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CIVIC FEDERATION REPORT EXAMINES UNINCORPORATED AREAS OF COOK COUNTY

In-depth analysis also includes recommendations to facilitate incorporation

(CHICAGO) A report released today by the Civic Federation examines selected areas within Cook County that have never been incorporated by a municipality. The full 208-page report, available at www.civicfed.org, includes an examination of why these areas have never been incorporated, detailed profiles of selected unincorporated areas, an estimate of the County's cost to provide municipal services to its unincorporated areas and preliminary recommendations to facilitate incorporation. The report also provides an estimate of how much unincorporated residents' property taxes might increase or decrease if their properties were incorporated into a nearby municipality.

Approximately 2.4%, or 126,114, of Cook County's 5.2 million residents live in unincorporated areas of the County and therefore do not pay taxes to a municipality. This requires County government to provide municipal services, including law enforcement, building and zoning, and liquor control, to small pockets of residents scattered throughout the County. County taxpayers are effectively paying a subsidy to cover municipal services for unincorporated residents, even as they pay taxes for their own municipal services.

The Civic Federation strongly supports a goal set by Cook County Board President Toni Preckwinkle and the Cook County Unincorporated Task Force to eventually eliminate unincorporated areas in Cook County by incorporating them into neighboring municipalities. "The existence of antiquated unincorporated areas is an unnecessary drain on the County's finances," said Laurence Msall, president of the Civic Federation. "We are issuing this report to help stakeholders gain a better understanding of these areas and to promote dialogue on their future."

The result of a year-long analysis, the Civic Federation's report compiles information from the Cook County budget, Illinois statute, municipal budgets and stakeholder interviews as well as data from the Chicago Metropolitan Agency for Planning, the Cook County Geographic Information Systems Department and the U.S. Census Bureau.

Based on this analysis, the Civic Federation provides several interim recommendations for the County to increase accountability, fully track costs, and facilitate incorporation. These include tracking the cost of services to unincorporated areas, imposing a more equitable fee for police services in unincorporated areas, adopting the International Building Codes that are already used by most municipalities in the nation, and annually renewing a \$5 million matching infrastructure grant for municipalities developing incorporation plans.

The full report also examines the following:

Characteristics of Selected Unincorporated Areas:

The report provides a profile of the unincorporated areas in six townships that contain a majority of the total unincorporated Cook County population: Bremen, Lemont, Leyden, Northfield, Maine and Orland. The profiles focus on the demographics of residents and the types and value of property located in the unincorporated areas. A summary of these profiles is also available at www.civicfed.org.

Cost of Services Provided to Unincorporated Areas:

The County's cost to provide selected municipal services, including law enforcement,

(MORE)



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building and zoning, and liquor control, to unincorporated areas in FY2013 was approximately \$37.2 million or \$295 per resident of the unincorporated areas. A cost of services comparison found that Cook County is generally spending less per capita to provide law enforcement, building and zoning, and liquor control services to unincorporated areas than neighboring municipalities are spending to provide the same services for their residents.

Estimated Property Tax Bill Changes if Selected Unincorporated Areas are Annexed:

The report breaks new ground by estimating the property tax differential between unincorporated and neighboring incorporated areas, allowing the Federation to provide an estimate of how much unincorporated residents' property taxes might increase or decrease if their properties were incorporated into a nearby municipality. In most communities, property tax bills for unincorporated residents could rise by a range of 1-30%, depending on the community, because they would be charged a municipal property tax for the first time. In some cases, property tax bills could even decline for unincorporated residents if their parcels are annexed into a municipality with relatively high property values.

Annexation Process in Illinois:

The report describes the various annexation methods in Illinois, including voluntary annexation with the support of property owners and voters, court-supervised annexation where there is not unanimous support and involuntary annexation proactively sought by a municipality. Illinois' annexation laws and methods are also compared with those of several other states.

Issues with Incorporation:

Through stakeholder interviews, the Civic Federation was able to learn what local government officials, residents and businesses see as the positive and negative aspects of the existence of unincorporated areas and their potential incorporation. Municipal officials expressed concerns about the financial impact of incorporation and the differing quality and character of unincorporated areas, which can be incompatible with standards in the annexing municipality.

Residents of unincorporated areas expressed varying levels of satisfaction with their unincorporated status and described different levels of police protection, fire protection, infrastructure needs, and building code enforcement. When asked about potential barriers to incorporation, residents cited concerns about increased property taxes, more restrictive building codes and a change in the "rural" characteristic of their neighborhoods. Stormwater management issues were cited as an important benefit of incorporation.

A grant from the Chicago Community Trust made the research and writing of this report possible.

The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at www.civicfed.org.