VILLAGE OF
LINCOLNSHIRE

Tax Increment Financing (TIF) Policy

Adopted by the Village Board: July 27, 2026

I. Purpose

The purpose of this policy is to establish a transparent framework to guide the creation, administration, and use of Tax Increment Financing (TIF) within the Village of Lincolnshire. This policy is intended to assist Village officials, staff, property owners, developers, and other stakeholders in understanding the Village's approach to evaluating requests for TIF assistance.

The Village may consider TIF assistance as an economic development tool to encourage strategic redevelopment and private investment that would not otherwise occur without public participation. TIF may be used to address redevelopment challenges, facilitate public infrastructure improvements, eliminate blighting or conservation conditions, strengthen the Village's commercial tax base, enhance economic vitality and diversification, and generate measurable long-term public benefits consistent with the Illinois Tax Increment Allocation Redevelopment Act.[1]

Approval of assistance is at the Village Board's discretion and will be evaluated on a case-by-case basis.

II. Guiding Policy Principles

The Village of Lincolnshire will use the following guiding principles when evaluating TIF proposals/applications:

- **Strategic Use of TIF Districts:** The Village will consider establishing TIF districts where doing so advances long-term redevelopment objectives.
- **Commercial Investment:** The Village prioritizes projects that increase and diversify the commercial tax base, create employment opportunities, generate long-term fiscal benefits, and leverage significant private investment.
- **Fiscal Responsibly:** The Village is committed to protecting public resources by minimizing financial risk, maximizing private investment, and limiting assistance to the minimum amount necessary. Performance-based, pay-as-you-go reimbursement is the Village's preferred financing approach.
- **Transparency, Accountability, & Flexibility:** TIF assistance is discretionary and will be administered through a transparent and accountable process while preserving the Village Board's flexibility to evaluate each request on its individual merits.
- **Public Benefit:** Projects should provide measurable public benefits that advance redevelopment objectives, improve infrastructure, enhance community assets, or otherwise implement Village plans or goals.

[1] Some terms used in this policy are defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq.

- **Quality Redevelopment:** The Village encourages redevelopment that enhances community character through quality design, architecture, placemaking, sustainability, and long-term investment.

III. Fiscal Stewardship

The Village recognizes TIF represents a public investment funded through future growth in property tax revenues. Accordingly, TIF assistance shall be administered prudently, strategically, and conservatively to protect the Village's long-term fiscal health and with respect for the revenue sources for coterminous units of government.

The Village seeks to maximize private investment while minimizing public financial risk. Assistance shall generally be structured using performance-based, pay-as-you-go reimbursement mechanisms and shall be limited to the minimum amount necessary to make a project financially feasible.

Public assistance is intended to supplement, not replace, private investment. Applicants are expected to maximize conventional financing, private equity, grants, tax credits, and other available funding sources before requesting TIF assistance.

TIF may be used in combination with other forms of public assistance depending on the nature of the development and the types of revenue generated by the proposed uses.

Public funds should fill demonstrated financing gaps, not replace private capital.

IV. Establishment of TIF Districts

The Village generally prefers to establish TIF districts in response to identified redevelopment opportunities supported by demonstrated market demand or a viable redevelopment opportunity. However, the Village may proactively establish a TIF district when doing so is determined to advance strategic redevelopment opportunities, public infrastructure improvements, or other long-term economic development objectives consistent with Village plans.

In determining whether to establish a TIF district, the Village may consider one or more of the following:

- The potential to stimulate private investment, expand the commercial tax base, create employment opportunities, and generate long-term fiscal benefits.
- Significant redevelopment opportunities or public infrastructure needs.
- The presence of blighted or conservation conditions as defined by state law.
- Consistency with the Village's plans, goals, and strategies.
- The anticipated public benefits relative to the costs, risks, and administrative responsibilities associated with establishing and administering a TIF district.
- Whether the district is being proposed proactively to position a strategic redevelopment area for future investment or in response to a specific redevelopment opportunity demonstrating substantial public benefit.

