



POLICIES & PROCEDURES RELATING TO THE USE OF TAX INCREMENT FINANCING

I. PURPOSE

- A. The purpose of this document is to provide a general guideline for the Village of La Grange Park to offer Tax Increment Financing (TIF) Assistance for development activities in its Tax Increment Financing District. None of the contents of this document are to be construed as obligating the Village to provide TIF financial assistance. Financial assistance, when granted shall be only pursuant to a written redevelopment agreement executed by the Village and the redeveloper.
- B. The Village of La Grange Park will consider using TIF funds to assist private developments to fund public improvements and other TIF qualified projects, which contribute to an expanded tax base and retail business development.
- C. These Policies and Procedures shall be used only as guidelines for making application for TIF assistance and in the processing and reviewing the applications. The Village shall have the option of amending or waiving any portion of these policies and procedures when determined necessary or appropriate. In amending or waiving any portion of these policies or procedures, the Village shall document the reason for the deviation in the applicable project's redevelopment agreement.
- D. TIF financial assistance is not a grant or a gift of money. TIF financial assistance is essentially a partial repayment to the applicant of a portion of the qualified costs expended by the applicant in furtherance of the applicant's redevelopment project.

II. DESCRIPTION OF TAX INCREMENT FINANCING (TIF)

Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the "*TIF Act*") is the most often used economic development tool utilized by municipalities. The TIF Act allows a municipality to receive incremental real estate taxes generated by an increase of the assessed value of property within a designated area for the purpose of payment of redevelopment project costs. Such financial assistance has been proven to stimulate commercial development and eliminate economic stagnation. The application of the TIF Act requires a designated area to meet the criteria of being a "blighted area", a "conservation area", or an industrial park conservation area" as defined by the TIF Act. Once an area is determined to meet the qualifications of one of these three, it is designated as a "redevelopment project area" and the incremental real estate taxes generated from such a designated area may be used solely for the payment of redevelopment project costs as defined and limited by the TIF Act.

III. QUALIFICATIONS FOR ECONOMIC INCENTIVES USING TAX INCREMENT FINANCING

Economic Incentives to pay redevelopment project costs may be provided by the Village on a project by project basis upon demonstration of the following:

- The Project must demonstrate financial feasibility to enable the Village to recapture incentives over the life of the Project.
- The Project must be in furtherance of the approved Redevelopment Plan for the designated redevelopment project area.
- The Project must demonstrate sufficient financing to complete construction as the Village shall not provide any initial funding. Economic incentives will be provided on a “pay-as-you-go” basis from incremental revenues generated by the Project.
- Developer must have an equity investment in the Project to assure commitment to the success of the Project.
- Developer must demonstrate the experience, ability and reputation to undertake the Project.
- Developer must provide evidence of site control.

IV. ELIGIBLE REDEVELOPMENT PROJECT COSTS.

Under the TIF Act, monies in the TIF Fund may only be expended for the following (65 ILCS 5/11-74.4-3(q)):

1. Costs of studies, surveys, development plans, architectural, legal, financial, administration of the redevelopment plan including staff; provided, however:
 - a. No charge for professional services may be based on a percentage of the tax increment collected; and,
 - b. No contract for professional services (except architectural and engineering may extend beyond a period of three years).
2. Marketing of the redevelopment project area to prospective businesses, developer’s and investors;
3. Acquisition of land; demolition of buildings; site preparation; clearing and grading of land; environmental cleanup or environmental barrier;
4. Rehabilitation, reconstruction, repair, remodeling of public or private buildings, fixtures and leasehold improvements; and the cost of replacing an existing public building if demolished to use the site for private investment;
5. Cost of construction of public works but not to include the cost of construction of a new municipal building principally used for offices, storage, vehicle storage, conference facilities unless as provided in 5. above.
6. Job training and retraining programs implemented by businesses within the redevelopment project area;

7. Financing costs related to issuance of obligations (issued by the municipality) including interest accruing during construction but not exceeding 36 months.
8. To the extent the municipality, by written agreement, accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
9. A school district's increased costs attributable to housing units for which a developer receives financial assistance due to a net increase in students, so long as requested after July 1 and before September 30 of each year and failure to do so with evidence of expenditures forfeits the right to reimbursement for that year (the calculation of such costs is dependent upon the mechanism of funding for a school district);
10. A public library district's increased costs due to housing units for which the developer receives financial assistance and experiences an increase in the number of patrons;
11. Relocation costs to the extent a municipality determines that relocation costs shall be paid or are required to be paid by state or federal law;
12. Payment in lieu of taxes due to revenues which would have been received had not the municipality acquired land in the redevelopment project area;
13. Costs of job training provided that such costs are for persons employed by employers located within the TIF and when incurred by a taxing district;
14. Interest costs of a developer relating to a redevelopment project not exceeding 30% of the total interest costs unless the project is new housing units for low and very low-income households.

Note: The Village's Comprehensive Plan designates Memorial Park as permanent open space for both passive and recreational uses and as such, the Village has no desire for commercial or residential redevelopment of the Memorial Park property.

V. PRELIMINARY APPLICATION PROCESS

Application for economic assistance shall be made on the forms provided by the Village. In order for a project to be considered for TIF assistance, the following steps and are required to be followed:

1. Applicant Project must be located within the boundary of the TIF district.
2. Application should be supplemented by all pertinent documentation (i.e. number of jobs to be created/retained, total amount of investment, construction schedule, evidence of project financing, etc.) as stated in the application.
3. Completed applications will be submitted to the TIF Administrative Coordinator for review and comment. Incomplete forms will be returned to the applicant with an explanation on additional information as may be required.

4. After acceptance of the application and necessary documentation, sufficient copies of the documents shall be provided to the TIF Administrative Coordinator for distribution to a Village review team. Village staff will contact the applicant with information regarding next steps depending on the type and scope of the proposed project.

VI. PROJECT EVALUATION CRITERIA

The amount of economic assistance to be provided by the Village shall be based on the following:

1. Projected increase in the Equalized Assessed Value for the developed property.
2. Projected increase in the Retail Sales Tax Revenue to the Village.
3. Increases or retains permanent job opportunities within the Village.
4. Meets the goals and objectives of the approved redevelopment plan for the redevelopment project area.
5. Meets the Village's Strategic Planning goals and objectives.
6. Meets a specific community benefit, need, or good which is not sufficiently provided for in the Village currently.
7. Enhances the visual and cultural character of the Village.
8. Provides potential meaningful and synergistic planning, cultural, educational or economic benefits to additional sites or enterprises within the Village.