other-views/2026/03/16/mayor-johnson-billion-dollar-tif-raid-neighborhood-improvements-susana-mendoza-david-doig

Beyond just bigger annual sweeps, Mayor Johnson has also undertaken other reforms of the TIF program. They include accelerating the closing of more TIF districts and using a portion of tax revenues freed up by those closings to pay for his signature $1.25 billion Housing and Economic Development Bonds. Those bonds aim to target subsidies for affordable housing and economic development grants throughout the city, not just in neighborhoods with the wealthiest TIF districts.

The Early Years

California pioneered the use of TIFs in the 1950s but the strategy only became popular nationwide during the 1980s and 1990s as a way for local governments to substitute for drastic reductions in federal and state assistance to the nation's cities and counties. Between 1977 and 2017, for example, the federal and state share of assistance dropped from 31 to 16 percent of municipal revenue, from 27 percent to 15 percent of township revenue, and from 42 percent to 29 percent of county revenue, with the biggest decreases occurring in those first ten years.[33] Given the immense size of those cuts it was certainly understandable why local officials would search for innovative ways to lure new investment.

Illinois enacted its first TIF law in 1977. It authorized local municipal officials to designate supposedly blighted or underperforming geographical areas within their jurisdiction as TIF districts, then seek to capture and segregate all future increases in property tax revenue from those districts for the next 23 to 35 years in order to finance capital improvements or to subsidize private development projects within them aimed at creating new jobs.[34] The TIF district is allowed to capture those revenues under the theory that increased property values within the districts would not have occurred "but for" the new development that the improvements spurred.

Mayor Harold Washington designated the city's first TIF in 1984. It centered on a dilapidated downtown shopping district south of the Chicago River and was called the North Loop TIF. The use of TIF did not expand dramatically, however, until the 1990s under Mayor Richard M. Daley, as Chicago, like other big cities, scrambled for creative methods of luring private market investment into urban revitalization projects through borrowing secured by future revenues from specific municipal tax streams. But creating TIFs only in "blighted" areas of the city, as defined in TIF law, did not generate enough immediate new tax revenues to finance large infrastructure projects, so the program increasingly focused on provisions of the law that permit "conservation area" TIFs, districts that are considered in danger of becoming blighted.[35] In 1997, for example, Daley increased the size of the North Loop TIF five-fold and renamed it the Central Loop TIF. The additional land encompassed more than 130 acres with 213 buildings, 57 of which boasted more than 100,000 square feet each of rentable office space. At the time, even the pro-business *Crain's* questioned the wisdom of using a tool meant to combat blight for subsidies to the city's commercial center, noting "within the City's central core, a quasi-independent TIF fiefdom is being created that will operate with its own tax base at the margins of public scrutiny, drawing money from a broad swath of land more than three miles long."[36] In retrospect, that expansion, long forgotten by most Chicagoans, marked a key moment in the evolution of TIF into a runaway tool.

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33 See Megan Randall, "Census of Governments Illustrates Declining Aid to Localities, Other Trends in State and Local Finance, Tax Policy Center, April 21, 2020, at: https://taxpolicycenter.org/taxvox/census-governments-illustrates-declining-aid-localities-other-trends-state-and-local-finance

34 Due to insufficient city data on actual jobs created, this report did not seek to determine whether developers who received TIF subsidies fulfilled their commitments under their redevelopment agreements.

35 A "conservation area" is an area within the boundaries of a redevelopment project in which 50 percent or more of the structures in the area are 35 years or older. While the area is not yet blighted, if officials determine that "three or more statutory factors exist that are detrimental to the public's safety, health, morals, or welfare," TIF law allows it to be declared a conservation area TIF. See Leslie Hairston, "An Overview of TIF Districts," The Catalyst, Illinois Bar Association, 14:1, October 2008, at: https://www.isba.org/committees/women/newsletter/2008/10/anoverviewoftifdistricts#:~:text=For%20"conservation"%20areas%2C%20the,(8)%20Inadequate%20utilities

36 See "The City that TIFs," Crain's Chicago Business, July 7, 1997.

Chicago Soars to Top User of TIF

As TIF districts began to capture an ever-increasing and significant portion of the city's property tax revenue, public outcry against them intensified. "Over the past three years, Chicago has witnessed an explosion in the number of TIF districts," noted a 1999 report by the Neighborhood Capital Budget Group, the first such comprehensive study of the program. "Every corner of the city has been affected. Between 1984 and the start of 1996, 29 TIFs had been approved by the City Council. Halfway through 1999, the total stands at 69 TIF districts."[37] Critics claimed that tax dollars that would normally go to existing taxing agencies, such as the public schools, parks, library, water districts, and the City's own Corporate Fund, which finances major agencies such as police, fire and social services, were instead being directed to subsidize private commercial development and fund infrastructure priorities of City Hall. Advocates of TIF, however, dismissed those claims as uninformed or pure demagoguery. "That… doesn't mean Chicago Public Schools gets cheated of even a penny," noted a 2015 *Crain's* article. "CPS levies on all the other taxpayers the property taxes it doesn't get from TIF districts. And since CPS already is asking for the maximum amount of money it can under state law, [it] wouldn't get any more if every TIF district in the city was abolished tomorrow."[38] The latter view, though, ignored the shrinking tax base from which CPS and other taxing bodies have been collecting their revenue, or how inflation kept reducing the actual value of that frozen base, as we document later in this report.

Critics of TIFs also insisted the program was fueling displacement of low-income residents. "TIF subsidies have been the driving force behind the construction of hundreds of high-priced condominiums and lofts," the NCBG report noted.

> Neighborhoods on the Near West, Northwest, and Southwest Sides – Pilsen in particular – are justifiably afraid that mainly 'high-end' development will come to their communities, price them out of the market, and force them to search for a new place to live… But despite these widespread fears, City officials have yet to make a concerted effort to address citizen concerns and search for solutions.[39]

As a later study described it: "in most states TIF is now an all-purpose local government tool for financing public investment in market-oriented development rather than simply a mechanism for combating blight."[40]

All the opposition, however, did nothing to halt the proliferation of TIFs, with Chicago soon surpassing all urban areas in the United States in its use of them. At the height of the Rahm Emanuel era in 2014, the city boasted 147 TIF districts, *more than the next nine largest U.S. cities combined.* Those districts collected a whopping total of $461 million in property taxes in 2015.[41]

At the height of the Rahm Emanuel era in 2014, the city boasted 147 TIF districts, more than the next nine largest U.S. cities combined.

The most lucrative districts – those largely located in the downtown business corridor or in rapidly gentrifying neighborhoods near downtown – hardly met the criteria of blighted, but they quickly benefitted from skyrocketing property values. A perfect example was the Wilson Yards TIF, which was created in 2001 in the city's Uptown section, then a low-income immigrant neighborhood undergoing housing displacement. The TIF's boundaries

37 See Chris Schwartz, "NCBG's Chicago TIF Encyclopedia," August 1999, p. 8, at: https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/23e05c-888c1029ec882579360063e1e2/$file/tifreport.pdf

38 Greg Hinz, Crain's Chicago Business, March 14, 2015, at: https://www.chicagobusiness.com/article/20150314/ISSUE05/150319867/how-chicago-has-spent-its-tif-money/

39 Schwartz, "NCBG's Chicago TIF Encyclopedia, p. 18.

40 Briffault, "The Most Popular Tool…" p. 72; also Schwartz, Chicago TIF Encyclopedia, p. 15.

41 David Merriman, Improving Tax Increment Financing for Economic Development, Lincoln Institute of Land Policy, September 2018, p. 36, https://www.lincolninst.edu/publications/policy-focus-reports/improving-tax-increment-financing-tif-economic-development . Merriman claims 149 TIFs that year, while Cook County distribution reports listed 152 "active TIFs" that year. The number of TIFs may differ slightly by different sources.

stretched for 144 acres near Lake Michigan and included vacant land around an old train yard, rental apartment buildings and some old commercial structures. “In the first year after the authorization of Wilson Yard in 2001, the EAV of the district grew by 45 percent, with no redevelopment activity and no debt incurred,” note Farris and Horbas in their study.

> By the end of FY2003, with still no public investment of any kind, the district had accumulated a fund balance of $3,440,691. These new revenues were clearly not caused by TIF, but allocated for use in TIF… By the end of FY2005, the [Wilson TIF] EAV had grown 142 percent from 2001, and the fund balance had reached over $6 million.[42]

In other words, *land values in the Wilson TIF increased significantly even before any public subsidies had been expended*. It is beyond the scope of this report to determine whether that was due to organic growth in value in a neighborhood already undergoing gentrification or to real estate speculators flocking to the area in anticipation of future government subsidies. What is clear is that all the increased taxes from growth in property values went into the TIF, without directing additional tax revenue to the other taxing bodies.

Downtown TIFs Grow Flush with Cash

The total revenues from property tax captured by Chicago’s most lucrative TIFs, largely clustered downtown or in rapidly gentrifying areas around it, soon grew so enormous that city officials couldn’t spend the money fast enough. At the same time, many neighborhood TIFs in the most blighted areas of the city limped along with insufficient tax increment to finance big development projects. By 2009, a quarter century after the creation of TIF, Farris and Horbas noted that:

> Seventy-five percent of all Chicago TIF districts have no funds reserved for debt service. This would suggest that these districts are utilizing revenues from naturally occurring growth in property values instead of borrowing to make initial investments in development within the district. However, this practice contradicts the fundamental premise of TIF that growth and investment would not occur but for leveraged development financed through bonds with the debt repaid through the increased revenues generated by TIF-related activities.[43]

The world-famous Willis Tower (previously Sears Tower) is perhaps the single most startling symbol of the TIF program’s run-away diversion of property taxes. Despite being Chicago’s most valuable property, the tower was included by Mayor Daley in the boundaries of a new downtown TIF that his administration created in 2006. Daley’s decision to replace the old Central Loop TIF, which was about to expire, with the new LaSalle Central TIF guaranteed that tax revenue from increments of many of the city’s most valuable properties, including Willis Tower, would flow for yet another generation right back into downtown development, that they would not be used for the general needs of the entire city. In retrospect, the birth of LaSalle Central marked another critical turning point for the TIF program, transforming it from its original goal, as a tool for fighting blight, into a method for concentrating public investment in Chicago’s downtown. Ever since then, LaSalle Central’s properties have paid all increases in their property taxes to the LaSalle Central TIF, not to the city or the school system or any other taxing district, all of which were left to collect only tax revenue on what the frozen EAVs of LaSalle Central’s buildings were back in 2006 (See Section 3).

As the number of TIFs grew across Chicago, tracking their separate accounts, how much money each district collected and where it was spent, became a daunting task for concerned civic leaders, scholars and the media alike. “At the most general level, clarity and transparency are essential to citizen oversight, but many TIF programs are largely hidden from taxpayer notice,” was how a 2011 report by the Lincoln Institute of Land Policy described it. This was especially true during the first few decades of the program, when even minimal financial reporting requirements often were not followed

42 Sherri Farris and John Horbas, “Creation vs. Capture: Evaluating the True Costs of Tax Increment Financing. Journal of Property Tax Assessment & Administration 6, no. 4 (2009), pp. 17-19.

43 Farris and Horbas, “Creation vs Capture,” p. 13.

(See Section 4). Some insisted that TIFs have effectively functioned as repositories for "slush" money that a succession of mayors and city councils were able to dispense each year to private developers and financial insiders, or for favored neighborhood improvement projects.[44] City Council's own Office of Financial Analysis acknowledged this in a recent report, noting "TIFs are sometimes used as slush funds to support questionable legacy projects."[45] A lawyer who spent years negotiating the city's TIF agreements told us: "In theory TIFs are a fantastic tool, but because the definition of blighted areas has been so broadly interpreted, in practice TIFs have become whatever City Hall wants them to be, and politics plays a huge role in who gets the money."

Public Outcry Grows for Reform

State and local officials responded to the continuing public outcry over TIFs with a series of reforms, such as gradually reducing the number of TIF districts. Still, the surviving TIFs have continued to devour a growing percentage of Chicago property taxes. In tax year 2017, for example, there were 143 TIF districts that together collected 12.5 percent of all property taxes, or $660 million. By tax year 2024, however, the ratio had climbed to 17.8 percent of all taxes, and the amount had skyrocketed to nearly $1.6 billion, even though the number of districts had declined to 108.[46] And by the end of FY *2024 the combined fund balances of all city TIFs reached a staggering all-time high of nearly $3.4 billion – a 50 percent jump from just three years previously.*[47]

Many complained about the secretive way decisions were being made. "Chicago exhibits an extreme degree of the lack of transparency common to TIF programs," concluded one of several academic studies critical of the program.[48] And it wasn't just academic reports that raised questions, so did a few government officials. In 2007, then-Cook County Commissioner Mike Quigley issued a scathing report claiming that "taxpayers foot the bill for TIF districts to the tune of hundreds of millions of dollars a year, yet are provided very little information on their operations, finances or effectiveness."[49] The most persistent media critic of TIFs for many years was *Chicago Reader* investigative reporter Ben Joravsky, who routinely described the program as City Hall's "shadow budget." Joravsky and his colleague Mike Dumke noted in 2010 – more than 25 years after the program's inception – how little information was publicly available. Even though City Council was required to vote publicly on any subsidies for private developers, a City spokesperson told the reporters that TIF law allows a municipality to spend money on public infrastructure without any formal authorization. "And there's no vote or formal oversight process for the TIF budget as a whole," Joravsky

By the end of FY 2024 the combined fund balances of all city TIFs reached a staggering all-time high of nearly $3.4 billion – a 50 percent jump from just three years previously.

44 See "TIFs were abused. Time for a new approach to city investment," Chicago Tribune editorial, June 24, 2019, at: https://www.chicagotribune.com/2019/06/24/editorial-tifs-were-abused-time-for-a-new-approach-to-city-investment/; also Ben Joravsky, "Million Dollar Lies: The tax bill for 77 W. Wacker is just one glaring example of how the county helps the city hide the real cost of TIFs," Chicago Reader, August 10, 2006, at: https://chicagoreader.com/news/million-dollar-lies/ . For many years, Joravsky emerged as the most dogged media critic exposing the City's abuses of TIF funding.

45 Council Office of Financial Analysis, "Bond Proposal $1.25 Billion, City of Chicago, Fiscal Year 2024," April 2, 2024, p. 3, at: https://www.chicago.gov/city/en/depts/cofa/supp_info/BondAnalysis.html#docaccess-e5b1b7029bbeec584dceda0a289f82fe29a05922c7adfd9ff34fe897cc58092e

46 See Cook County Clerk, "Cook County TIFs to bring in nearly $1.8 billion, July 31, 2019, pp. 2, 8, and "Cook County to generate over $2 billion in revenue, January 21, 2026, pp. 2, 10., at: https://www.cookcountyclerkil.gov/sites/default/files/pdfs/2024-tif-report.pdf

47 For year-end TIF fund balances, which are categorized in the city budget as "Special Taxing Areas Fund," see City of Chicago, "Annual Comprehensive Financial Report," for FY 2021, p. 28, and FY 2024, p.29, at: https://www.chicago.gov/content/dam/city/depts/fin/supp_info/CAFR/2021CAFR/ACFR_2021.pdf and https://www.chicago.gov/content/dam/city/depts/fin/supp_info/CAFR/2024CAFR/ACFR_2024.pdf

48 Joan Youngman, "TIF at a Turning Point: Defining Debt Down," Lincoln Institute of Land Policy Working Paper, 2011, p. 10, at: https://www.lincolninst.edu/app/uploads/legacy-files/1914_1232_TIF_Final.pdf . See also: Rachel Weber's "Selling City Futures: The Financialization of Urban Redevelopment Policy," in Economic Geography, 86 No. 3 (2010). and the Chicago Office of Inspector General's "Audit of the City's Compliance with the TIF Sunshine Ordinance and the TIF Surplus Executive Order," January 2022.

49 Cook County Commissioner Mike Quigley, "A Tale of Two Cities: Reinventing Tax Increment Financing," April 2007, p.iii, at: https://quigley.house.gov/sites/evo-subsites/quigley-evo.house.gov/files/migrated/images/user_images/gt/stories/reinventingTaxIncrementFinancing.pdf

and Dumke noted, so "how it ends up being spent is a multimillion-dollar secret."[50]

Two persistent themes raised by critics of the program during its early years were a weak TIF mechanism to hold private firms accountable for the jobs they pledged to create in return for their public subsidies, and the ease with which City Hall dispensed TIF money to political allies or cronies.

The Republic Windows and Doors Story

A vivid example on the job-creation front occurred in the wake of the Wall Street financial collapse of 2008, when the abrupt closing of a factory on Goose Island, Republic Windows and Doors, erupted into a historic labor battle and a major national news story. That December some 250 employees occupied the factory in a protest against their management, which had given them only a three-day notice before the shutdown and had refused to provide them severance or accrued vacation pay that they were owed. The workers, most of them Latino immigrants, were all members of a United Electrical Workers union local. Their desperate action drew widespread support from many community and political leaders, including then President-elect Barack Obama and Illinois Gov. Rod Blagojevich, the latter even visiting the plant. As a result, the workers not only won nearly $2 million in wages owed to them, but they eventually ended up owning the plant and changing its name to the New Era Worker Cooperative.

It turned out that City Hall had provided $9 million in TIF subsidies to the owners of Republic Windows and Doors during the 1990s. The TIF agreement required that at least 549 jobs be maintained at the facility until at least 2019. But a provision in the agreement to claw back the subsidy if the firm did not meet its jobs benchmark had expired in 2006, so Republic Windows and Doors faced no penalties from the City even as its workforce shrank and it terminated operations completely.[51]

The enormous control City Hall has exercised over TIF decisions is another sore point for critics. In 2008, for example, the Central Loop TIF was set to expire. At the time, the district had amassed some $355 million in its TIF fund. Mayor Daley was determined to use that money to help finance his dream of bringing the 2016 Olympics to Chicago. But when Gov. Blagojevich rebuffed him and refused to extend the life of the Central Loop TIF, Daley faced the possibility that all that money would be returned to the budgets of the public schools, parks and other taxing districts. Instead of that, he went on an unprecedented spending spree. "Over the course of 2008, the Daley administration spent not only all the remaining money in the Central Loop District's account, but also close to $3 million from neighboring districts," according to one report, which noted that "money went to politically connected developers and allies of the Daley administration."[52] *The Chicago Reader's* Ben Joravsky was more specific:

> G.F. Structures, owned by Daley family friends and best known for getting paid millions of dollars to install wrought iron fences around the city, received $1.1 million. Another big city contractor owned by friends of the Daleys, Walsh Construction, got $7.9 million. Aldridge Electric and construction firm F.H. Paschen, which have both received tens of millions of dollars in city deals, got $13 million and $5 million respectively. The Central Loop TIF report says all this money went toward "public improvement" but doesn't specify what that means. The city didn't respond to requests for details.[53]

And TIF decisions by the Daley administration did not simply draw criticism from the media. In 2011, an audit by City Inspector General Joseph Ferguson put the spotlight on a little-known aspect of the TIF program, the "public benefits" clause contained in many city redevelopment agreements with private firms, where a recipient of TIF subsidies is obligated to make donations to specific charities or public programs as a condition of receiving the subsidy. Ferguson revealed that a charity run by the

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50 Ben Joravsky and Mike Dumke, "The Shadow Budget," Chicago Reader, October 22, 2009, at: https://chicagoreader.com/news/the-shadow-budget/

51 See Illinois PIRG Education Fund, "Cleaning up Tax Increment Financing," January 2012, pp. 14 and 16, at: https://pirg.org/wp-content/uploads/2012/01/Cleaning-up-Tax-Increment-Financing-FINAL_0.pdf

52 Illinois PIRG Education Fund, "Cleaning up Tax Increment Financing," p. 11.

53 Sen Joravsky, "Mr. Big Spender," Chicago Reader, August 5, 2009, at: https://chicagoreader.com/news/mr-big-spender/

mayor's wife, After School Matters, had received an unusual number of those "public benefits" grants. As the audit noted, "After School Matters (or its KidStart Program), an organization with close ties to the City, was named as a recipient in 59 percent of those agreements directing contributions to private non-profits, making it by far the most frequent private recipient of public benefits clause donations. Among all recipients both public and private, After School Matters was second only to the City itself in the number of mentions."[54]

While Ferguson's report did not question the value of the work performed by After School Matters, it concluded that:

> The City's selection of public benefits recipients in the TIF negotiation process lacks accountability. City employees interviewed by the IGO could not identify any specific employees ultimately responsible for the selection of non-profits included in public benefits clauses and provided only the general explanation that decisions are made collectively by DHED, the Mayor's Office, and aldermen.[55]

Efforts To Regulate TIF

In 2009, City Council adopted a TIF Sunshine Law, with the State Legislature enacting its own public reporting requirements the following year.[56] Those laws mandated an assortment of annual reports and audits for each TIF district, along with complex searchable data sets and digital maps of projects, all posted for public review. Still, most of the on-line information did not become fully available for several more years. When Rahm Emanuel became mayor in 2011, he vowed to overhaul the program and even appointed a TIF Reform Panel to recommend major changes. The panel concluded that "the City of Chicago has not published a comprehensive policy that would govern the establishment of TIF districts and oversight of TIF expenditures. Moreover, taxpayers have not been provided with an easy means to access information about the TIF process or to evaluate the performance of the City's TIF investment."[57]

As for the state laws that required distribution of surplus TIF monies to other taxing districts, it was not until 2010, during his last budget address to the council, that Mayor Daley declared the first major surplus of unused TIF monies.[58] Daley's successor, Rahm Emanuel, subsequently issued an executive order in 2013 aimed at preventing individual TIF districts from accumulating large amounts of unused tax revenues. That directive required an annual surplus declaration for 25 percent of all "TIF funds anticipated for future use." Emanuel subsequently announced plans in 2015 to wind down subsidies for private development in seven downtown TIF districts within five years, which he claimed would "free up $250 million," of which half would go to Chicago Public Schools.[59]

Mayor Lori Lightfoot, Emanuel's successor, followed with additional reforms to the TIF program. In 2019, she launched INVEST South/West, pledging to target $250 million of TIF funds over three years

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54 Office of the Inspector General of Chicago, "Review of TIF Public Benefits Clauses and Charitable Donations," October 2011, p. 1, at: https://igchicago.org/wp-content/uploads/2023/08/TIF-Public-Benefits-Clauses-Full-Report.pdf

55 "Review of TIF Public Benefit Clauses…" p. 2.

56 See 2-45-155, Tax Increment Financing Sunshine Ordinance, at: https://codelibrary.amlegal.com/codes/chicago/latest/chicago_il/0-0-0-2599447 . Also "New TIF Transparency Laws Enacted," Civic Federation, August 4, 2010, at: https://www.civicfed.org/civic-federation/blog/new-tif-transparency-reforms-enacted#:~:text=August%2004%2C%202010,of%20receiving%20to%20its%20website

57 See "Findings and Recommendations for Reforming Tax Increment Financing in Chicago: Creating Greater Efficiency, Transparency and Accountability," TIF Reform Panel, August 23, 2011, at: https://www.chicago.gov/content/dam/city/depts/mayor/Press%20Room/Press%20Releases/2011/August/8.29.11TIFReport.pdf

58 "Mayor Daley Proposes Use of TIF Surplus in City Budget – $90 Million to CPS," Raise Your Hand for Illinois Education, Nov. 16, 2010, at: https://www.ilraiseyourhand.org/ryh-statements/daley-tif-surplus-90m-to-cps-111610#:~:text=In%20his%20final%20budget%20address,over%20%2490%20million%20to%20CPS.&text=While%20this%20is%20a%20monumental,to%20approve%20his%20proposed%20budget

59 "Emanuel to Phase Out Seven Downtown TIF Districts," WTTW, July 23, 2015, at: https://news.wttw.com/2015/07/23/emanuel-phase-out-seven-downtown-tif-districts

into ten "historically neglected neighborhoods" on the city's South and West Side.[60] The following year she created a new TIF Investment Committee to review and approve all TIF spending and directed that it assure "investments in communities where the needs are the greatest."[61] Lightfoot also ordered that all decisions by the committee be made public. And, for the first time, she directed that infrastructure projects that use TIF funds must first be approved by the new investment committee, an unpopular policy with aldermen accustomed to bargaining behind the scenes with the mayor's office for special TIF allocations for their wards.

During the era of the Daley political machine, City Council tended to protect the TIF system because it provided aldermen who were part of the machine funds for a new playground or park or a local school roof or street repair in their wards, or veto power over projects they opposed. In recent years, as more independent aldermen were elected to office, access to TIF funding broadened, but the system remained intact. "The vast majority of districts are drawn by developers and their lobbyists, and the aldermen go along with it," a former city lawyer who negotiated TIF agreements for many years told us.

The more progressive members of Council, however, have become increasingly outspoken about the inequities in the TIF system. "We are drunk, we are high, we are addicted to TIFs," 22nd Ward Alderman Mike Rodriguez, a member of the Council's Progressive Reform Caucus, said in an interview with GCI. Despite his criticism, Rodriguez pointed out that he and other colleagues have managed to win important improvements for their districts in recent years through the program. In April 2025, for example, he secured $8 million in TIF subsidies to build an enclosure to the swimming pool in Piotrowski Park in his Little Village district, thus creating the city's first permanent year-round cover for a public outdoor pool.

> ***"We are drunk, we are high, we are addicted to TIFs."***
>
> ***–Chicago Alderman Mike Rodriguez***

In summary, by the time Brandon Johnson became mayor in 2023, decades of public pressure had achieved some notable improvements to TIF. Under both the Emanuel and Lightfoot administrations, for example, the sheer number of TIF districts gradually declined. When the city's two new transit TIFs were created – the Red-Purple Modernization, or RPM, on the North Side (2016) and the Red Line Extension, on the South Side (2022) – both were structured in a different manner, one which allowed the Chicago Public Schools to retain its normal share of tax revenue from any property tax increment, while the other overlapping tax districts received a portion of their normal share. At the same time, far more information became publicly available than in the past on the City's TIF Data Portal about the various districts and their spending.

But the TIF program's structural inequities remained untouched. In the aftermath of the COVID pandemic and the rise of downtown office building vacancies, for instance, Lightfoot suddenly reversed course on the "phase down" of TIF subsidies for private downtown projects, the reform that Emanuel had instituted. She instead committed hundreds of millions of dollars from future revenues of the LaSalle Central TIF district for new real estate industry subsidies in the Loop, as part of her Reimagine LaSalle office-to-residential housing conversion initiative. Meanwhile, the City quietly extended the existence of some of the TIF districts that had amassed the most tax increment historically – such as Canal/Congress, Kinzie Industrial Conservation, and Pilsen – for an additional 12 years.

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60 Fran Spielman, "$250 million will bring 'transformative change' to 10 South, West side neighborhoods, Lightfoot says, Chicago Sun-Times, October 21, 2019, at: https://chicago.suntimes.com/2019/10/21/20925766/chicago-neighborhoods-250-million-investment-south-west-sides-lightfoot

61 See "Mayor Lightfoot Announces Major Reforms to The City's Approach to Allocating Tax Increment Financing (TIF) Funds", Mayor's Press Office, February 5, 2020, at: https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/february/TIFReforms.html

Section 2:

TIF Impact on Property Values and Taxes – Where Did the Money Come From?

Summary of Findings

Our analysis addresses two fundamental and commonly repeated justifications for use of Tax Increment Financing (TIF):

- TIF is a self-financing tool with no negative effects on other taxing bodies or individual taxpayers.
- Property tax increases captured by TIF would not have occurred "but for" the infrastructure subsidies allocated to those districts and paid for by future revenues from increasing property values those investments generated.

These two claims are connected: the second is what would justify the first. If TIF genuinely created the value it captures, the higher rates property owners pay while a district is active could be a worthwhile trade — a near-term cost while a TIF is active for lasting value the city would not otherwise have after the TIF expires. Our analysis finds that neither claim holds: TIF imposes a real and immediate cost on every Chicago property owner, and it creates almost none of the value that was supposed to justify the cost.

Does TIF pay for itself? No. It shifts the tax burden onto every property owner.

Because TIF freezes a district's value and diverts the growth above it, that growth no longer counts toward the city's tax base. The city still must collect the same total levy, so it spreads that levy across a smaller base — and every property owner's rate rises as a result. Over the period we studied (2014-2023), TIF raised property tax rates for all city property owners by an average of 13.7 percent, with the rate of increase growing from 7.8 percent in 2014 to 18.6 percent by 2023. This translates to approximately $721 million in additional taxes paid annually by Chicago property owners, rising to roughly $1.1 billion in 2023 and totaling $7.21 billion over the 2014–2023 period. For a typical Chicago homeowner with a $300,000 home, the additional tax attributable to the TIF shift was approximately $878 in 2023, and it totaled roughly $6,616 over the 2014–2023 period.

Did TIF create the value it captures? Almost none of it.

This is the "but-for" claim — that the growth TIF captures would not have appeared without it. We find that only 1.8 percent of Chicago's TIF increment can be attributed to TIF investment. The remaining 98.2 percent represents property value growth that would have occurred regardless of TIF intervention. **Put differently: TIF captures approximately $55 for every $1 of value it actually creates.** This effectively creates a transfer of tax burden to all Chicago property owners. Critically, even the small 1.8 percent TIF-caused value is not realized by the tax base until TIF expiration, meaning taxpayers bear the full burden of increment diversion during each TIF's 23-year life, and even up to 35 years if the TIF is extended.

Testing how much the findings depend on TIF's effect on property values

Our main findings rest on estimates of how much TIF actually raised or lowered nearby property values. To understand whether the capture finding holds because of how TIF is structured or only because of how TIF happened to perform, we recalculated our results across a range of scenarios — including ones in which TIF generated far more property value than our estimates indicate. This shows whether the conclusion depends on TIF's measured performance or follows from the structure of the program itself.

The findings barely move, and the reason is a matter of scale. Whatever value TIF can claim to have created is tiny next to the amount it diverts. In 2023, our main estimates find that the value TIF generated came to about $348 million compared to more than $19 billion in increment pulled out of the tax base that year. Because the diversion is so much larger than anything the value creation can offset, changing the value assumptions moves the result only at the margins.

We confirmed this by running four scenarios, from one that assumes TIF created no value at all to an implausibly generous case that credits TIF with large gains on every type of property well beyond anything the evidence supports. The results stay close together across all four: property-tax rates remain roughly 17 to 19 percent higher than they would be without TIF, property owners pay over $1 billion a year in additional taxes, and the share of the increment that TIF can be said to have actually created never climbs above 6.0 percent.

The tax shift also has a distributional dimension. TIF revenue can only be spent within district boundaries, so the geographic concentration of increment determines which neighborhoods have resources for TIF-funded investment. In 2023, the LaSalle Central TIF in the downtown financial district collected roughly $180 million for projects in some of Chicago's most valuable real estate, while the 79th Street Corridor TIF on the South Side collected approximately $1.6 million, over a hundredfold gap in funding capacity within the same city. The higher tax rates required to fund the citywide levy, by contrast, fall on every Chicago property owner regardless of whether their property sits in a high- or low-revenue TIF district.

TIF in Context: Chicago's Scale and the Evidence Gap

Chicago has used TIF more aggressively than any other major U.S. city. As of 2023, more than a quarter of all Chicago parcels — including much of the city's most valuable real estate — still sat inside an active TIF district. Despite this scale, public debate about TIF has often outpaced the empirical evidence. Arguments on both sides have largely relied on case studies, anecdote, or aggregate citywide statistics that cannot settle the underlying question whether TIF actually generates the property value growth it captures, or whether that growth would have happened regardless. The academic literature on TIF's property value effects rarely connects those effects to the citywide tax burden, leaving a gap between whether TIF works and what TIF costs everyone else.

At the core of this debate sits a single empirical claim: that TIF generates tax base that would not otherwise exist. This is the assumption that makes TIF politically distinctive among economic development tools. If the value TIF captures is genuinely new — value created by TIF investment that would not have appeared without it — then the increment diverted to TIF funds is not money "taken from" other taxing bodies, and TIF projects impose no burden on taxpayers outside the district. If, on the other hand, most of that value would have appeared regardless of TIF investment, then the increment is simply diverted from the general tax base, the projects funded by TIF are paid for by all property owners through higher rates, and the framing of TIF as cost-free cannot be sustained.