V. Eligible Redevelopment Costs

Eligible costs include, but are not limited to, the following, as permitted under the Illinois Tax Increment Allocation Redevelopment Act:

- Redevelopment plan preparation
- Site acquisition and assembly
- Demolition and site preparation
- Environmental investigation and remediation
- Professional services (e.g., architectural, engineering, TIF administration)
- Building rehabilitation and modernization
- Public infrastructure improvements (e.g., roads, utility upgrades, streetscapes)
- Relocation assistance
- Job training and workforce development
- Affordable housing construction
- Other eligible redevelopment costs authorized by state law

The following types of costs and activities are generally ineligible for reimbursement or assistance through the Village's TIF program:

- Routine or deferred building maintenance
- Business operating expenses
- Inventory purchases
- Any other costs excluded under the Illinois Tax Increment Allocation Redevelopment Act

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VI. Evaluation Criteria

In evaluating requests for TIF assistance, the Village will consider the extent to which a proposed project advances the purposes of this policy, aligns with Village plans, and provides measurable public benefits. No single criterion shall be determinative, and the Village Board may consider any other factors it deems relevant. Projects demonstrating multiple evaluation criteria may receive more favorable consideration.

Consistency with Village Plans & Goals

- Supports the Village's long-term economic development objectives.
- Is compatible with surrounding land uses and community character.
- Consistent with the Village's Comprehensive Plan.
- Contributes to high-quality design, architecture, landscaping, and placemaking.

Economic Development and Redevelopment Benefits

- Generate net new economic activity that expands the Village's commercial tax base and increases equalized assessed value (EAV), property tax increment, sales tax, hotel tax, or other local revenues.
- Retain, attract, or expand businesses and employment opportunities through business expansion, modernization, reinvestment, or new commercial development.
- Attract destination retail, dining, hospitality, entertainment, or other commercial uses that leverage significant private investment.

- Diversify the Village's commercial base, fill identified market gaps, strengthen commercial corridors, or serve as a catalyst for additional private investment.
- Redevelop underutilized, obsolete, vacant, or blighted properties through rehabilitation, modernization, adaptive reuse, or other strategic reinvestment.
- Address extraordinary redevelopment costs, environmental conditions, infrastructure deficiencies, or other unique site constraints, particularly at strategic redevelopment sites or gateway locations identified by the Village.

Community & Public Benefits

- Public infrastructure, streetscape, pathways, transportation, or other public realm improvements.
- Enhanced public spaces, community amenities, or placemaking improvements.
- Sustainability, energy efficiency, environmental improvements, public safety, accessibility, or resiliency.
- Affordable, workforce, senior, or other housing opportunities identified as community priorities in Village plans.
- Other public benefits identified by the Village.

Financial Feasibility & Fiscal Impact

- Demonstrated financial need for assistance consistent with the statutory "but for" requirement.
- The amount of assistance requested relative to the anticipated public benefits and revenues.
- The reasonableness of project costs, financial assumptions, and anticipated rates of return.
- The extent to which the project leverages private debt, equity, grants, tax credits, or other funding sources.
- The project's projected fiscal impact, anticipated return on public investment, and long-term fiscal benefits to the Village and overlapping taxing districts.

Developer Qualifications & Capacity

- Experience successfully completing and operating comparable redevelopment projects.
- Financial capacity and demonstrated ability to secure financing and complete the proposed project.
- Previous performance under redevelopment agreements or public incentive programs, compliance history, any litigation, defaults, bankruptcies, or other matters that may affect successful project completion.
- Demonstrated long-term ownership or operational commitment.

The Village may require financial statements, organizational information, references, or other documentation necessary to evaluate the qualifications and capacity of the applicant.

Proposed Project Outcomes

The anticipated project outcomes will be considered in determining the appropriateness and amount of TIF assistance and may subsequently be incorporated into the Redevelopment Agreement as performance requirements.

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VII. Financial Eligibility & Review

Financial Information

Applicants requesting TIF assistance shall provide sufficient financial and project information for the Village to evaluate the request and determine the appropriate amount and structure of any assistance. Such information may include, but is not limited to:

- Total project costs
- Sources and uses of funds
- Private financing commitments and equity investment
- Pro formas assuming a 10-year holding period
- Expected return on investment
- Demonstrated funding gap and financial gap analysis
- Projected tax revenue generation
- Any other financial or project information the Village determines necessary to evaluate the request.

"But For" Requirement

The applicant shall demonstrate the proposed project satisfies the statutory "but for" requirement by establishing that the project is not reasonably financially feasible without TIF assistance. The Village will evaluate the reasonableness of the requested assistance and may limit assistance to the minimum amount necessary to make the project financially feasible while providing a reasonable market-based rate of return.

Private Investment

Applicants are expected to maximize conventional financing, private equity, and other available funding sources before requesting TIF assistance. Projects demonstrating greater private investment and developer risk-sharing will receive more favorable consideration.

