

## Madison Street Tax Increment Financing (TIF) District Frequently Asked Questions

The Village of River Forest is considering a Tax Increment Financing (TIF) District for the Madison Street Corridor. As a resident or business owner you may have questions about this initiative that we hope to answer below.

### **What is a tax increment financing (TIF) district?**

A TIF district is a financing tool used by municipalities to encourage economic development in a certain geographical area. Examples include commercial or mixed-used development. In the case of Madison Street, commercial properties already exist in that geographic area.

### **How do TIFs work?**

When a TIF is created, the assessed value of all the properties located inside of the TIF are frozen which sets a base level. Over the life of the TIF, all property tax revenue over this base amount is captured in a "TIF fund." The TIF fund can then be used for public improvements and economic development incentives aimed at revitalizing the corridor.

### **Why is the Village considering a TIF for Madison?**

A goal of the Village of River Forest is to examine ways to increase its property tax base and stabilize property taxes on homeowners. The primary way to achieve this goal is by maximizing the development potential in the Village's commercial corridors, such as Madison Street.

The decision to implement the Madison Street TIF is based on extensive study of the Village's commercial corridors over several years. In 2009, the Village engaged a consultant to provide a plan to examine redevelopment opportunities in its commercial corridors. John Houseal, who resides on the south end of River Forest, was engaged in helping the Village with this study. The report concluded that each corridor contains opportunities for redevelopment. In 2015, the Village engaged a consultant to analyze whether there is enough market capacity to support redevelopment. The consultant concluded that such capacity does exist; however, financing options such as a TIF district would be necessary in order to achieve any redevelopment. If the Village does not implement this TIF, meaningful redevelopment is less likely to occur, and we may lose a prime opportunity for economic revitalization in the corridor. In addition, the Village wants to encourage more businesses such as retail establishments and restaurants that add to the value of our community.

### **Why are residential properties included in the TIF district?**

The proposed Madison Street TIF District does include residential properties. These properties are included for two reasons. First, the TIF allows for improvements that may be undertaken for the benefit of residential homes located in the TIF, such as:

- Land assembly and relocation
- Rehabilitation of buildings and homes
- Landscaping, buffering and streetscaping
- Water, sanitary sewer, storm sewer and other utility improvements
- Roadway, street and parking improvements



Example of landscape screening by CVS

The 2009 corridor study included the recommendation to include residential properties so that these improvements would be possible.

Second, by giving the TIF a larger geographical footprint, it will generate more opportunities for incremental revenue or financing to support the redevelopment efforts.

**How long do TIF districts last?**

State law sets the duration of a TIF district at 23 years. It is a long-term initiative and not a “quick-fix.”

**Has the Village instituted a TIF district previously?**

Yes. In 1987, the Village instituted a TIF district in the Lake Street corridor, which led to several successful redevelopment projects. The TIF was instrumental for the development of the River Forest Town Center, which has grown to become the Village’s largest property tax payer. When the Village concluded the TIF in 2010, it returned over \$62 million in assessed valuation to the taxing bodies which equates to approximately \$5 million in incremental tax revenue. In other words, our schools, parks, library and the Village received additional taxes from the redevelopments, rather than having the homeowner carry the tax burden.

**Will my property taxes go up as a direct result of the proposed Madison Street TIF?**

No. As previously stated, the proposed TIF district is a financing tool to encourage commercial redevelopment in order to expand the property tax base. If the Village does not expand the commercial property tax base, residential properties will continue to shoulder the burden, and our schools, parks, library and Village services will be jeopardized for future generations to come.

**How does TIF affect property owners or homeowners in or near the TIF District?**

Homeowners and property owners benefit from a successful TIF District in several ways:

- Property values are generally stabilized or improved, which can create a “spill over” benefit for adjacent neighborhoods.
- Certain public improvements – water/sewer/streets, etc. – can be and have been paid for through sources other than general property taxes.
- Increased business activity can mean that fewer homeowner property taxes are required to provide for essential services – police, fire, public safety, etc.

**If I am in the TIF or nearby, does the TIF affect my ability to sell my home?**

No. There are no studies or reports that indicate a negative effect on property values. In fact, the redevelopment on Lake Street saw an overall increase in property values over the life of the TIF.

**Are there other benefits that come from a TIF district?**

Yes. As mentioned, TIF funds can be used to pay for infrastructure improvements, including water, sewers and street improvements for properties inside the TIF district. As we saw with the success of the Lake Street TIF, the creation of the Madison Street TIF will help to increase the value of all homes in River Forest, especially those near the Madison corridor. Of course, the most valuable benefit is continuing to stay true to our community’s motto: “Proud Heritage, Bright Future.”

**For more information visit the Village’s website at**  
[www.vrf.us/madisontif](http://www.vrf.us/madisontif)