



CARBONDALE
All Ways Open

Residential Tax Increment Financing (TIF) District

Q & A

Q. What is a Tax Increment Financing (TIF) District?

A. TIF Districts help municipal governments stimulate redevelopment in a designated area. Funds in the special TIF fund are generated by the increase in Equalized Assessed Value (EAV) of properties located within the TIF District. When the TIF District is created, a “base EAV” is assigned to each parcel in the District. As those parcels increase in value, either through redevelopment or other activities, the difference between the “base EAV” and the new EAV, what is referred to as the “increment”, is rebated back to the municipality. This increment, or rebated real estate taxes, can be used to reimburse developers for approved costs, and/or to cover the municipality’s costs of improving the district.

Q. What are the proposed neighborhoods that will be included in the residential TIF District?

A. They include portions of three neighborhoods. Please see the maps here:

- Arbor District
- Northwest District
- Northeast District

Q. What are the approved costs for a private homeowner or developer?

A. The municipality can use the money in the special TIF fund to pay for certain costs of private redevelopment within the designated district. Specific expenses eligible for reimbursement include:

- Architectural, engineering, legal, environmental, financial, planning, and other services;
- Property assembly costs, including acquisition of land, demolition of buildings and site preparation;
- Costs of rehabilitation, reconstruction or repair or remodeling of existing buildings, fixtures and leasehold improvements;
- A portion of the construction interest cost incurred by a developer related to the renovation or rehabilitation of a redevelopment project.

Q. Can the municipality also use the money generated in a TIF District?

A: Yes. The municipality can also use the money in the special TIF fund to make public investments such as:

- Infrastructure improvements such as streets, sidewalks, water/sewer lines, broadband, street lighting, water and sewer lines.
- Funds can also be used to make property purchases within the District, as well as marketing expenses related to the District.

Q. Can infrastructure improvements made by the homeowner or developer be reimbursed through a TIF Redevelopment Agreement?

A. The TIF Act allows for certain improvements of existing infrastructure relating to the project to be claimed as eligible reimbursement expenses. Example: If a sewer or water main repair or replacement is needed, those costs are eligible.

Q. What are the benefits of a TIF to the neighborhood?

A. The benefits of a residential TIF program can include:

- Remove & prevent blight
- Increase the tax base
- Stabilize development
- Aid in the development of affordable housing
- Develop/implement design standards on new construction
- Assist in converting renter-occupied to owner-occupied
- Add infrastructure enhancements
- Conduct marketing activities

Q. Why is the City of Carbondale interested in developing a residential TIF?

A: City Council's expectations are that a residential TIF would help to:

- redevelop homes,
- renovate blighted homes,
- create an incentive to encourage homeownership, and
- restore neighborhoods

Q. If my home or neighborhood becomes part of a TIF District, does this mean that businesses will be able to relocate there?

A. No. A TIF District is a financial incentive district and does not impact zoning. The only way that a business could locate within a neighborhood is if it conformed to the zoning codes already in place there.

Q. When a TIF is created, how are the taxes of the properties within the district affected?

A. It is important to note that a TIF is not a tax. When a TIF is created, the most recent real estate tax year becomes the "base year" for all properties from which all incremental funds are

calculated. For example, if a property has a base value of \$100,000 and after making improvements the new value is \$200,000 the real estate tax in the incremental value (\$100,000) that would have been collected and divided among the taxing districts is collected and directed to the City for use in funding redevelopment agreements.

Q. Does the creation of a TIF and new developments within the TIF cause undue burden for properties not being redeveloped within the TIF?

A. The goal of a TIF is to generate redevelopment of the area. Redevelopment often leads to increased property values. The new developments may cause the value of the properties not being redeveloped within the TIF to increase in value, therefore increasing their real estate taxes.

Q. The school district increases their real tax levy by 5.0%. Do the properties within the TIF have this increased levy applied to them?

A. Yes. This increased levy applies to all properties within the school districts' taxing jurisdiction. The increased levy increases the increment the City receives.