Independent Review

The Village reserves the right to retain independent financial, legal, appraisal, engineering, planning, environmental, economic, or other consultants, at the applicant's expense, to evaluate any request for assistance. The Village may also require additional information, independent peer review of submitted analyses, or audits of financial information and supporting documentation.

Eligible Costs

Eligible redevelopment costs generally shall not be incurred prior to the execution of a Redevelopment Agreement unless expressly authorized in writing by the Village. Any costs incurred prior to such authorization shall be at the applicant's sole risk and shall not create any obligation on the part of the Village to reimburse those costs or approve TIF assistance.

Open Book

Applicants who receive TIF assistance will be expected to provide the Village with transparent access to their financial records both during and after the completion of the project. The Village will use its best effort to maintain confidentiality for private financial records which are reasonably considered trade secrets and commercial or financial information furnished under a claim that they are proprietary, privileged, or confidential, and the disclosure of which would cause competitive harm to the person or business.

VIII. TIF Assistance Structures

The Village may consider a variety of TIF assistance structures authorized under the Illinois Tax Increment Allocation Redevelopment Act. The form, amount, timing, and structure of any assistance shall be determined on a case-by-case basis based upon the project's public benefits, financial need, consistency with this policy, and overall risk to the Village.

The Village generally discourages financing structures that require the issuance of general obligation debt, pledge general Village revenues, provide upfront cash payments or advances of TIF funds prior to completion of eligible redevelopment activities, or otherwise increase long-term municipal financial risk. The Village generally prefers reimbursement-based assistance provided after eligible costs have been incurred and verified in accordance with the Redevelopment Agreement. Financing structures that deviate from these principles will be considered only in extraordinary circumstances where the Village Board determines they are necessary to achieve exceptional public benefits, no practical lower-risk financing alternative is reasonably available, and the anticipated public return justifies the increased level of municipal financial risk.

The Village prefers TIF assistance structures that:

- Reimburse only actual eligible redevelopment costs
- Reimburse only after eligible costs have been incurred and applicable performance milestones have been achieved
- Utilize tax increment actually generated by the project
- Require developers to assume the majority of upfront financial risk
- Avoid general obligation debt whenever practical
- Minimize long-term municipal financial obligations
- Terminate upon payment of the approved reimbursement amount

Examples of Preferred Assistance Structures

- Pay-As-You-Go Reimbursement: Pay-as-you-go reimbursement structures are funded solely from tax increment generated by the project. These agreements create no upfront financial obligation for the Village.
- TIF Notes: The Village will consider issuing negotiable TIF Notes to memorialize its obligation to remit incremental tax revenue generated by the project and allow the developer to monetize that future revenue stream. Such notes shall not be general obligation.

IX. Redevelopment Agreements

Projects receiving assistance shall enter into a Redevelopment Agreement that may include:

- Eligible redevelopment costs and reimbursement terms
- The form, amount, and timing of TIF assistance
- Performance benchmarks and project outcomes
- Construction timelines
- Reporting requirements
- Default provisions, remedies, and recapture ("clawback") provisions
- Security requirements

- Any other terms the Village determines necessary to protect the public interest.

The Village may require letters of credit, guarantees, escrows, or other security to ensure completion of project obligations.

Performance Requirements
The Redevelopment Agreement may establish measurable performance requirements appropriate to the project, including, but not limited to:

- Completion of the approved redevelopment project in accordance with agreed-upon plans and timelines
- Achievement of public infrastructure or site improvements
- Generation of equalized assessed value (EAV), property tax increment, or other agreed-upon fiscal outcomes
- Sales tax, hotel tax, or other local tax revenue generated, where applicable
- Job creation and/or retention
- Commercial occupancy or lease-up targets
- Long-term operation or occupancy of the development
- Maintenance of required public improvements or community amenities
- Other project-specific outcomes or performance measures identified by the Village

Failure to comply with the performance requirements may result in reduction, suspension, or repayment of incentives as specified in the Redevelopment Agreement.

X. Application and Review Process

Step 1 – Preliminary Meeting
Applicants shall meet with Village staff to discuss the project concept, eligibility, timing, and anticipated assistance request.

Step 2 – Application Submission
Applications shall include, at minimum:

Project Information

- Project narrative
- Site location and control/ownership information
- Site plans and conceptual renderings (if available)
- Project schedule
- Market, environmental, and other supporting documentation necessary to establish the project's feasibility and long-term success

Financial Information
Financial information sufficient to evaluate the project's costs, financing structure, funding gap, and financial feasibility, including sources and uses of funds, development budgets, financing commitments, equity contributions, financial statements, pro formas, and supporting analyses.