This report tests that claim. It applies modern causal inference methods to estimate the property value effects of Chicago TIF projects, then translates those estimates into a citywide tax shift attributable to TIF across a decade of administrative records. Rather than taking a position on whether Chicago should use TIF, the report provides a quantitative basis for evaluating a specific claim: that the property value growth TIF captures is value TIF created. We measure how much of that captured growth is genuinely attributable to TIF, and how much would have appeared regardless.

How TIF Raises Citywide Tax Rates While Districts Are Active

Even if TIF created new taxable value, its structure of freezing values for more than 20 years – and up to 35 years if the TIF is extended – would not provide this benefit to the tax base until the TIF expires. During a TIF's existence, everyone's taxes are higher to compensate for the property value growth that has been removed from the tax base. This is even more true in the case of Chicago, which has created far more TIF districts than any major city in the country, and where more than a quarter of all city parcels, including much of its most valuable real estate, still remain within TIF districts. The fundamental question regarding the value proposition of TIFs is: are taxes higher in the short term for new value created in the long term, or are everyone's taxes higher to subsidize growth that would have occurred anyway?

There is one scenario in which the higher taxes during TIF's life could be partially offset: if TIF investment raises property values not only inside the district but also on nearby properties *outside* TIF boundaries. Those out-of-district gains, unlike the increment captured inside the district, enter the general tax base immediately and could expand the base enough to counteract some of the rate increase from diversion. Our methodology incorporates this possibility through what we call Category B spillovers — parcels outside TIF boundaries but within 0.5 miles of a TIF project. As we show in our results, these spillovers do exist but are small relative to the increment diverted: in 2023, Category B spillovers added approximately $0.35 billion to the general tax base, against $19.26 billion in increment diverted that same year. The offset is real, but it does not come close to closing the gap.

When a TIF expires, its increment returns to the general tax base (if the remaining funds are not ported to nearby TIF districts which extends the diversion beyond the original district's life). But the key question remains: how much of that returning value is due to TIF investment versus what would have occurred anyway? This is the but-for question.

Creation vs. Capture

The central question about TIF is whether it *creates* value that would not have otherwise existed, or whether it merely *captures* value that would have been created regardless and diverts it away from other taxing bodies, such as public schools, the city, the libraries and Cook County government. If TIF creates value, then higher taxes during TIF's life represent an investment in future tax base growth. In other words, when TIF expires, taxpayers receive a delayed payoff: the general tax base picks up real new value that exists only because of TIF investment. But if TIF mostly captures appreciation that would have happened anyway, the higher taxes during TIF's life are simply a transfer from taxpayers to TIF districts, with no lasting payoff. The "bonus" that returns at expiration would have been in the general tax base all along, even without TIF.

In reality, even "capture" may understate the passivity of what TIF does. Much of what TIF captures is simply the general increase in nominal property values generated by inflation over time. A TIF district does not need to create value to accumulate increment; it just needs to exist while inflation erodes the real value of its frozen base. Our analysis suggests TIF primarily captures organic growth rather than creating new value. As we show below, **only about 1.8 percent of increment is attributable to TIF investment** and the rest reflects inflation and market appreciation that would have occurred regardless.

The But-For Question

The "but-for" question asks whether the property value growth that TIF captures would have occurred anyway, in the absence of TIF designation and investment. It is the legal and empirical version of the creation-versus-capture distinction: if growth would not have appeared but for TIF, then TIF is genuinely creating tax base; if it would have appeared regardless, then TIF is simply capturing value that other forces created. The question matters because both the legal authorization for TIF and the political claim that TIF is self-financing depend on its answer.Tax Increment Financing rests on two interrelated justifications. First, Illinois law requires that development "would not reasonably be

anticipated to be developed without the adoption of the redevelopment plan."[62] This is the statutory "but-for" test. The City of Chicago explicitly applies this standard: "DPD reviews [projects] on a 'but for' basis—meaning that the project would not happen but for the use of public funds."[63]

Second, TIF is presented as self-financing through the increment it generates. As the Tennessee Comptroller explains, "The increased property tax revenue is used to recover the cost of the TIF improvements. In short, it's a way to allow new development to pay for itself."[64] Similarly, the Citizens Budget Commission observes that "supporters contend TIF does not need to be evaluated in comparison to other capital needs because the investment will pay for itself out of new revenue."[65] An Illinois TIF guide makes the assumption explicit: "Property tax revenue generated from private development within a TIF District is new money. Without TIF the development would not have occurred, and the tax increment would not have been produced.[66]

These justifications are empirically linked. If TIF-induced development generates the increment that funds TIF expenditures, then TIF truly "pays for itself." But if most increment reflects organic appreciation including inflation and market trends that would have occurred regardless of TIF investment, then TIF is capturing value it did not create. In that case, the "self-financing" framing obscures a transfer from all property taxpayers (who face higher rates due to increment diversion) to TIF districts.

The statutory but-for test asks whether a specific development would have occurred without TIF subsidy. This is a question about developer intentions that is difficult to verify empirically. We address a related but distinct question: Did TIF projects cause property values to be higher than they would have been otherwise?

This framing shifts the focus from developer behavior to measurable outcomes. If TIF projects do not increase property values above baseline trends, then TIF is capturing appreciation that would have occurred anyway, regardless of whether the subsidized projects "needed" TIF financing. This framing also sidesteps a question that often comes up about TIF analysis: what if the TIF-funded developments would not have existed at all without the subsidy? Our estimates do not require us to take a position on that counterfactual. The spillover analysis directly measures the effect of TIF projects on nearby property values by comparing parcels near projects with similar parcels farther away. Whatever property-value gains TIF projects generate including any gains attributable to developments that would not have happened without TIF are captured in those estimates. The finding that the gains are modest (and in some cases zero or negative) means TIF projects, however they came to be funded, do not raise property values enough to justify the increment TIF captures.

Before describing our approach, we briefly review what prior research has found about TIF's effects on property values.

What Prior Research Has Found

Empirical research on TIF has produced mixed and context-dependent findings. Early studies that compared cities with and without TIF found positive associations with property value growth, but later research finds that growth inside TIF districts is partly offset by slower growth elsewhere in the same city, consistent with TIF shifting investment from one neighborhood to another rather than generating net new development.[67] Parcel-level studies find that effects vary by

62 (65 ILCS 5/) Illinois Municipal Code, at: https://www.ilga.gov/legislation/ILCS/details?MajorTopic=GOVERNMENT&Chapter=MUNICIPALITIES&ActName=Illinois%20Municipal%20Code.&ActID=802&ChapterID=14&SeqStart=&&ChapAct=FullText

63 Chicago Department of Planning and Development, "Frequently Asked Questions - Large," Chicago, City of Chicago, accessed February 14, 2026, https://www.chicago.gov/content/city/en/sites/community-development-grant/home/faqs-large.html.

64 Tennessee Comptroller of the Treasury, "Tax Increment Financing," State Board of Equalization, Tennessee Comptroller of the Treasury, accessed February 14, 2026, https://comptroller.tn.gov/boards/state-board-of-equalization/sboe-services/property-tax-incentive-programs/tax-increment-financing.html.

65 Citizens Budget Commission, "Tax Increment Financing: A Primer |," New York, NY, December 5, 2017, https://cbcny.org/research/tax-increment-financing-primer.

66 "What Is Tax Increment Financing?," TIF Illinois, Jacob & Klein, Ltd. and The Economic Development Group, Ltd., 2025, https://www.tifillinois.com/tif-basics.html.

property type: positive for commercial in some specifications, weak or negative for industrial, and limited evidence of broad-based residential gains.[68] A separate critical literature focused on Illinois and Cook County argues that TIF mechanically captures inflation and market-wide appreciation against a frozen base, shifting tax burden even where no new development occurs.[69] Two themes from this body of work motivate our analysis. First, TIF's effects vary substantially by property type and project type, meaning there is no single "TIF effect" that applies to all parcels equally. Second, the rise of property values inside TIF districts does not by itself mean TIF has expanded the tax base available to local governments. A more detailed review of the prior literature, including studies of citywide and parcel-level effects and the fiscal-mechanics critique, is provided in Appendix C.

Our Contribution

This report bridges two literatures that have rarely been combined. We apply statistical methods designed to isolate cause-and-effect relationships from observational data to estimate the property value effects of Chicago TIF projects, then translate those estimates into a citywide tax shift attributable to TIF. The result is a quantitative basis for evaluating both the empirical question of whether TIF creates value and the fiscal question of what TIF costs property owners outside the district. We find heterogeneous effects across property types with modest positive effects for commercial parcels, small negative effects for industrial, and no identifiable effect for residential. This implies that TIF's value creation, to the extent it exists, is concentrated in a narrow segment of the property market. In other words, we determine that TIF financing drives significant economic growth in one specific neighborhood or property type while having no effect, or even a negative economic impact, in another.

How TIF Produces a Citywide Tax Shift

The next four sections explain the mechanism behind the tax shift: how the levy system mathematically produces it, why inflation amplifies it over time, the two-time horizons over which it operates, and the framework we use to quantify it.

The Tax Shift Mechanism

The tax shift from TIF operates through a straightforward mechanism. When a TIF district is created, property values within the district are "frozen" at their current level for purposes of calculating the general tax base. Any growth above this frozen base (i.e. the increment) is diverted to the TIF fund rather than contributing to the tax base used to calculate tax rates. Because the tax levy (total dollars collected) is set by taxing bodies based on their budgets, a smaller tax base means a higher tax rate. **Every dollar of increment diverted from the tax base increases the rate paid by all properties.**

The Role of Inflation

TIF increment is often framed as evidence of TIF "success" as an indicator that TIF investment generated property value growth. But this framing ignores a fundamental reality: property values rise over time due to inflation and market appreciation regardless of TIF.

The primary driver of TIF increment is not TIF investment but ordinary inflation and property market appreciation. When a TIF is created, its frozen base is locked at contemporary property values, often

67 Richard F. Dye and David F. Merriman, "The Effects of Tax Increment Financing on Economic Development," Journal of Urban Economics 47, no. 2 (2000): 306–28; David F. Merriman et al., "Do Tax Increment Finance Districts Stimulate Growth in Real Estate Values?," Real Estate Economics 39, no. 2 (2011): 221–50.

68 Rachel Weber et al., "Does Tax Increment Financing Raise Urban Industrial Property Values?," Urban Studies 40, no. 10 (2003): 2001–21, https://www.jstor.org/stable/43196964; Deborah A. Carroll, "Tax Increment Financing and Property Value: An Examination of Business Property Using Panel Data," Urban Affairs Review 43, no. 4 (2008): 520–52, https://doi.org/10.1177/1078087407308516; Kevin Kane and Rachel Weber, "Municipal Investment and Property Value Appreciation in Chicago's Tax Increment Financing Districts," Journal of Planning Education and Research 36, no. 2 (2015): 167–81, https://doi.org/10.1177/0739456X15600034.

69 Sherri Farris and John Horbas, "Creation vs. Capture: Evaluating the True Costs of Tax Increment Financing," Journal of Property Tax Assessment & Administration 6, no. 4 (2009): 5–28.

decades ago. Over the TIF's 23-year life inflation alone causes property values to roughly double in nominal terms – even more so if the TIF's life is extended to 35 years – and all of this appreciation is captured as increment regardless of any TIF effect.

Consider a concrete example: A TIF district created in 2000 with a $100 million frozen base. If property values simply kept pace with inflation at 2.5 percent annually, by 2023 property values would reach $176 million and generate $76 million in increment from inflation alone, without any TIF-caused growth. This is why TIF increment can grow dramatically even if TIF has no effect on property values: the frozen base locks in historical values while current values rise with inflation.

The but-for question is not whether increment exists, but whether TIF creates additional growth beyond baseline appreciation. **Our analysis finds that only 1.8 percent of TIF increment is attributable to TIF investment, meaning roughly 98 of every 100 dollars TIF captures is value that would have existed without it.** The remaining 98.2 percent is organic growth (appreciation driven by inflation, broader market trends, and neighborhood dynamics that would have occurred without TIF intervention).

During the Life of a TIF vs. After Expiration

Our analysis distinguishes between two important time horizons:

During TIF's Life (Current Burden): All increment is diverted from the tax base, regardless of whether TIF caused it. The only offset is value TIF creates *outside* district boundaries (Category B spillovers), which enters the general tax base immediately. This determines the current tax burden on property owners.

After TIF Expires (Future Legacy): When TIF expires, all increment returns to the tax base. The but-for coefficients tell us how much of this returning value is "TIF-caused" (wouldn't exist without TIF) versus "organic" (would have existed anyway). This determines whether the 23 to 35 years of higher taxes were an investment with future payoff or a pure transfer with no lasting benefit.

Our findings indicate that approximately 98.2 percent of increment represents organic growth meaning the tax base will be only marginally better off after TIF expiration than it would have been without TIF, despite decades of elevated tax rates.

How We Estimate the Tax Shift:

Our tax shift calculation proceeds in several steps:

1. Classify parcels into four categories based on TIF membership and proximity to projects
2. Apply but-for coefficients to estimate TIF-caused value (inside TIF) and spillover effects (outside TIF)
3. Construct counterfactual tax base by adding all diverted increment to actual EAV, then subtracting spillover value that wouldn't exist without TIF
4. Calculate counterfactual tax rate by dividing the fixed tax levy by the larger counterfactual base
5. Compute tax shift as the difference between actual and counterfactual rates, translated into dollars

We estimate this framework under four scenarios with different coefficient assumptions, ranging from a null hypothesis of no TIF effect to implausibly generous assumptions favoring TIF. The tax shift remains substantial across all scenarios.

A detailed methodological appendix (Appendix B) describes our data sources, variable construction, and estimation approach.

Results: The TIF Increment, Tax Rates, and Taxpayer Costs

Summary of Findings

Our analysis finds that TIF districts increase property tax rates for Chicago property owners by an average of 13.7 percent over the study period, with the rate impact growing from 7.8 percent in 2014 to 18.6 percent by 2023. This translates to approximately $721 million in additional taxes paid annually by Chicago property owners, rising to roughly $1.1 billion in 2023 and totaling $7.21 billion over the 2014–2023 period.

The but-for analysis reveals that only 1.8 percent of TIF increment can be attributed to TIF investment. The remaining 98.2 percent represents property value growth that would have occurred regardless of TIF intervention. Because that growth is captured as TIF increment rather than added to the general tax base, every other property owner pays a higher rate to fund the same levy. This effectively creates a transfer of tax burden to all Chicago property owners. Critically, even the small 1.8 percent TIF-caused value is not realized by the tax base until TIF expiration, meaning taxpayers bear the full burden of increment diversion during each TIF's 23-year life and even longer if the TIF is extended.

Citywide Tax Base and Levy

The tax shift calculation rests on two basic citywide figures, the tax base (the total taxable property value against which rates are applied) and the levy (the total amount collected by taxing bodies each year). Table 1 presents the citywide equalized assessed value (EAV) and tax levy over the study period. Chicago's total EAV grew from $64.91 billion in 2014 to $99.65 billion in 2023, a 54 percent increase. The tax levy grew from $4.42 billion to $6.97 billion, a 58 percent increase.

The effective tax rate (the levy divided by EAV) fluctuated between 6.81 and 7.27 percent. However, this rate applies only to the *effective* tax base, which excludes TIF increment. As we show below, the true tax base would be substantially larger without TIF diversion.

Table 1: Chicago Citywide EAV and Tax Levy, 2014–2023

Tax Year	Citywide EAV exclud-ing increment	Tax Levy	Effective Tax Rate
2014	$64.91 B	$4.42 B	6.81%
2015	$70.97 B	$4.87 B	6.87%
2016	$74.02 B	$5.29 B	7.14%
2017	$76.77 B	$5.58 B	7.27%
2018	$86.34 B	$5.86 B	6.79%
2019	$87.83 B	$6.05 B	6.89%
2020	$89.52 B	$6.19 B	6.91%
2021	$96.92 B	$6.48 B	6.69%
2022	$96.90 B	$6.82 B	7.04%
2023	$99.65 B	$6.97 B	6.99%

Source: Great Cities Institute calculations from Cook County Clerk Tax Extension and Rate Reports, 2014–2023.

TIF Increment Diversion

A third important figure is the total TIF increment which is the property value captured by Chicago's TIF districts and diverted from the general tax base. Table 2 shows the growth of TIF increment over the study period. Total increment across all Chicago TIF districts grew from $5.41 billion in 2014 to $19.26 billion in 2023, a 256 percent increase. By 2023, TIF increment represented 16.4 percent of the total citywide EAV that would exist without TIF diversion.

The frozen EAV increased substantially in 2016 and 2022, reflecting TIF boundary expansions and amendments approved in those reporting cycles (see Table 2 footnote). Despite some TIF districts expiring over the study period (147 active TIFs in 2014 fell to 124 by 2023), total increment continued to grow as property values appreciated within remaining districts.

Table 2: Chicago TIF Districts Summary, 2014–2023

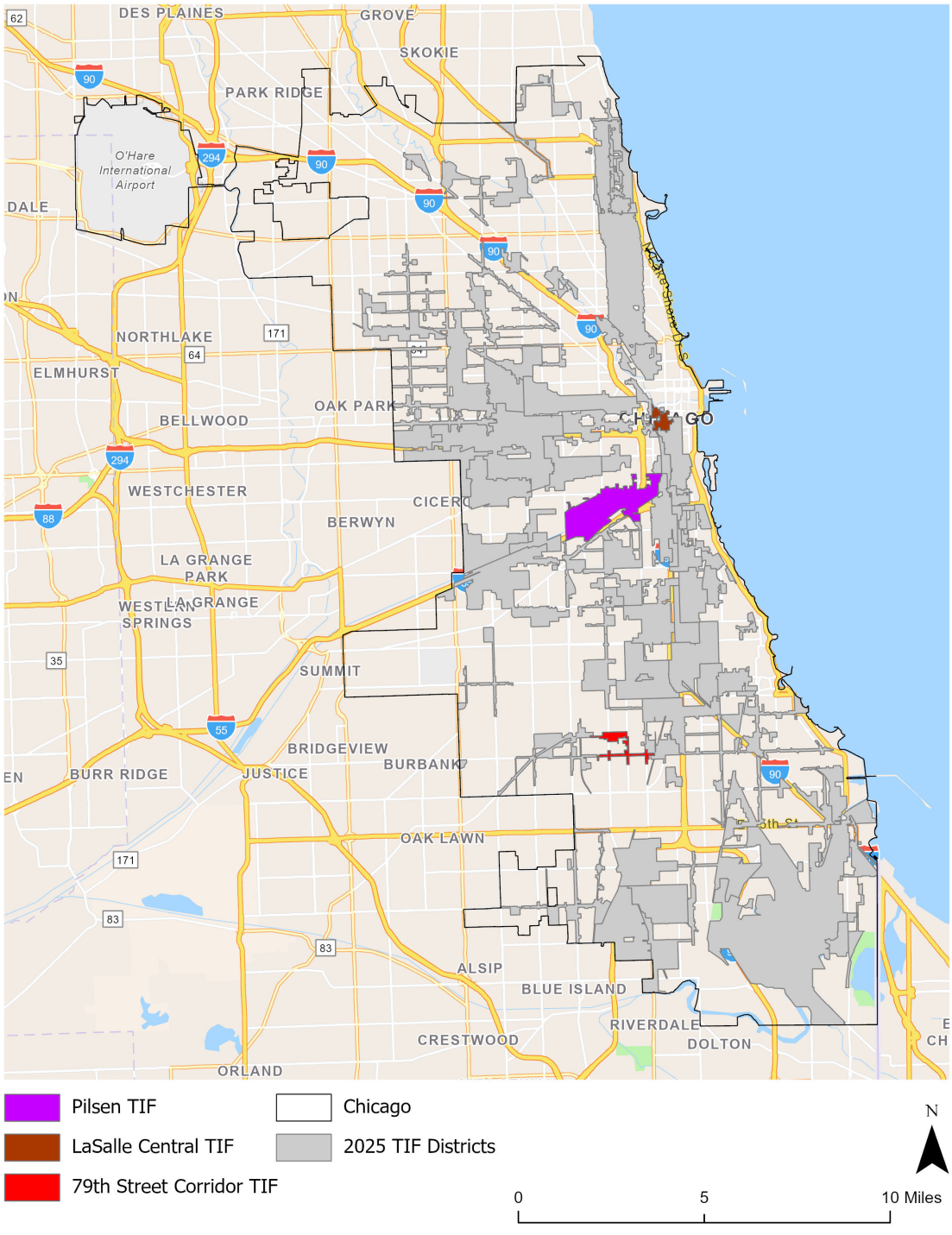
Tax Year	Active TIFs	Frozen EAV	Total Increment
2014	147	$10.63 B	$5.41 B
2015	146	$10.90 B	$6.65 B
2016	145	$16.69 B	$7.79 B
2017	143	$16.69 B	$9.00 B
2018	138	$16.65 B	$12.27 B
2019	136	$16.68 B	$13.30 B
2020	132	$16.63 B	$15.08 B
2021	129	$16.55 B	$17.96 B
2022	127	$23.77 B	$18.18 B
2023	124	$23.72 B	$19.26 B

Source: Great Cities Institute calculations from Cook County Clerk Annual TIF Distribution Reports, 2014–2023.
Note: Increases in citywide frozen EAV between 2015–2016 and 2021–2022 reflect TIF boundary expansions and amendments recorded in those reporting cycles, not market changes to the underlying base. The Active TIF count includes active districts with no tax generating properties in a given year. There were, for example, four such districts in 2014 and six in 2023. Counts of "active" TIFs may differ slightly across sources.

District Examples: How the Tax Shift Appears Across Different TIF Districts

The citywide aggregate masks substantial variation across the 124 active TIF districts that produce it. To show how diversion operates at the district level, we examine three TIFs spanning the range: the LaSalle Central TIF in the downtown financial district (Chicago's largest by increment), the Pilsen Industrial Corridor TIF on the Lower West Side, and the 79th Street Corridor TIF on the South Side (Map 1). The tables below report four figures for each TIF: Total EAV (the equalized assessed value of all property within the district), Frozen EAV (the base value set at TIF creation, against which growth is measured), Increment (the value the TIF captures: property value above the frozen base, calculated separately for each tax-code area), and Annual TIF Revenue (the dollars collected by applying the prevailing tax rate to the increment, which fund the TIF's projects). Because increment is calculated separately for each tax-code area — with areas below their frozen base contributing zero rather than offsetting growth elsewhere — a district's reported increment need not equal the Total EAV minus Frozen EAV shown in these tables.

Map 1: TIF Boundaries for the Pilsen, Lasalle Central, and 79th Street Corridor Highlighted



La Salle Central TIF

The LaSalle Central TIF, encompassing much of Chicago's downtown financial district, is by far the largest TIF by increment (See Map 2). Created in 2006, this district captures property value growth in some of Chicago's most valuable real estate.

Map 2: LaSalle Central TIF



Increment in the LaSalle Central TIF grew twelvefold over the study period, from $209 million in 2014 to $2.57 billion in 2023 (See Table 3). By that year, the $2.57 billion increment generated approximately $180 million annually in TIF revenue. This represents money that, absent TIF, would have been distributed to schools, the city, the county, and other taxing bodies as part of the general tax base.

Table 3: LaSalle Central TIF, 2014–2023

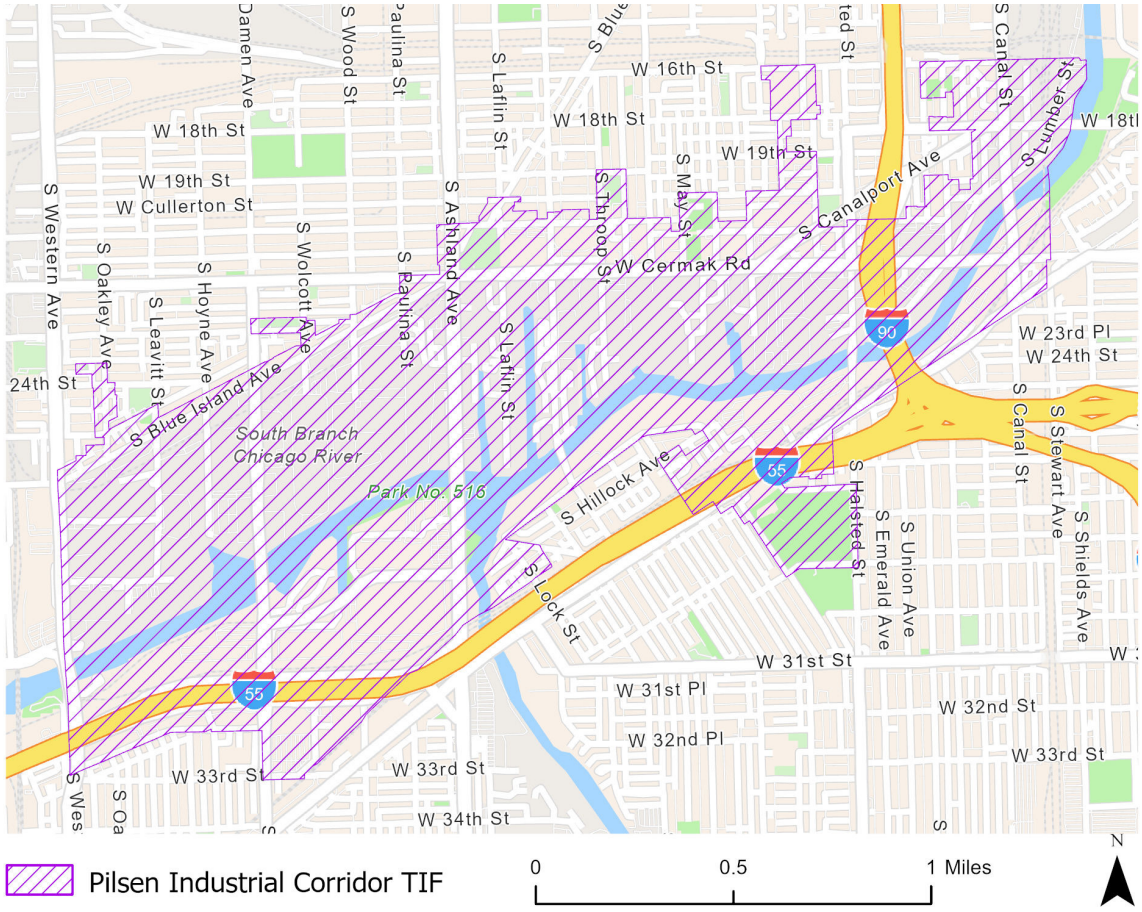
Tax Year	Total EAV	Frozen EAV	Increment	Annual TIF Revenue
2014	$3.66 B	$4.19 B	$0.21 B	$14.3 M
2017	$4.62 B	$4.19 B	$0.79 B	$57.7 M
2020	$6.35 B	$4.19 B	$2.18 B	$150.8 M
2023	$6.76 B	$4.19 B	$2.57 B	$180.0 M

Source: Great Cities Institute calculations from Cook County Clerk Annual TIF Distribution Reports, 2014–2023.
Note: In the Cook County Clerk's Annual TIF Distribution Reports, increment is computed separately for each tax-code area within a TIF district; tax-code areas whose current EAV has fallen below their frozen EAV contribute zero increment rather than offsetting positive increment generated elsewhere in the district. As a result, a district's reported increment need not equal Total EAV minus Frozen EAV and can be positive even when district-wide Total EAV is below Frozen EAV—as in 2014, when LaSalle Central posted a $0.21 B increment despite a Total EAV below its frozen base.

Pilsen Industrial Corridor TIF

The Pilsen Industrial Corridor TIF, established in 1998, covers a portion of Chicago's Lower West Side, encompassing the area's historic industrial corridor along the Sanitary and Ship Canal (See Map 3). The district was designated to support industrial retention, brownfield remediation, and infrastructure improvements in an area of legacy manufacturing that had experienced disinvestment.

Map 3: Pilsen Industrial Corridor TIF



Property values in the Pilsen TIF nearly tripled over the study period, with the increment growing from $154 million to $537 million (See Table 4). The frozen EAV of $111 million, set in 1998, reflects property values from over two decades ago, meaning the vast majority of current property value in this district is captured as increment rather than contributing to the general tax base.

Table 4: Pilsen Industrial Corridor TIF, 2014–2023

Tax Year	Total EAV	Frozen EAV	Increment	Annual TIF Revenue
2014	$257.3 M	$111.4 M	$154.3 M	$10.5 M
2017	$329.1 M	$111.4 M	$224.7 M	$16.3 M
2020	$483.8 M	$111.4 M	$375.7 M	$26.0 M
2023	$648.3 M	$111.4 M	$536.9 M	$37.6 M

Source: Great Cities Institute calculations from Cook County Clerk Annual TIF Distribution Reports, 2014–2023.
Note: In the Cook County Clerk's Annual TIF Distribution Reports, increment is computed separately for each tax-code area within a TIF district; tax-code areas whose current EAV has fallen below their frozen EAV contribute zero increment rather than offsetting positive increment generated elsewhere in the district. As a result, a district's reported increment need not equal Total EAV minus Frozen EAV when the district spans multiple tax-code areas on differing trajectories.

79th Street Corridor TIF

The 79th Street Corridor TIF, located on Chicago's South Side, represents a smaller neighborhood-focused TIF in an area that has seen more modest property value growth (See Map 4).

Even in this smaller district, increment nearly tripled from $8.2 million to $22.8 million (See Table 5).

Map 4: 79th Street Corridor TIF

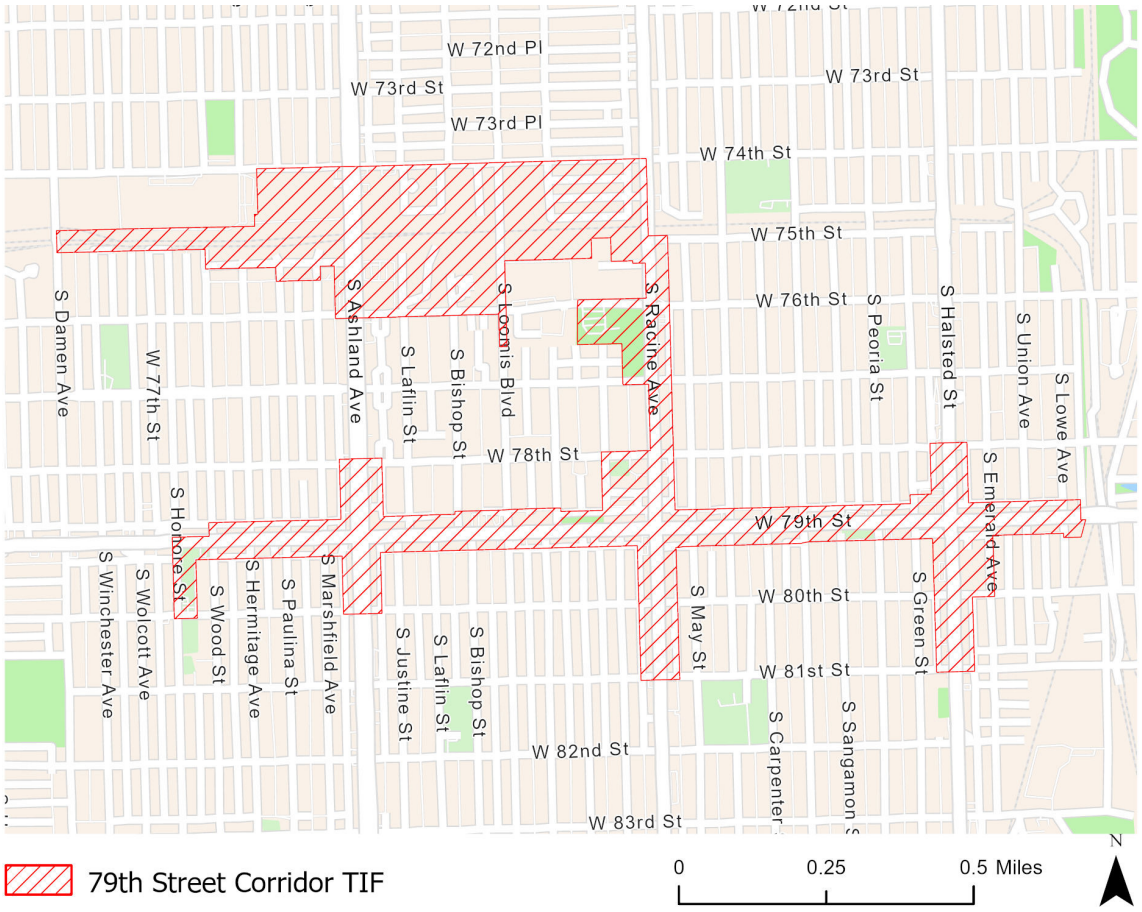


Table 5: 79th Street Corridor TIF, 2014–2023

Tax Year	Total EAV	Frozen EAV	Increment	Annual TIF Revenue
2014	$29.7 M	$21.6 M	$8.2 M	$0.65 M
2017	$35.0 M	$21.6 M	$13.4 M	$1.08 M
2020	$38.4 M	$21.6 M	$16.8 M	$1.29 M
2023	$44.4 M	$21.6 M	$22.8 M	$1.60 M

Source: Great Cities Institute calculations from Cook County Clerk Annual TIF Distribution Reports, 2014–2023.

