

The Village of Mount Prospect has prioritized the vibrancy of the downtown district in the Strategic Plan. Earlier this year the Village retained S.B. Friedman Development Advisors to evaluate key metrics in the downtown related to age of structures, obsolescence, vacancy and values. The Prospect and Main TIF Eligibility Report and Redevelopment plan can be viewed at www.mountprospect.org/ProspectAndMainTIF. The report confirms that the proposed redevelopment project area (RPA) does qualify under the TIF Act as a conservation area. After receiving the report, Village staff has been meeting with our partner units of local government in Mount Prospect to determine whether the TIF could be a source of funds to assist in infrastructure and other improvements. The approach being analyzed is an early retirement of TIF 1 and a return of all value to impacted taxing districts. A new TIF boundary could be approved in January 2017 including properties that have not yet seen reinvestment. A map contrasting the two boundaries is attached. This TIF inquiry is a work in progress and the Village will ensure a transparent review process throughout all stages. Here are a few frequently asked questions related to the conceptual Prospect and Main TIF:

1) Why does the Village need another TIF downtown?

While TIF 1 has helped spur the addition of more than 450 new residential units and 40,000 square feet of new retail space in the downtown over the past two decades, key potential redevelopment sites have not yet redeveloped, such as the “Small Triangle”, Central Plaza, the southwest corner of Main Street and Evergreen Avenue and the Parenti-Raffaelli properties.

The Village’s 2013 Downtown Plan calls for more mixed-use, transit-oriented development in the downtown area, on both sides of the Metra tracks. Many, if not all, of those redevelopment opportunities may need TIF assistance to be financially feasible. Further, the plan notes that “TIF is one of the few funding mechanisms available to local governments and has proven to be very effective in spurring redevelopment and public improvements within communities.” To the extent that the Village wants to continue to pursue the goals outlined in the 2013 Downtown Plan, the TIF tool should be available to use on a project-by-project basis.

In addition, the Village has initiated discussions with School District 57 and the Mount Prospect Park District to identify ways that the new TIF could assist them with paying for infrastructure and operational/programming improvements on their properties located within the proposed TIF district.

2) Concern for Schools and Park Districts: TIF diverts increases in property taxes within the TIF district away from taxing bodies such as schools for a period of 23 years. This means schools will be deprived of the natural market increases on equalized assessed valuation (EAV), funds that schools need to operate effectively.

Tax Increment Financing (“TIF”) benefits school districts by increasing the value of properties within a TIF district through redevelopment and reinvestment that would otherwise not occur due to market conditions. A TIF district does not deprive schools of funds to operate. As tax-capped taxing bodies, school districts will continue to receive their full annual budget levy

amount with or without a TIF district in place. The creation of a TIF district has no bearing on school districts' abilities to meet their annual budget obligations, and strengthens school districts' long term financial stability by encouraging and undertaking redevelopment of underperforming properties that will pay more in property taxes after redevelopment.

For example, within the existing TIF district, the Village encouraged and assisted in the development of over \$18,000,000 in new property value growth through high quality projects such as the Clocktower Condominiums, Residences at Village Centre, Lofts and Shops at Village Centre, the Emerson and Founders Row. As explained below, this new property value growth will be available to the school districts to levy against going forward.

3) TIF 1 did enough and the Village should now leave the downtown area alone and let the market take care of redevelopment.

The total Equalized Assessed Valuation ("EAV") of property in the proposed TIF district has declined during the last five years, while the EAV in the rest of the Village has either grown or not declined as fast in most years:

	Year-to-Year Period				
	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015
Prospect & Main RPA	-13.60%	-8.60%	-8.40%	-0.50%	-4.90%
Decline in EAV	YES	YES	YES	YES	YES
Village EAV less RPA Parcels	-10.80%	-6.50%	-13.50%	2.00%	-2.50%
RPA Parcels Growth Less than Village	YES	YES	NO	YES	YES
Consumer Price Index (CPI) [1]	2.70%	1.50%	1.10%	1.70%	-0.30%
RPA Parcels Growth Less than CPI	YES	YES	YES	YES	YES

Given this history, which shows that the property in the proposed TIF district is lagging behind the Village with regard to its EAV growth, should the Village elect to do nothing, and these trends continue, the tax burden on the rest of the Village will increase as the tax base in the proposed TIF district continues to stagnate relative to the rest of the Village.

It should be noted that the Village will be releasing all properties that have been redeveloped in the current TIF district back to all of the other taxing bodies on December 31, 2016, meaning that \$18 million of new growth will be available to the other taxing bodies to add to their levies. These properties have increased in value by over six (6) times their original EAVs, while the remainder of the current TIF district has stagnated, demonstrating the benefit of how a TIF investment can have a significant positive impact on the community and the other taxing bodies.

4) The Village is going to use the new downtown TIF to give away tax dollars to developers.

The step under consideration now is to create the TIF district. Subsequently, assuming the TIF district is approved by the Village Board, should a development project come forward and

request Village TIF assistance it would be subject to scrutiny by Village staff, experts, the Village Board, an annual audit, and the annual meeting of the TIF district's Joint Review Board, comprised of representatives from the taxing bodies. The Village only intends to provide the release of TIF funds to a development project if the project will (1) support key policy goals of the Downtown Plan AND (2) the project will not go forward without TIF assistance.

5) *The TIF will create new residential developments that will add students to our Schools.*

The Redevelopment Plan for the proposed TIF district does include higher density multi-family residential to be constructed to benefit the overall downtown area. These developments have not historically created service demands from new students. The TIF Act provides a compensation formula for the school districts based on actual student demand to ensure that funds are allocated if new students are created.

If you would like additional information or have questions or concerns, please contact Village Manager Mike Cassady at mcassady@mountprospect.org. You can also be included on the TIF Interested Parties Registration by clicking on the attached link www.mountprospect.org/TIFInterestedPartiesRegistration.