

VIRGINIA TIF PROGRAM

Illinois statute provides for municipalities to designate areas TIF districts (TID). These areas qualify for designation by suffering from such factors as blight, obsolescence, deterioration, inadequate utilities, deleterious land-use, declining land value, among others.

TIF districts are created to assist in the redevelopment of a particular area. A baseline for property taxes is developed. *All taxing bodies still receive the same amount of property tax revenue as before the TIF district was designated. Also, no additional taxes are placed on properties in the TIF district.* As improvements are made to a property its value increases. The difference between the increased value and the baseline is the increment. The increment is used by the local government to make public improvements to the project area. According to state statute, permissible uses of the increment include:

1. Costs of studies, surveys, plans, and other professional service costs and the implementation, marketing and administration of the TIF Plan and TIF Area;
2. Property assembly costs, including acquisition, demolition, site preparation and improvement, etc;
3. Costs of the rehabilitation, reconstruction, repair or remodeling of existing buildings;
4. Construction of public works and improvements;
5. 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 (re)development 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.

In order for a project to qualify for TIF financing, the developer has to prove that "but for public assistance" the project would not move forward.

GOALS for Virginia's TIF District

GOAL 1: Support economic development thru:

1. Job Creation in High-Need Areas.
Job creation in "high need" areas located within Virginia's TID that demonstrate a significant and substantial combination of the following economic factors:
 - i. Deteriorating or obsolete building stock
 - ii. Stagnation or decline in property values
 - iii. Commercial and/or industrial vacancy
2. Job Creation Through New Business Development.
New business development in Virginia's TID to create living wage jobs.
3. Job Creation Through Attraction, Retention, Expansion of Existing Business.
Attraction, retention or expansion of existing business in Virginia's TID that create and retain jobs.

Strategies to Support Economic Development:

1. Improve the public infrastructure.
2. Support development of industrial sites and business parks to attract new industries and provide suitable locations for expansion and relocation of existing industries.
3. Upon demonstrating that "but for" TIF a project could not otherwise be built, provide financial assistance to new and existing businesses whose projects create living wage jobs.
4. Focus such financial assistance to businesses that create such jobs in the following categories or clusters:
 - (a) Manufacturing
 - (b) Medical/Biotechnological
 - (c) Agricultural/Biotechnological
 - (d) Information Systems, Software Technology, Communications
 - (e) Financial and Insurance
 - (f) Those business or industry categories that are consistent with the City's Economic Development Plan
5. Job Creation Guaranty for Industrial TID Projects. While not required, the City will give priority to projects that provide a job creation guaranty. Financial assistance initially may be provided to employers that seek TIF financial assistance in order to expand or relocate in the City of Virginia, resulting in jobs.

Goal 2: Support Neighborhood Revitalization, Including Downtown

1. Improve conditions in blighted area that demonstrate a significant and substantial combination of the following examples of physical deterioration:
 - (a) Deteriorating or obsolete building stock
 - (b) Stagnation or decline in property values
 - (c) Existence of conditions which endanger life or property by fire or other causes
 - (e) Any combination of factors that are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety or welfare.
 - (f) Land upon which buildings or structures have been demolished and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise substantially impairs or arrests the sound growth of the community.
2. Historic Revitalization. Assisting revitalization of historic or architecturally significant or deteriorated buildings.

3. Adaptive Re-use. Adaptive re-use of obsolete or deteriorating property into other appropriate uses.
4. Higher Standards of Building Design, Materials. The City encourages projects that include additional housing, commercial or industrial performance standards that incorporate materials, fixtures, designs and appliances which provide health-related benefits and energy conservation and enhance quality of life including accessibility; such standards may include: energy conservation equipment and appliances, designs and fixtures that provide for fully accessible dwelling units, and equipment that provides a high level of air quality.
5. Strategies to Support Neighborhood Revitalization:
 - (1) Improve the public infrastructure.
 - (2) Upon demonstrating the “but for”, provide TIF assistance to private development projects that:
 - (a) Provide a variety of housing choices, through renovation and rehabilitation of existing buildings and new construction in selected areas to increase the number and diversity of residents.
 - (b) Stimulate the rehabilitation or removal of deteriorated or dilapidated buildings and the creation of mixed-use in-fill redevelopment.
 - (c) Provide the full range of basic neighborhood goods and services
 - (d) When feasible, provide assistance to businesses that create a significant number of living wage jobs.
 - (e) Provide transportation linkages and other amenities.
 - (f) Increase the supply and variety of high-quality, home ownership opportunities.
 - (g) Increase residential densities at selected locations as identified in the adopted City of Virginia comprehensive plan.