What these three districts establish is straightforward: TIF increment accumulates wherever property values rise against a frozen historical base, regardless of district size, location, or land use. These examples show TIF districts providing increments ranging from billions of dollars in the downtown Loop, hundreds of millions in an industrial corridor, and tens of millions in a neighborhood commercial strip.

The case studies also reveal an equity dimension. **TIF revenue can only be spent within the district that generated it, so the geographic concentration of increment determines which neighborhoods have resources for TIF-funded projects.** The LaSalle Central TIF, covering much of Chicago's downtown financial district, collects roughly $180 million per year for projects in some of the city's most valuable real estate. The 79th Street Corridor TIF on the South Side has approximately $1.6 million annually representing a hundredfold gap in funding capacity within the same city. The tax shift, by contrast, is shared by every Chicago property owner, including those in neighborhoods whose own TIFs have far less to spend. The figures presented so far describe the scale and distribution of TIF capture including $19.26 billion of citywide increment in 2023, distributed unevenly across districts. The remaining sections turn to whether that capture reflects TIF-caused appreciation or value that would have appeared regardless, beginning with the parcel-level classification that underpins the analysis.

Parcel Classification and Treatment Effects

The tax shift calculation requires identifying for each Chicago parcel two things: whether the parcel sits inside a TIF district (and therefore contributes to increment), and whether it is close enough to a TIF project to plausibly experience effects from TIF investment. The first question is administrative as Cook County records each parcel's TIF status, but the second requires defining what "close enough" means in physical terms.

Our spillover analysis (described in Appendix B) uses a 0.5-mile buffer around each TIF project as the boundary of expected influence. The logic is that physical projects such as building rehabs, streetscapes, and façade improvements affect nearby parcels through amenity effects, signaling effects, and land-use change, with effects fading at distance. We chose 0.5 miles based on sensitivity testing: parcels within this radius show the largest property-value effects in our analysis, while parcels just beyond it provide a geographically close but plausibly uninfluenced comparison group.

Combining TIF membership (inside or outside a district) with project proximity (within or beyond the 0.5-mile buffer) produces four parcel categories:

- **Category A — Inside TIF, near project.** Property values contribute to TIF increment, and parcels are subject to the spillover effects we estimate.
- **Category B — Outside TIF, near project.** Values are part of the general tax base, but parcels may experience spillover effects from nearby TIF projects.
- **Category C — Inside TIF, far from project.** Values contribute to increment, but our project-buffer methodology does not directly attribute treatment effects to them.
- **Category D — Outside TIF, far from project.** Unaffected by TIF except through the higher tax rate caused by increment diversion.

Table 6 shows how Chicago's approximately 750,000 parcel by year observations distribute across these four categories in 2023. Most parcels and most EAV ($61.28 B) sit in Category D — outside any TIF and beyond any project buffer and thus bear the higher tax rate without any direct TIF involvement, illustrating the breadth of the population affected by the tax shift.

Table 6: Parcel Classification by Category and Property Type, 2023

Category	Description	Residential	Commercial	Industrial	Total EAV
A	Inside TIF, near project	34,585	4,299	1,362	$15.61 B
B	Outside TIF, near project	71,950	4,073	336	$21.74 B
C	Inside TIF, far from project	101,661	12,483	5,969	$17.56 B
D	Outside TIF, far from project	499,002	13,857	2,309	$61.28 B

Source: Great Cities Institute calculations from Cook County Assessor's Office parcel records and City of Chicago Department of Planning and Development TIF project file.
Note: Counts reflect parcels present in all years of the balanced panel (2010–2024) in the residential, commercial, and industrial classes; EAV is assessed value multiplied by the annual Cook County equalization factor. Totals are approximately 2% below official citywide EAV, which additionally includes newly created parcels and property classes outside the three analyzed here.

For the tax-shift calculation, we apply the spillover coefficients to a different grouping. Because TIF-funded infrastructure spending is unobserved in our project file, distance to the nearest project understates which parcels are exposed to TIF activity (see Appendix B, Component 2). We therefore apply the coefficients to all in-TIF parcels — Categories A and C combined — rather than only those near a recorded project. This is a generous-to-TIF assumption, since project-buffer effects are unlikely to be uniform across the full district.

Applying our estimated coefficients (+2.5 percent for commercial, −2.0 percent for industrial, 0 percent for residential) to all in-TIF parcels yields a total TIF-caused value of $348 million in 2023. This represents the portion of in-TIF property values that exists because of TIF investment. However, this value is captured as increment and will not benefit the general tax base until TIF expiration.

For Category B parcels (outside TIF, near projects), the net spillover effect is $350 million in additional EAV in the general tax base attributable to TIF projects. This is the only TIF-created value that currently benefits taxpayers, as it exists outside TIF boundaries and is taxed at general rates.

The Counterfactual Tax Base

What would Chicago's tax base be today if TIF districts had never been created? Building the counterfactual requires combining the pieces established so far. We start from the actual citywide EAV (Table 1) and add back the total increment TIF currently diverts (Table 2) — every dollar, regardless of whether TIF caused that growth. From this expanded base we subtract the value TIF itself created, both the in-TIF TIF-caused value and the Category B spillover, since neither would exist in a no-TIF world. Table 7 presents the result for each year of the study period.

Table 7: Counterfactual Tax Base Calculation, 2014–2023

Tax Year	Non-TIF EAV + Frozen EAVs	+ Increment Diverted	− In-TIF TIF-Caused	− Cat B Spillover	Total EAV if TIFs didn't exist
2014	$64.91 B	+$5.41 B	−$0.15 B	−$0.18 B	$70.00 B
2015	$70.97 B	+$6.65 B	−$0.17 B	−$0.20 B	$77.26 B
2016	$74.02 B	+$7.79 B	−$0.18 B	−$0.21 B	$81.43 B
2017	$76.77 B	+$9.00 B	−$0.19 B	−$0.21 B	$85.36 B
2018	$86.34 B	+$12.27 B	−$0.24 B	−$0.25 B	$98.12 B
2019	$87.83 B	+$13.30 B	−$0.26 B	−$0.26 B	$100.61 B
2020	$89.52 B	+$15.08 B	−$0.28 B	−$0.27 B	$104.04 B
2021	$96.92 B	+$17.96 B	−$0.35 B	−$0.38 B	$114.16 B
2022	$96.90 B	+$18.18 B	−$0.34 B	−$0.36 B	$114.37 B
2023	$99.65 B	+$19.26 B	−$0.35 B	−$0.35 B	$118.21 B

Source: Great Cities Institute calculations.
Note: All increment is diverted during TIF's life. The in-TIF TIF-caused value and Category B spillover represent value created by TIF (inside and outside district boundaries respectively); both are subtracted from the counterfactual because neither would exist without TIF.

By 2023, the counterfactual tax base of $118.21 billion is 18.6 percent larger than the actual effective tax base of $99.65 billion, a gap of approximately $19.26 billion in property value that would be in the general tax base in a no-TIF world. The dollar gap has more than tripled over the study period, from $5.41 billion in 2014 to $19.26 billion in 2023, as TIF increment has grown faster than the rest of Chicago's tax base. **This gap is the structural reason tax rates are higher under TIF than they would be otherwise: the same levy must be spread over a smaller base, raising rates for every property owner.** This relationship is quantified directly in the next two tables.

While all increment is diverted during a TIF's life, our spillover coefficients allow us to decompose what portion of that increment was actually caused by TIF investment and what portion would have appeared

regardless. We refer to the first portion as TIF-caused value, meaning the increase in property values attributable to TIF projects estimated by applying the spillover coefficients to in-TIF parcels (See Table 8). The remainder is organic growth, meaning appreciation driven by inflation, broader market trends, and neighborhood dynamics that would have occurred without TIF intervention. This decomposition is forward-looking: when TIFs eventually expire, the TIF-caused portion will represent a real expansion of the tax base, while the organic portion is value that would have been there all along.

Table 8: Increment Decomposition, 2014–2023

Tax Year	Total Increment	TIF-Caused Value	Organic Growth	TIF-Caused Share
2014	$5.41 B	$147 M	$5.26 B	2.7%
2015	$6.65 B	$167 M	$6.48 B	2.5%
2016	$7.79 B	$175 M	$7.62 B	2.3%
2017	$9.00 B	$192 M	$8.81 B	2.1%
2018	$12.27 B	$239 M	$12.03 B	1.9%
2019	$13.30 B	$259 M	$13.04 B	1.9%
2020	$15.08 B	$284 M	$14.79 B	1.9%
2021	$17.96 B	$349 M	$17.61 B	1.9%
2022	$18.18 B	$344 M	$17.83 B	1.9%
2023	$19.26 B	$348 M	$18.91 B	1.8%

Source: Great Cities Institute calculations.
Note: TIF-caused value represents increment attributable to TIF investment. This value is NOT realized until TIF expiration—it is captured as increment during TIF's life. The TIF-caused share is the only "bonus" value that will benefit the tax base when TIFs expire.

Tax Rate Impact

Table 9 presents the tax rate differential between actual and counterfactual scenarios. Tax rates are 18.6 percent higher in 2023 than they would be without TIF, creating a 1.10 percentage-point gap between Chicago's actual rate (6.99 percent) and the counterfactual rate (5.90 percent) that would prevail if TIF increment were in the general tax base. In practical terms, this means every property owner in Chicago whether inside or outside a TIF district pays on average roughly 18.6 percent more in property taxes than they would in a world without TIF. For a typical homeowner with a $300,000 home (taxable EAV of about $80,000 after exemptions), this works out to approximately $878 more per year in 2023; Table 10 expresses this across the full study period. This gap has more than doubled over the study period, from 7.8 percent in 2014 to 18.6 percent in 2023, growing every year as the cumulative tax-base shortfall has widened. Because property tax rates apply uniformly to every taxable parcel in Chicago, the gap translates directly into a higher tax bill for every property owner, regardless of whether their property sits inside or outside a TIF district.

Table 9: Tax Rate Impact, 2014–2023

Tax Year	Actual Rate	Counterfactual Rate	Rate Increase	% Higher
2014	6.81%	6.31%	0.50 pp	7.8%
2015	6.87%	6.31%	0.56 pp	8.9%
2016	7.14%	6.49%	0.65 pp	10.0%
2017	7.27%	6.53%	0.74 pp	11.2%
2018	6.79%	5.97%	0.82 pp	13.6%
2019	6.89%	6.01%	0.88 pp	14.6%
2020	6.91%	5.95%	0.96 pp	16.2%
2021	6.69%	5.68%	1.01 pp	17.8%
2022	7.04%	5.96%	1.09 pp	18.0%
2023	6.99%	5.90%	1.10 pp	18.6%

Source: Great Cities Institute calculations.
Note: pp = percentage points. The counterfactual rate is calculated by dividing the fixed tax levy by the counterfactual tax base from Table 7.

The Magnitude of Capture

Having quantified both the total increment TIF captures each year and the small fraction TIF can be credited with actually creating, we can now compare them directly. The ratio between the two reveals whether TIF functions primarily as a value-creation tool or as a value-capture mechanism.

A key finding emerges from comparing the stock of captured increment to the stock of TIF-caused value. In 2023:

- **Total Increment Captured:** $19.26 billion
- **TIF-Caused Value:** $348 million (1.8%)
- **Organic Growth:** $18.91 billion (98.2%)

This means TIF captures approximately $55 for every $1 of value it creates. Put differently: for every dollar of property value TIF investment actually generates, TIF captures 55 dollars of appreciation it did not generate. The "self-financing" framing obscures the actual distribution of costs and benefits. Every property owner in Chicago, including those inside TIF districts, whose frozen-base assessments still bear higher rates pays more in property taxes because of TIF increment diversion. At the same time, the benefits of TIF projects are not strictly confined within TIF boundaries: nearby properties outside TIF districts can also experience spillover effects from TIF-funded investment, and public amenities financed through TIF can serve broader areas. The point is not that TIF benefits no one outside its districts, but that the tax cost is borne universally while the value TIF actually creates is small relative to what it captures.

Dollar Impact for Homeowners

Table 10 translates the rate impact in Table 9 into dollar terms across three measures: per $100,000 of EAV, for a typical Chicago homeowner, and citywide. In 2023, a typical Chicago homeowner paid approximately $878 more in property taxes than they would have without TIF, while citywide additional taxes reached $1.09 billion. Over the 2014–2023 period, the cumulative tax shift totaled roughly $6,616 for that homeowner and $7.21 billion citywide.

Table 10: Dollar Impact of TIF Tax Shift, 2014–2023

Tax Year	Impact per $100k EAV	Typical Homeowner	Total Citywide
2014	$494	$395	$321 M
2015	$559	$447	$397 M
2016	$650	$520	$481 M
2017	$731	$585	$561 M
2018	$815	$652	$704 M
2019	$875	$700	$769 M
2020	$964	$771	$863 M
2021	$1,010	$808	$979 M
2022	$1,075	$860	$1,042 M
2023	$1,098	$878	$1,094 M
10-yr Total	**—**	**$6,616**	**$7.21 B**

Source: Great Cities Institute calculations.
Note: Typical homeowner assumes a $300,000 home. Cook County assesses Class 2 residential property at 10 percent of market value, then applies the state equalization factor (approximately 3.0 in recent years) to produce Equalized Assessed Value. After the standard $10,000 homeowner exemption, taxable EAV is approximately $80,000. Annual figures are rounded to the nearest dollar.

Sensitivity Analysis: Four Scenarios

The headline numbers above rest on our point-estimate spillover coefficients (+2.5 percent for commercial, −2.0 percent for industrial, 0 percent for residential). To test how much our findings depend on those specific values, we re-run the full calculation under four scenarios that span a wide range of assumptions about TIF's true effects: a baseline of zero TIF effect, a conservative version using the lower bound of our commercial estimate, our preferred point estimates (the headline scenario), and an implausibly pro-TIF stress test assuming positive effects across all property types at levels well beyond what our analysis or any prior research finds. Because we cannot causally identify a residential effect with the project-buffer design, this scenario analysis is our principal tool for assessing how much the residential null assumption matters. The answer, shown in Table 12, is: very little. Table 11 lists the assumptions; Table 12 reports the resulting tax impacts.

Table 11: Scenario Assumptions

Scenario	Residential	Commercial	Industrial	Rationale
1. Baseline	0%	0%	0%	Null hypothesis: TIF has no effect on property values. This scenario represents the case where all increment is organic growth.
2. Conservative	0%	1.00%	0%	Uses the lower bound of our commercial coefficient confidence interval. Assumes industrial effects are zero rather than negative (benefit of doubt to TIF). Residential remains zero due to failed pre-trends.
3. Point Estimates (In-TIF Treatment)	0%	2.50%	−2.0%	Uses our preferred specification: stacked Wooldridge ETWFE, long-run coefficients (years 5–10). Commercial coefficient from specification with passing pre-trends (p=0.131). Industrial coefficient is the average of three Wooldridge specifications that pass pre-trends (individual p-values 0.28, 0.81, 0.91); see Appendix B. Residential set to zero as an agnostic null because pre-trends fail (p<0.001), preventing causal identification. See scenario rationale text and Appendix B for justification.
4. Implausibly Pro-TIF	2.00%	5.00%	2.00%	Stress test assuming TIF increases ALL property types substantially, including positive effects on residential (despite failed pre-trends) and industrial (despite negative point estimates). This scenario is inconsistent with our empirical findings but tests the robustness of the tax shift finding.

Source: Great Cities Institute calculations.

Applying each scenario's coefficients to the in-TIF treatment group and Category B parcels and re-running the full counterfactual calculation for every year of the study period produces the rate increases, dollar burdens, and TIF-caused shares summarized in Table 12.

Table 12: Results by Scenario (2023)

Scenario	Rate Increase	Annual Extra Taxes	TIF-Caused Share
1. Baseline	19.3%	$1.13 B	0.0%
2. Conservative	19.0%	$1.11 B	0.9%
3. Point Estimates	18.6%	$1.09 B	1.8%
4. Implausibly Pro-TIF	17.3%	$1.03 B	6.0%

Source: Great Cities Institute calculations

Two patterns stand out in Table 12. First, the rate increase and the annual tax burden barely move across the four scenarios: rates remain within a 2.0-percentage-point band (17.3 to 19.3 percent) and annual extra taxes within roughly $100 million ($1.03 to $1.13 billion), despite assumptions that span the full range from "TIF causes nothing" to "TIF causes more than the evidence supports." Second, the TIF-caused share of increment is the only column that varies meaningfully, ranging from 0 percent under the null hypothesis to 6.0 percent under the stress test. Even at that stress-test upper bound, TIF accounts for only a small fraction of the total increment captured. Therefore, **we conclude that the tax shift finding survives every scenario, including the most generous assumptions about TIF's effects.** Even under the Implausibly Pro-TIF scenario which assumes TIF raises all property types by 2–5 percent, contrary to our empirical findings, tax rates remain 17.3 percent higher than they would be without TIF and taxpayers still pay over $1 billion annually in additional taxes.

This robustness reflects the structural nature of the finding: TIF captures all increment for 23+ years, regardless of whether TIF caused it. The coefficients determine only how much of the captured increment is TIF-caused versus organic growth—and even with generous assumptions, the vast majority remains organic growth that would have occurred anyway.

This finding directly challenges the "self-financing" justification for TIF. Proponents argue that TIF "pays for itself" because the increment it captures funds the investments that generated that increment. But if only 1.8 percent of increment is TIF-caused, then TIF is not paying for itself—it is paying for itself with money it didn't earn. For every $1 of value TIF creates, it captures $55 in appreciation that would have occurred regardless. **The "self-financing" framing obscures what is effectively a tax on all property, inside and outside of TIF districts, to fund investments inside them.**

Section Summary

Chicago's TIF program imposes a structural and durable tax shift on every property owner in the city. Between 2014 and 2023, the program diverted approximately $19.26 billion in property value from the general tax base into TIF funds, raising tax rates 13.7 percent on average over the period and costing Chicago property owners approximately $7.21 billion in additional taxes. For a typical homeowner with a $300,000 home, this translates to roughly $878 in extra taxes in 2023 alone — and about $6,616 over the decade. Only a small fraction (approximately 1.8 percent) of the value TIF captures represents growth attributable to TIF investment; the remainder would have appeared regardless. The result holds across scenarios spanning generous to skeptical assumptions about TIF's effects, because it follows from the basic structural mechanic of capturing all property value growth above a frozen base for 23 years or more. The benefits TIF produces are real but small — concentrated on commercial properties near TIF projects — and come at a cost spread across every Chicago property owner. By the report's central measure, TIF captures roughly 55 dollars for every dollar of property value it creates.

Section 3:

TIF Diversions and Expenditures: by Taxing Body, by Neighborhood, by Project Type

Highest Revenue TIFs Pay Virtually No Taxes for City Services and Schools

GCI staff obtained, pursuant to Freedom of Information Act requests, data on the total combined taxes that Cook County billed to all property owners within a handful of Chicago's most lucrative TIF districts for each of the past five years. We also obtained breakdowns on how those taxes were allocated to the TIF district's own fund and those of other taxing entities such as the Board of Education and Chicago's own Corporate Fund (See Table 13). The data show property owners in those TIFs have paid amazingly little for the cost of the city services they receive – a fact that is not widely known.

The data show property owners in [highest revenue] TIFs have paid amazingly little for the cost of the city services they receive…

Table 13: Total Property Taxes Paid by Wealthy TIFs in 2025 to Separate Taxing Bodies

	Total Taxes	Taxes Paid to TIF Fund		Taxes Paid to School District		Taxes Paid to the City	
	(Millions)	(Millions)	Percent	(Millions)	Percent	(Millions)	Percent
Canal St/Congress	$69.21	$67.	96.9%	$1.2	1.7%	$0.49	0.7%
Near North	$47.4	$45.8	96.7%	$1.4	3.0%	$0.58	1.2%
Kinzie Industrial Conservation Area	$160.3	$150.9	94.2%	$5.1	3.2%	$2.08	1.3%
River West	$45.4	$42.2	93.0%	$1.7	3.7%	$0.69	1.5%
Central West	$58.6	$54.	92.1%	$2.6	4.4%	$1.07	1.8%
Pilsen Industrial Corridor	$54.4	$47.4	87.1%	$3.8	7.0%	$1.56	2.9%
LaSalle Central	$422.1	$170.4	40.4%	$138.1	32.7%	$56.88	13.5%

Data Source: Cook County Treasurer TIF Revenue Data. Tabulations by Great Cities Institute.

Take the Kinzie Industrial Conservation TIF, for example. When it was created in 1998, the district spanned more than 1,000 acres across parts of the Near West Side, West Town, and East Garfield Park and it included more than 1,500 buildings. Today, that district is brimming with high-end condos, trendy renovated loft offices, and a booming restaurant and entertainment scene around the old Fulton and Randolph Street markets. **The data indicate that the owners of land and buildings in the Kinzie district paid a combined total of $160.3 million in property taxes last year. Of that amount, 94 percent – or $150.9 million – was diverted to the Kinzie TIF, while a mere 3 percent ($5.1 million) went to the public schools, and just 1.3 percent ($2.1 million) went to pay for City services.** Furthermore, while the Kinzie TIF's annual revenue from the property tax nearly doubled over the five

years we studied – going from the $81.6 million to $150.9 million last year – the amount the district's property owners paid in annual taxes to the schools and the City's Corporate Fund actually declined, from $8 million five years ago to $7.1 million last year.

The same pattern occurred in almost all high-revenue TIFs.[70] Properties in the 41-acre Canal/Congress TIF in the West Loop, for example, paid a combined total of just $490,000 to the City and $1.2 million to Chicago Public Schools last year in taxes. Those amounts represented a tiny 2.4 percent of the $69.2 million total tax they paid, yet the Canal/Congress TIF itself received $67 million, or a staggering 96.8 percent of the total tax. Even the Pilsen Industrial TIF, a district that spans 900 acres within the larger historic Mexican American Pilsen neighborhood, evinces a similar trend. The Pilsen TIF has been the most lucrative TIF district outside of the city's commercial core for years, largely due to gentrification that has driven up land values. As a result, Pilsen TIF property owners paid a whopping $47.4 million to the local TIF last year – 87.1 percent of their total tax bill – while they paid just $3.8 million to the Chicago Board of Education and $1.6 million to the City Corporate Fund.

Only the Loop's LaSalle Central TIF diverged to some degree from this general pattern. Last year, all property owners in LaSalle, which is annually the highest grossing TIF district of all, paid $422.1 million in total taxes. Of that amount, 40 percent ($170.4 million) went to the LaSalle TIF fund, while the Chicago Public Schools were allocated a smaller but still significant 32.7 percent (or $138 million). The reason for this relatively larger share going to the schools is simple: commercial buildings in that part of the Loop were among the most valuable properties in Chicago even before Mayor Daley created the LaSalle district in 2006. As a result, the frozen base EAVs of those properties have continued to generate significant taxes for the schools and other city taxing bodies. Nonetheless, LaSalle's tax payments for city services keeps shrinking. The total amount paid to the public schools by LaSalle properties dropped from $152.6 million five years ago to $138 million last year, even as their payments to the TIF increased from $150.8 million to $170.4 million.

Given the mounting share of property tax being diverted into TIFs, especially by the wealthiest districts, it becomes even more apparent why Chicago's other taxing bodies must increase their citywide levies on all properties to meet their budget needs. Conversely, it also means property owners across the city are shouldering higher taxes for the schools and city services that residents in those high-diversion TIF districts use.

Surprising Tax Bills of Some Chicago Properties

As part of our research, we also reviewed property taxes of scores of individual buildings and parcels going back over several years. Most homeowners typically examine closely only their own tax bill, which arrives in the mail from the Cook County Treasurer twice a year. But the small print of those individual bills spells out exactly what portion of a property's tax is allocated to each of more than a half-dozen separate taxing bodies. Only since 2014 have those bills also included the amount allocated to a TIF if that property is located within a TIF district. What we found in those individual bills was even more eye-opening than the overall TIF statistics.

As mentioned earlier, the world-famous Willis Tower (formerly Sears Tower), Chicago's single most valuable piece of real estate, has been part of the LaSalle Central TIF district since the district was created in 2006. Since then, all increases in property tax revenues from Willis Tower and other Loop office buildings have gone into the LaSalle TIF account. Cook County property records show the Willis Tower alone paid a whopping $50.1 million in 2025 for its annual property tax bill. Of that amount, 31 percent ($15.8 million) went to the LaSalle TIF, while the Chicago Public Schools, which normally would be entitled to 54 percent of that tax, received just 37 percent ($18.8 million) – a "loss" for the schools of $8.7 million from just one building in one year.

Or take the Midwest headquarters of Google, one of the world's most valuable companies (See Figures 3 & 5). We are referring to the 10-story renovated former warehouse at 1000 W. Fulton St.

70 The only two big money-generating TIFs that followed a different pattern are the two transit TIFs, which were created under separate legislation that requires them to return to the Chicago Public Schools their full share each year of tax increment as well as a bigger share to the city and other taxing bodies.

where Google has been a principal tenant for more than a decade, not the new building Google will begin occupying in the Loop in 2027. The real estate trust which owns 1000 W. Fulton paid $7.6 million in property tax last year. Cook County tax records show the l*ocal Kinzie Industrial Conservation TIF captured 98.2 percent of that money, while less than 2 percent went to all other Chicago taxing bodies combined.* One of those taxing bodies, Chicago Public Schools, received just $73,126 in tax from the building's owners. That is barely enough money to fund the average salary of a single CPS teacher. Google reportedly employs 1,800 workers there and at another nearby building." [71]

Figure 3: 2024 Property Tax Bill for 1000 W. Fulton St.

TOTAL PAYMENT DUE	2024 Second Installment Property Tax Bill - Cook County Electronic Bill					
$0.00 By 06/15/2026	Property Index Number (PIN)	Volume	Code	Tax Year	(Payable In)	Township	Classification
	17-08-411-001-0000	590	77106	2024	(2025)	West Chicago	5-91

IF PAYING LATE, PLEASE PAY	06/16/2026 - 07/15/2026	07/16/2026 - 08/15/2026	08/16/2026 - 09/15/2026	LATE INTEREST IS 0.75% PER MONTH, BY STATE LAW
	$0.00	$0.00	$0.00	

YOUR TAXING DISTRICTS

WHERE YOUR MONEY GOES

Total 2024 Tax Bill $7,619,865.24 **-$1,622,813.48 LESS than 2023**

Taxing District	2024 Tax	2023 Tax	Difference	
TIF CITY OF CHICAGO-KINZIE CONSERVATION	$7,486,076.51	$8,701,057.75	-$1,214,981.24	Less
BOARD OF EDUCATION	$73,126.13	$295,464.70	-$222,338.57	Less
CITY OF CHICAGO	$30,124.39	$124,389.94	-$94,265.55	Less
METRO WATER RECLAMATION DIST OF GR CHGO	$6,856.42	$26,621.92	-$19,765.50	Less
CHICAGO PARK DISTRICT	$5,925.25	$24,538.46	-$18,613.21	Less
COUNTY OF COOK	$4,735.28	$13,118.05	-$8,382.77	Less
CHICAGO COMMUNITY COLLEGE DISTRICT 508	$3,010.46	$12,192.07	-$9,181.61	Less
CITY OF CHICAGO SCHOOL BLDG & IMP FUND	$2,609.47	$11,034.59	-$8,425.12	Less
CITY OF CHICAGO LIBRARY FUND	$2,398.67	$9,954.28	-$7,555.61	Less
COUNTY OF COOK HEALTH & HOSPITAL COMM.	$1,567.69	$5,941.70	-$4,374.01	Less
PUBLIC SAFETY PUBLIC SAFETY	$1,560.92	$5,941.70	-$4,380.78	Less
FOREST PRESERVE DISTRICT OF COOK COUNTY	$1,381.34	$5,787.37	-$4,406.03	Less
WEST SIDE MENTAL HEALTH SERV DIST	$492.71	$1,851.96	-$1,359.25	Less
DO NOT PAY THESE TOTALS	$7,619,865.24	$9,242,678.72	-$1,622,813.48	Less

The above breakdown displays how much you pay in property taxes to each taxing district and the change from last year. Please see reverse side for a detailed breakdown by Taxing District.

