



COMMUNITY DEVELOPMENT DEPARTMENT

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TAX INCREMENT FINANCING FACT SHEET

The Proposed I-55 / Route 59 – Shorewood TIF District

WHAT IS TAX INCREMENT FINANCING (“TIF”)?

Tax Increment Financing ("TIF") is a flexible financing tool for municipalities to promote redevelopment. It allows villages to designate areas – “TIF Districts” – that are to be developed or redeveloped. Once the area is designated, the village works with stakeholders to pursue redevelopment activities, using any incremental property taxes generated within the TIF district to cover expenses such as infrastructure improvements.

Creation of a TIF District does not in and of itself mean that development or redevelopment will occur. Market factors will be the principal factor driving any development or redevelopment.

DOES TIF RESULT IN INCREASED TAX RATES?

No. TIF captures increases in tax revenues without any change in tax rates. If property values increase as a result of redevelopment, the municipality will obtain increased revenues and utilize it to pay for public improvements, without having to increase tax rates.

Again, the general tax rate would stay the same. Only property taxes resulting from any increase in property values -- above and beyond the values in 2016 -- would be earmarked for future TIF projects.

WHAT KIND OF PROJECTS ARE PERMITTED UNDER ILLINOIS’ TIF LAW?

Under state law, the village could promote commercial, residential, industrial, or mixed use redevelopment. Shorewood’s *TIF Redevelopment Plan* calls for generally modernizing the area, while maintaining the traditional commercial orientation.



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WHY TIF?

The Village proposes creating the I-55 / Route 59 TIF District for several reasons:

- There are a variety of public infrastructure improvements needs within the proposed TIF area. The TIF could provide a mechanism for financing those improvements.
- In a mature area such as Shorewood's proposed TIF District, infill and re-use projects and support of the small business community will continue to be key components of the Village's economic development strategy.
- The proposed TIF may make potential redevelopment sites more desirable. The TIF could provide assistance to the development as well as provide the necessary infrastructure and utilities needed to support the development.

WHO IS AFFECTED BY TIF?

Shorewood's Proposed TIF District is meant to be a collaborative effort among: a) residents and businesses located within the TIF; b) the general public; c) elected officials; d) departments that may be involved in executing capital projects (e.g., roadway improvements), e) any private sector businesses; f) taxing districts; and g) non-profit groups.

WHO IS ASSISTED BY TIF?

The TIF Plan provides general direction for activities within the TIF District. As mentioned, this could emphasize a variety of redevelopment projects, e.g. retail, commercial, institutional, etc. Any and all activities need to be consistent with the Village's Comprehensive Plan.

HOW DOES THIS AFFECT HOMEOWNERS IN OR NEAR THE TIF DISTRICT?

Homeowners benefit from a successful TIF District in several ways:

- (1) Property values are generally stabilized or improved, which can create a "spill over" benefit for adjacent neighborhoods.
- (2) Certain public improvements - water, sewer, streets, etc., - can be paid for through sources other than general property taxes.
- (3) Increased business activity can mean that fewer homeowner property taxes are required to provide for essential services - police, fire, public safety, etc.