



## Agenda Item Summary

---

**File #:** ORD 17-217, **Version:** 1

---

**Submitted By**

Cara Pavlicek, Village Manager

**Reviewed By**

LKS

**Agenda Item Title**

**An Ordinance of the Village of Oak Park, Cook County, Illinois, Removing Certain Properties from the Greater Downtown Tax Increment Redevelopment Project Area**

**Overview**

Since 2010, all property tax revenues paid as TIF Increment in the Greater Downtown TIF are distributed to all taxing bodies in the same manner as if the TIF did not exist but for two redevelopment properties locally known as the Vantage and Emerson and exclusive of a single annual allocation for Village infrastructure debt service which is \$1.8 million in 2017. These provisions are pursuant to the 2011 Settlement Agreement as amended in 2013 and 2016. The Ordinance amends the TIF map by removing property owned or leased by elected officials (along with surrounding properties for simplicity) to visually show that neither the Red Mango nor Maya Del Sol remains in the TIF. This will provide clarity to the public and staff that these properties cannot benefit whatsoever from the increment generated by the Downtown TIF as they were effectively carved out from the Downtown TIF pursuant to the 2011 Settlement Agreement.

**Staff Recommendation**

Approval.

**Fiscal Impact**

There will be no change to the property tax rate as a result of the ordinance nor will the ordinance change a property's Equalized Assessed Valuation (EAV).

On December 12, 1983 when the Downtown TIF was created, the included parcels had a total EAV of \$21,536,207 which became the Base EAV. For Tax Year 2015, collected in 2016, the Downtown TIF EAV is reported as \$82,380,928 resulting in \$60.8 M in EAV Growth which is called the TIF tax "increment".

Pursuant to State Law, the Village of Oak Park is allowed to utilize the property tax revenue generated from the tax increment for TIF eligible infrastructure and economic development activities. In FY17, the Village projects the TIF increment will equal \$8.4 million (less SSA transfer as described below). However, under the 2011 Settlement Agreement as amended in 2013 and 2016, the Village may only retain \$1.8 million in increment for infrastructure related debt service. The remaining funds are paid back to every taxing body as if the TIF did not exist.

SSA: It is noted that some properties within the Downtown TIF previously self-imposed a Special Service Area (SSA) in accordance with State Law. An SSA places an additional property tax levy on subject properties and in the case of the Downtown SSA levy annual property tax revenue of \$500,000 is generated and is paid to Downtown Oak Park, a not-for-profit which via a contract with the Village oversees SSA eligible expenditures such as staff, marketing, streetscape landscaping, maintenance and special events.

As noted above, the recommended ordinance which removes specific properties from the TIF Map does not change property tax rate for any property in Oak Park. This action does not change the EAV of the properties removed from the TIF MAP nor any other property in Oak Park. The properties removed from the TIF Map will continue to pay their property taxes to the Cook County Assessor.

If approved, the Ordinance will reduce the Base EAV in the Downtown TIF by a nominal amount as the property taxes paid by the properties removed from the TIF map will be paid by Cook County to all taxing bodies first, as opposed to the current process by which Cook County pays the taxes attributed to the individual parcel's BASE EAV to all taxing bodies and the increment to the Village's TIF Fund, prior to the Village returning the increment (less the SSA and infrastructure debt service) to Cook County which then distributes the increment to all taxing bodies in accordance with Settlement Agreement.

### **Background**

Staff has reviewed the 2011 Downtown TIF Settlement Agreement, as well as the 2013 and 2016 Amendments to the Agreement resolving litigation filed by School District 200 and 97 against the Village of Oak Park. As a result, staff is recommending the Village Board consider two ordinances at its next meeting:

1. An Ordinance which would Remove Certain Properties from the downtown TIF map; and
2. An Ordinance Amending Chapter 2 ("Administration"), Article 25 ("Conflict of Interest and Ethics") of the Oak Park Village Code.

The first ordinance specifically addresses in the TIF map the properties owned or leased by elected officials (along with surrounding parcels for simplicity) to visually show that neither Red Mango nor Maya Del Sol remain in the TIF. This action provides clarity to the public and staff that pursuant to the 2011 Settlement Agreement, which provides that since 2010, neither the Red Mango property nor Maya Del Sol property could benefit whatsoever from the increment generated by the Downtown TIF. This is because these properties were effectively carved out from the Downtown TIF pursuant to the 2011 Settlement Agreement. The Agreement also requires the increment generated from these properties, and all but two of the other properties located in the Downtown TIF, to be paid to the applicable taxing bodies as surplus funds. Thus, the Settlement Agreement prohibits these properties from either receiving TIF benefits or from contributing funds to further economic activities in the TIF. However, the properties were never formally removed from the TIF.

The second ordinance which is proposed as a part of the agenda amends the Village Code to affirmatively incorporate provisions of the 2011 Settlement Agreement into the Code and provide the legal certainty that Village elected or appointed officers or employees who maintain an interest in the carved out parcels in the TIF are not in conflict with the TIF Act or the Village Code.

### **Alternatives**

The Village could elect to dissolve the TIF prior to the current December 31, 2018 termination. This would eliminate the capture of any TIF increment from either the Vantage Development or Emerson Development, the only two properties in the TIF which can generate increment for economic development eligible expenditures and it would eliminate the use of TIF increment in the amount of \$1.8 million in tax levy year 2017 and \$1.8 million in tax levy year 2018 for infrastructure debt service.

### **Previous Board Action**

The Village established the Downtown TIF in 1983.

**Citizen Advisory Commission Action**

N/A.

**Anticipated Future Actions/Commitments**

N/A.