TAX CALCULATOR

2023 Assessed Value	43,656,417
2024 Property Value	151,150,000
2024 Assessment Level	X 25%
2024 Assessed Value	37,787,500
2024 State Equalizer	X 3.0355
2024 Equalized Assessed Value (EAV)	114,703,956
2024 Local Tax Rate	X 6.643071%
2024 Total Tax Before Exemptions	7,619,865.24

2024 Total Tax Before Exemptions	7,619,865.24
Homeowner's Exemption	.00
Senior Citizen Exemption	.00
Senior Freeze Exemption	.00
2024 Total Tax After Exemptions	7,619,865.24
First Installment	5,083,473.30
Second Installment +	2,536,391.94
Total 2024 Tax (Payable in 2025)	7,619,865.24

IMPORTANT MESSAGES

THANK YOU FOR YOUR FIRST INSTALLMENT PAYMENT OF: $5,083,473.30

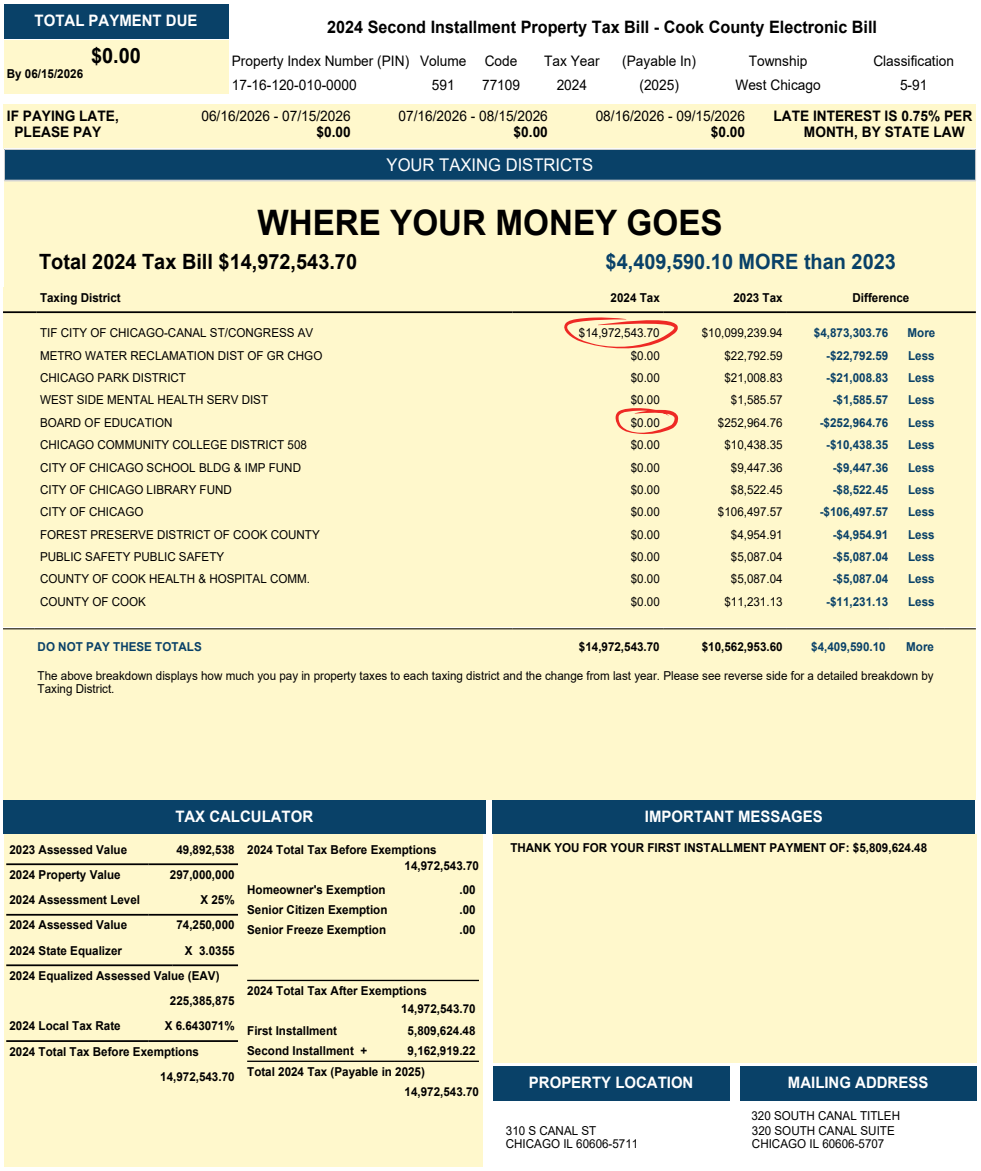
PROPERTY LOCATION	MAILING ADDRESS
1000 W FULTON ST CHICAGO IL 00000	OPI WF OWNER LLC 255 WASHINGTON ST NEWTON MA 02458-1637

An even more remarkable example is the 50-story BMO office building, which broke ground in 2022 at 320 S. Canal. It paid $14.9 million in taxes last year. Shockingly, 100 percent of that money was diverted into the Canal/Congress TIF, with not a single penny earmarked for any other city taxing body (See Figures 4 & 5). If we go back another year, we can see that the property tax paid to the city amounted to approximately 4.5% of its $10.5-million property tax bill (roughly $10.1-million was diverted into the Canal/Congress TIF). Despite seeing an increase of over $4.4 million in property

71 For numbers of Google employees, see Amy Lynam, "Office Spotlight: Chicago," Google Blog, May 17, 2022, at: https://blog.google/company-news/inside-google/life-at-google/office-spotlight-chicago/

taxes since 2023, the city taxing bodies saw none of it, not even their meager 4.5%, while the Canal/ Congress TIF received all $14.9 million undisturbed.

Figure 4: 2024 Second Installment Property Tax Bill for 320 S Canal St.



TOTAL PAYMENT DUE

$0.00

By 06/15/2026

2024 Second Installment Property Tax Bill - Cook County Electronic Bill

Property Index Number (PIN)	Volume	Code	Tax Year	(Payable In)	Township	Classification
17-16-120-010-0000	591	77109	2024	(2025)	West Chicago	5-91

IF PAYING LATE, PLEASE PAY	06/16/2026 - 07/15/2026	07/16/2026 - 08/15/2026	08/16/2026 - 09/15/2026	LATE INTEREST IS 0.75% PER MONTH, BY STATE LAW
	$0.00	$0.00	$0.00	

YOUR TAXING DISTRICTS

WHERE YOUR MONEY GOES

Total 2024 Tax Bill $14,972,543.70 — **$4,409,590.10 MORE than 2023**

Taxing District	2024 Tax	2023 Tax	Difference	
TIF CITY OF CHICAGO-CANAL ST/CONGRESS AV	$14,972,543.70	$10,099,239.94	$4,873,303.76	More
METRO WATER RECLAMATION DIST OF GR CHGO	$0.00	$22,792.59	-$22,792.59	Less
CHICAGO PARK DISTRICT	$0.00	$21,008.83	-$21,008.83	Less
WEST SIDE MENTAL HEALTH SERV DIST	$0.00	$1,585.57	-$1,585.57	Less
BOARD OF EDUCATION	$0.00	$252,964.76	-$252,964.76	Less
CHICAGO COMMUNITY COLLEGE DISTRICT 508	$0.00	$10,438.35	-$10,438.35	Less
CITY OF CHICAGO SCHOOL BLDG & IMP FUND	$0.00	$9,447.36	-$9,447.36	Less
CITY OF CHICAGO LIBRARY FUND	$0.00	$8,522.45	-$8,522.45	Less
CITY OF CHICAGO	$0.00	$106,497.57	-$106,497.57	Less
FOREST PRESERVE DISTRICT OF COOK COUNTY	$0.00	$4,954.91	-$4,954.91	Less
PUBLIC SAFETY PUBLIC SAFETY	$0.00	$5,087.04	-$5,087.04	Less
COUNTY OF COOK HEALTH & HOSPITAL COMM.	$0.00	$5,087.04	-$5,087.04	Less
COUNTY OF COOK	$0.00	$11,231.13	-$11,231.13	Less
DO NOT PAY THESE TOTALS	$14,972,543.70	$10,562,953.60	$4,409,590.10	More

The above breakdown displays how much you pay in property taxes to each taxing district and the change from last year. Please see reverse side for a detailed breakdown by Taxing District.

TAX CALCULATOR

2023 Assessed Value	49,892,538
2024 Property Value	297,000,000
2024 Assessment Level	X 25%
2024 Assessed Value	74,250,000
2024 State Equalizer	X 3.0355
2024 Equalized Assessed Value (EAV)	225,385,875
2024 Local Tax Rate	X 6.643071%
2024 Total Tax Before Exemptions	14,972,543.70

2024 Total Tax Before Exemptions	14,972,543.70
Homeowner's Exemption	.00
Senior Citizen Exemption	.00
Senior Freeze Exemption	.00
2024 Total Tax After Exemptions	14,972,543.70
First Installment	5,809,624.48
Second Installment +	9,162,919.22
Total 2024 Tax (Payable in 2025)	14,972,543.70

IMPORTANT MESSAGES

THANK YOU FOR YOUR FIRST INSTALLMENT PAYMENT OF: $5,809,624.48

PROPERTY LOCATION

310 S CANAL ST
CHICAGO IL 60606-5711

MAILING ADDRESS

320 SOUTH CANAL TITLEH
320 SOUTH CANAL SUITE
CHICAGO IL 60606-5707

Some similar iconic buildings that County records show to be paying a relative pittance in property tax to the Chicago Public Schools include:

- The 52-story Riverpoint Plaza office building opened in 2013 with the help of a $29-million LaSalle Central TIF subsidy. Last year, it paid $17.9 million, but 99.5 percent of that money was diverted to the LaSalle TIF account.
- The 55-story gleaming Bank of America Tower at 110 N. Wacker Drive, which paid $25.9 million in property tax last year, sent 96.4 percent of it to the LaSalle TIF.
- The Commercial National Bank Building, an 18-story landmark structure at 125 S. Clark St. that once housed Commonwealth Edison, paid $2 million in property tax last year, 89.1 percent of which went to the LaSalle TIF, with just 5.9 percent earmarked for public schools.

Figure 5: Summaries of Property Tax Bills Paid in 2025 by 1000 W. Fulton St. and 320 S. Canal St. (for 2024 Taxes)



By Owners of Google Building.

	Amount
To Chicago Public Schools:	$73,126
To City of Chicago:	$30,124
To Chicago Park District:	$5,925
To Kinzie Conservation TIF:	$7,486,076



By owners of BMO Building.

	Amount
To Chicago Public Schools:	$0
To City of Chicago:	$0
To Chicago Park District:	$0
To Canal/Congress TIF:	$14,972,543

Similar breakdowns are true for hundreds of lesser-known office and residential condos or rental buildings in or near downtown.

- At 1040 West Adams St., a 266-unit loft condo building in the West Loop, the owner of a single one-bedroom unit paid 95 percent of their property tax last year to the local Central West TIF, while the remaining 5 percent went to twelve other overlapping taxing districts, including the City of Chicago and the Board of Education.
- At 240 N. Ashland Ave., owners of a renovated innovation hub office building paid $673,310 in property tax last year, 95 percent of which went to the Kinzie Industrial Conservation TIF.

In many cases, property owners were hit with a *lower tax bill in 2025 to the public schools or the city, but a higher tax to the local TIF*. The Willis Tower is once again an instructive example. The tower's total 2025 property tax of $50.1 million represented a $3.2 million reduction from the $53.3 million it paid the previous year. The decrease was mostly a result of Cook County's triennial reassessment for Chicago, which significantly reduced property assessments for downtown commercial buildings because of the persistent high percentage of vacancies many buildings have faced since the COVID pandemic. Still, the details of the Willis Tower's new bill after its reassessment revealed many losers and only one bigger winner. As we mentioned earlier, the Tower's owners paid $18.8 million last year to the Chicago Public Schools, an amount significantly below the $24.2 million they paid the previous year. Likewise, the Tower's payment to Chicago's Corporate Fund dipped from $10.2 million to $7.7 million, as did payments to almost all other taxing bodies. But at the same time, the Tower's payment

to the LaSalle TIF zoomed from $9 million the previous year to $15.8 million last year. In other words, even as the city and the public schools received $7.9 million less in taxes last year from the city's most iconic property, the taxes from the "increment" captured by the LaSalle Central TIF went up by $6.8 million.

Part of what drove this continued increase in TIF revenues even when some areas experience declines in property values, according to the Cook County Clerk, was "the County's new Property Tax System, which calculates TIF revenue on a property-by-property basis, as is done in other Illinois counties. Previously, TIF revenue was calculated by aggregating the total increment within a TIF, which resulted in some properties contributing less to the TIF than had they been calculated independently."[72] The County's new assessment system, in other words, assures that an even greater share of tax dollars will accrue to the TIF districts than to other taxing bodies such as the schools or the city.

None of this, we must note, is improper or in violation of TIF law. Chicago's massive overuse of TIFs, along with the underlying assumption in the law that all growth in a TIF district's property values would not have occurred "but for" the creation of the district, necessarily results in all taxes from that growth being diverted to the TIF fund. It thus requires that property owners throughout the city pay more in taxes to make up for the revenues lost to the schools, the city and other taxing bodies (See Section 2).

TIF Mostly Benefits Downtown Neighborhoods

A remarkable portion of TIF spending over the past four decades – we estimate at least 51 percent – has gone to finance projects in less than a half dozen community areas in or near downtown (See Map 5). While GCI staff could not determine a precise amount due to numerous gaps in the City's published data, we managed to identify and track nearly $7.6 billion that was spent directly on 1,400 individual projects across the city, some dating back as far as 1986.[73]

This downtown concentration is certainly no surprise to city leaders. They have quietly acknowledged for years that TIF spending is inherently inequitable because properties in more affluent neighborhoods will necessarily produce higher future property values than other areas, which means TIFs in those neighborhoods can more readily amass the kinds of large increments needed to fund major infrastructure initiatives. Some advocates for TIF say those neighborhoods have every right to receive greater investment back from the city since they are the areas generating higher taxes. That approach, however, risks reinforcing rather than reducing economic inequities between neighborhoods, and it risks turning the city's uniform property tax into a balkanized system of separate revenue streams for have and have not neighborhoods.

A remarkable portion of TIF spending over the past four decades – we estimate at least 51 percent – has gone to finance projects in less than a half dozen community areas in or near downtown.

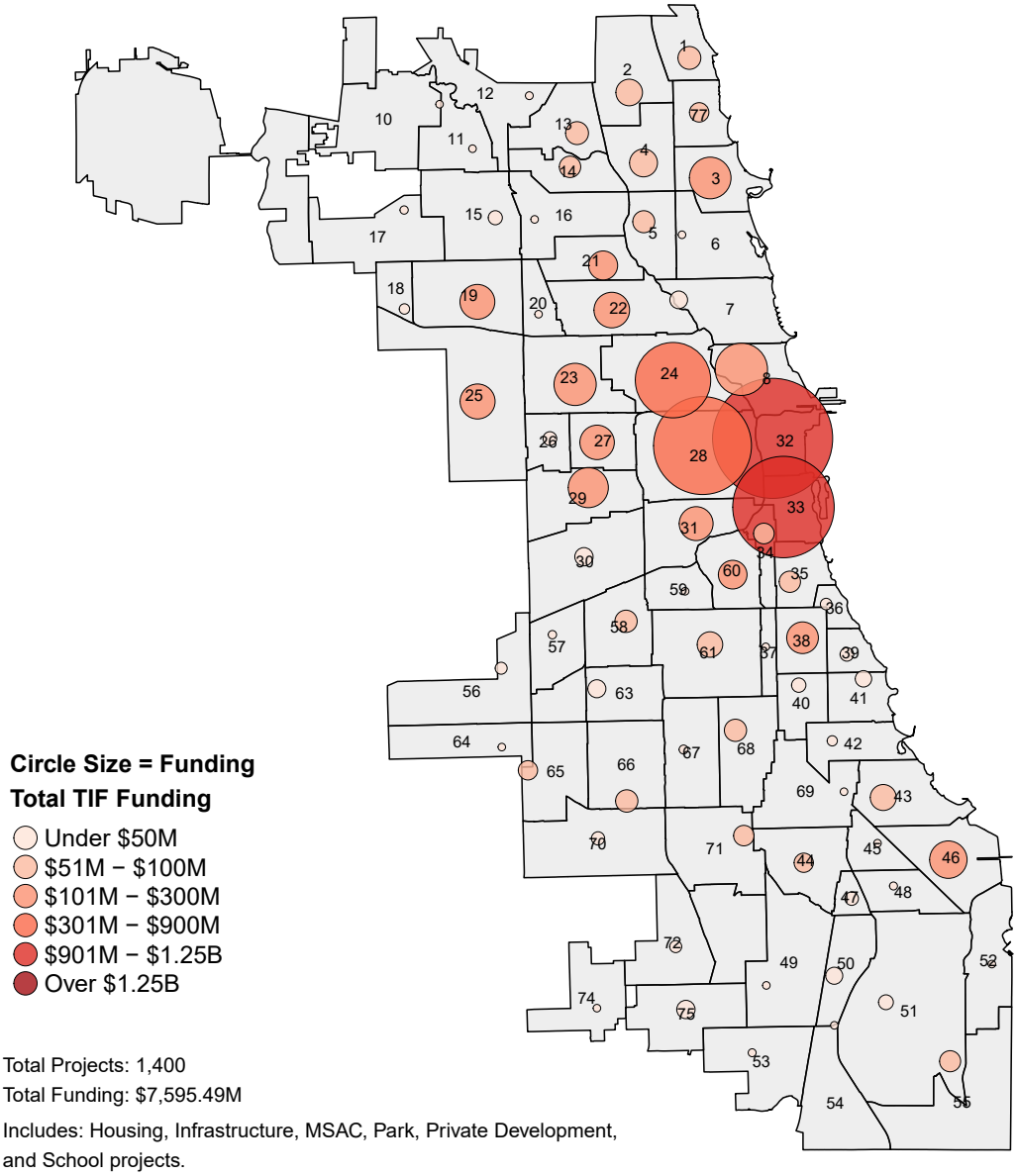
We found that the percentage of total revenue from TIF increment produced by districts downtown was far higher during the early decades of the program than it is today. From 1990 to 1997, for example, 81 percent of Chicago's total revenues from TIF increment – $249.9 million of some $307 million – was produced

72 For a breakdown of the difference between the old assessment method and the current one, see "Cook County TIFs to generate over $2 Billion in Revenue," Office of Cook County Clerk Monica Gordon, January 21, 2026, pp. 2-3, at: https://news.wttw.com/sites/default/files/article/file-attachments/2024-tif-report.pdf

73 That figure does not include $2.1 billion the TIF program spent on financing fees and interest on debt connected to those projects, nor the nearly $1.8 billion allocated from the two transit TIF funds to projects connected to the Red-Line Extension and Red-Purple Modernization, nor does it include 25 other Chicago Transit Authority projects that received TIF subsidies before the two transit TIFs were created.

Map 5: TIF−Funded Projects Tracked by GCI, by Community Area (1986−2026)

Not adjusted for inflation



Circle Size = Funding

Total TIF Funding

- Under $50M
- $51M − $100M
- $101M − $300M
- $301M − $900M
- $901M − $1.25B
- Over $1.25B

Total Projects: 1,400

Total Funding: $7,595.49M

Includes: Housing, Infrastructure, MSAC, Park, Private Development, and School projects.

Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data.

Map Generated by Great Cities Institute

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Side Table for Map 5: Total TIF Project Spending by Community Area (Downtown Receiving Areas Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
1	Rogers Park	9	$68.80M	39	Kenwood	6	$27.84M
2	West Ridge	24	$89.48M	40	Washington Park	9	$30.38M
3	Uptown	38	$196.06M	41	Hyde Park	6	$38.62M
4	Lincoln Square	44	$97.53M	42	Woodlawn	6	$16.88M
5	North Center	20	$64.39M	43	South Shore	8	$85.96M
6	Lake View	2	$7.82M	44	Chatham	10	$50.85M
7	Lincoln Park	5	$43.85M	45	Avalon Park	6	$8.42M
8	Near North Side	50	$292.85M	46	South Chicago	12	$162.85M
10	Norwood Park	1	$0.14M	47	Burnside	5	$27.49M
11	Jefferson Park	7	$7.49M	48	Calumet Heights	8	$10.94M
12	Forest Glen	2	$10.60M	49	Roseland	5	$2.08M
13	North Park	24	$68.99M	50	Pullman	10	$41.18M
14	Albany Park	20	$61.23M	51	South Deering	10	$32.16M
15	Portage Park	27	$29.60M	52	East Side	5	$5.98M
16	Irving Park	9	$9.22M	53	West Pullman	9	$10.88M
17	Dunning	5	$11.62M	54	Riverdale	1	$6.00M
18	Montclare	6	$17.30M	55	Hegewisch	2	$59.58M
19	Belmont Cragin	29	$143.56M	56	Garfield Ridge	11	$22.20M
20	Hermosa	4	$1.95M	57	Archer Heights	4	$11.81M
21	Avondale	15	$104.26M	58	Brighton Park	12	$65.56M
22	Logan Square	30	$149.11M	59	Mckinley Park	8	$9.64M
23	Humboldt Park	43	$200.91M	60	Bridgeport	24	$102.08M
24	West Town	31	$553.63M	61	New City	28	$83.12M
25	Austin	33	$144.80M	63	Gage Park	4	$45.33M
26	West Garfield Park	11	$28.29M	64	Clearing	2	$0.45M
27	East Garfield Park	38	$140.75M	65	West Lawn	6	$51.20M
28	Near West Side	104	$874.70M	66	Chicago Lawn	2	$66.09M
29	North Lawndale	44	$183.75M	67	West Englewood	10	$13.42M
30	South Lawndale	10	$46.49M	68	Englewood	17	$65.48M
31	Lower West Side	24	$136.86M	69	Greater Grand Crossing	2	$1.11M
32	Loop	270	$1,250.02M	70	Ashburn	6	$26.42M
33	Near South Side	32	$930.73M	71	Auburn Gresham	7	$56.69M
34	Armour Square	13	$57.36M	72	Beverly	11	$22.50M
35	Douglas	15	$60.65M	74	Mount Greenwood	4	$2.30M
36	Oakland	9	$20.83M	75	Morgan Park	12	$46.67M
37	Fuller Park	2	$6.76M	77	Edgewater	23	$51.50M
38	Grand Boulevard	39	$121.47M				

Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

by just eight of the city's 69 TIF districts, all of them downtown.[74] In subsequent years, officials created many more TIF districts throughout the city, with 108 still operating in 2025. Yet last year, with total citywide TIF revenues reaching nearly $1.6 billion, ten downtown TIF districts still generated 35 percent of that amount, or $558 million, according to GCI's analysis of the most recent data.[75] While that percentage still represents a significant share of the total citywide TIF revenue, it is a far lower share than the 81 percent that downtown TIFs produced back in the 1990s.

When it comes to the spending of TIF money, however, the downtown concentration has remained virtually unchanged throughout the history of the TIF program. Back in the 1990s, City officials allocated 60 percent of all TIF spending to downtown projects. That included virtually all TIF money that went to public works (91.8 percent), as well as 45 percent of all TIF subsidies to private development.[76] GCI's more up-to-date tracking of expenditures indicates that 51 percent of TIF funds for individual projects have gone to downtown community areas since the program began. That's only somewhat less than the 60 percent share that was allocated during the 1990s.

Our Method for Tracking and Mapping TIF Investments

To better determine TIF's impact on various city neighborhoods we decided to track expenditures from the program by type of project (e.g., private commercial or industrial subsidies, public works, affordable housing, schools and parks) and to also map projects by their community area. We chose this community area approach rather than individual TIF district or aldermanic ward, which most previous studies have used, because TIFs vary greatly in geographical shape and size, because a good number have expired since the program began, and because some have been expanded or been reduced in acreage over the years.[77] Furthermore, most Chicago residents have little knowledge of the boundaries of their closest TIF district. As for the fifty aldermanic wards, they, too, undergo redistricting after each decennial census, so the boundaries of many wards have changed over forty years. The city's 77 community areas, however, have kept essentially the same boundaries for more than a hundred years, thus Chicagoans are far more aware of their community area, and those areas offer more stable geographic units by which to track the program's evolution over such a long period.

In all, we reviewed data on more than $16.5 billion in TIF expenditures, commitments, or transfers of funds. Of that money, $9.4 billion has gone to directly fund some 1,427 projects. These included subsidies to private sector firms, commonly known as Redevelopment Agreements (RDAs); those with public agencies, officially known as Inter-Governmental Agreements (IGAs); as well as spending on infrastructure and street improvements for which city agencies themselves contracted between 2019 and 2024, and which are not part of any RDA or IGA. In addition, TIF districts have paid more than $2 billion over the years in financing fees and interest for loans or bonds connected to these various projects. Another half billion or so has gone for the salaries of city staff who administer the TIF program, as well as for small business loans and workforce training programs. Finally, we also tallied $4.6 billion that city officials have swept up from TIF districts since 2011 and returned to Chicago's other taxing bodies (See Appendix E for breakdown). That's an extraordinary amount of money.

We then separated the direct TIF project expenditures into our main categories and mapped the distribution of spending and the number of projects by community area. Our analysis found the following:

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74 For past data, see Chris Schwartz, "Chicago TIF Encyclopedia: The first comprehensive report on the state of tax increment financing in Chicago," Neighborhood Capital Budget Group, August 1999, p. 12, at: https://www.cdfa.net/cdfa/cdfaweb.nsf/ord/23e05c-888c1029ec882579360063e1e2/$file/tifreport.pdf

75 Data on increments from downtown and near downtown TIFs (LaSalle Central, Kinzie, Canal/Congress, Near North, River North, Central West, River West, 24th & Michigan, Roosevelt/Clark, and Randolph/Wells) did not include the Red Line Extension Transit TIF, which runs through downtown, because much of that TIFs increment will be spent on the city's Far South Side. See Cook County Treasurer's "Tax Year 2024 Tax Bill Analysis" at: https://www.cookcountytreasurer.com/taxbillanalysisdatafortaxyear2024.aspx.

76 See Schwartz, "Chicago TIF Encyclopedia," p. 12.

77 As far back as 1997, one study noted, "The three oldest Central City TIFs (Near West, Near South, and Central Loop) are harder to analyze because they include recent amendments that substantially increased the number of acres within their boundaries." See "TIF Encyclopedia," p. 17

Private Development

Just five downtown community areas collectively received 64 percent of nearly $2.6 billion in TIF subsidies that we identified as approved for private development projects between 1986 and 2026. The 219 projects we tracked included commercial, industrial, medical, arts + museums, or university RDAs, but not residential housing RDAs, which we catalogued separately (See Map 6).

The downtown areas and the TIF amounts they received were:

- Near South Side, $661.4 million;
- West Town, $514 million;
- Near West Side, $197.7 million;
- The Loop, $190.9 million;
- Near North Side, $102.2 million.

By contrast, five community areas on the South and West Sides, Englewood ($24.0M), West Englewood ($1.92M), Brighton Park ($6.30M), North Lawndale ($21.34M), and West Garfield Park ($1.94M), received barely half as much in TIF subsidies as the Near North Side, the lowest recipient among the downtown neighborhoods. **This disproportion underscores how the current structure of Chicago TIFs reinforces existing inequities when it comes to economic development.**

In addition, a few megaprojects amassed a big portion of private development subsidies. Just four accounted for nearly $1.25 billion in commitments – 48 percent of all TIF subsidies for private development over the past forty years.[78] As of late 2025, these included "The 78 Infrastructure Project" (on the Near South Side), an ambitious commercial and mixed-use residential plan spearheaded by the Related Companies, which was still set to receive $551.2 million. Another $487.8 million was likewise earmarked for Lincoln Yards, a similar grandiose plan for a vast tract of vacant industrial land just north of downtown that is surrounded by the largely white and middle-class neighborhoods of Lincoln Park, Bucktown and Wicker Park.

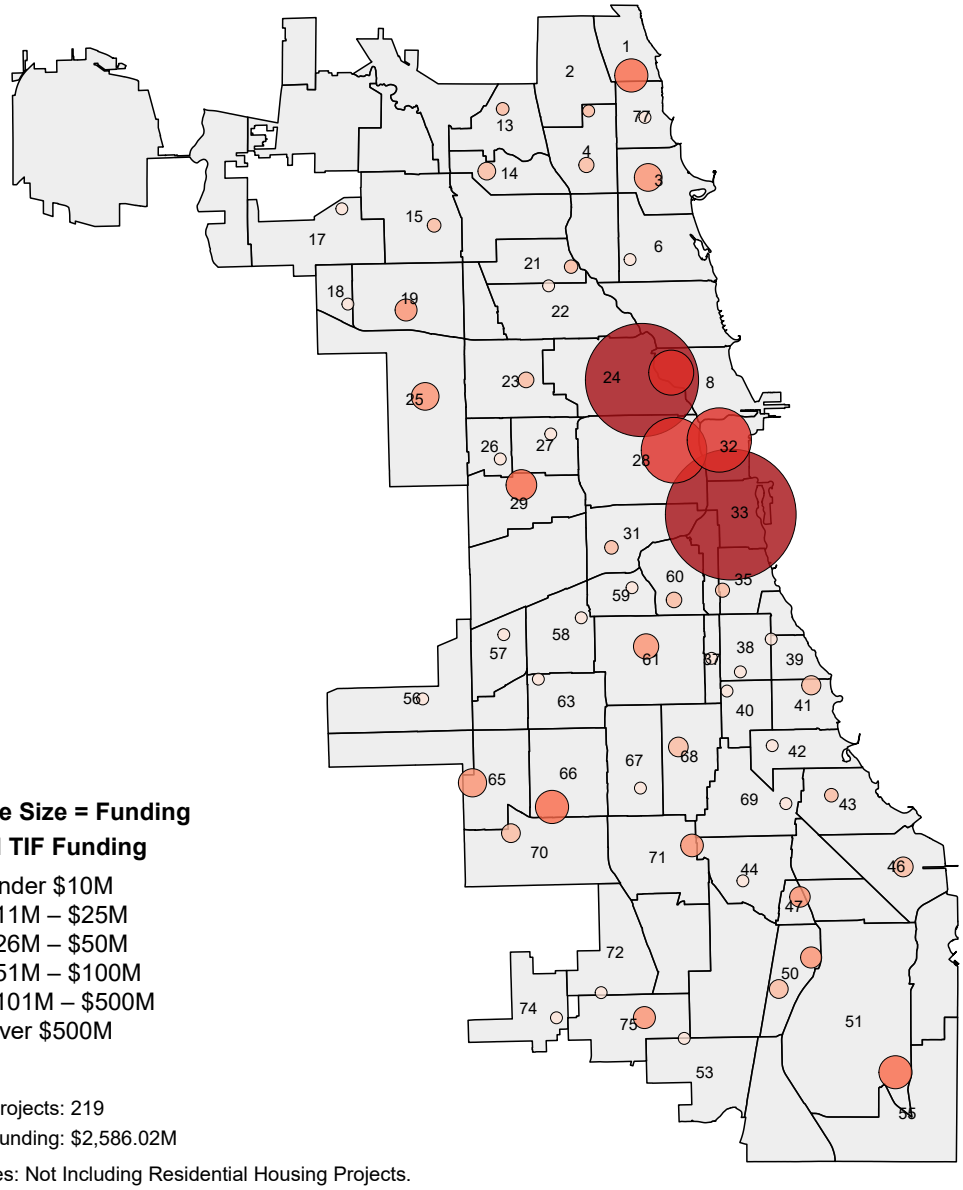
Both projects were pushed through City Council in April 2019 by Rahm Emanuel during his last days in office, with their combined subsidy initially pegged back then at a staggering $1.6 billion.[79] Both, however, became mired in years of construction delays and their subsidies were subsequently reduced. Sterling Bay, the original developer selected for Lincoln Yards, eventually defaulted on its financing, and in February 2026 City Council approved a new developer and a smaller alternate plan. The project's name was changed to Foundry Park, but officials have yet to negotiate the size of the TIF subsidy it will receive.[80] Still, the projected TIF subsidies for Lincoln Yards and 78 projects as of late last year were greater than the combined allocation for 150 projects across all South and West Side community areas. Other notable TIF-subsidized megaprojects from the past were a 1999 land acquisition and mixed-use project for the University of Illinois Chicago in the Near West Side that included student housing, parking, retail space, and private housing units, and a 2008 expansion of Rush Hospital. Those two received combined subsidies of $135 million, a figure that would be much larger if calculated in present-day dollars.

78 Those figures are not adjusted for inflation during those years.

79 Fran Spielman, "City Council Oks $1.6 billion in subsidies for Lincoln Yards, 'The 78,'" Chicago Sun-Times, April 10, 2019, at: https://chicago.suntimes.com/2019/4/10/18368453/city-council-oks-1-6-billion-in-subsidies-for-lincoln-yards-the-78

80 Fran Spielman, "Foundry Park project, downsized successor to failed Lincoln Yards venture, gets City Council's OK," Chicago Sun-Times, February 18, 2026, at: https://chicago.suntimes.com/city-hall/2026/02/18/chicago-city-council-foundry-park-successor-failed-lincoln-yards-project-north-side

Map 6: TIF−Funded Private Development Projects Tracked by GCI, by Community Area (1986−2026)



Circle Size = Funding

Total TIF Funding

- Under $10M
- $11M – $25M
- $26M – $50M
- $51M – $100M
- $101M – $500M
- Over $500M

Total Projects: 219

Total Funding: $2,586.02M

Includes: Not Including Residential Housing Projects.

Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data.

Map generated by Great Cities Institute.

