



CITY OF DANVILLE DEPARTMENT OF PUBLIC DEVELOPMENT

TAX INCREMENT FINANCING

GENERAL INFORMATION

Tax increment financing, or TIF, is an economic development and revitalization tool available to Illinois municipalities through an act of the Illinois State Legislature known as the [Tax Increment Allocation Redevelopment Act](#) (65 ILCS 5/11-74.4). TIF is designed to remove blight and encourage private investment into areas that would otherwise not see new investment. New businesses mean more jobs, more customers, and, in turn, more private investment. TIF designation also helps retain existing businesses that might otherwise find more attractive options elsewhere. The jobs and additional investment --- private and public --- mean more money for the community. TIF also helps to overcome the extraordinary costs that often prevent development and private investment from occurring on environmentally contaminated properties, and it is also used where infrastructure is inadequate to meet the needs of development.

TIF works by allowing cities to redistribute a portion of property taxes to programs that will either encourage new development and/or the revitalization of existing development without raising existing taxes or creating new taxes. When a TIF District is established a base value of property within the TIF district is established. The property taxes on this base amount are what the taxing bodies will continue to receive through the 23 year life of the TIF district. The property taxes created from increases in the property values over this base (the tax increment) will be allocated to eligible projects within the TIF district. Since the Federal and State governments have greatly reduced their support for economic development in recent years, Tax Increment Financing permits municipalities to accept some of the responsibility for redevelopment without raising local property taxes.

DANVILLE'S TIF DISTRICTS

The City of Danville currently has four active TIF Districts. The Midtown TIF Redevelopment Project Area encompasses an area of approximately 158 acres and is generally bounded by Fairchild on the North, Seminary on the South, Gilbert on the West and Hazel & Jackson Streets on the East. The Western Gateway TIF Area is to the South of Midtown and encompasses an area of approximately 45 acres and is generally bound by Logan Ave. on the West, North St. on the North, Jackson St. on the East, and the Vermilion River on the South. The Campus Corridor TIF Area encompasses an area of approximately 20 acres and is located along East Main St. near Danville Area Community College. The East Voorhees TIF area encompasses an area of approximately 393 acres and is generally bounded by Bowman Ave. on the West, Voorhees St on the South, Michigan Ave. on the East and the city limits to the North of Voorhees St. on the North.

In redeveloping these areas it is the intent of the City to promote business development in these areas. The generalized objectives established by the City for the redevelopment of these areas are as follows:

- 1.) Remove the blighting factors that are contributing to the general decline of the areas
- 2.) Attract new businesses to the community
- 3.) Retain existing businesses in the redevelopment areas

- 4.) Promote attractive development with a complimentary mix of uses within the areas
- 5.) Increase the tax base of the areas and the City as a whole
- 6.) Decrease unemployment in the community
- 7.) Provide needed public improvements as appropriate
- 8.) Improve the visual attractiveness of the areas
- 9.) Improve the living conditions in and around the redevelopment areas

TIF INCENTIVES

There are various financial incentives that may be available from the City for projects or activities that are considered “TIF eligible” as defined under the Illinois Tax Increment Allocation Redevelopment Act. Generally, eligible expenditures include direct use of tax proceeds for a broad range of public and private purposes or for certain incentives to spur private sector investment. According to the Act, eligible uses of such funds include the following:

1. Costs of studies, surveys, plans, and other professional service costs involved in the implementation, marketing, and administration of the Redevelopment Plans;
2. Property assembly costs, including acquisition, demolition, and site preparation and improvement costs;
3. Costs of the rehabilitation, reconstruction, repair or remodeling of existing private and public buildings;
4. Construction of public works and improvements;
5. Costs of job training and retraining;
6. Financing costs, such as those associated with underwriting, as well as capitalized interest;
7. All or a portion of a taxing district’s capital costs resulting from development/redevelopment within the TIF area;
8. A certain percentage of increased costs incurred by school districts and library districts resulting from “TIF-assisted” residential development
9. Relocation costs;
10. Payments in lieu of taxes;
11. Developer’s interest costs.

The City of Danville is able to provide these incentives through Redevelopment Agreements which are formulated on a project-by-project basis. If you are considering investing in the Midtown, Western Gateway or Campus Corridor areas and are interested in learning how TIF may be able to assist in this please contact the Public Development Department at (217) 431-2321 for more details and/or to set up a meeting.