Economic Impact Information

- Estimated increase in EAV
- Projected tax generation

- Job creation or retention estimates
- Other anticipated outcomes

Disclosure Requirements

- Ownership interests of 5% or greater
- Disclosure of any financial relationships with Village officials as required by law

Step 3 – *Applicant Costs*

Applicants will be required to sign a cost recovery agreement. Applicants are required to reimburse the Village for all reasonable costs incurred in reviewing, evaluating, negotiating, documenting, and administering a request for TIF assistance, including legal, financial, appraisal, engineering, planning, environmental, economic, consulting, and other professional services. The Village will require the applicant to establish an escrow account or provide other security to fund these costs. Payment of review costs or establishment of an escrow account shall not create any obligation on the part of the Village to approve TIF assistance or enter into a Redevelopment Agreement.

Step 4 – Staff Review

Village staff and any consultants working on behalf of the Village will evaluate the application for completeness and compliance with this policy.

Step 5 – Negotiation

If staff determines the request warrants further consideration, Redevelopment Agreement terms may be negotiated.

Step 6 – Village Board Consideration

The Village Board shall make the final determination regarding approval, denial, or modification of any assistance request. Village Board approval may include conditions or modifications deemed appropriate to protect the public interest.

XI. Post-Approval Monitoring & Reporting

The Village will monitor projects receiving TIF assistance to verify compliance with the Redevelopment Agreement and the achievement of the project outcomes and performance requirements established therein.

Recipients of TIF assistance shall comply with all monitoring, reporting, and recordkeeping requirements set forth in the Redevelopment Agreement. The Village may require periodic reports, certifications, and supporting documentation necessary to verify compliance and evaluate project performance.

Required reporting may include, but is not limited to:

- Project status and construction progress;
- Documentation of eligible redevelopment costs and expenditures;
- Evidence of private investment and financing, as applicable;
- Project-specific tax generation, including sales tax, information;
- Job creation and/or retention, where applicable;

- Commercial occupancy or operational status, where applicable;
- Completion of required public improvements or other project milestones; and
- Other information reasonably requested by the Village to verify compliance with the Redevelopment Agreement and evaluate project performance

Upon completion of the project, the recipient shall submit a final report summarizing the completed project, including total project investment, project outcomes achieved, eligible redevelopment costs, and compliance with the Redevelopment Agreement.

The Village may withhold or suspend reimbursement until all required reports, certifications, supporting documentation, and other information have been received, reviewed, and determined to be satisfactory.

Failure to comply with the reporting requirements or other obligations of the Redevelopment Agreement may result in suspension, reduction, termination, or recapture of TIF assistance, as provided in the Redevelopment Agreement.

XII. Reservation of Rights

Nothing in this policy shall be construed as creating an entitlement or obligation for the Village to provide TIF assistance. Approval of one TIF request shall not establish a precedent for the approval of any future request.

The Village reserves the right to:

General Authority

- Approve, approve with conditions, modify, or deny any request for TIF assistance.
- Determine the form, amount, timing, duration, and conditions of any financial assistance.
- Determine the eligibility of all redevelopment costs.

Exceptional Circumstances

- Consider projects that provide extraordinary public benefits or address unique redevelopment circumstances that may warrant deviation from the general provisions of this policy, when determined appropriate by the Village Board.

Application & Review

- Request additional information or documentation at any stage of the review process.
- Require independent financial, legal, appraisal, engineering, planning, environmental, economic, or other professional review at the applicant's expense.
- Negotiate, modify, suspend, or terminate discussions regarding a proposed incentive at any time prior to execution of a Redevelopment Agreement.

Administration & Compliance

- Review project records, request additional documentation, conduct audits, and verify compliance with the Redevelopment Agreement at any time during the term of the agreement.
- Waive or modify the procedural requirements of this policy when the Village Board determines such action is appropriate and in the best interest of the Village.

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Policy Administration

- Amend, revise, or repeal this policy at any time.

XIII. Policy Administration

This policy shall be administered by the Village of Lincolnshire's Department of Community & Economic Development. The Village may establish administrative procedures, forms, application materials, regulations, and other guidance necessary to implement and administer this policy.

Elizabeth J. Brandt

Elizabeth J. Brandt
Mayor