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Side Table for Map 6: Total TIF Private Development Project Spending by Community Area (Downtown Receiving Areas Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
1	Rogers Park	2	$60.14M	41	Hyde Park	2	$22.95M
2	West Ridge	3	$10.10M	42	Woodlawn	1	$8.00M
3	Uptown	8	$43.74M	43	South Shore	2	$12.56M
4	Lincoln Square	4	$15.26M	44	Chatham	3	$7.35M
6	Lake View	1	$7.67M	46	South Chicago	2	$24.42M
8	Near North Side	14	$102.25M	47	Burnside	3	$25.89M
13	North Park	3	$11.20M	50	Pullman	4	$22.14M
14	Albany Park	4	$20.06M	51	South Deering	4	$27.18M
15	Portage Park	4	$12.70M	53	West Pullman	1	$1.00M
17	Dunning	2	$1.60M	55	Hegewisch	2	$59.58M
18	Montclare	2	$3.90M	56	Garfield Ridge	1	$3.00M
19	Belmont Cragin	2	$29.18M	57	Archer Heights	1	$7.94M
21	Avondale	2	$12.29M	58	Brighton Park	3	$6.93M
22	Logan Square	3	$4.21M	59	Mckinley Park	2	$6.95M
23	Humboldt Park	2	$16.10M	60	Bridgeport	4	$15.97M
24	West Town	7	$514.07M	61	New City	15	$37.22M
25	Austin	7	$43.58M	63	Gage Park	1	$0.54M
26	West Garfield Park	1	$1.94M	65	West Lawn	2	$45.15M
27	East Garfield Park	3	$9.14M	66	Chicago Lawn	1	$60.00M
28	Near West Side	19	$197.73M	67	West Englewood	2	$1.92M
29	North Lawndale	4	$52.34M	68	Englewood	3	$24.00M
31	Lower West Side	2	$12.56M	69	Greater Grand Crossing	1	$0.65M
32	Loop	27	$190.98M	70	Ashburn	2	$22.10M
33	Near South Side	7	$661.43M	71	Auburn Gresham	3	$30.85M
35	Douglas	1	$13.40M	72	Beverly	3	$2.50M
37	Fuller Park	1	$3.76M	74	Mount Greenwood	1	$1.50M
38	Grand Boulevard	4	$9.87M	75	Morgan Park	3	$29.22M
39	Kenwood	1	$6.00M	77	Edgewater	5	$5.46M
40	Washington Park	2	$5.89M				

Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

Public Infrastructure Spending

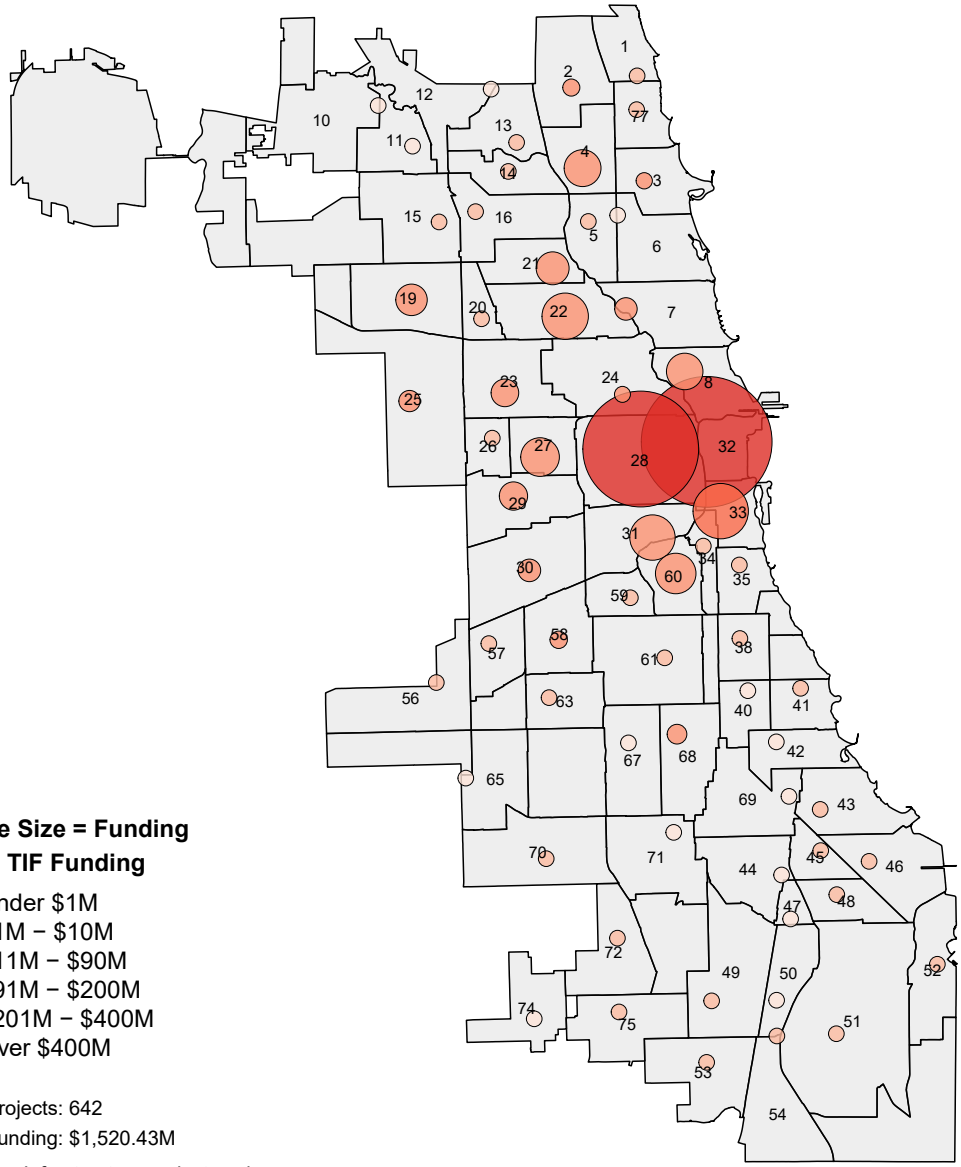
Four downtown neighborhoods amassed more than half of $1.5 billion in TIF commitments between 2019 and 2024 that went to public infrastructure projects, such as repairs to streets, sidewalks, bridges and traffic lights.

The TIF Investment Committee created by the Lightfoot administration only began in 2019 to approve and publicly disclose all infrastructure spending in a separate City on-line data set. Before that, information was not routinely reported for public infrastructure projects that the City itself opted to fund with TIF money, so the only reliable comprehensive data set GCI identified for this project category was beginning in 2019. Our analysis of the TIF Investment Committee reports indicates that it approved 642 such public infrastructure projects for total TIF subsidies – not including any CTA improvements – of $1.52 billion. Of those funds, 58 percent have gone to projects in just four downtown community areas: the Loop, $410 million; the Near West Side, $331.6 million; the Near South Side, $91.2 million; and the Near North Side, $44 million (See Map 7).

Four downtown neighborhoods amassed nearly 58 percent of more than $1.5 billion in TIF spending between 2019 and 2024 that went to public infrastructure projects, such as repairs to streets, sidewalks, bridges and traffic lights.

Nearly a quarter of the downtown total, some $358 million, has been allocated to three bridge reconstruction projects in the Loop and a major street redesign on the Near South Side: The Lake Street Bascule Bridge ($148 million), the Washington Street and Jackson Street bridges ($124.7 million), and the Wells-Wentworth Connector ($85 million).

Map 7: TIF−Funded Infrastructure Projects Tracked by GCI, by Community Area (2019−2024)



Circle Size = Funding
Total TIF Funding

- Under $1M
- $1M − $10M
- $11M − $90M
- $91M − $200M
- $201M − $400M
- Over $400M

Total Projects: 642
Total Funding: $1,520.43M

Includes: Infrastructure projects only.
Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data.
Map Generated by Great Cities Institute

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Side Table for Map 7: Total TIF Public Infrastructure Project Spending by Community Area (Downtown Receiving Areas Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
1	Rogers Park	5	$6.98M	40	Washington Park	1	$0.30M
2	West Ridge	12	$11.66M	41	Hyde Park	2	$3.00M
3	Uptown	8	$10.69M	42	Woodlawn	1	$0.38M
4	Lincoln Square	18	$44.78M	43	South Shore	5	$1.23M
5	North Center	7	$7.27M	44	Chatham	2	$0.54M
6	Lake View	1	$0.14M	45	Avalon Park	3	$1.07M
7	Lincoln Park	4	$18.85M	46	South Chicago	4	$3.74M
8	Near North Side	10	$44.03M	47	Burnside	1	$0.80M
10	Norwood Park	1	$0.14M	48	Calumet Heights	5	$5.99M
11	Jefferson Park	3	$0.76M	49	Roseland	4	$1.43M
12	Forest Glen	1	$0.30M	50	Pullman	4	$0.99M
13	North Park	7	$6.92M	51	South Deering	5	$3.58M
14	Albany Park	9	$5.40M	52	East Side	3	$1.58M
15	Portage Park	14	$6.53M	53	West Pullman	4	$2.80M
16	Irving Park	4	$1.05M	54	Riverdale	1	$6.00M
19	Belmont Cragin	12	$33.96M	56	Garfield Ridge	6	$7.80M
20	Hermosa	3	$1.30M	57	Archer Heights	3	$3.88M
21	Avondale	8	$36.70M	58	Brighton Park	4	$12.04M
22	Logan Square	14	$66.96M	59	Mckinley Park	5	$2.29M
23	Humboldt Park	20	$27.05M	60	Bridgeport	7	$52.81M
24	West Town	14	$10.36M	61	New City	7	$5.28M
25	Austin	15	$17.11M	63	Gage Park	1	$2.10M
26	West Garfield Park	5	$2.15M	65	West Lawn	1	$0.18M
27	East Garfield Park	12	$48.65M	67	West Englewood	1	$0.66M
28	Near West Side	43	$331.57M	68	Englewood	6	$14.92M
29	North Lawndale	16	$28.14M	69	Greater Grand Crossing	1	$0.46M
30	South Lawndale	6	$18.94M	70	Ashburn	3	$1.37M
31	Lower West Side	8	$64.32M	71	Auburn Gresham	2	$0.65M
32	Loop	228	$409.95M	72	Beverly	6	$7.70M
33	Near South Side	6	$91.18M	74	Mount Greenwood	2	$0.72M
34	Armour Square	6	$6.28M	75	Morgan Park	4	$3.41M
35	Douglas	2	$2.12M	77	Edgewater	6	$3.21M
38	Grand Boulevard	10	$5.26M				

Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

Residential Housing

Forty percent of TIF subsidies allocated to affordable housing projects – $650 million of $1.6 billion – has been concentrated in four downtown community areas, even as a critical shortage of low-cost housing exists throughout the city. Those four and their subsidies are: the Loop ($359.9 million), Near West Side ($161.6 million), Near North Side ($79.5 million), and Near South Side ($48.9 million) (See Map 8).

In total, we identified 188 projects that received or were approved for TIF subsidies between 1990 and 2025 for residential housing construction or renovation.[81] While the TIF money was all earmarked for affordable housing, many projects also included a significant percentage of market rate units. We must note that determining the exact number of projects, their cost and the number of units they produced proved to be a daunting task, largely due to scores of instances where the City's own data or documentation were inconsistent, incomplete, or inaccurate. The public TIF data portal has undergone several updates over the past year, with at least 10 projects, some of which date back to the 1990s, only being added to the list this February, in the aftermath of our initial data collection. GCI's final tally includes those additions, plus a few affordable housing projects the city's list somehow had miscategorized. We further adjusted the City's information in cases where the project costs listed on the portal, or the tally of affordable units did not correspond to information contained in the redevelopment agreements for the individual projects (See Section 4 for examples). We also tracked the number of market rate units produced by these subsidized projects, which the City portal does not report.

Forty percent of TIF subsidies allocated to affordable housing projects since 1994 – $650 million of $1.6 billion – has been concentrated in four downtown community areas, even as a critical shortage of low-cost housing exists throughout the city.

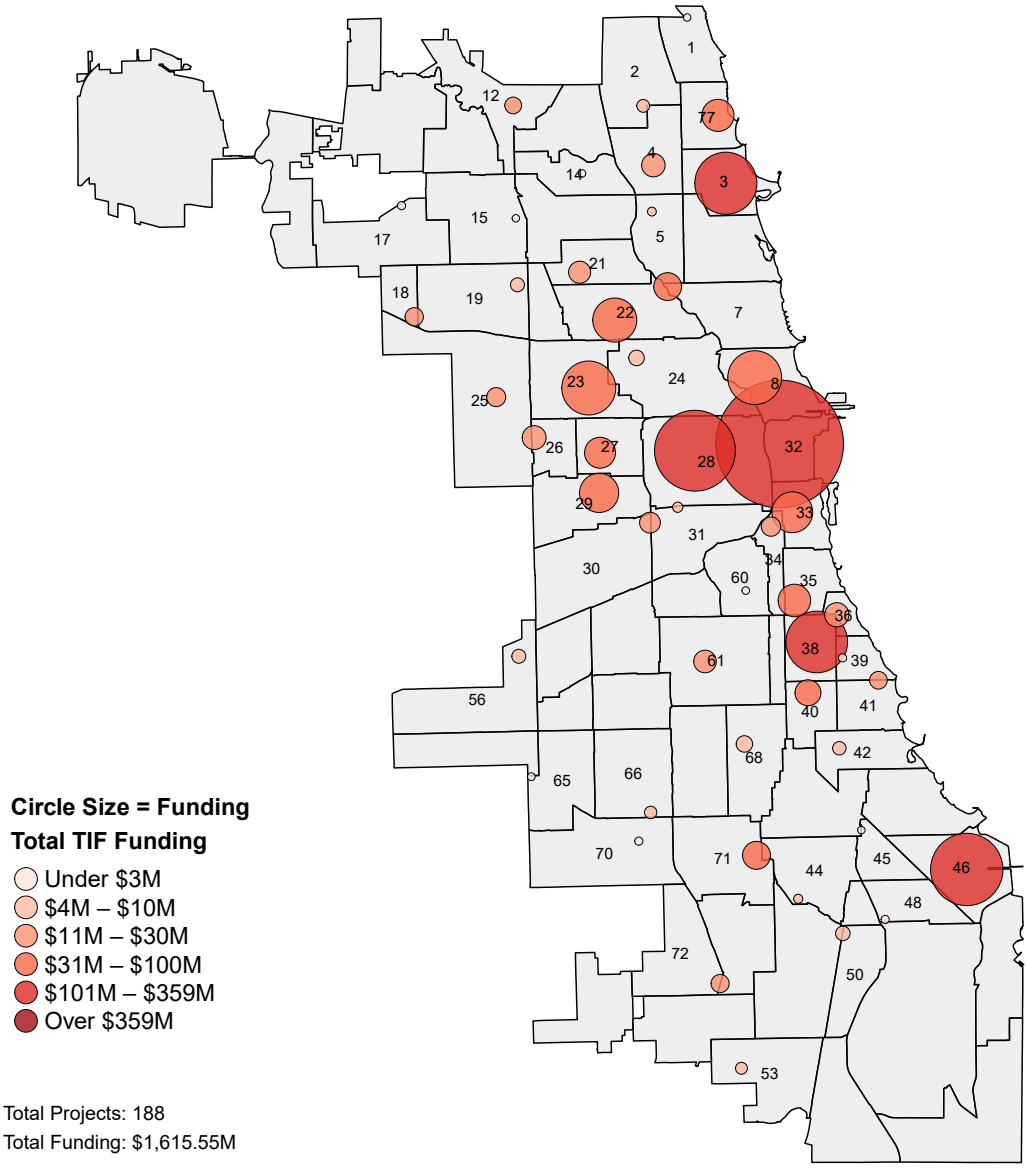
The community area that received the largest amount of TIF subsidies for housing has been the Loop – $359.9 million. The bulk of that money was approved only in recent years as part of the Reimagine LaSalle project, which former mayor Lori Lightfoot initiated but which Mayor Johnson opted to implement at a projected cost of nearly $322 million. Johnson did so even though Reimagine LaSalle reverses a 2015 executive order by Rahm Emanuel that TIF money would no longer be used to subsidize downtown private development. (See Section 5).

Compared to the four downtown community areas, neighborhoods on the South and West Sides of the city have received far smaller amounts of TIF housing subsidies. North Lawndale, for example, was allocated just $45.5 million for ten affordable housing projects; Englewood $10.0 million for three projects; and Washington Park just $22.2 million for four projects. Meanwhile, neighborhoods on the Southwest and Far South Side received even less. West Englewood and Gage Park, for example, received negligible amounts, and Brighton Park received none. These are some of the neighborhoods facing the most severe affordable housing shortages, highest rates of housing insecurity, and greatest need for public investment in residential development.

As for the projects that did receive TIF subsidies, we conclude that they have produced – or are on track to do so – a total of 11,076 "affordable" units and 1,651 Chicago Housing Authority units, with an additional 6,083 units – or 32 percent of the total – being market rate units. We distinguish in our count CHA units from other affordable units because the former were specifically intended to replace a portion of the more than 20,000 public housing units that the city eliminated under Mayor Daley's Plan for Transformation. As such, the *CHA units do not represent an increase but a replacement of the city's historic affordable housing stock.* Moreover, CHA rent subsidies attached to those TIF-funded units typically guarantee that their developers are effectively paid market rate rents because federal

81 It was not until 1995 that the city's Department of Housing even began compiling detailed reports on its use of TIF funds. See Julie Dworkin, "Tax Increment Financing and Affordable Housing," Sweet Home Chicago Coalition, June 2009, p.3, at: https://chicago-homeless.issuelab.org/resources/3087/3087.pdf

Map 8: TIF−Funded Affordable Housing Projects Tracked by GCI, by Community Area (1990−2025)



Circle Size = Funding

Total TIF Funding

- Under $3M
- $4M – $10M
- $11M – $30M
- $31M – $100M
- $101M – $359M
- Over $359M

Total Projects: 188

Total Funding: $1,615.55M

Includes: Affordable Housing projects only.

Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data.

Map Generated by Great Cities Institute.

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Side Table for Map 8: TIF Affordable Housing Project Spending by Community Area (Downtown Receiving Areas Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
1	Rogers Park	1	$0.88M	33	Near South Side	9	$48.97M
2	West Ridge	2	$6.45M	34	Armour Square	4	$13.22M
3	Uptown	10	$101.96M	35	Douglas	7	$32.94M
4	Lincoln Square	3	$18.50M	36	Oakland	7	$19.63M
5	North Center	1	$3.38M	38	Grand Boulevard	18	$100.67M
7	Lincoln Park	1	$25.00M	39	Kenwood	1	$2.93M
8	Near North Side	12	$79.50M	40	Washington Park	4	$22.20M
12	Forest Glen	1	$10.30M	41	Hyde Park	1	$11.32M
14	Albany Park	1	$2.50M	42	Woodlawn	2	$7.00M
15	Portage Park	1	$1.64M	44	Chatham	1	$3.60M
17	Dunning	1	$2.95M	45	Avalon Park	1	$1.85M
18	Montclare	2	$12.05M	46	South Chicago	4	$133.26M
19	Belmont Cragin	2	$7.50M	48	Calumet Heights	1	$3.00M
21	Avondale	3	$16.65M	50	Pullman	1	$8.05M
22	Logan Square	6	$55.92M	53	West Pullman	3	$5.68M
23	Humboldt Park	13	$79.76M	56	Garfield Ridge	2	$7.50M
24	West Town	3	$9.05M	60	Bridgeport	1	$2.59M
25	Austin	1	$12.90M	61	New City	2	$17.40M
26	West Garfield Park	2	$19.20M	65	West Lawn	1	$2.75M
27	East Garfield Park	7	$30.13M	66	Chicago Lawn	1	$6.09M
28	Near West Side	13	$161.65M	68	Englewood	3	$10.00M
29	North Lawndale	10	$45.58M	70	Ashburn	1	$2.95M
30	South Lawndale	1	$15.00M	71	Auburn Gresham	2	$25.19M
31	Lower West Side	1	$4.37M	72	Beverly	1	$11.90M
32	Loop	9	$359.85M	77	Edgewater	3	$32.20M

Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

housing subsidies supplement each month the rent that tenants pay their landlord.

The level of affordability of the non-CHA TIF-funded "affordable" units, however, has been questioned by some. One study found that between 1995 and 2007, TIF funds were "used to create housing that is more expensive and targeted for higher incomes than existing housing in the neighborhoods in which it has been created."[82] This remains a concern from affordable housing advocates to the program's operation today. Nonetheless, our research found some improvement in the use of TIF subsidies for affordable units in recent years compared to the early decades of the program. By 1999, for example, TIF financed projects had produced 997 affordable units and 942 market-rate units – a

Our research found some improvement in the use of TIF subsidies for affordable units in recent years compared to the early decades of the program.

82 Dworkin, "Tax Increment Financing…", p.3.

one-to-one ratio of affordable-to-market-rate units.[83] GCI's tally of total housing units built or approved since 1994 with TIF subsidies reveals a two-to-one ratio of affordable-to-market-rate units, which indicates a greater emphasis by the City over the past two decades on building more affordable units.

Still, the 11,076 affordable units we tallied since 1994 compute to an average of less than 370 units annually over more than three decades. That represents a drop in the bucket compared to Chicago's critical need for affordable housing. That shortage was exacerbated decades ago by the demolition of many public housing projects along with a sharp reduction in the city's stock of Single Room Occupancy units. Between 1976 and 1986 alone, Chicago lost 17,000 SROs, many of them in the Edgewater and Uptown neighborhoods along Lake Michigan, areas that then saw a sharp increase in upscale housing construction.[84] City officials, we should note, have in their toolbox a variety of incentives other than TIF to promote low-income housing. However, one recent study reported that less than 3,000 total new units were constructed between 2003 and 2024 under the City's affordable requirements ordinance.[85] Given that half of current Chicago renters are forced to pay more than a third of their income for rent, the city needs more than 119,000 new affordable units to ease its current affordable housing shortage.[86]

Public Schools

We identified nearly $1.4 billion in TIF subsidies allocated to public school construction and major school repair projects between 1999 and 2024. That money generally falls into two separate initiatives. The largest involved some $867 million that was directly reimbursed by specific TIF districts for 174 school construction projects within those districts. The second initiative involved nearly $500 million in TIF money that was used to pay off portions of bonds known as Modern Schools Across Chicago, a program that eventually funded the construction of 19 additional public schools.

The larger $867 million school construction program, according to our analysis, was highly concentrated in the same four downtown community areas, the Loop, the Near South Side, Near West Side and Near North Side, which together received more than half of all the funds, or $436.6 million. Northern and western neighborhoods of the city received proportionately fewer amounts, while the South and Southwest Side received almost nothing. (See Map 9).

In the case of the Loop, three separate allocations of TIF money all went to fund the single most expensive public school construction project in Chicago history: a new building and expansion of Jones College Preparatory High School, the selective-admission school that ranks among the best public schools in the state. The initial price tag for the Jones project was $75 million, but by the time the new building opened in 2014 construction costs had surpassed $114 million. They ballooned even further during a second phase of the school's expansion, so that the final cost of the new Jones School reached a staggering $195 million.[87]

In addition to Jones, TIF subsidies financed construction or major rehabs of several other schools located in or adjacent to downtown. The biggest included: $48.3 million for Teachers Academy Elementary (Near South Side); $59 million for New South Loop Elementary School (Near South Side); $37.5 million for the Dett Gym Expansion (Near West Side); and $20.0 million for Walter Payton High School Annex (Near North Side). These five projects alone, together with Jones Prep, represented 42 percent of all school construction costs citywide by this TIF initiative.

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83 Chris Schwartz, "NCBG's Chicago TIF Encyclopedia," p.6

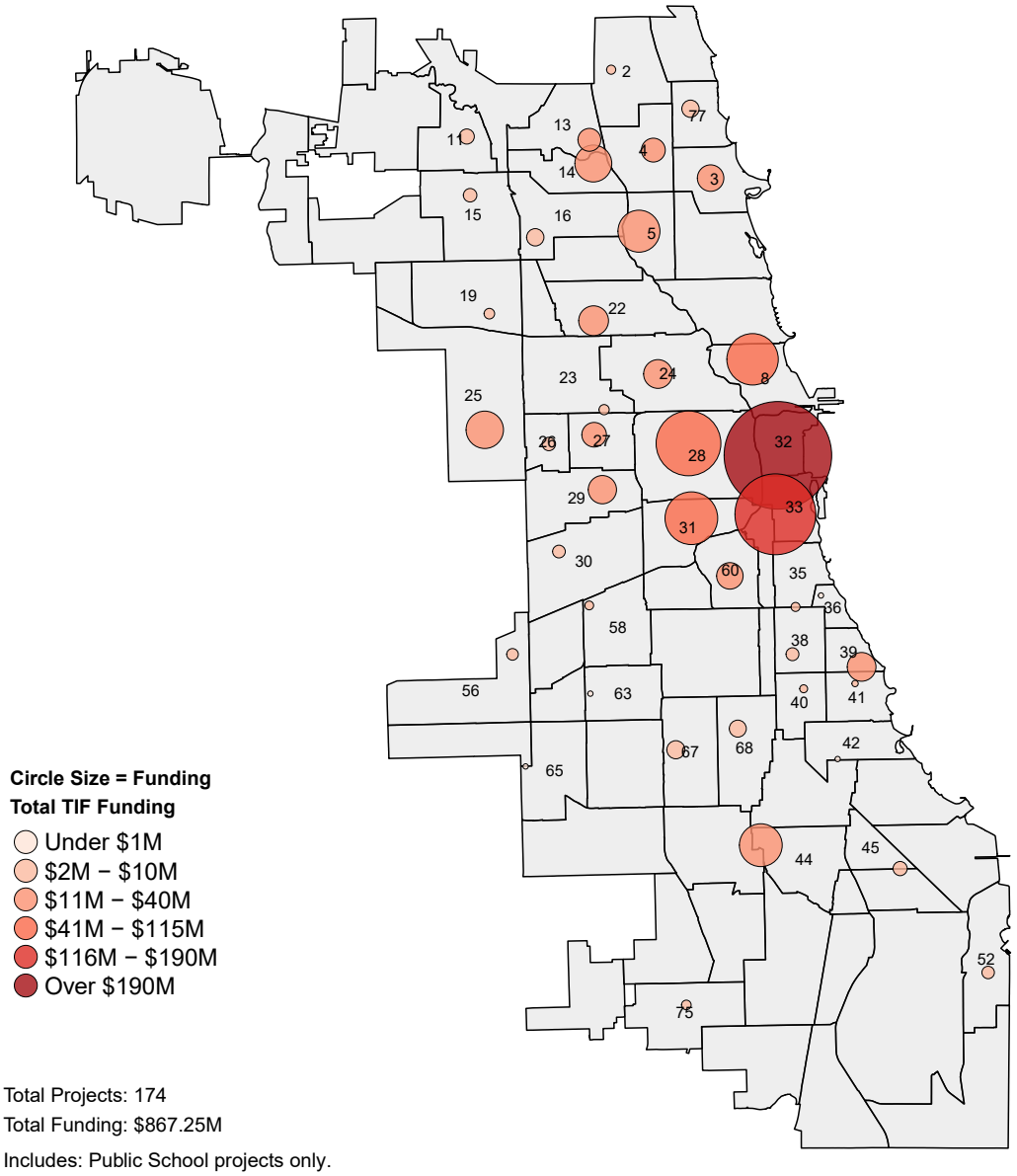
84 See Whet Moser, "The Long, Slow Decline of Chicago's SROs," Chicago Magazine, June 14, 2013, at: https://www.chicagomag.com/city-life/june-2013/the-long-slow-decline-of-chicagos-sros/

85 "After 20 years of affordable housing mandates, Chicago has built only 2,798 units; city leaders have better option," Illinois Policy Institute, Oct. 1, 2025, at: https://www.illinoispolicy.org/press-releases/report-chicago-lost-out-on-43000-homes-because-of-zoning-mandates/

86 Alexis Schofield, "Chicago's Rental Crisis: The Fight for Affordable Housing," The Medium, April 23, 2025, at: https://medium.com/@alexisrschofield/chicagos-rental-crisis-the-fight-for-affordable-housing-12a1882bf728

87 Tim Novak, "The Watchdogs: Tab for Jones College Prep could reach $127 million," Chicago Sun-Times, December 29, 2014, at: https://chicago.suntimes.com/2016/6/24/18478550/the-watchdogs-tab-for-jones-college-prep-could-reach-127-million . While the $195 million cost for Jones Prep has never been publicly disclosed, GCI determined it by reviewing the city's TIF portal data sheet, which lists three separate approved TIF subsidies for Jones between 2012 and 2014, totaling $195.6 million.

Map 9: TIF−Funded School Projects Tracked by GCI, by Community Area (1999−2024)



Circle Size = Funding
Total TIF Funding

- Under $1M
- $2M − $10M
- $11M − $40M
- $41M − $115M
- $116M − $190M
- Over $190M

Total Projects: 174
Total Funding: $867.25M

Includes: Public School projects only.
Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data.
Map generated by Great Cities Institute.

Side Table for Map 9: TIF−Funded School Project Spending by Community Area (Downtown Receiving Areas Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
2	West Ridge	3	$2.55M	32	Loop	3	$190.34M
3	Uptown	4	$16.41M	33	Near South Side	5	$115.53M
4	Lincoln Square	13	$13.65M	35	Douglas	1	$2.50M
5	North Center	6	$36.75M	36	Oakland	1	$0.20M
8	Near North Side	8	$52.33M	38	Grand Boulevard	3	$4.65M
11	Jefferson Park	3	$6.13M	39	Kenwood	4	$18.91M
13	North Park	7	$12.69M	40	Washington Park	2	$2.00M
14	Albany Park	3	$29.28M	41	Hyde Park	1	$1.35M
15	Portage Park	2	$5.05M	42	Woodlawn	1	$0.50M
16	Irving Park	4	$7.82M	44	Chatham	2	$38.00M
19	Belmont Cragin	4	$3.30M	45	Avalon Park	2	$5.50M
22	Logan Square	6	$20.17M	52	East Side	2	$4.40M
23	Humboldt Park	1	$3.10M	56	Garfield Ridge	2	$3.90M
24	West Town	5	$18.90M	58	Brighton Park	1	$2.40M
25	Austin	6	$29.97M	60	Bridgeport	6	$16.42M
26	West Garfield Park	3	$5.00M	63	Gage Park	1	$0.33M
27	East Garfield Park	8	$14.40M	65	West Lawn	1	$0.30M
28	Near West Side	11	$78.39M	67	West Englewood	5	$8.43M
29	North Lawndale	8	$18.40M	68	Englewood	4	$7.56M
30	South Lawndale	2	$4.55M	75	Morgan Park	3	$2.79M
31	Lower West Side	12	$54.62M	77	Edgewater	5	$7.76M

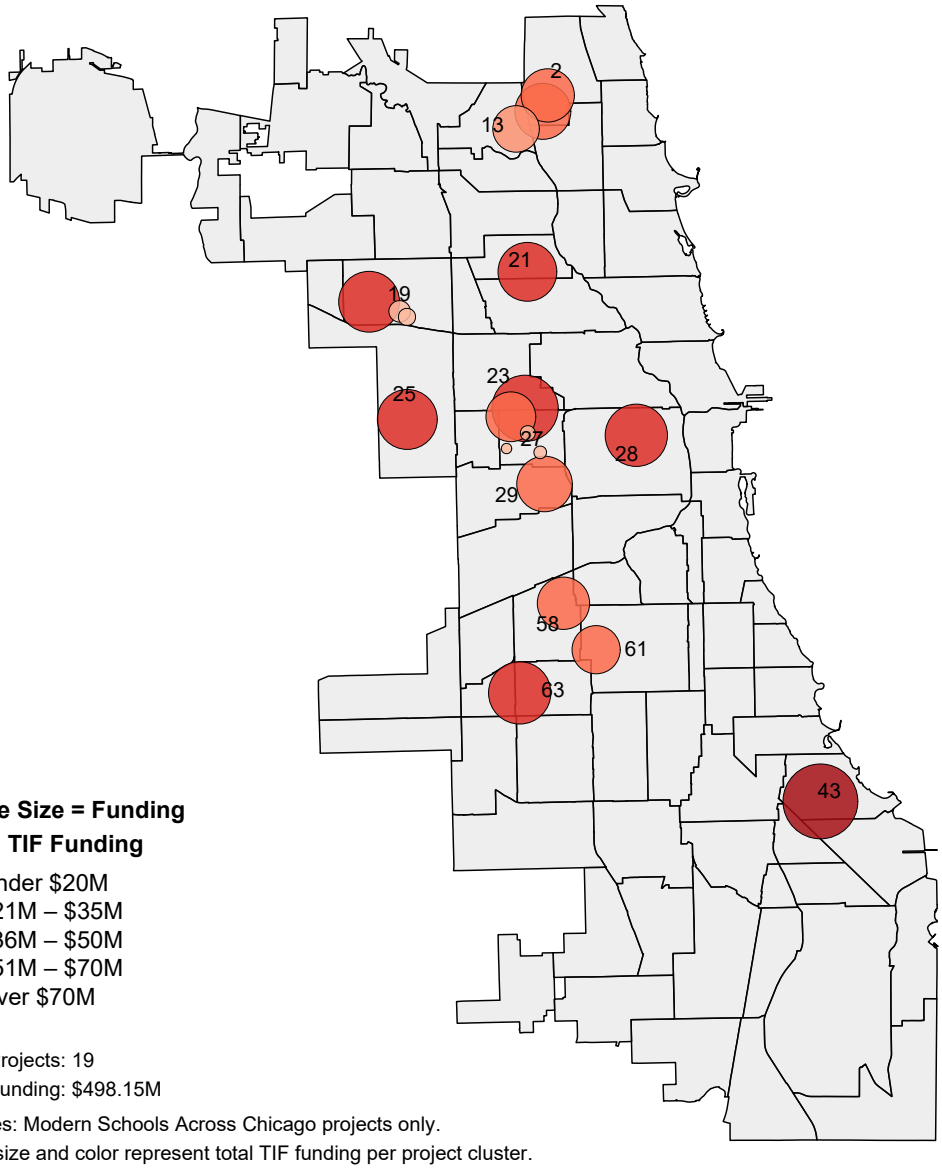
Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

The concentration of spending became even more apparent when we compared the number of projects and total dollar allocations to other neighborhoods. As our breakdown below shows, several North and Northwest Side community areas hosted multiple school projects but received comparatively modest funding — such as Lincoln Square (13 projects, $13.7 million), North Park (7 projects, $12.7 million), and Belmont Cragin (4 projects, $3.3 million). Meanwhile, community areas such as Englewood ($7.6 million), West Englewood ($8.4 million), Gage Park ($0.3 million), Brighton Park ($2.4 million), and Washington Park ($2.0 million) received minimal investment relative to both population size and documented need. Amazingly, nearly half of the city's community areas – 35 out of 77 – have not received any TIF subsidies from this program over the past four decades.

