

Activists demand a closer look at TIFs to deal with COVID-19 crisis

Demand mayor use funds to plug growing budget holes

BY JIM VAIL

As the City of Chicago tries to deal with one of its worst financial crises ever, some activists are demanding that the mayor take money from the controversial Tax Increment Financing [TIF] fund and use it to battle the coronavirus epidemic - and try to plug the holes opening up in their own crashing bottom line.

"We are calling for the complete elimination of TIFs from the Chicago development portfolio and the releasing of the remaining \$1.2 billion in property taxes sitting in the TIF funds for emergency COVID-19 services and support immediately," said Tom Tresser, founder of the CivicLab which has analyzed the TIF program and has tried to educate the public at numerous meetings and speaking engagements across the city.

TIF critics and tax payers have described the program as a slush fund that syphons off property

tax revenue for the mayor to use to subsidize wealthy developments at the expense of the poorer neighborhoods and the various other public taxing bodies who draw their revenue from property taxes. Those other taxing bodies - like public schools, parks, libraries, streets and sanitation - must then transfer their funding needs over a smaller and smaller pool of properties not located in TIF districts.

In short, every dollar removed from the property tax rolls and transferred into a TIF fund is a de facto property tax increase on properties not located in a TIF zone.

Tresser also sees a racial component to the TIF districts. "TIFs have harmed Black communities especially hard over the decades, so it's fitting that they be eliminated (and) the funds remaining in those accounts be used to save lives now," he said.

The CivicLab sent a letter to city officials that calls on City Hall to fund a batch of income needs, some of which are not really in the city's bailiwick; rather the responsibility of the county, state and federal governments.

Those demands include that all workers would receive guaranteed four-week full salary if they are sick with COVID-19 or are staying at home to care for sick families; a halt on rent, evictions, mortgages, student loan payments, foreclosures and property taxes until six months after the stay at home order is lifted.

Tresser is also demanding that the state lift the rent control ban as an emergency order by the governor. Other demands include no shut off or late fees of utilities be added until the stay at home order is ended; free public transit; free COVID-19 testing and treatment; hire 1,000 public health workers; reopen the mental health clinics that City Hall had previously closed; provide protective gear to all workers dealing with COVID-19 cases and begin door to door screening and testing where needed.

While no cost calculations were offered, Tresser claims that these demands can be paid for if the mayor reinstates the head tax on all businesses with more than 50 employees, and uses the \$12

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billion public dollars remaining in TIF accounts. But history indicates that raising taxes on employers during a major economic downturn would only exacerbate unemployment and slow any recovery. That is the very argument Gov. Pritzker will be facing this Fall when state residents will vote on his proposal to raise income taxes.

While Mayor Lori Lightfoot campaigned against two controversial TIF programs - the Lincoln Yards in Lincoln Park and Project 78 in the South Loop, she reversed course late in the election and said she would not oppose subsidizing these two mega developments once she took office. Those two projects are projected to take in \$2.4 billion in TIF funds. Chicago has 163 TIF districts, which collected \$841 million in 2018.

The mayor has vowed to reform the TIF program, however, she has still earned the wrath of TIF reform activists. The Grassroots Collaborative, a left wing coalition of

11 community activists groups and labor unions opposed to using TIF dollars to help fund private development, said they had "high expectations" but now think Mayor Lightfoot is following the precedence of former Mayor Rahm Emanuel. They have sued the city claiming the program is racist.

The TIFs have transferred millions of property tax dollars to private development projects, while the city's finances continue to struggle due primarily to their high level of unfunded pension liabilities and high debt load. Add to that the poor credit rating for Chicago and Illinois and it's a bad mix where any new borrowing will come at a very high interest rate during a borrowing environment where the Federal rate is near zero. Just last Friday, Fitch Ratings downgraded the state of Illinois' Issuer Default Rating to 'BBB-' from 'BBB'. Fitch also downgraded Illinois Sports Facilities Authority sports facilities bonds, and Metropolitan Pier and Exposition Authority expansion project bonds to 'BB+' from

'BBB-'. Fitch anticipates reviewing ratings within the next two weeks for Chicago's bonds that may also result in a downgrade and outlook revision.

And with the current health crisis forcing people out of their jobs, things are only getting worse.

Just as Mayor Emanuel had promised to increase transparency and oversight of the city's TIF dollars, so has Mayor Lightfoot. But critics claim the TIFs are by nature inequitable because they can best generate future revenue when situated near wealthy areas of the city.

Those critics say the mayor's promises of transparency appear to be a cover to set up even more projects like Lincoln Yards going forward. She recently formed a committee to reform TIFs, claiming there will be a robust community process. But those same TIF district's critics think that not enough representatives who are opposed to the concept were invited to join the committee.

A similar situation can be found in



Photo courtesy Nanamac47

Horse-drawn carriage rides downtown on the way out

Legislation being brought before City Council today will call for the official end to horse-drawn carriage rides being offered in downtown streets after Jan. 1 of 2021.

The effort was lead by Ald. Brendan Reilly [42nd] who has spent more than a decade trying to regulate the industry out of business. He says that over the last 10 years, the city has issued hundreds of violations to horse carriage companies.

The new set of ordinances, on the agenda and expected to be

voted on today, will require that the Commissioner of Business Affairs and Consumer Protection "shall not issue any new or renewal horse-drawn carriage licenses; provided, however that any such license in effect as of the effective date of this ordinance shall remain in effect until January 1, 2021."

The new code provisions, applicable to horse-drawn carriages, shall continue to apply in full force and be in effect to horse-

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