The Works

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Sleight of Hand

Daley's big-box brouhaha obscured the rubber-stamping of the LaSalle Central TIF.

By Ben Joravsky

On September 12 Mayor Daley brought his usual entourage of aldermen, business leaders, and ministers to a vacant lot on the far south side, where they rallied against the big-box living-wage bill. "This issue defines whether or not you stand for economic development on this site or are you going to let this site stand idle?" thundered Daley, whose rally was covered by all the local TV stations and featured prominently in both downtown dailies.

As publicity stunts go, Daley's south-side rally was a masterwork of diversionary theatrics. With most of the city's press corps dutifully dispatched to cover what City Hall insiders sneeringly called the "carnival," hardly anyone was left to watch the real deal go down a little later.

Make no mistake about it: for all of its potent symbolism, the big-box ordinance is a trifle compared to the LaSalle Central tax increment financing district, which the Community Development Commission, a mayorally appointed body, approved just hours after the south-side rally. In all probability the big-box bill would have been tied up in litiga-

bodies (the schools, parks, libraries, etc—just look at your property tax statement for the complete list) are frozen for 23 years. If a taxing body collects, say, $1,000 on a given property when a TIF is created, that's more or less what it'll be collecting when the TIF expires more than two decades later. Any property tax revenue created by new development or by the ever rising assessments goes into the TIF fund, which is controlled by Daley and the local alderman (provided he or she remains loyal to the mayor). With the control they give him over billions of property tax dollars, TIFs are an essential part of Daley's domination over the city.

And in effect TIFs amount to property tax hikes. Sucking up revenue as they do, TIFs present the schools, parks, county, etc, with a choice: cut programs to reduce spending or increase tax rates to compensate for the millions lost to the funds. Cook County commissioner Mike Quigley, who's calling for reform of the program, estimates that the average Chicago tax bill is 10 percent higher than it would be if not for TIFs.

Over the last ten years more than 100 new TIF districts have been

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much of your property taxes go into them since TIFs aren't listed on your bill. As a result the program has become a grab bag, covering

S.B. Friedman, he directed me to Constance Buscemi, spokeswoman for the city's planning department. (Buscemi didn't return my calls.)

way the city draws TIFs up. Like a congressional district or aldermanic ward, a TIF district doesn't need to bear any relation to a specific neighon the north." But the zigs and zags ensure that the district includes almost every available piece of vacant or underutilized property and excludes the more desirable pieces of property. The boundaries dart around such sparkling new high-rises as the Hyatt Center at Monroe and Franklin, the new Mercantile Exchange building at Wacker and Monroe, 111 S. Wacker, the skyscrapers at 1 N. and 1 S. Wacker, and 333 W. Wacker. They shoot north and west of the river to scoop up a vacant parking lot at Lake and Canal. And they carefully exclude condo buildings at Lake and Canal and Washington and Wells so that there are no residential units in the district. The presence of condos, apartments, or houses requires a separate housing-impact study to determine if any residents will be displaced by TIF-funded projects. Keep out the condos and there's one less hurdle and less overall scrutiny.

But what's so wrong with being selective? Excluding the rich office buildings or condo developments from a prospective TIF district ensures that development funds will go where they're truly needed—not to mention reserving significant property tax revenues from the reach of the TIF, right?

Trouble is, if you draw the boundaries to exclude affluent parts of a proposed district, almost any area can be defined as needy, and the whole notion of an honest and objective eligibility report intended to determine where to invest our limited economic development funds becomes meaningless.

Of course, none of these issues were raised at the September 12 meeting of the CDC, a 15-member board consisting of planning commissioner Lori Healey, housing commissioner Jack Markowski, and an assortment of real estate lawyers, developers, and bankers. The chair is Mary B. Richardson-Lowry, a former commissioner for the building department who's now a lawyer with Mayer, Brown, Row & Maw, one of the city's largest corporate law firms.

The CDC meeting was another testament to the power of Mayor Daley, bringing out a who's who of heavy hitters and players in support of the proposal. Forty-Second Ward alderman Burton Natarus credited TIFs with transforming downtown, conveniently overlooking dozens of buildings constructed without city subsidies. Just back from the south-side rally, Gerald Roper, president of the Chicagoland Chamber of Commerce, said the TIF will "ensure the Loop remains a vital district," failing to note that the TIF will sock hundreds of smaller merchants with higher property taxes. Harvey Camins, president and chief executive officer of the Building Owners and Managers Association of Chicago, endorsed the TIF despite a report recently released by his group that cited rising property taxes as the major deterrent to drawing downtown commercial tenants. Ty Tabing, executive director of the business consortium the Chicago Loop Alliance, added his blessing, failing to mention that he was formerly a financial analyst in the planning department's TIF division and that his current organization received a professional services contract of $62,675 from the Central Loop TIF in 2005. The Chicago Public Schools representative fell in line as well. "I have nothing negative to say about TIFs," said deputy controller Susan Marek—even though TIFs have diverted as much as $310 million away from the schools over the last two years.

Initially Richardson-Lowry barred Quigley from speaking on the grounds that the meeting was a city hearing and he's a county official. She relented after Quigley threatened to hold a press conference. "This is a hidden tax," Quigley said. "You're taking a very good idea beyond where it should be."

From an entertainment standpoint the high point of the meeting came during testimony by Rogers Park activist Hugh Devlin. When Devlin asked why TIFs aren't in the city budget, Natarus, apparently unable to contain himself, erupted "Because they're not in the budget."

Though it was Natarus who'd interrupted the meeting by bellowing, two police officers moved in on Devlin. Eventually Natarus calmed down, the police backed off, Devlin finished his testimony, and the commissioners unanimously voted for the TIF—no questions asked. ■