Several City officials we interviewed noted that any TIF money directed to school construction was effectively returning tax dollars to the public schools. In addition, they stressed that once a district expires all additional revenues from the increased property values in that district revert back to the normal allocations for each taxing body, which means the Chicago Public Schools are then entitled to receive more than half of those revenues. But critics of the program, especially those close to the school system, pointed out that the City still controls decisions on where and when to build schools, not the Board of Education. Furthermore, the tendency of City Hall to extend the lives of the most lucrative TIFs often results in diverting from the regular tax rolls the large increments generated by those districts for up to 35 years – which effectively covers three generations of school children.

The second TIF-funded school construction initiative, known as Modern Schools Across Chicago (MSAC), was an integral part of Mayor Richard M. Daley's controversial Renaissance

Map 10: TIF-Funded Modern Schools Across Chicago Projects Tracked by GCI, by Community Area (2008-2026)



Circle Size = Funding

Total TIF Funding

- Under $20M
- $21M – $35M
- $36M – $50M
- $51M – $70M
- Over $70M

Total Projects: 19

Total Funding: $498.15M

Includes: Modern Schools Across Chicago projects only.

Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data and Chicago Public Schools Annual Comprehensive Financial Reports. Map generated by Great Cities Institute.

Side Table for Map 10: Total Modern Schools Across Chicago TIF Project Spending by Community Area (Downtown Receiving Area Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
2	West Ridge	2	$57.78M	28	Near West Side	1	$42.29M
13	North Park	1	$18.05M	29	North Lawndale	1	$30.30M
19	Belmont Cragin	3	$42.28M	43	South Shore	1	$72.16M
21	Avondale	1	$35.77M	58	Brighton Park	1	$25.42M
23	Humboldt Park	1	$50.67M	61	New City	1	$20.02M
25	Austin	1	$37.77M	63	Gage Park	1	$42.36M
27	East Garfield Park	4	$23.28M				

Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

2010 reform of public education, which ostensibly sought to promote "parental choice" in education. As part of that reform, Daley's schools chief Arne Duncan closed 73 low-performing public schools between 2001 and 2009, mostly in low-income and working-class Black neighborhoods, while at the same time he opened 87 new schools, 62 of which were charter schools.[88] Daley's plan also envisioned building 24 new public schools as selective admission or magnet programs. In 2006, as he prepared to run for re-election, Daley vowed to finance those new schools with $1 billion in Modern Schools Across Chicago bonds, half of which would be paid for through City-issued bonds. The debt service on those bonds was to come from future TIF revenues from the twelve districts where the new schools were to be located. MSAC, in other words, became an example of City Hall diverting TIF money specifically to fulfill a political campaign priority. But only 19 of those promised public schools were eventually built, and servicing the MSAC bonds became so expensive that the City resorted to porting money from 14 additional TIF districts to help pay them off.[89]

Our analysis of the schools completed under MSAC shows most were built on the North and Southwest sides, with only one erected on the city's less affluent South or Far Southwest Side (See Map 10). The most expensive of those MSAC-funded schools was South Shore International College Preparatory High School at 1955 E. 75th Street. The school's price tag when it opened in 2011 had ballooned from an original $70 million to nearly $100 million.[90] TIF money eventually subsidized $72.1 million of that cost, largely with funds transferred from other TIF districts. The Avalon Park/South Shore TIF, for example, spent just $234,311 between 2006 and 2013 on public improvements within the district while it had to port out $3.5 million of its tax revenue to the 71st/Stony Island TIF to help pay for the South Shore school's construction. Ironically, South Shore's student population has never reached anywhere near the school's capacity of 960, with total enrollment in the 2024-2025 school year reaching just 594.

Parks

Even when it comes to public parks, downtown neighborhoods have been the prime beneficiaries of the TIF program. Since 1994, the Loop, Near West Side, and Armour Square have received 39 percent of all TIF subsidies for parks projects – $200 million out of $508 million. If we included projects in three adjacent areas, the Near North Side, Near South Side, and Bridgeport, neighborhoods in or near downtown received 47 percent of all TIF spending for parks citywide (See Map 11).

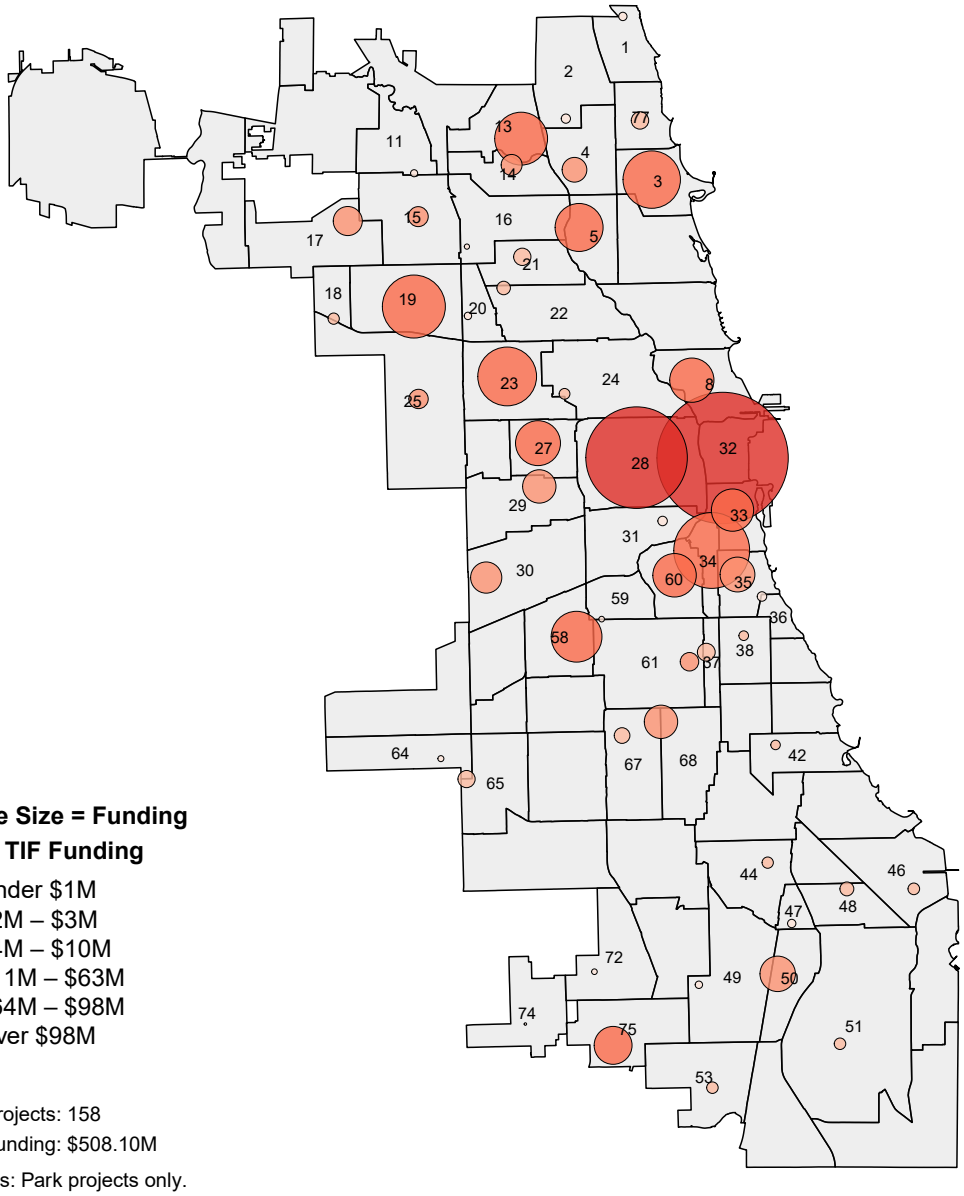
The single most expensive TIF park subsidy involved one of Mayor Daley's legacy projects – Millennium Park – a site that was not even located in a TIF district. Daley proposed in 1998 to transform a dilapidated Illinois Central railyard and parking lot near Lake Michigan into a 16-acre Beaux Arts

88 Rachel Weber et al, "Why These Schools? Explaining School Closures in Chicago, 2000-2013," Great Cities Institute, November 2016, p. 8

89 Heather Gillers, Jason Grotto and Alex Richards, "TIF funds drained for schools," Chicago Tribune, December 7, 2013, at: https://apps.chicagotribune.com/bond-debt/modern-schools.html

90 Suzanne Stephens, "South Shore International College Prep High School," Architectural Record, January 16, 2012., at: https://www.architecturalrecord.com/articles/7269-south-shore-international-college-prep-high-school

Map 11: TIF−Funded Park Projects Tracked by GCI, by Community Area (1994−2024)



Circle Size = Funding

Total TIF Funding

- Under $1M
- $2M – $3M
- $4M – $10M
- $11M – $63M
- $64M – $98M
- Over $98M

Total Projects: 158

Total Funding: $508.10M

Includes: Park projects only.

Circle size and color represent total TIF funding per project cluster.

Source: Great Cities Institute Analysis of City of Chicago TIF data.

Map generated by Great Cities Institute.

Side Table for Map 11: Total TIF Park Project Spending by Community Area (Downtown Receiving Areas Highlighted)

#	Community Area	Projects	Total TIF Funding	#	Community Area	Projects	Total TIF Funding
1	Rogers Park	1	$0.80M	34	Armour Square	3	$37.85M
2	West Ridge	2	$0.95M	35	Douglas	4	$9.70M
3	Uptown	8	$23.26M	36	Oakland	1	$1.00M
4	Lincoln Square	6	$5.32M	37	Fuller Park	1	$3.00M
5	North Center	6	$16.99M	38	Grand Boulevard	4	$1.02M
8	Near North Side	6	$14.75M	42	Woodlawn	1	$1.00M
11	Jefferson Park	1	$0.60M	44	Chatham	2	$1.35M
13	North Park	6	$20.13M	46	South Chicago	2	$1.43M
14	Albany Park	3	$3.98M	47	Burnside	1	$0.80M
15	Portage Park	6	$3.67M	48	Calumet Heights	2	$1.95M
16	Irving Park	1	$0.35M	49	Roseland	1	$0.65M
17	Dunning	2	$7.07M	50	Pullman	1	$10.00M
18	Montclare	2	$1.35M	51	South Deering	1	$1.40M
19	Belmont Cragin	6	$27.36M	53	West Pullman	1	$1.40M
20	Hermosa	1	$0.65M	58	Brighton Park	3	$18.77M
21	Avondale	1	$2.86M	59	Mckinley Park	1	$0.40M
22	Logan Square	1	$1.85M	60	Bridgeport	6	$14.29M
23	Humboldt Park	6	$24.23M	61	New City	3	$3.20M
24	West Town	2	$1.25M	64	Clearing	2	$0.45M
25	Austin	3	$3.46M	65	West Lawn	1	$2.82M
27	East Garfield Park	4	$15.15M	67	West Englewood	2	$2.40M
28	Near West Side	17	$63.06M	68	Englewood	1	$9.00M
29	North Lawndale	5	$9.00M	72	Beverly	1	$0.40M
30	South Lawndale	1	$8.00M	74	Mount Greenwood	1	$0.08M
31	Lower West Side	1	$1.00M	75	Morgan Park	2	$11.25M
32	Loop	3	$98.90M	77	Edgewater	4	$2.88M
33	Near South Side	5	$13.62M				

Data Source: Great Cities Institute Analysis of City of Chicago TIF Data. Tabulations by Great Cities Institute.

inspired park. At the time, he promised its $150 million price-tag would be fully funded by private donors and by revenues from a vast parking garage to be built beneath the park. But poor planning, constant design changes and haphazard management led to numerous construction delays and prompted construction costs to soar, while the parking garage failed to produce the projected revenues. City officials, however, kept the project's spiraling costs hidden as long as possible. "[T]rying to get precise information about Millennium Park's budget out of City Hall has been next to impossible," *The Chicago Tribune* noted in 2001. "City officials didn't want to talk about the park's price tag and denied requests for public documents on the park's overall

Since 1994, the Loop, Near West Side, and Armour Square have received 39 percent of all TIF subsidies for parks projects – $200 million out of $508 million.

costs, saying they didn't exist."[91]

The park's final tab turned out to be $495 million – more than three times its original budget. In his scramble to identify public funds to make up the difference, Daley raided the account of the Central Loop TIF, even though Millennium Park area was not located inside that TIF. A subsequent report by the Lincoln Institute of Land Policy noted that the Daley administration "in late 1999 successfully lobbied the state legislature in Springfield to amend the TIF law to permit the use of TIF funds in a public works project separated from a TIF district by a public right of way." According to the report, "this narrowly tailored legislative change allowed the City to redirect almost $100 million to Millennium Park. Controversially, the City used TIF funds to supplement parking garage revenue in order to make debt payments."[92]

Displacement of Black Residents from Downtown TIFs

We noted a remarkable reduction in the number of Black residents in several downtown TIFs in the years after those districts were created. The population of the Central West TIF on the Near West Side, for example, plummeted from 89 percent Black when the TIF was established in 2006 to just 39 percent in 2020, while its white (non-Hispanic) population jumped from less than 7 percent to 38 percent.

Likewise, the Near North TIF, created in 1997 to redevelop the neighborhood around the former Cabrini-Green public housing, underwent a staggering decline in its portion of Black residents from 75 percent in 2000 to just 33 percent in 2020.

And in similar fashion Black residents made up 88 percent of the population in 2000 within the 24th and Michigan TIF, which is located in the South Loop area around the McCormick Convention Center, but by 2020 the Black percentage of the district had dropped to 48 percent. During the same period, the area's white (non-Hispanic) population climbed from less than 3 to 15 percent, and its Asian population from 6 to 26 percent.

We noted a remarkable reduction in the number of Black residents in several downtown TIFs in the years after those districts were created.

Such sharp changes in the racial composition of these neighborhoods does not by itself prove a direct relationship between TIFs and displacement, since other municipal policies likely also played a role, such as Mayor Daley's massive demolition of public housing and the closing of more than a hundred public schools under both Daley and Mayor Rahm Emanuel. But it does suggest that the increased real estate values that accompanied TIF-funded development likely accelerated the displacement of lower-income Black residents and the influx of higher-income white residents.

Massive TIF Fees to Banks

Banks and other financial institutions have benefitted enormously from the TIF program.

Of some $11.8 billion in expenditures or commitments for projects that we identified since 1998, more than $2 billion – nearly 17 percent of the total – went to fees and interest costs charged by banks and other financial institutions. This is an aspect of the program that has received little scrutiny. Moreover, the City's TIF vendor records that we reviewed indicate that since 2017, 95 percent of more than $400 million in financing fees went to just two banks, Amalgamated Bank of Chicago and Zions Bank, which is headquartered in Salt Lake City, Utah.[93]

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91 See "Millennium Park flounders as deadlines, budget blown," Chicago Tribune, August 5, 2001, at: https://www.chicagotribune.com/2001/08/05/millennium-park-flounders-as-deadlines-budget-blown/

92 See "Making Millennium Park: Teaching Case Study," Lincoln Institute of Land Policy, at: https://www.lincolninst.edu/case-studies/making-millennium-park/

93 The city's TIF data portal does not list payments to vendors by detailed category prior to 2017, so we were not able to track which banks received financing or interest fees in earlier years.

TIF Spending on Small Business and Neighborhood Development

Only 1.7 percent of total TIF allocations have gone to assist small businesses and property owners, and job training programs.

The TIF program authorizes several initiatives to provide aid for individual owners of small properties to finance repairs to their buildings, as well as grants to small neighborhood businesses for expansion or job training. The latest public statements from the City for these programs claim total expenditures of $193 million, distributed as follows:

- $154 million in grants since 2001 by the TIF Small Business Improvement Fund to more than 2,225 businesses;[94]
- $21 million in grants since 2008 from the TIFWorks program to firms for job training or to hire new workers;[95]
- $17.9 million in grants since 1999 from the TIF Neighborhood Improvement Program for residential repairs to 2,687 units.

Only 1.7 percent of total TIF allocations have gone to assist Chicago's small businesses and property owners and job training programs.

GCI's own review of the City's TIF data shows a slightly larger amount of $204 million allocated by these programs since 2001. That includes $146 million for SBIF, $45.7 million for TIFWorks, and $12.9 million for Neighborhood Improvement Program grants.

By either tally, however, total spending to date represents less than 2 percent of the $11.8 billion the TIF program has allocated since its inception.

94 See "About SBIF," at: https://www.chicago.gov/city/en/sites/small-business-improvement-fund/home/about.html
95 See"TIFWorks Program," at: https://www.chicago.gov/city/en/depts/dcd/supp_info/tifworks_program.html

Section 4:

How Was the Program Managed?

Public Pressure for More Transparency

As detailed in our short history of TIFs (See Section 1), **City officials have often dodged public scrutiny of their TIF decisions. They typically only increased their release of detailed data on the program's spending as a direct result of community and media pressure, or in response to independent audits or legislative reforms.** As recently as 2025, Cook County Circuit Judge Cecilia Horan ruled that a committee created by former Mayor Lori Lightfoot to review funding requests from the city's tax-increment financing districts had violated the Open Meetings Act by not holding public meetings, making committee agendas available, nor taking notes or audio recordings of its monthly meetings.[96] City Hall did begin in 2014 to produce multiple on-line reports and a searchable database that provided some details on TIF income and expenditures, but those changes were prompted by City Council's 2009 TIF Sunshine Law and by Rahm Emanuel's 2011 TIF Reform Panel.

Despite those reforms, on-line City data GCI staff reviewed in recent months turned out to contain a troubling amount of incomplete, contradictory or inconsistent information. When it came to school construction subsidies, for example, very few of the TIF funds allocated for the Modern Schools Across Chicago program can be found in the city's dataset that is supposed to contain all Intergovernmental Agreements (IGAs) with independent agencies such as Chicago Public Schools. We managed to locate those individual projects only because the annual reports of CPS list them as TIF-subsidized Intergovernmental Agreements, so we added them to our own tabulation of total projects. Likewise, the city's $95 million subsidy for Millennium Park does not appear in any public TIF data set that is available. We nonetheless added it to our count of TIF-subsidized parks projects. In addition, we found inconsistent or incomplete data as of May 2026 for several of some 188 affordable housing projects we tracked. Just a few examples are:

- **Beverly Ridge**. In 2001, the City initially approved this project of one-family townhouses for the 105th and Vincennes TIF, located on the western edge of the South Side's Washington Heights community area, a largely Black middle-class neighborhood, around land that was once the site of the Chicago Bridge and Iron Works Company. Current City data lists 233 for-sale homes to be built, with 48 of them affordable. But numerous construction delays and the bankruptcy of the initial developer led to an amended redevelopment agreement in 2012 that proposed 108 units, mostly townhouses, of which 88 were to be market rate homes and only 20 affordable. By 2021, however, just 66 total units had actually been built, according to the *Sun-Times*. The paper noted that several homeowners complained that: "Windows were the wrong size. Decks had broken planks. Flooring was the wrong color. Garage doors didn't work. Siding was cracked. Wiring was exposed. And bricks were smeared with mortar. There were holes in ceilings, damaged downspouts and water seeping into basements."[97] The City cancelled the contract, yet its official TIF database still

96 See Justin Laurence, "Chicago's TIF spending process violated transparency laws, judge rules, Crain's Chicago Business, January 24, 2025, at: https://www.chicagobusiness.com/politics/chicago-tif-process-violated-transparency-laws-judge-rules/

97 Manny Ramos, "Dream homes become nightmare for some new owners on the South Side," Chicago Sun-Times, June 1, 2021, at: https://chicago.suntimes.com/2021/6/1/22440426/beverly-ridge-development-washington-heights-homes-complaints-developer-nitchoff-austin

lists the original 48 affordable units, with no amended information that tracks what actually occurred.

- **River Village Town Homes and Condos**. A mixed-income development in the city's Goose Island neighborhood along the North Branch of the Chicago River, phases H-1 and H-2 of the project included 180 loft-style units and townhouses, both rental and condos. Current City data states that the H-1 and H-2 phases of this project, which were built in 2004, included 53 "affordable" units. But our review of the actual redevelopment agreements revealed that only 43 units could technically be classified as "affordable," with 25 of them slated as replacement units for Chicago Housing Authority residents. In other words, just 18 actual new affordable units were produced in these two phases. Moreover, applicants earning up to 120 percent of area median income were deemed eligible to apply for those units, which placed them at the upper boundary of what is considered moderate-income housing.
- **Grace Manor**. Originally part of Mayor Lightfoot's INVEST South/West Program, this 65-unit building at 3201 West Ogden in North Lawndale was developed by Grace at Jerusalem Community Development Corp. It began construction in 2023 and was inaugurated by Mayor Johnson in November 2025. City officials claimed all units were affordable housing and the project's final cost was $40 million. The funding included a $5.5 million TIF subsidy, $12.5 million in additional city loans and nearly $17 million in federal housing tax credits. Until last September, however, the City's own TIF data portal erroneously listed the project's total cost at $26.5 million. That figure was subsequently revised to $40 million just before the building opened for occupancy. The portal's project description continues to list the number of affordable units as 92, when there are only 65. Other documents we reviewed on Grace Manor note that 19 of its apartments were replacement units for Chicago Housing Authority tenants, so the project's actual number of new affordable units, by our count, should be 46.
- **Cornerstone Apartments.** A $15.5 million project in the Grand Boulevard/Bronzeville section that was completed in 2016, it entailed renovating two walk-up buildings to create 45 affordable housing units for families and erecting two new buildings that included 14 affordable units for artists, for a total of 59 units. The City's current data, however, only lists 52 affordable units as built.

As for infrastructure spending, we found several instances of projects approved by the TIF Investment Committee that were not listed in the main City TIF portal. To reconcile the discrepancies or missing data, we had to sift through thousands of pages of individual annual TIF district reports, audits and redevelopment agreements. We then modified in our own separate database the information found on the City's portal to produce a more accurate, though still not complete, picture of where TIF money went. As we were concluding our research in early 2026, the City's portal of projects periodically changed, with officials suddenly deleting some projects or amending the data associated with them or adding other projects for which information did not previously exist – all without any explanation. In other words, the data on TIFs are constantly changing.

The Puzzling Story of the Ohio/Wabash TIF

Significant errors we found in financial reports for just one small TIF district raise questions as to how often inaccurate TIF data may have gone undetected for decades.

In April 2001, City Hall created a TIF district for just one square block at Ohio and Wabash streets in Chicago's River North section. The only buildings on that block at the time were the historic Shriner's Medinah Temple and Tree Studios, a colony of affordable rental apartments for artists.

The Shriners originally sold the Medinah Temple parcel in 2001 to Albert M. Friedman, a powerful real estate developer sometimes referred to as the "mayor of River North." Friedman immediately proposed to turn the vacant Temple into a Bloomingdale's home furnishings store and to renovate the apartments. Since TIF law allows such single-developer TIFs, City Hall quickly responded by creating

a redevelopment plan and a district tailored to Friedman's project and agreed to provide $12.4 million in TIF subsidies, to be paid for from the new district's future tax increment.[98] Bloomingdale's only operated at the Medinah Temple from 2003 to 2020, when it phased out the operations of the store and left Friedman with no major tenant. By then, however, Friedman had emerged as an influential figure in City Hall. He is, for example, the only landlord to have rented office space to the campaign headquarters of Chicago's past three mayors, Rahm Emanuel, Lori Lightfoot and Brandon Johnson.

A few years after Bloomingdale's shuttered its store, Friedman leased the Medinah Temple to Bally's, the global casino/entertainment company selected by the City to build Chicago's first and only gambling casino. The Medinah Temple currently functions as a temporary casino until Bally's completes the construction of its new mega development on the site of the former Chicago Tribune building.

The original Bloomingdale's store was the only project the Ohio/Wabash TIF financed before it expired in 2024. Its $12.4 million subsidy was the only TIF allocation recorded on the City's data portal or on the Ohio/Wabash district's own website. But when GCI staff reviewed the annual reports issued by the Ohio/Wabash TIF over 24 years, we discovered the district had actually generated more than $35 million in tax revenues from increment during its existence – nearly three times the original project subsidy. According to those reports, virtually all the $35 million had been spent for "property assembly costs and site preparation" for the Bloomingdale's project.

Significant errors we found in financial reports for just one small TIF district raise questions as to how often inaccurate TIF data may have gone undetected for decades.

We asked the Planning Department how the Medinah Temple's $12.4 million subsidy had somehow morphed into $35 million without any change or explanation being noted in the city's public TIF data. We were subsequently provided a copy of an amendment to the original agreement that the City Council had approved in 2006 – after the Bloomingdale's store opened. The amendment authorized an increase in the Medinah Temple's TIF subsidy to $18.7 million. That amendment, however, had never been posted on the Ohio-Wabash TIF's website as the Sunshine Law requires, nor had the City's TIF portal been updated to record the extra subsidy amount nearly 20 years after its approval. The 2006 amendment had also approved the issuance of a "City Refunding Note" at 8 percent annual interest for the project, to be paid for from the Ohio/Wabash TIF's increment. Debt service on such a high interest note is what ended up driving the total cost for the original Bloomingdale's project to $35 million, we were told.

After our inquiries, the City acknowledged that the $12.4 million listed on the TIF portal as the Medinah subsidy was inaccurate and subsequently changed the amount to $18.7 million. It remains unclear to us, however, why the entire $35 million paid by the Ohio/Wabash TIF for this one project was all categorized in the district's annual financial reports as "property assembly costs" instead of as financing and interest fees.

It is certainly a daunting task to maintain a comprehensive, up-to-date database on the individual commitments, contracts and expenditures of more than a hundred different Chicago TIF districts, especially when it comes to construction projects, which often get delayed or, at times, even fall apart from unforeseen obstacles or from lack of adequate developer financing. Nonetheless, as we noted earlier, the salaries of more than 100 city employees are paid out of TIF district revenues, precisely to assure adequate oversight and monitoring of the program and given the many decades that TIF has been in operation, the public should rightfully expect a more rigorous and accurate system of tracking of TIF spending and its concrete achievements.

98 See "Medinah Temple/Tree Studios Redevelopment Agreement," at: https://www.chicago.gov/content/dam/city/depts/dcd/tif/T_100_MedinahTempleRDA.pdf

The Long Controversy Over TIF Surplus

Our research indicates that City officials have repeatedly skirted state law that requires they transfer to Chicago's other taxing entities any surplus money that individual TIFs accumulate. The law specifies that:

> Any pledge of funds in the special tax allocation fund shall provide for distribution to the taxing districts and to the Illinois Department of Revenue of moneys not required, pledged, earmarked, or otherwise designated for payment and securing of the obligations and anticipated redevelopment project costs and such excess funds shall be calculated annually and deemed to be 'surplus' funds.[99]

For more than two decades after the TIF program began, the City did not declare a surplus in any district, not until the waning years of the Daley administration, when the first surplus of $24.6 million was announced in 2009. In 2013, Mayor Rahm Emanuel, as part of his promised reforms of the TIF program, issued an executive order mandating regular sweeps of surplus district funds, and he finally devised a method for calculating that surplus.[100] Every year after that the City has declared ever larger amounts of TIF surplus, with a breath-taking $1 billion declared by Mayor Johnson in 2025 for use this year.

Those growing surpluses have been distributed annually to the other taxing bodies to shore up their operating budgets, but not without controversy. Some mainstream civic watchdogs have criticized the escalating sweeps. "TIFs were not designed to serve as a source of operating revenue for local governments," notes a recent Civic Federation report.[101] Illinois Comptroller Susana Mendoza has even urged the state legislature to limit a mayor's ability to declare a TIF surplus. "[TIFs] were not created to be slush funds that a mayor or council snatches when they're unwilling to look for efficiencies in the city budget and just need to plug a massive hole," Mendoza and development expert David Doig assert in a recent op-ed. Both are backing a proposed bill in the state legislature to repeal the current law that requires annual sweeps of TIF surpluses. The bill would restrict the mayor from declaring more than 5 percent of unspent TIF funds in any year as a surplus and would limit surplus sweeps to just once every ten years.[102]

What's wrong with a system that accumulates such vast surpluses of property tax every year, even as other municipal bodies that depend on the same property tax face constant shortfalls in revenues to pay for city services?

The more proper policy question to ask should be: what's wrong with a system that accumulates such vast surpluses of property tax every year, even as other municipal bodies that depend on the same property tax face constant shortfalls in revenues to pay for city services? There are other ways to tackle the surplus issue. Chicago's two transit TIF districts, for example, the Red and Purple Modernization (RPM) and the Red Line Extension (RLE), both utilize very different financial structures from all other TIF districts in the city. They collect the annual tax revenue from increment, as do other TIFs, but they immediately transmit to the Board of Education 100 percent of its share of property tax, as well as a reduced share to the other taxing bodies. The transit TIFs, in other words, reduce the potential for large annual surpluses.

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99 See: [(65 ILCS 5/11-74.4-7) (from Ch. 24, par. 11-74.4-7)], at: https://www.ilga.gov/Documents/legislation/ilcs/documents/006500050K11-74.4-7.htm

100 See Chicago Office of Inspector General, "Audit of the City's Compliance with TIF Sunshine Ordinance and TIF Surplus Executive Order, pp. 9-13, at: https://igchicago.org/wp-content/uploads/2022/01/OIG-Audit-of-the-Citys-Compliance-with-the-TIF-Sunshine-Ordinance-and-TIF-Surplus-Executive-Order.pdf

101 Daniel Vesecky, "Understanding Chicago's 2026 Record TIF Surplus," Civic Federation, December 1, 2025, at: https://www.civicfed.org/understanding-chicagos-2026-record-tif-surplus

102 Susana A. Mendoza and David Doig, "Mayor Johnson stripped neighborhoods of improvements by raiding TIFs," Chicago Sun-Times, March 16, 2026., at: https://chicago.suntimes.com/other-views/2026/03/16/r-johnson-billion-dollar-tif-raid-neighborhood-improvements-susana-mendoza-david-doig

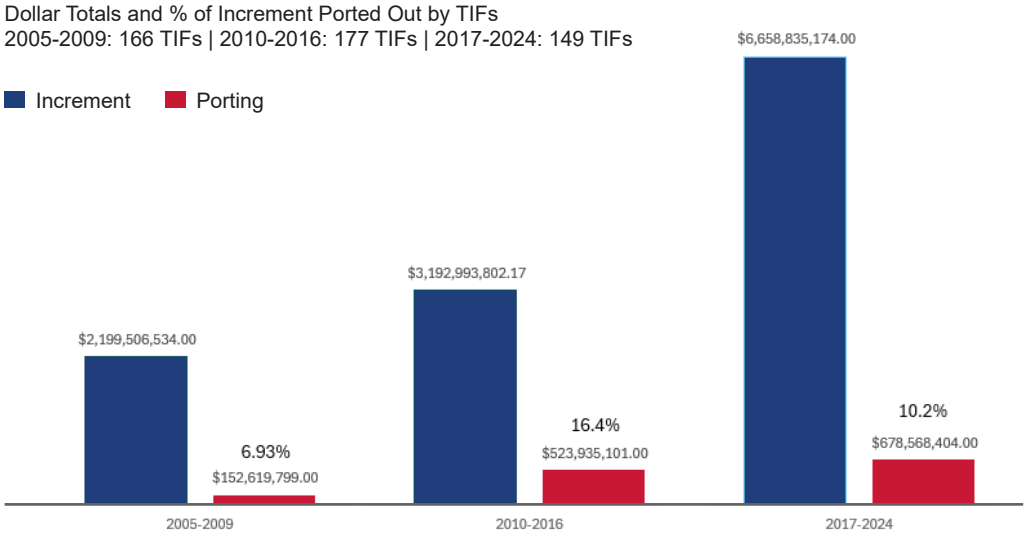
Abuse of "Porting" Provisions

The biggest way the City has managed to skirt TIF surplus requirements has been through increased reliance on porting, a provision of TIF law that permits one TIF district to transfer (or port) funds to another adjacent TIF district. A district from the South Side, in other words, cannot transfer any of its funds to a district on the North Side. In the early years of Chicago's TIF program few transfers occurred between TIFs, but the practice became more commonplace as time passed.