Any development should be consistent with and reinforce all City plans and lead to:

1. The creation of living wage jobs through new business development, and the attraction, retention and expansion of existing business and/or
2. The consolidation and redevelopment of underutilized properties to eliminate blight and generate value growth.

INELIGIBLE DEVELOPMENT

Tenant-Shifting Office Development—Office development that consists solely of moving a downtown office or business to another downtown location for purposes other than to retain or substantially expand the business.

VIRGINIA TIF INCENTIVE PROGRAMS

The City of Virginia has established three incentive programs for redevelopment in the TIF district:

Tax Rebate Program

Tax rebates are reimbursement for eligible project costs tied directly to the property tax increment created on the site of the development. There is a maximum of a 50% rebate of annual net real estate tax increment per year of approved eligible project costs over a period not to exceed 10 years, or life of TIF District, whichever occurs first. The rebate amount and period will be established in the TIF Redevelopment Agreement approved by the City Council. The tax rebate program is limited to one TIF District Redevelopment Agreement per parcel and the availability of TIF District funds. Projects requiring investment of \$400,000 or more may be eligible for additional TIF District benefits.

Grants

The City of Virginia offers TIF grants for certain projects as defined herein. These grants are generally paid on a reimbursement basis or directly to a vendor or contractor for products or services already delivered. As such, grants are not generally given to a redeveloper in advance, but on a reimbursable basis. The funds are not subject to repayment in most instances, unless it is otherwise provided for in the redevelopment agreement negotiated between the developer and the City. Recipient of grant funds are required to enter into a redevelopment/grant agreement with the City of Virginia, which provides for terms and covenants.

Payment of grant monies hereunder will be specifically limited to funds allocated to the specific Grant Programs by the TIF District. The obligation to make payments under any grant constitute a limited obligation of the City of Virginia payable solely from and only if amounts are available for such payment in the TIF Grant Program established on a year-to-year basis. Such limited obligation does not now and shall never constitute an indebtedness of the City of Virginia within the meaning of any State of Illinois constitutional or statutory provision and shall not constitute or give rise to pecuniary liability of the City of Virginia or a charge against its general credit or taxing power. Should a grant be approved and the funds become subsequently unavailable, such non-availability of funds shall not give rise to a cause of action against the City of Virginia or the Tax Increment Financing District.

Loans

Financial assistance may be in the form of an interest-bearing loan ("Loan") provided to the Borrower contingent upon meeting certain job creation guaranty requirements:

- (a) Loan shall be payable by Borrower to the City of Virginia at the City's borrowing rate, interest only, for a period not to exceed three years from the date funds are disbursed. The term of said loan shall not exceed ten (10) years. Borrower shall guaranty that tax increment shall be sufficient to repay the Loan.
- (b) Borrower shall demonstrate that at least 80% of the projected jobs in the Borrower's TIF Application are created within three years of the date the funds are disbursed at which time 100% of the principal amount of the Loan shall then convert to a 0% loan (i.e. a "conventional TIF loan"), repaid with tax increments.
- (c) Borrowers that demonstrate between 50% and 80% of the projected jobs within the three-year period shall convert a corresponding percentage of the loan to a 0% TIF loan repaid with tax increments and shall pay principal and interest, out-of-pocket (i.e. without tax increment) on the balance.
- (d) Borrowers that do not demonstrate at least 50% of projected jobs created within the three-year period shall continue to pay principal and interest, out-of-pocket, for the life of the loan.

Project Examples

New Business construction:

The City of Virginia may enter into negotiations with a developer constructing a new business. The costs of new construction of privately owned buildings are not eligible for TIF assistance. However, other elements of the project may be eligible for funding. Incentive potential is reviewed on a case-by-case basis and is based on projected growth in sales and/or property tax revenue.

Business Retention & Expansion

The City of Virginia is open to individual requests for assistance to help existing business expand. Properties must reside within the TIF District. Incentive potential is reviewed on a case-by-case basis and is based on projected growth in sales and/or property tax revenue.

Building Renovation:

Examples of building renovation that may be funded by Virginia TIF funds are: painting, brick cleaning, tuck-pointing, brick repair, façade repair, outside stairway renovation, window repair or replacement, awnings, demolitions of structures, roof repair or replacement, sidewalk and parking lot repair and replacement, all being consistent with the architectural integrity of the building or space. Incentive potential is reviewed on a case-by-case basis and is based on projected growth in sales and/or property tax revenue.

