

Questions Regarding Tax Increment Financing (TIF)

1. Is there risk involved in establishing and maintaining this TIF? If so, who bears that risk?
 - a. There isn't a risk per se to the Village in establishing and maintaining this TIF. The risk of not creating the TIF is that the downtown district will continue to decline in equalized assessed value (EAV) and therefore create a greater tax burden to all other tax payers in the Village.
2. How do you measure the success of a TIF?
 - a. There are several ways to measure the success or failure of a TIF district. They include the trend of the EAV of within the district, number of new residential units constructed, new square footage of retail space, vacancy rate of retail/office uses, appearance of public spaces within the district and more.

The current TIF demonstrated several successes on properties that were redeveloped with an increase in EAV of over 620%, over 500 new residential units, over 40,000 square feet of new retail space, nearly 100% occupancy of the newly developed retail space and the creation of public spaces for public events such as Irishfest, the Downtown Block Party, Octoberfest, Fridays on the Green and more. The overall TIF has increased in EAV by over \$18.6 million since 1985 and this tax base will be returned to all other taxing districts at the end of this year.

On the flipside, the properties in the TIF that have not experienced redevelopment have decreased in value and have not seen increases in residential or retail space.
3. Do all TIF's succeed?
 - a. No. There are examples of TIF's in other communities that have not succeeded for a variety of reasons. However, the Village has only created one TIF and that TIF has had many successes that are outlined above.
4. Did the previous downtown area TIF succeed, and if so, how is that apparent?
 - a. See answer #2 above.
5. Will the establishment of the TIF require the Village to take out loans?
 - a. The establishment of the TIF does not necessarily require that the Village take out any loans. The Village will evaluate all projects on a case by case basis to determine the appropriate Village contribution, if any, to each project.

Questions Regarding Tax Increment Financing (TIF)

6. What are the administrative costs of the TIF and how will they be paid?
 - a. The only administrative costs associated with the TIF relate to consulting fees necessary to establish the TIF, annual audit fees and any legal/consulting fees resulting from negotiating development agreements for projects. All of these expenses are eligible to be paid for with TIF funds.
7. How do you know development would NOT take place in these areas in the absence of a TIF?
 - a. This is a valid question that applies to all TIF districts and that can't be answered definitively without a crystal ball. The historical trend in our downtown district is that the TIF is necessary to spur reinvestment by the private sector. The answer to question #2 demonstrates the impact that the TIF has had, and hopefully will have, moving forward.
8. How will this affect businesses outside the TIF if they don't receive the tax breaks those inside the TIF will?
 - a. Firstly, the businesses (and all property owners) don't receive a tax break because they are located in the TIF district. All of these property owners pay the same level of property taxes as all other property owners outside of the TIF boundary. Secondly, the Village has created a Façade Rebate Program in the TIF that provides matching grants to qualified, sales tax producing businesses to improve their establishments. The Village has also budgeted monies in the 2017 Budget to create a similar program for businesses outside the TIF that would be supported by the General Fund.
9. How much tax burden will be shifted to surrounding businesses and property owners during the life of the TIF?
 - a. That will depend upon how the EAV grows within the TIF during the life of the TIF (23 years). If the EAV in the TIF continues to stagnate as the unimproved properties in the TIF have since 1985, then there would not be any shift of tax burden to other property owners. If you assume that these properties would naturally grow in EAV over time without the TIF, then the property taxes on that growth would be shifted to the other taxpayers. However, areas which are expected to naturally grow in EAV over time at the same rate as the surrounding community generally would not be targeted for a TIF; this is explained in the [TIF Eligibility Study's](#) Required Findings and Tests.

Questions Regarding Tax Increment Financing (TIF)

10. How will this affect the tax revenue our schools demand? Will that revenue be reduced, and if so, will the schools budget be reduced or will other taxpayers be required to pay more to meet those demands?

- a. The TIF will not affect the tax revenue that the local schools rely upon. The districts will continue to levy their budgets annually as they normally do and will continue to receive property taxes on the base EAV from the TIF district properties.

11. Why is choosing geographical winners and losers by creating a TIF... a better idea than just slightly reducing taxes for all businesses within Mount Prospect?

- a. The TIF is the most effective economic development tool available to communities to stimulate private investment in areas that otherwise would not. TIF boundaries allow for targeted reinvestment within an area proven to need assistance; this analysis is reflected in the [TIF Eligibility Study](#). Reducing taxes for all businesses within the Village would not result in increased private investment within the downtown district.