Our analysis of nearly two decades of money transfers between Chicago TIFs indicates that porting evolved from a rarely used administrative mechanism into a frequent tool that effectively sequestered public revenues within the TIF ecosystem.

Between 2005 and 2009, only 6.9 percent of property tax revenue captured by all TIF districts in the city was ported from one TIF to another – $152.6 million out of a total of $2.2 billion. Even back then, however, an audit of the city's TIF program raised a red flag about those transfers or porting of funds. "Decisions to move money from one TIF district to another contiguous district are not documented and are made without sufficient transparency to assure adequate accountability and public scrutiny," concluded a 2010 audit by Chicago's Office of Inspector General. "The comparative lack of transparency in the porting process," the report went on to say, "perpetuates the notion of a secret process subject to undue influence from self-interested parties looking to exploit the TIF for personal gain."[103] Despite that warning, the City's use of porting more than doubled to 15.9 percent of all TIF tax revenues between 2010 and 2016 – or $524 million of $3.3 billion. That overall rate dropped to 10.2 percent in a subsequent period that we studied, 2017 to 2024 – or $678 million out of $6.7 billion (See Figure 6)

Figure 6: Total Increment Collected by All Chicago TIFs During Selected Years Compared to Amount and Percentage of Increment Ported Out (Not Including Transit TIFs)



Data Source: Great Cities Institute Tabulations of City of Chicago TIF Data.

The citywide figures, however, mask a more pronounced rate of transfer that occurred among TIF districts as they neared their expiration date. Between 2005 and 2009, for example, only two of eight TIFs that were scheduled to expire during that period ported funds prior to their closing, with those two transferring out 1.9 percent of the $406.8 million tax revenue they captured during those years.[104]

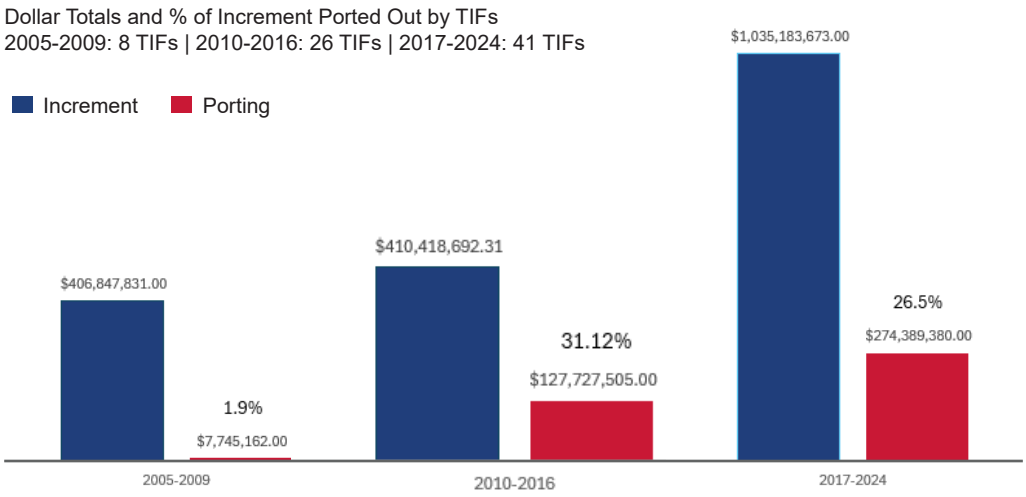
The porting percentage changed dramatically in the subsequent period of 2010 to 2016. During that

103 "Tax Increment Financing Expenditure Audit – 2008," p.4, at https://igchicago.org/wp-content/uploads/2011/03/TIF-Audit.pdf

104 The Central Loop TIF transferred $6.5 million in 2006, and the Edgewater TIF ported small amounts each year from 2005 until it closed in 2009.

time, twenty-four TIFs closed with only four of them porting any money. But those four transferred out 31.1 percent of the funds they collected during those years – $127.7 million out of $410.4 million. This was just under double the porting rate by all TIFs citywide during the same period (See Figure 7). In fact, three of the four TIFs ported almost as much money as they captured during each of those same years. The Near West TIF transferred out $44.8 million by the time it closed in 2013 from the $53.9 million it accrued in just four years, 2010-2013. The Near South TIF transferred out $81 million of the $117.5 million it accrued during its last two years. Additionally, two districts – the Roosevelt-Homan and West Pullman TIFs – ported out large sums of money solely in their closing year.

Figure 7: Total Increment Collected by TIFs Scheduled to Close During Selected Years, Compared to Amount and Percent of Increment Ported Out



Data Source: Great Cities Institute Tabulations of City of Chicago TIF Data.

The rate of outflows began to moderate somewhat during the 2017 to 2024 period, which represented the final years of the Emanuel administration and the Lightfoot and Johnson periods. Altogether, 41 TIFs expired at some point in the period, during which they accumulated a combined $1.03 billion in property tax. Of those, sixteen ported in the years leading up to their termination. They transferred a total of $274 million, which represented 26.5 percent of their total revenue during those years.

Porting Rate in the Final Year of TIFs

When we focused our analysis solely on those TIFs that ported money during their final year of existence, the pattern grew more pronounced. From 2005 to 2009, for example, the only TIF that ported in its final year was the Edgewater TIF. It captured a modest $279,400 in tax extension that year and transferred out $143,578 – more than half of that (See Figure 8).

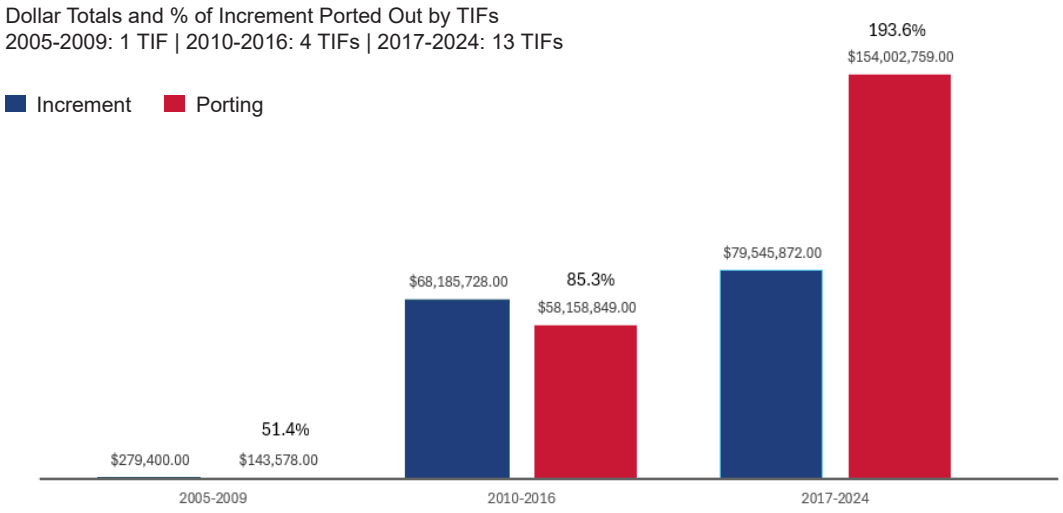
During 2010-2016, however, four TIFs – Near West, Near South, Roosevelt-Homan, and West Pullman Industrial Park – ported 85.3 percent of the money they accrued in their final year, $58.2 million out of $68.2 million (See Figure 8). All but one of them ported out more money than they took in as they were closing.

The following period, 2017-2024, was even more extreme. The number of TIFs that ported funds in their final year jumped from four to thirteen. Those thirteen transferred out nearly double the tax they accrued in that closing year – $154 million compared to $79.5 million they collected. Seven of the thirteen ported out more than they received in their final year. The most extreme case was the North Branch North TIF, which ported out $52.7 million despite only capturing $8.7 million that same year. The second most extreme case was the North Branch South TIF, which ported out $25 million while only capturing $10 million in its final year. Both of those transfers were made to the Cortland/ Chicago River TIF to support the Lincoln Yards mega project that City Council approved during Rahm Emanuel's last days in office.

We sought a response from the City to our analysis of the porting data. A senior Department of Planning and Development official noted that most TIFs only accumulate large sums of property tax in the later years of their existence, so it stands to reason more funds would be available in those final years, either for projects within the district or for porting to adjacent districts. There has been no effort in the past to use porting between TIFs as a way to keep funds within the TIF ecosystem, we were told.

Nonetheless, the data reveal a growing pattern: as TIF districts approached their statutory termination dates, the magnitude of their porting increased dramatically, thus preventing the return of accumulated surplus property tax revenues to Chicago's essential public institutions and taxing bodies, and effectively skirting the intent of TIF law.

Figure 8: Total Increment Collected by TIFs in Their Final Year, Compared to the Amount and Percentage of Increment They Ported Out that Year Before Closing



Data Source: Great Cities Institute Tabulations of City of Chicago TIF Data.

Section 5:

TIF Policy Changes Under Mayor Brandon Johnson

We conclude that Mayor Brandon Johnson's recent reforms to TIF are positive attempts aimed at reducing the historic neighborhood inequity in spending of property taxes that has characterized the TIF program from its inception. Those reforms include his plan for $1.25 billion in Housing and Economic Development Bonds that target the city's most needy neighborhoods for investment, his increased sweeps of unused surplus funds from TIF districts, and his continued reduction in the number of those districts. But his administration's rollout of the bond spending has been slow, it needs to achieve significant control and oversight over the high cost of TIF-subsidized affordable housing units, and it should further reduce the TIF program's structural bias toward downtown development.

Housing and Economic Development Bonds: Good Program, Slow Rollout

The Housing and Economic Development Bonds program, which was approved by City Council in 2024, represents the mayor's signature reform to TIF and is a much-needed change to the program in our view. Officials plan to allocate half of the funds generated by the bonds for subsidies to affordable housing initiatives and the other half for assistance to small business, job training and community development projects, with all the funds targeted to areas of the city that have not benefitted as much from TIF spending in the past. Financing for the bonds is pledged to come from future increased property tax revenues the city will receive as more TIF districts expire. The bulk of the $625 million in housing money – up to $390 million – has been earmarked for subsidies to affordable rental housing, while the rest will go to home and small residential property owners or to housing for the homeless.

Johnson initially declared an ambitious goal of allocating the full $1.25 billion within five years. But the rate of City approval for projects has fallen far short of expectations. **Nearly two years after City Council approved issuing of the bonds, only 12 percent of the funds have even been committed for individual projects, and far less actually allocated.**

Our analysis of the quarterly progress reports issued by the Department of Planning and Development and the Department of Housing found that, as of Feb. 1, 2026, only $119 million had been committed to 18 housing programs and less than $30 million for 23 small business and economic development projects.[105]

105 GCI staff analysis of "Quarterly Reports for GO/STSC Bond Ordinance 2024," February 1, 2026, from Commissioner of Planning and Development Cierre Boatright and Commissioner Department of Housing Lissette Castañeda to City Council, at: https://www.chicago.gov/content/dam/city/sites/business-and-neighborhood-development-strategy/pdf/Quarterly_Bond_Report_020126.pdf

High Costs for Affordable Housing

Our review of redevelopment and financing agreements for several recent TIF-subsidized affordable housing efforts found mushrooming per unit costs for these projects and we urge that the City more carefully monitor and control those costs.

A prime example is the United Yards 1A project at 47th Street and South Ashland Ave. in Back of the Yards. Originally conceived under former Mayor Lori Lightfoot as 51 units of affordable housing, the project received final approval during Mayor Johnson's first year in office for $14.5 million in TIF funds, plus millions more in tax-exempt financing and other city subsidies. By the time the United Yards 1A project was completed last year, however, the total project cost had climbed from $41.9 million to $46 million. That's an average per unit price tag of $902,000.

Our review of recent TIF-subsidized affordable housing efforts found mushrooming per unit costs for these projects and we urge that the City more carefully monitor and control those costs.

There are other similar examples of recent housing projects with remarkably high per unit costs, even when built by non-profit or church-affiliated developers, and even in cases where the City provided the land for free or below market cost. By citing some examples, we do not question whether these projects are vitally needed, especially in lower-income communities that received little TIF investment in the past, nor do we discount the laudable goals of their non-profit developers. But we note that the non-profit housing world typically depends on for-profit firms that structure, syndicate, finance and provide legal advice on the complex layers of federal subsidies and tax credits involved in these projects. Those firms often end up receiving extraordinary behind-the-scenes financial gains from the government subsidies and tax credits that make "affordable" housing possible, thus driving up per-unit costs. Just some examples we noted were:

- The historic Humboldt Park Methodist Church in Logan Square, which has a storied history as a haven for immigrants, was approved by the City last August for the new *Herencia* housing project. A local non-profit, LUCHA, proposed to renovate the church itself into 10 apartments and rehab 12 existing units on the church grounds, all as affordable supportive housing for the homeless and individuals with special needs, and the plan received widespread support from community leaders seeking to stem further gentrification of the neighborhood. The project's total price-tag, however, reached $21.1 million, which included a $4.7 million TIF grant and millions more in city and federal subsidies. That means the average cost **per unit for this housing rehab project was $950,000.**
- The Avenues apartments, at 3601 W. Chicago Ave. in West Humboldt Park, is a 52-unit building that was approved in June 2024, all affordable, at a total project cost $42.6 million, or **$819,870 per unit.** This is in a neighborhood where a condo apartment can be purchased for an average price of $475,000.
- CARE Manor, at 4531 Washington Blvd. in West Garfield Park, features 44 affordable units that the non-profit housing arm of Corinthian Temple Church of God in Christ had been seeking to build for years. When the City's Community Development Commission approved it in November 2023, the project was budgeted to cost $25.4 million. That included a $10 million TIF subsidy and millions more in federally subsidized bonds and tax credits. But less than a year later, when City Council voted to approve the final redevelopment agreement, CARE Manor's cost had jumped by more than 20 percent, to $31.6 million – or **$719,000 per unit**. We compared the original budget to the final revised budget and found that the bulk of the increases by far were in "soft costs," e.g., professional, legal and financing expenses not connected to actual construction. Those soft costs more than doubled from $5.4 to $10.9 million. They included a $1.3 million jump in loan interest and fees and a $400,000 hike in architectural fees.

- Thrive Englewood is a six-story 61-unit mixed-income building with a rooftop deck and ground-level retail stores at W. 63rd Street on the South Side. Initially approved under the Lightfoot administration to include 51 affordable units, the building was completed last year. Mayor Johnson attended the building's ribbon cutting. But at a total cost of $40.2 million, the Thrive apartments came in at an average of $659,000 each.
- SACRED Apartments at 3217 E. 92nd on the South Side was developed by the non-profit Interfaith Housing Development Corporation and Claretian Associates and approved by City Council in 2024 for 81 affordable units, at a cost of $46.9 million. GCI's review of bond financing documents filed by the project in March 2025 indicates that actual cost was $48.6 million. Depending on which final tab you choose the average cost of the units at SACRED was between $579,000 and $599,000.

Real estate experts have long noted that the cost of building government-subsidized affordable housing across the U.S. is generally higher than construction of private market-rate housing. This is due in part, as we noted previously, to increased financing, legal and professional fees associated with devising complex layers of government subsidies for affordable projects, and to stricter government oversight over construction. Nonetheless, City housing officials acknowledged to us that such high per-unit costs for affordable housing are difficult to defend. They told us they are continuing to search for ways to contain those costs.

We strongly recommend that City officials monitor more closely the "soft costs" of these projects. Our review of housing redevelopment agreements that utilized TIF and other government subsidies found several cases where these soft costs grew especially high after the projects were initially approved.

Bigger Surplus Sweeps: They Curb TIF's Runaway Character, But Raise New Questions

Mayor Johnson's increased sweeps of surplus funds from TIF districts have curbed the runaway character of the TIF tool, returning much needed revenue and tax base to the city's other taxing bodies.

During his first three years in office, Johnson declared record amounts of TIF surplus each year: $435 million in 2024, $712 million in 2025, and $1 billion this year. The combined $2.1 billion he transferred back to other taxing districts during those three years was nearly as much money as City officials had swept as surplus throughout the previous history of the program. Johnson accomplished this largely by restricting a past practice that allowed alderpersons and planning officials to simply place holds on TIF funds for proposed projects that had not yet been contractually obligated or even officially approved.[106]

But the size of recent sweeps from some TIF districts appears to be based in some cases on questionable or subjective spending and revenue projections by the Department of Planning. In the real world of budget calculations, planning officials wield considerable latitude behind the scenes to limit or increase the amount of surplus they report. They are able to do so simply by underestimating future tax revenues or by overstating, eliminating, or delaying some projects to later years. In October 2025, for example, the Planning Department and Office of Budget and Management released their ten-year projections for expected year-end revenues and expenses for each of the city's TIFs. Based on that report, City Hall calculated how much surplus could be swept from each district. According to that 2025-to-2034 report, the LaSalle Central TIF, the wealthiest of them all, would receive $125 million in taxes from increased increment for 2025, and, after subtracting all of LaSalle's listed expenses and commitments, the City announced it would sweep $51 million in surplus from LaSalle's funds for the 2026 budget year. But the actual tax extension the Cook County Clerk announced for LaSalle barely a month later turned out to be $170.4 million, far larger than what the City had projected. When asked

106 See Vesecky, "Understanding Chicago's 2026 Record TIF Surplus," at: https://www.civicfed.org/understanding-chicagos-2026-record-tif-surplus

about the significant underestimation, a Department of Planning official told GCI, “These projections are always a moving target.” The faulty projection for LaSalle, however, was the biggest for any of the city’s TIFs. As a result, none of LaSalle's extra $45 million in tax revenue was included in the surplus the City swept from the district for FY 2026.

Sudden upward revisions of estimated costs for future projects can also reduce a TIF district’s surplus. In 2022, for example, the Planning Department’s 10-year TIF projections listed $62 million of LaSalle TIF subsidies earmarked for the rebuilding of the downtown Lake Street Bascule Bridge by the Department of Transportation, with work scheduled to begin the following year. But the bridge work, like many major public construction projects, was delayed, and two years later the new Planning Department estimate for the bridge had skyrocketed to $148 million, with the work to start in 2024. In reality, construction did not begin until late 2025, and by then the budgeted costs had risen once again, this time to $173 million.

Likewise, when City officials want to extract additional surplus from a TIF, they can simply adjust downward their budget for future costs. At the end of 2024, for example, the Pilsen TIF’s annual financial report listed $143 million in its fund balance. Of that amount, $141.7 million was designated as “restricted for future redevelopment project costs,” leaving only $1.3 million to be declared a surplus. One year later, City planning staff suddenly declared a whopping $125.7 million of Pilsen’s funds a surplus, and all that money was promptly designated to be swept out of the TIF fund. Pilsen alone thus contributed 12.5 percent of the $1 billion Mayor Johnson declared as surplus for 2026.

Possible ways to establish more objective and less arbitrary methods for calculating revenues and expenses in the TIF program would be to either beef up the City Council’s woefully staffed Office of Financial Analysis or to create something akin to New York City’s Independent Budget Office, which for decades has provided independent non-partisan analysis of municipal budgets and finances.

Bias Toward Downtown Development Still an Issue

The Johnson administration should do more to curb the TIF program’s historic bias toward big downtown spending projects.

We have already noted in this report the huge amount of TIF funds committed in recent years to just two megaprojects, Lincoln Yards and The 78. More than $1 billion in TIF money still remains committed to those projects, even though their progress remains stalled more than seven years after they were initially approved. Yet City officials have so far resisted the release of at least a portion of those remaining funds, either to be declared a surplus or to be used for other projects.

At the same time, direct TIF spending on infrastructure improvements by the City continues to concentrate in the downtown area. Between 2019 and 2024, as we have noted, 58 percent of all infrastructure spending has gone to downtown projects.

Meanwhile, Mayor Johnson has chosen to move forward with $322 million in TIF subsidies for Reimagine LaSalle, the plan initiated by the Lightfoot administration to convert portions of vacant office space in six downtown office buildings into a mix of market rate and affordable residential units. Proponents of those conversions have touted the fact that 30 percent of the new rental units will be affordable: current plans call for 554 affordable units, plus another 1,273 market rate apartments. **GCI’s review of Reimagine LaSalle’s various redevelopment agreements found the private developers involved will be receiving an average TIF subsidy of $581,000 per each affordable unit, an even higher average than it costs most developers to build luxury housing in the city.**[107]

What has received virtually no attention, however, is that 86 percent of those affordable units in the Reimagine LaSalle buildings are slated to be studio or one-bedroom apartments. This preponderance

107 Patrick Andriesen, “Chicago Mayor Spends $700k per ‘Affordable’ Apartment Unit,” Illinois Policy, December 12, 2024, at: https://www.illinoispolicy.org/chicago-mayor-spends-700k-per-affordable-apartment-unit/

of tiny living spaces suggests these housing units are not geared for working-class Chicago families, who typically need units of two- to four-bedrooms, but are more likely aimed at young single professionals starting out in their careers.

Finally, we note the $322 million in subsidies awarded to developers of Reimagine LaSalle in the Loop nearly rivals the $390 million that the City has earmarked from its Housing and Economic Development Bonds for affordable housing subsidies throughout the entire rest of the city.

Policy Recommendations

While the reforms implemented by Mayor Johnson have placed some needed brakes on Chicago's runaway TIF program, they have yet to address the structural flaw of the TIF system itself, which means a future mayor could easily roll those reforms back. If TIFs are to survive – and we do not recommend here their complete elimination – the program's flaws could be better addressed in some of the following ways:

Amend TIF law to reduce the size of TIF diversions from other overlapping taxing districts, especially from school districts which most depend on property taxes.

The General Assembly could, for example, pass legislation that requires annual inflation-adjustment for the frozen equalized assessed values of all properties within a TIF district, as some states do, or it could use the transit TIF model for all new TIF districts, thus assuring that school districts and other taxing bodies retain a significant portion of revenue from TIF increments. Pending such reforms, the Assembly should preserve the current provision of TIF law which mandates an annual sweep by a municipality of any unused TIF funds.

Move more aggressively to phase out downtown TIFs that have already accomplished their original goals.

As our report notes, the City in recent years extended several downtown TIFs beyond their initial 23-year lifespan even though those districts had already substantially achieved their original revitalization goals. We urge such districts be allowed to expire in the future. The most important example, and the biggest revenue generator in TIF program history, is LaSalle Central TIF in the Loop. It has already captured more than $1.4 billion in increment revenues since its creation in 2006, and it is scheduled to expire in 2030. We believe it should not be extended.

Substantially increase TIF assistance to small business, neighborhood development, and job and workforce development programs.

As our report found, less than 2 percent of all TIF expenditures over the past four decades has gone to these vital areas. Mayor Johnson's new $1.25 billion Housing and Economic Development Bond is a step in the right direction, but even that plan currently targets only $100 million for "small and emerging business" loans, and only $15 million for job development and workforce training. That is far below what is necessary, given that businesses with 20 employees or less generated 99 percent of all job growth in Illinois since the pandemic.[108]

Overhaul the City's TIF data reporting.

After decades of piecemeal changes to its reporting requirements, the City's TIF Data Portal has become a confusing hodgepodge of some 200 separate on-line data sets, many of them outdated, or repetitive. We found that even the dozen or so most reliable data sets often contain errors or inconsistent information. In some cases, entire years of data are simply not available. Given that

108 Bryce Hill, "Small Business Saturday gives Illinoisans reason to be thankful: these businesses have been the sole job creators since 2020," Illinois Policy, November 26, 2025, at: https://www.illinoispolicy.org/small-businesses-create-virtually-all-new-illinois-jobs/

salaries for more than 100 city employees who administer and monitor the program come from TIF funds, we urge a concerted effort to improve TIF data and make it more comprehensible to the public.

Create independent oversight of the TIF program.

While both the state and Cook County require regular reports on TIF income and expenditures, and while occasional independent audits of the program do take place, Chicago's TIF program is so vast and complex that independent monitoring is virtually non-existent. We urge the creation of an on-going oversight mechanism for TIF income and expenditures, either through increased staffing of City Council's Office of Financial Analysis or by creating a new independent budget office similar to what New York City has had for decades.[109]

Expand TIF subsidies for affordable housing, but better control per unit costs.

Given the city's massive crisis in affordable housing, we applaud Mayor Johnson's efforts to direct more funds from his Housing and Economic Development Bond to target affordable housing, especially in previously underserved neighborhoods. But our review of redevelopment and financing agreements for several recent TIF-subsidized housing efforts found mushrooming per unit costs for these projects and we urge that the City more carefully monitor and control the financing of those projects, especially when it comes to "soft costs."

109 See: NYC Independent Budget Office, at: https://www.ibo.nyc.ny.us/aboutWhatwedo.html

Appendix A:
Glossary of Terms

But-for question. TIF law requires a finding by the local government that a development project would not occur "but for" the use of TIF. Any growth in property values after creation of the TIF would then not have occurred "but for" the TIF's existence. The question is the empirical core of evaluating whether TIF creates value or merely captures it.

Coefficient (or spillover coefficient). A statistical estimate of the size of TIF's effect on property values, expressed as a percentage change. Coefficients are produced by our property-value analysis (the spillover analysis) and then applied to citywide totals to estimate TIF-caused value.

Corporate Fund. The City of Chicago's general operating fund, which supports basic city operations and services, such as public safety, public health, transportation, and small business assistance.

Counterfactual. A hypothetical scenario used as a benchmark. For this report, it refers to what Chicago's tax base would be if TIF districts had never been created. The counterfactual is what we compare actual outcomes against to estimate TIF's effects.

Equalized Assessed Value (EAV). The product of a property's assessed value, as determined by the County Assessor (on a triennial basis based both on land and improvements), after the application of a State Equalization Factor that is set by the Illinois Department of Revenue. That EAV then becomes the value to which property tax rates are applied. In TIF districts, the total EAV of all properties at the time of the district's creation is measured and established as a **"Frozen EAV,"** or **Frozen Base**, with other taxing bodies only permitted to tax that frozen base.

Extension. The authorized amount of property tax revenue that a local government agency (such as a municipality, school district or library) is allowed to collect from a property owner each year. In the case of TIF districts, the extension is the amount of annual tax revenue the district collects from the increase in property value (increment) above and beyond the Frozen EAV.

Hard Costs. The physical "brick-and-mortar" costs directly tied to a construction project, such as labor, materials, and equipment.

Heterogeneous Effects. Variations in how a policy or intervention impacts different subgroups within a population, showing that a single average outcome does not apply uniformly to all areas, businesses, or residents. In the context of Tax Increment Financing, this refers to how a TIF district might drive significant economic growth in one specific neighborhood or property type while having no effect, or even a negative economic impact, in another.

Increment. The dollar value of property within a TIF district that is above the frozen base. It represents the appreciation in property value captured by the TIF, and that is not added to the general tax base until the TIF expires. The term "increment," however, is sometimes used to refer to the actual tax revenue (or extension) a TIF district receives from the increment. The Illinois state comptroller's annual tax form that all TIF districts must file, for example, denotes the tax revenue (extension) as the increment, when the former is, in fact, a percentage of the latter.

Intergovernmental Agreement (IGA). A formal contract between two or more governmental agencies to share resources, collaborate on projects or provide services jointly.

In-TIF EAV. The total Equalized Assessed Value of all parcels inside TIF districts, used as the base for applying spillover coefficients to estimate TIF-caused value.

In-TIF treatment group. All parcels inside a TIF district, regardless of how close they are to a specific TIF project. We apply our spillover coefficients to this group to estimate TIF-caused value.

Organic growth. Property value appreciation that would have occurred regardless of TIF which can be driven by inflation, broader market trends, and neighborhood dynamics. The opposite of TIF-caused value.

Porting. The practice of transferring surplus property tax revenues from one Tax Increment Financing (TIF) district to an adjacent or contiguous TIF district.

Pre-trends. The trajectory of property values for treated and control groups before TIF projects are approved. Parallel pre-trends means that both groups move similarly before TIF projects, which is required for our research design to identify TIF's effect.

Redevelopment Agreement (RDA). A legally binding contract between a developer and a government entity (or property owner) that outlines the terms, conditions, and public incentives for renovating or transforming an existing property or area.

Soft Costs. Intangible, indirect expenses required to get a project built and legally compliant, such as architecture, engineering, legal and other professional services, finance costs, insurance, marketing, and developer fees.

Special Taxing Areas Fund (also Special Tax Allocation Fund). A line item in the City of Chicago's Annual Comprehensive Financial Report that tracks the combined revenues of all Tax Increment Financing (TIF) districts during the corresponding year. Likewise, the Fund's year-end balance denotes the combined net balances of all individual TIF districts.

Spillover. The effect of a TIF project on nearby properties including properties outside the TIF district itself.

Surplus. The excess property tax revenue collected within a designated TIF district that is not needed for current or planned redevelopment projects.

Surplus Sweep. Under state law, any excess funds from TIF districts must be released annually and distributed to other local government entities, which includes the Chicago Public Schools.

Tax Increment Financing (TIF). A municipal economic development tool in which property value growth above a frozen baseline within a designated district is diverted to a dedicated fund used to finance development projects in that district, rather than added to the general tax base.

Tax levy. The total dollar amount of property tax that taxing bodies (schools, the city, the county, etc.) request from property owners each year.

Appendix B:

Methodology for Estimating the Tax Shift from Chicago's TIF Districts

Overview

This analysis estimates how much Chicago property owners pay in additional taxes due to TIF districts diverting property tax revenue from the general tax base to fund local TIF projects. While proponents of TIF argue that it stimulates growth that would not otherwise occur, critics contend that much of the captured appreciation would have happened regardless. On that view, TIF shifts a large share of value out of the general tax base, raising everyone's tax rate to fund the same fixed levies.

To estimate how much Chicago property owners pay in additional taxes due to TIF, we combine three empirical components including a spillover effect estimation using quasi-experimental methods on parcel-level data to measure the impact of TIF projects on EAVs, administrative TIF data from the Cook County Clerk on frozen values and increment, and citywide tax data on EAV and levy of local taxing bodies.

The key innovation is using spillover coefficients to determine what portion of TIF increment represents growth that would have occurred without TIF intervention and therefore constitutes a tax shift versus growth legitimately attributable to TIF investment.

Data Sources

We utilize parcel level property data from two datasets provided by the Cook County Assessor's Office and retrieved from the Cook County Open Data Portal. From the first dataset, Parcel Universe, we use information on parcel locations, tax district identifiers, and property class. From the second dataset, Assessed Values, we use assessor certified total EAVs as our primary measure of EAVs. We join these data to construct a panel dataset of parcels by tax year from 2010 to 2024 for approximately 750,000 parcels per year.[110]

We use TIF project data provided by the City of Chicago and retrieved from the Chicago Data Portal. This dataset contains the location of projects, approval date, TIF funds appropriated for each project, and a project description. Our sample consists of 346 TIF projects approved from 2000 to 2020. We exclude projects identified as routine maintenance at public facilities and small public-purpose projects under $1 million; the resulting sample focuses on physical-investment projects that could plausibly affect surrounding property values (See *Project Sample and Filtering* below).