Virginia Economic Development Application

General Policy:

While tax increment financing (TIF) is an important and useful tool in attracting and retaining businesses, it is essential that it is used appropriately to accomplish the City's economic development goals and objectives. The fundamental principle that makes TIF viable is that it is designed to encourage development which would not otherwise occur. The City is responsible to assure that the project would not occur "but for" the assistance provided through TIF.

It is the policy of the City to consider the judicious use of TIF for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will create new jobs, retain existing jobs, eliminate blight, strengthen the economic base of the City, increase property values and tax revenues, create economic stability, and stabilize and upgrade existing neighborhoods and areas. Priority will be given to projects that meet these goals.

Policy Guidelines:

The following criteria are to be used by the City to evaluate TIF applications:

1. Each TIF applicant must demonstrate that without the use of TIF, the project is not feasible and would not otherwise be completed.
2. Each TIF applicant must possess the financial and technical ability to complete and operate the project.
3. Projects involving retail development that is targeted to encourage an inflow of customers from outside the City or that will provide services that are currently unavailable or in short supply in the City will be viewed more favorably.
4. Allowable uses of TIF assistance funds include: land acquisition, planning, legal, engineering or architectural services, demolition of buildings and clearing of property, construction costs of infrastructure improvements, rehabilitation of existing structures, and/or financing costs.

Process:

The City enters into "redevelopment agreements" with businesses that either locate or make substantial improvements within the TIF districts. Through this agreement, the business agrees to complete the project and make certain improvements. A business cannot assume the City will financially participate in the project. Decisions are made on a project-by-project basis and must receive City Council approval before the staff can process any assistance.

Consideration for project assistance is to be reviewed for compliance with the following requirements:

- The business should be a "for profit" business in good financial standing;
- The business must be located within the established TIF district;
- The business must show the financial capacity to complete the proposed project.

Tax Increment Financing Assistance Application

Applicant Information

Project Name: _____

Company Name: _____

Business Form (Check one):

Corporation: _____ Partnership: _____ Sole Proprietorship: _____

SSN: _____ FEIN: _____

Contact Person / Title: _____

Address: _____

City: _____ State: _____ Zip: _____

Office Phone: _____ Alternate Phone: _____

Fax: _____ Email: _____

Project Information

Description of the Business: _____

Project Description (such as: construction information that may include the number of square feet to be demolished and constructed, the number and square footage of units, parking, and the number of construction phases; evaluation of site or other constraints; benefit or service to the community.): _____

Address of Proposed Project: _____

City: Virginia State: IL Zip: 62691

Parcel ID Numbers Involved: _____

Total Project Cost: \$ _____

Amount of TIF Assistance Requested: \$ _____

Construction Start Date: _____

Timeline for Project Completion: _____

Project Costs (Contractor Bids preferable)	Amount (\$)	Source of Funds
Purchase of Land		
Demolition Cost		
Purchase of Existing Facility		
Construction of New Building(s)		
Renovation of Existing Structure		
Cost of Installation of Machinery & Equipment		
Architectural & Engineering Fees		
Legal & Other Professional Fees		
Contingency		
Working Capital		
Other (Please Specify):		
Total Project Costs		

Economic Development Information

Estimated Number of “new” jobs that will be created after the completion of the project:

Full- Time: _____

Part-Time: _____

Estimated Number of jobs retained after completion of the project:

Full- Time: _____

Part-Time: _____

Type of jobs: _____

Range of Compensation: _____

Current annual gross sales: \$ _____

Estimated annual gross sales: \$ _____

Current annual taxable sales: \$ _____

Estimated annual taxable sales: \$ _____

Please Note: Applicant may need to also submit any additional information such as site plans, environmental studies, marketing studies, business plans, engineering or architectural drawings to be included for review and consideration.

Certification by Applicant

Applicant hereby certifies that all information contained above and in exhibits attached hereto is true to his/her best knowledge and belief and are submitted for the purpose of obtaining financial assistance from the City of Virginia, Illinois. The City of Virginia is authorized to check applicant's credit and employment history. It is illegal to receive credit by wrongfully stating income, assets, or other information on this form. Applicant understands that they must update credit information at the request of the City of Virginia if applicant's financial condition changes. Applicant understands that the City of Virginia will retain this application whether or not it is approved. The applicant certifies that they will comply with all the rules, regulations and ordinances of the city of Virginia, Illinois.

Additional cost incurred by the City for outside professional review or expertise will be the responsibility of the applicant.

APPLICANT'S SIGNATURE

DATE

OTHER SIGNATURES (Where Applicable)

DATE

Return application (pages 7 – 9) to:

Virginia City Hall
TIF Committee
153 S. Front St.
Virginia, IL 62691

Phone: 217-452-7786
Fax: 217-452-7790
Email: cityofva@casscomm.com