



Special Service Area Districts

Frequently Asked Questions

Department of Community Development (DCD)
2009

What is a Special Service Area?

The Special Service Area (SSA) is an economic development tool, created by state statute and city ordinance, which allows additional real estate property taxes to be levied to fund added services for a defined area. The services funded through the SSA tax are in addition to services generally provided by the City and should predominantly benefit those properties located within the SSA boundaries. Examples of services include: sidewalk maintenance and beautification, landscaping, advertising/marketing, business retention/recruitment, parking, and safety programs.

There are 37 active SSAs in Chicago with budgets ranging from \$60,000 to \$1.3 million with an average budget of \$300,000. Tax levy in SSA budgets is generated by multiplying a tax rate with the available Equalized Assessed Value (EAV) of SSA properties; the tax rate needed to generate annual levy cannot exceed the particular SSA's authorized tax rate cap.



Who decides to create an SSA?

The decision is two-fold. First, local property owners and/or community organizations work with their aldermen and DCD to evaluate whether an SSA is the appropriate funding tool for their district. To help decide, organizations evaluate their capacity to manage the SSA start-up and ongoing management by completing DCD's Capacity Analysis. DCD also makes SSA presentations to local stakeholders to explain SSAs. Once a Sponsor Organization is approved, DCD conducts a Pre-Application meeting with them to discuss their particular SSA process, Sponsor/City roles, and SSA Feasibility Study, which determines an area's readiness for an SSA. After a community process, the Sponsor submits an SSA Application to DCD, which includes such items as a boundary map, legal description, taxpayer list, scope of services, and budget.



Second, state statute allows for 51% of owners of record and 51% of registered voters in the proposed boundaries to submit a petition to the City within 60 days after the required public hearing, which defeats the SSA (see below). Barring this opposition and with aldermanic support garnered by indication of property owner support, an SSA is created via an Establishment Ordinance.

Why are SSAs needed?

With so many choices for consumers and shared issues of property owners, SSAs provide a competitive edge to retain/recruit customers, jobs, and residents by creating attractive, vibrant districts. Property owners within the boundaries contribute to—and receive benefit from—SSA services. SSAs provide a stable funding source for coordinated, rather than piecemeal programs such as sidewalk cleaning, marketing and beautification. Furthermore, local property and business owners recommend SSA programs via local SSA Commissions (see below).



How is an SSA established?

The Sponsor Organization conducts an outreach strategy unique to their area to garner input on the SSA boundaries, work plan, and budget. Forming an SSA Advisory Committee, conducting community meetings, tax data collection, and preparing



educational brochures/websites are typical outreach activities. After approving an SSA Application, DCD submits four ordinances to City Council. First, the Public Hearing Ordinance authorizes a public hearing, 60-days after which a petition by 51% of owners of record and 51% of registered voters in the boundary defeats the SSA. Second, if the City does not receive a successful petition, DCD then submits an SSA Establishment Ordinance to City Council. This ordinance authorizes matters unique to that SSA including its boundaries, scope of services, tax rate, budget, commissioner qualifications, and Service Provider Contract. The SSA levy is capped by the tax rate written in the Establishment Ordinance, which the local stakeholders determine.



Third, DCD submits each SSA's Levy Ordinance to City Council annually, which includes the upcoming year's scope of services and budget (levy and carry-over). Fourth, DCD submits a Service Provider Contract ordinance for each SSA authorizing the City to contract with a local Service Provider to conduct SSA services. The Sponsor Organization typically serves as the Service Provider.

Who governs and manages SSAs?



The City created SSA Commissions to provide local oversight for each SSA. Commissions' three authorities are to recommend to DCD: 1) an annual scope of services; 2) an annual SSA budget (levy, tax rate, and carry-over) and 3) an SSA Service Provider organization. Within the framework of SSA ordinances, the Sponsor/Service Provider works with the SSA Advisory Committee and aldermen in the SSA to recruit members to the SSA Commission. Typically groups form a Nominating Committee and nominating procedures. Candidates complete the SSA Commissioner Application and DCD forwards the nominations to the Mayor's Office for appointment and City Council confirmation.



The Service Provider organization (contractor) provides daily management of the SSA and provides SSA updates/recommendations and performance evaluations to the Commission and DCD. Service Provider organizations should have strong internal controls and be able to manage several projects at once. SSA programs strive for accountability, including having Indicators of Program Outcomes that gauge stakeholder satisfaction and confidence in SSA programs. Also, SSA Commissions are public bodies and subject to the Illinois Open Meetings Act and City Ethics Ordinance.

How much do SSAs cost an individual taxpayer? ACTUAL WILL VARY

- SSA tax rate cap (sample): 0.50%
- EAV: \$100,000
- Estimated total tax bill: \$7,800
- SSA Tax Levy: \$500 (\$100,000 x 0.50% = \$500)
- New total tax bill: \$8,300 (\$7,800 + \$500 = \$8,300)
- % increase of total tax bill: 6%



To schedule an SSA Presentation or for more information:

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