



# Office of the City Clerk

City Hall  
121 N. LaSalle St.  
Room 107  
Chicago, IL 60602  
www.chicityclerk.com

## Legislation Text

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Committee on Finance November  
1, 2016 City Council Meeting

### TIF INTENT ORDINANCE

WHEREAS, The City of Chicago (the "City") is a home rule municipality as described in Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and, as such, may exercise any power and function pertaining to its government and affairs; and

WHEREAS, Pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74-4.1, et seq. (the "T.I.F. Act"), the City of Chicago is authorized to create TIF Districts in the City; and

WHEREAS, The City of Chicago depends upon TIF to fund redevelopment projects more than any other major U.S. city, and has the largest geographic percentage of established TIF district in the country; and

WHEREAS, Legislative expansions creating the eligibility of "conservation areas" for TIF have diminished the statutory requirement of blight and in turn the "but-for" test; and

WHEREAS, With meaningful oversight and implementation, TIFs can serve as an important mechanism for encouraging affordable housing development, improving parks and schools, fixing basic infrastructure, putting vacant land to productive use, creating well-paying jobs and eradicating blight in the City of Chicago; and

WHEREAS, The City has a vested interest in ensuring that TIF allocations are provided to areas of the City that are most in need of economic stimulation, job creation, land redevelopment and blight eradication, NOW THEREFORE:

### **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:**

SECTION 1. The above recitals are expressly incorporated herein and made a part of this ordinance.

SECTION 2. Chapter 2-45 of the Municipal Code of the City of Chicago is hereby amended by inserting a new Section 2-45-160, as follows:

## **2-45-160 Tax Increment Financing "Back to Basics" Reform**

### **Purpose and intent.**

It is the purpose of this ordinance to ensure that all redevelopment projects receiving TIF allocations are projects that meet the core legal requirements set forth below, in keeping with the initial development and implementation of Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74-4.1, et seq., to ensure that areas throughout the City most in need of such funds receive them.

Definitions. For purposes of this ordinance, the following definitions shall apply:

"Blighted Area". For the purposes of this ordinance "blighted area" means (a) any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where: If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because the following factors exist, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of 65 ILCS 5/11-74-4.1, et seq. and (ii) reasonably distributed throughout the improved part of the redevelopment project area, (b) the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

"Vacant property". A property may be legally or functionally vacant through the following forms of disuse: dilapidation or obsolescence. Legal vacancy shall be defined as a total abandonment of the property and any interest in it by entities having legal title or interest in the property. Functionally vacant shall be defined as any property that is disused due to the property being rendered unusable due to dilapidation or obsolescence.

"Dilapidation". A project area shall be considered dilapidated for purposes of this ordinance if the area is in a state of such advanced disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

"Obsolescence" shall be defined as

a) having fallen into such an advanced state of disuse that the building can no longer serve its original use;

b) The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

"But-for test". Any ordinance adopted which approves a redevelopment plan for which TIF will be utilized shall contain findings that the business district on the whole has not been subject to growth and development through investment by private enterprises and would not reasonably be anticipated to be developed or redeveloped without the adoption of the business district plan.

Municipal TIF Regulations. The City shall not consider creation, maintenance, and continuance of redevelopment plans requesting TIF assistance unless the redevelopment plan proves the following conditions as defined above exist:

- a) Blight;
- b) Vacancy or Obsolescence; and
- c) **Satisfaction of "but-for" test.**

#### **Administration.**

- (1) The Department of Planning and Development is authorized to administer this Chapter and to adopt all necessary and reasonable rules and regulations therefor. Nothing in this ordinance shall be construed as lessening the requirements for establishing a redevelopment district established by the Illinois Tax Increment Financing Act (65 ILCS 5/11-4.1, et seq.) as carried out by the City of Chicago.

(2) A proposed redevelopment plan may only be eligible for TIF if it satisfies the above three conditions, as defined in the same. The designated property must be a blighted area, must be vacant and/or obsolete, and the redevelopment plan must pass the "but-for" test.

SECTION 3. This ordinance shall take full force and effect on January 1, 2017.

Ricardo Munoz Alderman,  
22nd Ward

Scott Waguespack Alderman, 32nd Ward  
Cartee'Ramirez-Rosa Alderman, 35th Ward