110 Our difference-in-differences analysis uses a balanced panel of parcels present in all 15 years of the study period (2010-2024). In Cook County, parcel identification numbers (PINs) are generally stable: new construction on an existing parcel does not change the PIN, so improvements and redevelopment on existing footprints are captured in our analysis. However, PINs can be created or retired when parcels are subdivided or consolidated—for example, when a single-family home is replaced by a condominium building with separate PINs for each unit. To assess the magnitude of this exclusion, we compared PIN counts across years. We identify 45,966 new PINs in 2024 that did not exist in 2010 (5.5% of 2024 PIN count), representing $6.14 billion or 12.1% of 2024 EAV. Importantly, new PIN creation is not concentrated in TIF districts: 32.9% of new PIN EAV is located in TIF districts, compared to 29.7% of overall EAV (a ratio of 1.11). This suggests that excluding new PINs does not systematically bias our estimates of TIF effects. To the extent that TIF does induce new construction through subdivision, our estimates would be conservative.

Parcel-level values are drawn from the Cook County Assessor's certified assessed values, which serve as the outcome variable in the event-study models. For the tax-shift and counterfactual calculations, where parcel values must be commensurable with the equalized assessed values (EAV) reported in the Clerk's TIF distribution and tax extension reports, we convert each parcel's certified assessed value to EAV by applying the Cook County equalization factor for the corresponding tax year, as published annually by the Illinois Department of Revenue. All parcel-based EAV figures reported in Table 6 and in the counterfactual analysis reflect this conversion. The equalization factor ranged from 2.6685 in 2015 to 3.2234 in 2020 over the study period, so the conversion is applied year by year rather than as a constant.

We use TIF district level administrative data from Annual TIF Distribution Reports spanning from 2014 to 2023 provided by the Cook County Clerk. These data are aggregated at the TIF district level and contain the total EAV within the district, the frozen EAV (the base value at TIF creation), the total increment (total EAV minus frozen EAV), the revenue collected on the increment to fund TIF projects, and tax rates.

Finally, we aggregate citywide tax data from 2014-2024 from the Cook County Clerk's Tax Extension and Rate Reports. These reports contain the total citywide EAV and the total tax levy (the dollar amount taxing bodies request).

Analytical Framework

The TIF Tax Shift Mechanism

Chicago property taxes operate on a levy system where taxing bodies (schools, city, county, etc.) request a fixed dollar amount known as the levy. The property tax rate is then calculated as: Rate = Levy ÷ Tax Base. Each property pays: Tax = Rate × Property's EAV.

TIF districts remove the increment (growth above the frozen base) from the general tax base that goes to the levy. Since TIF removes the increment and the levy must be divided by a smaller base, this produces a higher tax rate for all properties both inside and outside of TIF districts since every property must have a higher rate applied to their EAV to fully fund the levy.

The Counterfactual Question

The central empirical question is: *What would property values be if TIF districts had never existed?*

If all TIF increment represents growth that would have occurred anyway, then 100 percent of the increment constitutes a tax shift. If TIF investment genuinely caused some of the growth, then only the portion that would have occurred without TIF is a tax shift. We decompose this using spillover coefficients estimated from a quasi-experimental design.

Measuring the Tax Shift

Component 1: Estimating Spillover Effects

We estimate the effect of TIF projects on nearby property values using a stacked difference-in-differences design with staggered treatment timing.[111]

We define a parcel as impacted or treated when a TIF project is approved within 0.5 miles of its location. We use parcels located 0.5 to 1.0 miles from the same TIF projects, observed over the same time period as control parcels. We use these distance thresholds based on sensitivity testing and theoretical considerations, finding that projects within 0.5 miles showed effect sizes greater than over

111 Wooldridge, Jeffrey M. 2025. "Two-Way Fixed Effects, the Two-Way Mundlak Regression, and Difference-in-Differences Estimators." *Empirical Economics* 69 (5): 2545–87.

larger distance bands, and that controls between 0.5 and 1 miles showed the best parallel trends, effectively keeping parcels close to treated units in the same geographic areas.

Estimation

For each TIF project cohort (projects approved in the same year), we construct a "stack" containing treated parcels (within 0.5 miles) and control parcels (0.5–1.0 miles) and use observations from 4 years before to 10 years after project approval.

We estimate:

$$\ln(\mathrm{AV})_{it} = \alpha_i + \lambda_{ct} + \sum_{k=-4}^{10} \beta_k \cdot 1\left[t - t_i^* = k\right] + \varepsilon_{it}$$

Where:

> $ln(AV)_{it}$= is the natural log of each parcel's certified assessed value as reported by the Cook County Assessor. Because the Cook County equalization factor is applied uniformly to all parcels within a given tax year, it enters the logged specification as a year-specific constant and is absorbed by the cohort-by-year fixed effects; estimated coefficients are therefore identical whether the outcome is expressed in assessed or equalized terms.

α_i = parcel fixed effects

λ_{ct} = cohort-by-year fixed effects

t_i^* = year parcel *i* became treated

β_k = effect at event time *k*

We aggregate event-time coefficients into short-run (years 0–4) and long-run (years 5–10) average treatment effects. We use long run coefficients because of the maturity of Chicago's TIF projects and because TIF projects can take years to complete construction.

Commercial: The positive effect suggests TIF projects create amenities or signal neighborhood investment that benefits nearby commercial properties.

Table 14: Effects by Property Type

Property Type	Long-Run Effect	Pre-Trends p-value	Interpretation
Commercial	+2.5%	0.131	TIF projects increase nearby commercial values
Industrial	−2.0% (avg of 3 specs)†	0.28, 0.81, 0.91	TIF projects decrease nearby industrial values
Residential	0%	<0.001	Pre-trends fail; no effect identified with this methodology

Source: Great Cities Institute calculations using Cook County Assessor's Office parcel records and City of Chicago Department of Planning and Development TIF project file.
Note: † Industrial estimates are averaged across three Wooldridge specifications that pass pre-trends (Baseline ring with PSM: −1.73%; Tight ring without PSM: −3.93%; Tight ring with PSM: −0.44%).

Industrial: The negative effect suggests that TIF projects, often focused on mixed-use or commercial development, may create land use conflicts, congestion, or redevelopment pressure that harms industrial property values. Because individual industrial specifications have small, treated samples (165–386 parcels per spec across 3–5 project stacks), we average across the three Wooldridge specifications that pass pre-trends rather than rely on any single one. The averaged estimate is more stable than any one specification and is consistent in sign across all three.

Residential: We cannot causally identify a residential effect with this design because treated and

control residential parcels were not on parallel trends prior to TIF project approval ($p < 0.001$ in three of four specifications; $p = 0.030$ in the fourth). The point estimates from the failed specifications cluster around −2 percent across specifications. Our preferred specification sets the residential coefficient to zero. This is an agnostic choice rather than a conservative one: it refuses to claim either a positive or negative residential effect because the design cannot identify either. Prior literature finds positive TIF effects on commercial property but no broad-based effects on residential, and that infrastructure spending is negatively associated with property values, suggesting that residential capitalization of TIF investment is not strong even where commercial responds positively.[112] The actual robustness check is the scenario analysis in Tables 11 and 12, which tests the headline tax-shift finding under residential coefficients up to +2 percent. The result survives every scenario, demonstrating that the central finding does not depend on the residential null assumption.

Component 2: Parcel Classification

We classify every parcel-year into four categories based on two dimensions:

1. **TIF membership**: Is the parcel inside a TIF district?
2. **Project proximity**: Is the parcel within 0.5 miles of a TIF project?

For the tax-shift calculation, we apply the spillover coefficients not only to parcels near a TIF project

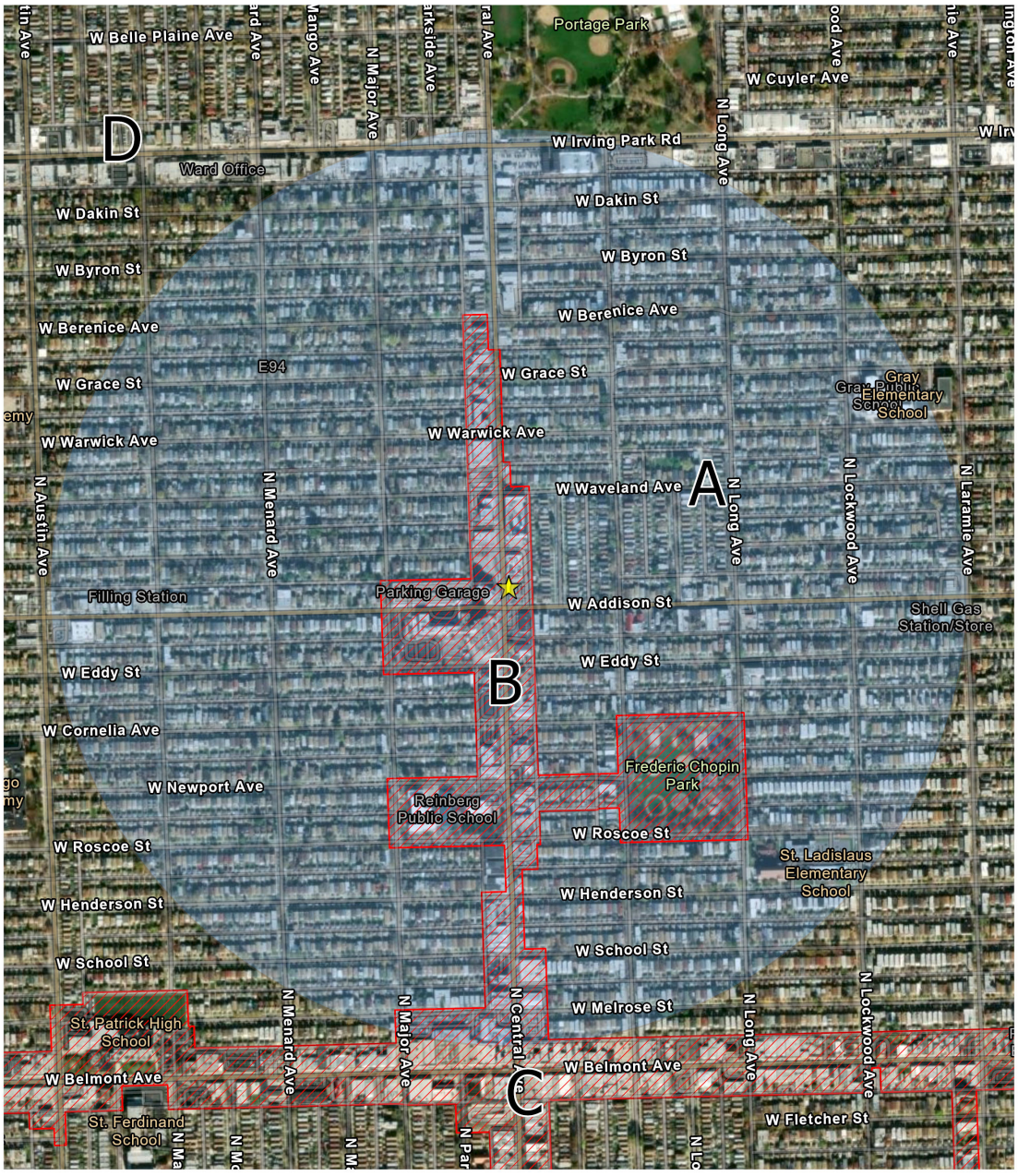
	Inside TIF District	Outside TIF District
Near Project (<0.5 mi)	**Category A** parcels contribute to TIF increment and experience the treatment effect. Our coefficients tell us how much of their current value is TIF-caused.	**Category B** parcels are in the general tax base but experience spillover effects from nearby TIF projects. Their values are higher (commercial) or lower (industrial) than they would be without TIF.
Far from Project (≥0.5 mi)	**Category C** parcels contribute to TIF increment but are too far from projects to experience direct treatment effects.	**Category D** parcels are unaffected by TIF except through the higher tax rate caused by increment diversion

(Category A), but to all parcels inside TIF districts (Categories A and C combined). This reflects an important data limitation: our TIF projects file captures discrete project approvals (such as building rehabs, façade improvements, and site remediation) but does not include TIF-funded infrastructure spending such as some streetscapes, utility upgrades, transit improvements, and other capital investments. Because infrastructure projects are unobserved in our data, distance to the nearest project is a noisy proxy for "exposed to TIF activity"; a parcel classified as Category C may in fact be benefiting from TIF infrastructure investment we cannot observe.

Applying the project-buffer coefficient to all in-TIF parcels is therefore a generous-to-TIF assumption that addresses this infrastructure blind spot. It treats TIF-district membership as evidence of exposure to TIF activity rather than the literal source of variation our research design identifies. This likely overstates TIF-caused value, since the project-buffer effect is unlikely to be uniform across the full district. However, we prefer this overstatement to the alternative, which would attribute zero TIF effect to parcels that may well be benefiting from unobserved infrastructure investment. Throughout the analysis we refer to Categories A and C combined as the "in-TIF treatment group" for the tax-shift step. Category B (outside TIF, near project) continues to be treated separately, as a spillover into the general tax base.

112 Merriman, David F., Mark L. Skidmore, and Russ D. Kashian. "Do Tax Increment Finance Districts Stimulate Growth in Real Estate Values?" Real Estate Economics 39, no. 2 (2011): 221–50.; Kane, Kevin, and Rachel Weber. "Municipal Investment and Property Value Appreciation in Chicago's Tax Increment Financing Districts." Journal of Planning Education and Research 36, no. 2 (2015): 167–81. https://doi.org/10.1177/0739456X15600034.

Map 12: Example of Property Categories near the Belmont Central TIF and IMI Portage Park TIF Project.



Component 3: Constructing the Counterfactual

Step 1: Calculate TIF-Attributable Value

For all parcels inside TIF districts (the in-TIF treatment group, Categories A and C combined; see Component 2 for the rationale for grouping these together), we apply spillover coefficients to estimate how much of their current value is TIF-caused:

$$\text{TIF Attributable Value}_{\text{in TIF}} = \sum_{\text{type}} \ln \text{TIF EAV}_{\text{type}} \times \text{Coefficient}_{\text{type}}$$

For 2023:

Commercial: $16.55 billion × 2.5% = $413.6 million

Industrial: $3.29 billion × (−2.0%) = −$65.8 million

Residential: $13.43 billion × 0% = $0.0

Net: $348 million

The net TIF-attributable value represents the portion of in-TIF property value that exists because of TIF investment. Under the assumption that unobserved infrastructure spending propagates the project-buffer effect throughout the district, this is the share of the increment that will return to the general tax base as a “real bonus” when TIFs expire.

Step 2: Calculate Spillover Effects on Tax Base

For Category B parcels (outside TIF, near projects), we calculate how TIF projects affected the general tax base:

$$\text{Spillover Effect}_{\text{B}} = \sum_{\text{type}} \text{Category B EAV}_{\text{type}} \times \text{Coefficient}_{\text{type}}$$

Positive spillovers (commercial) add to the tax base; negative spillovers (industrial) subtract from it.

Step 3: Construct Counterfactual Tax Base

The actual tax base is the citywide EAV, which already excludes TIF increment (only the frozen base of TIF parcels is taxable).

The counterfactual tax base — what would exist if TIF had never been created — is:

$$\begin{aligned}\text{Counterfactual EAV} = \text{Actual EAV} + \text{Total Increment} - \text{In TIF TIF Caused Value} \\ - \text{Cat B Spillover Effect}\end{aligned}$$

Each term has a distinct interpretation:

- **Total Increment** is added back. Without TIF, the value above the frozen base would have been in the general tax base rather than diverted to TIF funds.
- **In TIF TIF Caused Value** is subtracted. This portion of in-TIF property value exists because of TIF investment; without TIF it would not have been created and would not appear in the counterfactual tax base.
- **Cat B Spillover Effect** is subtracted. This portion of out-of-TIF property value near TIF projects exists because of TIF spillovers; without TIF it would not exist either.

The implied “shifted increment” — Total Increment minus In-TIF TIF-Caused Value — is growth inside TIFs that would have occurred without TIF intervention and therefore would have been part of the general tax base. Under our point estimates, this is approximately 98.2 percent of total increment, with

the remaining 1.8 percent representing TIF-caused value.

Step 4: Calculate Rate Differential

$$\text{Actual Rate} = \frac{\text{Levy}}{\text{Actual EAV}}$$

$$\text{Counterfactual Rate} = \frac{\text{Levy}}{\text{Counterfactual EAV}}$$

$$\text{Rate Increase} = \text{Actual Rate} - \text{Counterfactual Rate}$$

Step 5: Calculate Dollar Impact

For any property:

$$\text{Extra Taxes} = \text{Rate Increase} \times \text{Property EAV}$$

Citywide:

$$\text{Total Extra Taxes} = \text{Rate Increase} \times \text{Citywide EAV}$$

Temporal Dynamics of Treatment Effects

Our analysis uses long-run (years 5–10 post-approval) rather than short-run coefficients to estimate TIF's effect on property values. This choice reflects both the structure of TIF projects and findings from the broader development impact literature.

TIF projects often involve multi-year construction timelines. Large commercial developments, infrastructure improvements, and mixed-use projects frequently take 3–5 years from approval to completion, with property value effects emerging only after construction is substantially complete and the market can observe the finished project. Using short-run coefficients would capture construction-period disruption effects rather than the completed-project effects that represent TIF's intended impact.

Importantly, if TIF projects had independent longer-term effects not captured in our 5–10-year window, we would expect to see continued divergence between treated and control parcels in the later event-time coefficients. Our event study plots show no such pattern: treatment effects plateau by years 5–7 and remain stable through year 10. This stability suggests our long-run coefficients capture the full, mature effect of TIF projects on property values rather than a truncated snapshot of ongoing appreciation.

We also note that using level changes (percentage point effects on property values) rather than growth rate changes is appropriate for our application. TIF projects represent one-time investments that shift property values to a new level, not ongoing interventions that permanently alter growth trajectories. A TIF-funded streetscape improvement, for example, makes a location more desirable and shifts property values upward, but does not cause property values to grow faster indefinitely relative to control areas.

Derivation of Spillover Coefficients

Our point estimate coefficients (Scenario 3) derive from a stacked difference-in-differences design using the Wooldridge extended two-way fixed effects estimator with heterogeneity-robust standard errors.[113]

Sample and Design

- Project sample: 346 primary projects approved 2000–2020 (see "Project Sample and Filtering" below for inclusion criteria)
- Treatment definition: Parcels within 0.5 miles of project location
- Control group: Parcels 0.5–1.0 miles from the same projects, observed over the same calendar years
- Event window: 4 years pre-treatment to 10 years post-treatment
- Coefficient aggregation: Long-run average (years 5–10) to capture effects after project completion
- Pre-2014 exclusion: Parcels within 0.5 miles of any TIF project approved before 2014 are excluded from the sample, since these parcels may have already experienced treatment effects before the analysis window begins.

Project Sample and Filtering

Our primary sample consists of 346 TIF projects approved between 2000 and 2020. We construct this sample by filtering the City of Chicago's full TIF project file in two ways.

First, we exclude projects whose descriptions indicate routine internal maintenance at public facilities such as projects mentioning fire alarms, HVAC systems, roofing, ADA accessibility upgrades, elevators, windows, boilers, or plumbing in connection with schools. These are essentially deferred maintenance expenditures funded through TIF rather than discrete redevelopment projects. Including them in the sample would conflate routine facility upkeep with the building rehabilitation, infrastructure, and façade work that our spillover analysis is designed to detect.

Second, we exclude small public projects whose names or descriptions identify them as school, park, or general infrastructure projects with approved amounts under $1 million. Projects that combine a public-facility designation with a small dollar value are typically routine operational expenditures (athletic field repairs, equipment purchases, small park improvements) rather than the kind of physical investment that would plausibly affect surrounding property values. We chose $1 million as the threshold because it is a natural breakpoint in the project-amount distribution and because projects above this threshold are large enough that we cannot reliably classify them as "operational" without reading each description individually.

We do not filter projects by approved amount alone or by other classification (commercial, residential, etc.). Apart from the two filters above, the sample is inclusive of every TIF project approved over the 21-year window. The cohorts used for staggered-treatment estimation are further restricted to projects approved between 2014 and 2020, but pre-2014 projects remain in the sample for the purpose of identifying parcels that should be excluded as already-treated.

Scenario Construction

- Scenario 1 (Baseline): Null hypothesis of no TIF effect, representing the case where all increment is organic growth.
- Scenario 2 (Conservative): Uses the lower bound of our commercial coefficient confidence interval (+1.0%). Assumes industrial effects are zero rather than negative, giving TIF the benefit of the doubt. Residential remains zero due to failed pre-trends.

113 Wooldridge, Jeffrey M. 2025. "Two-Way Fixed Effects, the Two-Way Mundlak Regression, and Difference-in-Differences Estimators." *Empirical Economics* 69 (5): 2545–87.

- Scenario 3 (Point Estimates): Uses our preferred specification coefficients: +2.5 percent for commercial, −2.0 percent for industrial, 0 percent for residential. The residential zero is an agnostic null: pre-trends fail, and the design cannot identify a residential coefficient, but the scenario analysis (Scenarios 1, 2, and 4) shows the headline finding is insensitive to plausible residential values.
- Scenario 4 (Implausibly Pro-TIF): Stress test assuming TIF increases all property types substantially (+2 percent residential, +5 percent commercial, +2 percent industrial), including positive effects where our analysis finds negative or null effects. This scenario is inconsistent with our empirical findings but demonstrates that the tax shift finding holds even under implausibly favorable assumptions.

Appendix C:

Extended Literature Review

Empirical research on the effects of TIF on property values and tax base growth has produced mixed and context-dependent findings, reflecting differences in scale of analysis, outcome measures, and identification strategies. A central challenge across this literature is distinguishing value creation attributable to TIF investments from value capture driven by broader market trends, inflation, or spatial reallocation of investment.

Early quantitative studies focused on municipal-level outcomes, comparing aggregate property value growth in cities that adopt TIF to those that do not. Anderson (1990) and Man and Rosentraub (1998) find positive associations between TIF adoption and overall property value growth, suggesting that TIF may stimulate development at the citywide scale. However, subsequent work casts doubt on this interpretation once selection effects and spatial substitution are considered.

Dye and Merriman (2000), and later extensions summarized by Merriman et al. (2011), find little evidence that TIF increases aggregate municipal property values. Instead, they document patterns consistent with intra-municipal redistribution, where growth within TIF districts is offset by slower growth elsewhere in the same city. This suggests that TIF may reallocate investment spatially rather than generate net new development, a finding that directly challenges the assumption embedded in the but-for test. These results underscore a key point for evaluating TIF: even when property values rise within TIF districts, this does not imply that TIF has expanded the overall tax base available to local governments.

A second strand of research examines localized property value effects within TIF districts using parcel- or district-level data. Weber et al. (2003) show that industrial parcels located in mixed-use TIF districts in Chicago exhibit higher values than comparable parcels outside TIF districts, while industrial parcels in homogeneous industrial TIFs experience no gains and, in some specifications, lower values. The authors interpret this divergence as reflecting expectations of land use conversion rather than productivity gains from TIF-financed infrastructure.

Carroll (2008), using parcel-level panel data from Milwaukee and correcting for endogeneity and self-selection, finds that public service provision within TIF districts is capitalized into business property values over time, with estimated effects larger after accounting for selection bias. Importantly, this capitalization does not establish that TIF-generated appreciation exceeds what would have occurred absent TIF designation, it only shows that markets price in anticipated benefits. Byrne (2006) further complicates the value creation narrative by showing that TIF districts tend to be located in economically disadvantaged areas, but that property value growth is higher in districts with characteristics associated with underlying growth potential, such as proximity to the central business district and lower density. This supports critiques that TIF success may partly reflect site selection rather than causal impact.

More recent work emphasizes that TIF is not a uniform treatment. Kane and Weber (2015) explicitly link TIF expenditures to property value outcomes in Chicago, finding that subsidies for commercial development are positively associated with appreciation, while infrastructure spending is negatively associated with property value growth over the study period. These findings challenge the assumption that infrastructure-led TIF investments necessarily catalyze private development and highlight the importance of how increment is spent, not just whether TIF exists. Merriman et al. (2011) similarly

find positive effects for commercial property values but not for residential or manufacturing properties, reinforcing the conclusion that TIF benefits are highly uneven across land uses and unlikely to represent broad-based tax base expansion.

Capture, Inflation, and Fiscal Redistribution

A critical literature, especially grounded in Illinois and Cook County, emphasizes the fiscal mechanics of TIF rather than development outcomes. Farris and Horbas (2009) demonstrate that by freezing equalized assessed value (EAV) for decades, TIF mechanically removes nominal appreciation from the general tax base, raising tax rates for all taxpayers to meet fixed levies. They argue that much of the increment captured by TIF reflects inflationary growth and market-wide appreciation, not TIF-induced development. This critique aligns with Weber et al.'s observation that municipalities may benefit fiscally from TIF even if no new development occurs, because normal inflation generates increment against a fixed base. In such cases, TIF functions less as a development tool and more as a revenue diversion mechanism, shifting tax burdens spatially and temporally.

Responding to TIF Proponents

Some defenders of TIF argue that focusing on the tax shift misses the point because the same projects would have been financed through other means. One common argument holds that taxing bodies are "made whole" under the levy system and therefore do not lose revenue to TIF districts. Proponents contend that TIF does not cause tax increases because, absent TIF, the same projects would have been funded through general obligation bonds or other financing mechanisms that would have similarly affected taxpayers.

This argument has several problems. First, it asserts a counterfactual about project implementation without evidence. Second, it conflates financing mechanisms with different political accountability structures: levy increases require voter approval or public hearings, while TIF increment diversion operates automatically once a district is created. Third, it assumes 100 percent of TIF-financed projects would have occurred at the same scale, timing, and location through alternative financing, an implausible assumption for hundreds of projects over decades. Fourth, it ignores the distributional effect: TIF shifts an additional tax burden onto all property taxpayers; alternative financing mechanisms would distribute costs differently.

Most importantly, this argument sidesteps the empirical question we address. We do not ask whether TIF-financed projects would have been financed through other means. We ask whether TIF projects caused property values to be higher than they would have been otherwise. This is testable. If TIF projects do not increase property values above baseline trends, as our analysis suggests, then TIF is capturing appreciation that would have occurred regardless of whether the projects were financed through TIF, bonds, or any other mechanism.

Proponents also correctly note that taxing bodies receive their full levy regardless of TIF because the levy system ensures they are "made whole." But this observation actually supports our analysis: taxing bodies being made whole is precisely *why* taxpayers pay more. The levy is fixed, so a smaller tax base (due to increment diversion) means higher rates for everyone. Acknowledging that "the increased tax burden is shared by all taxpayers" while claiming this is not a "tax increase" is a distinction without a difference for taxpayers writing checks.

Appendix D:
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Appendix E:

Tax Increment Financing Spending Tracked by Great Cities Institute

TIF Spending Tracked by Great Cities Institute, 1986–2025

Type of Expenditure*	Total $ (in millions)
Redevelopment Agreements (RDA)	
Private Development (1986-2025)**	$2,586M
Affordable Housing (1994-2025)	$1,615M
Intergovernmental Agreements (IGA)	
Public School (1999-2024)	$867M
Modern Schools Across Chicago (2008-2026)	$498M
Mass Transit IGAs (1994-2025)	$1,819M
Public Parks (1994-2025)	$508M
Other	
Public Infrastructure and Improvements (2019-2024)	$1,520M
Total Project Costs	$9,413M
Financing and Interest (1998-2024)	$2,003M
Total Project and Financing Costs	$11,416M
SBIF, NIF, and TIF Works (1999-2025)	$205M
City Administrative Costs (2001-2024)	$232M
Total Project, Financing, Administrative, & Other Costs	$11,853M
Surplus Sweeps (2011-2025)	$4,648M
Total Expenditures, Commitments, and Outflows	$16,501M

*Differences in total expenditures result from several City datasets recording data across different years.

**Private Development total expenditure does not include affordable housing.Data Source: City of Chicago TIF Data, and Chicago Public schools Annual Comprehensive Financial Reports. Tabulations by Great Cities Institute.

Appendix F:

Chicago Public Data Used by Great Cities Institute to Track TIF Projects, Revenues and Expenditures

Our search for TIF information in the Chicago Data Portal initially yielded an astounding number of individual datasets that the city has posted over the years. There were 224 separate sets in all. A significant portion of those, however, are titled “TIF Balance Sheets” and they contain income and expenditures for individual TIF districts *but only for a single year*, 2009. Another large slice of the datasets, titled “TIF District Programming,” contain various five-year projections of spending and income for all TIF districts, but no information on what was actually spent.

We ultimately determined that only seven of the 224 datasets were useful for tracking and compiling a more comprehensive picture of the entire TIF program over long periods of time. Of those, several only contained information from more recent years, likely a reflection of when new sunshine legislation or transparency mandates took effect. Unfortunately, even the most useful sets contain major information gaps, or they report inconsistent data, and at times they simply do not report significant project expenses or even entire years. To address those problems, we had to delve into the financial reports that all TIF districts file annually with the Illinois Comptroller and post on their individual websites. In addition, we reviewed the texts of hundreds of Redevelopment Agreements or Intergovernmental Agreements for the separate projects, as well as other documents TIF districts are required to post on their websites. The most useful datasets and the limitations of each were:

Tax Increment Financing (TIF) Annual Report - Analysis of Special Tax Allocation Fund

This is the very first dataset we used. It compiles information from each annual TIF report for every active district from 2017-2024, but not for the first 30 years of the TIF program. From this set GCI staff extracted data on annual increments and porting of funds by TIF districts. We then compiled similar data for earlier years by analyzing individual annual TIF district reports for the period from 2005 to 2016, so that we could compare trends in porting activity over a longer period of time.

TIF Funding Sources and Uses by TIF, Fiscal Year, and Type - 1998-2014

and Tax Increment Financing (TIF) Annual Report - Itemized List of Expenditures from the Special Tax Allocation Fund

We combined these two data sets together, in an effort to compile all individual expenditures for projects from 1998-2014. The first dataset starts in 1998 but ends in 2014. The second covers the period from 2017 to 2024. But the City has provided no comparable data for the years 2015 and 2016. We were able to add to our own data set the actual revenues and expenses for those two missing years by reviewing each annual financial report of the various TIF districts.

Tax Increment Financing (TIF) Funded RDA and IGA Projects

We found this to be our most useful, though still flawed, data set. While it does not include infrastructure projects, it claims to contain all RDA and IGA projects approved since 1986. We found, however, a significant number of items missing. It did not reflect, for example, most of the 19 school construction projects funded by Modern Schools Across Chicago Bonds. But since the annual financial reports of the Chicago Public Schools clearly list them as IGA projects funded by TIF, we added those MSAC projects to our count.

Tax Increment Financing (TIF) Investment Committee Decisions

This dataset only contains projects that have been approved since 2019. In it we found 642 infrastructure projects that were not included in the main RDA/IGA datasets. These are all projects where individual city agencies, most commonly the Department of Transportation, oversaw the use of TIF funding. There is no information in this or any other public database, however, on any infrastructure projects approved by the city before 2019.

Tax Increment Financing (TIF) Annual Report - Projects

This dataset contains information on projects from 2017 to the present and even includes links to the original RDA and IGA documents that authorized them. But most of the items duplicate information already contained in the databases of RDA and IGA projects cited above. However, we found at least 31 projects in this spreadsheet that do not appear anywhere else, either in the RDA-IGA datasets or in the Investment Committee Decisions dataset. Several of those 31 don't even have RDAs linked to them, nor are they mentioned in any way on the websites of the TIF districts where they were supposed to be located.

Tax Increment Financing (TIF) Annual Report - List of Vendors paid in excess of $10,000

This dataset provides a valuable source for information on all private sector vendors who have received TIF payments in recent years. Unfortunately, it does not contain any payments before 2017.

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