

The Works

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Pass the Doughnuts

The board that's supposed to hold the line against TIFs rubber-stamps another one.

By Ben Joravsky

On August 4 the five members of the Joint Review Board gathered in a drab, windowless room on the tenth floor of City Hall to consider the LaSalle Central TIF, Mayor Daley's latest proposed tax increment financing district.

In theory, the stakes were high. The Joint Review Board is the only "independent" body (i.e., its members are not directly appointed by the mayor) that reviews a TIF before it goes before the City Council, where no TIF has ever been rejected. If the board—made up of representatives of the major taxing bodies—asked tough questions and took a stand, maybe it could force Daley to alter his plans.

How did the board members handle this huge responsibility? They ate doughnuts, drank coffee, and listened to Steven Friedman, a private planning consultant, read a summary of his own report endorsing the LaSalle Central TIF. When he was done, Friedman looked up and asked, "Any questions?"

For a few awkward seconds the board members sat in silence. Then chairman Eric Reese called for a vote. And just like that they recommended creation of the costly and controversial TIF district. From start to finish, the meeting took maybe ten minutes—not a word of discussion, no questions asked.

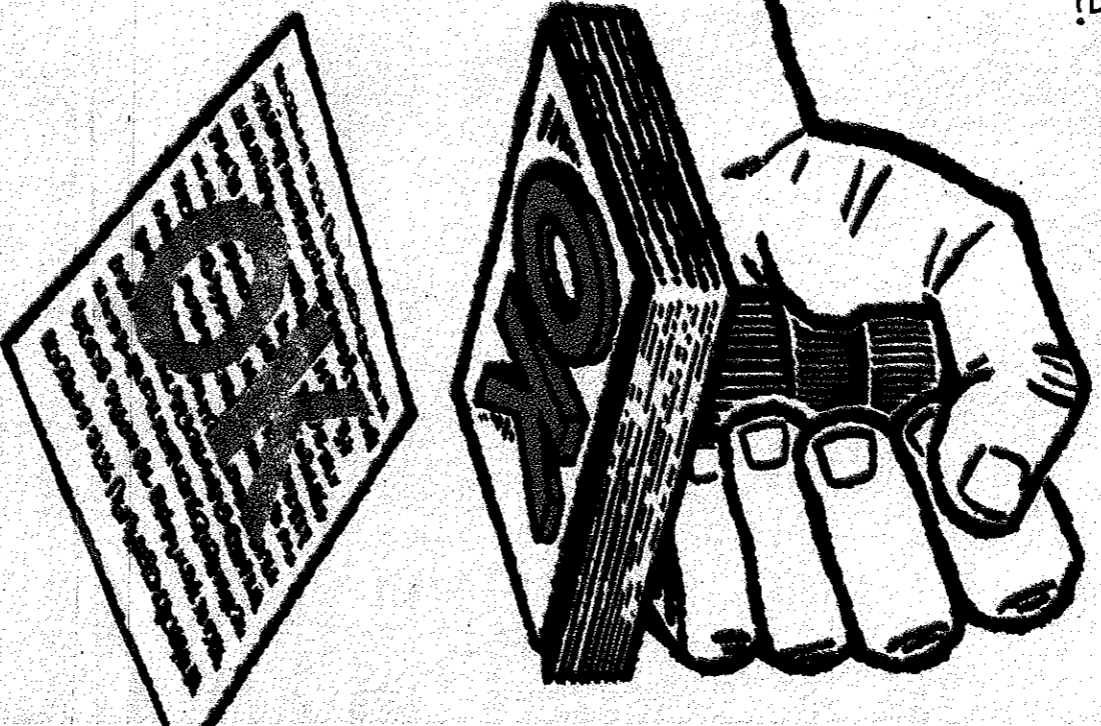
To appreciate the self-destructive effect of this timid behavior, you have to understand the impact TIFs have on the taxing bodies the Joint Review Board members represent. TIFs in Chicago are districts created by the City Council at the mayor's urging. As a practical matter, they are tax hikes. From the moment a TIF is created until the moment it expires, at least 23 years later, it roughly caps the amount of revenue that the taxing bodies (such as schools, parks, city colleges, county government) take from it. Any additional property taxes generated in

the district—through development or even inflation-driven reassessments—go to the TIF. Unless the schools, parks, colleges, etc. are prepared to respond to inflation by cutting back, as the years pass they will find themselves having to raise their tax rates to compensate for the property taxes they are losing to the TIFs. The more TIFs the city creates and the longer they're around, the more tax hikes they require.

Four of the five review board members represent the very taxing agencies that the TIFs hit hardest: Ken Gotsch, chief financial officer

No rules or regulations restrain the city from changing its mind about how to spend TIF dollars. A lot of money will be sitting around in an unmonitored piggy bank controlled by the mayor and a few aldermen.

for the City Colleges of Chicago; Susan Marek, deputy controller of the Chicago Public Schools; John Baldwin, an economic development specialist for the Cook County Department of Planning; and Reese, deputy director of budget and management for the Chicago Park District. (The board's fifth member, John McCormick, is the city's finance manager for TIFs.)



The state created joint review boards precisely to give schools and parks protection against TIFs. In towns like Evanston and Oak Park, the boards force the city governments to make compromises in order to protect the tax base. But Chicago's board always goes along.

Taxpayers have paid a price for the board's allegiance to the mayor: In 2003 the taxing bodies had to compensate for \$275 million kept by TIFs; in 2004 that total rose to \$335 million; last year it rose to at least \$400 million (the precise

numbers have not been calculated). If the LaSalle Central TIF passes over the next 23 years it will siphon off at least \$2.1 billion in property taxes that the area would otherwise yield from routine assessment increases alone. That according to an analysis by Cook County commissioner Mike Quigley, who's calling for a moratorium on TIFs until various reform he's proposed are adopted.

Daley contends that the TIFs fur necessary public works. The LaSalle TIF, for example, is supposed to

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Englewood and Lawndale are rising by as much as 60 percent. Three

years ago, residential property owners here were largely shielded from rising assessments when state legislators temporarily expanded the home owner's exemption. That exemption expires next year and unless legislators extend it before next summer, home owners in Englewood are looking at property tax hikes of upward of 150 percent.

The notices announcing those big hikes won't come out until this time next summer—and then you will have the burden of paying



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