

TIF (Tax Increment Financing) Brief Outline

- How Does TIF Work? – It pledges real estate tax up to 15 years to pay for eligible components of a project
- What Can TIF Be Used For?
 - 1) Project acquisition (purchase of the property)
 - 2) Preparing Site for Development
 - 3) Public Infrastructure (i.e., streets, utilities, subdivision development)
 - 4) Building Rehabilitation (i.e., downtown improvements, downtown facades)
- TIF Hurdles
 - 1) Must have a comprehensive plan in place
 - 2) The project must be located in a section of town determined by the City/Village to be a blighted area. How much can you blight?
 - a) First class city – 35%
 - b) Second class city – 50%
 - c) Village – 100%
 - 3) The project must be financially infeasible without TIF funds (i.e., the Project would not occur in the blighted area without TIF funds)
 - 4) The project must be reviewed by:
 - a) Zoning Board (comply with Comprehensive Plan)
 - b) Community Redevelopment Authority
 - c) City Council/Village Board (full public hearing) has final authority
- TIF Timeline
 - 1) Create, by ordinance, an Agency (City Council/Village Board) or Authority (appointed group) with TIF Authority
 - 2) Conduct a Blight Study
 - 3) Public Hearing (City Council/Village Board)
 - 4) Takes approximately 90 days to complete