



Lincolnwood TIF Joint Review Board

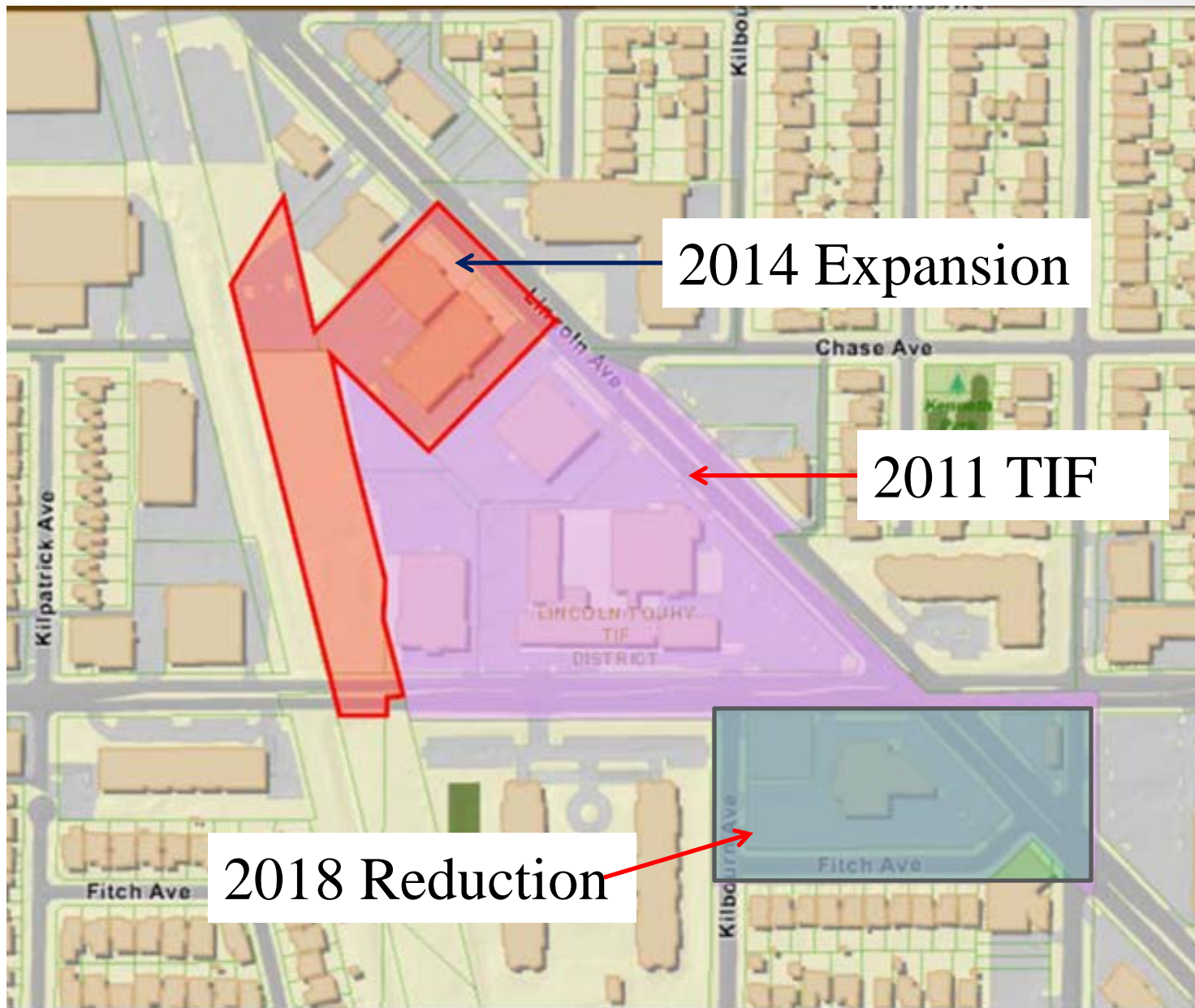
Proposed North Lincoln TIF

October 31, 2018



North Lincoln TIF Joint Review Board

1. Call to Order
2. Introduction of Representatives
3. Selection of Public Member
4. Selection of Chairperson
5. Review of JRB Procedures and Duties



2011 TIF, 2014 Expansion & 2018 Amended Boundary

Proposed North Lincoln Tax Increment Financing (TIF) District

Village of Lincolnwood
Joint Review Board (JRB) Meeting
October 31st, 2018



Agenda

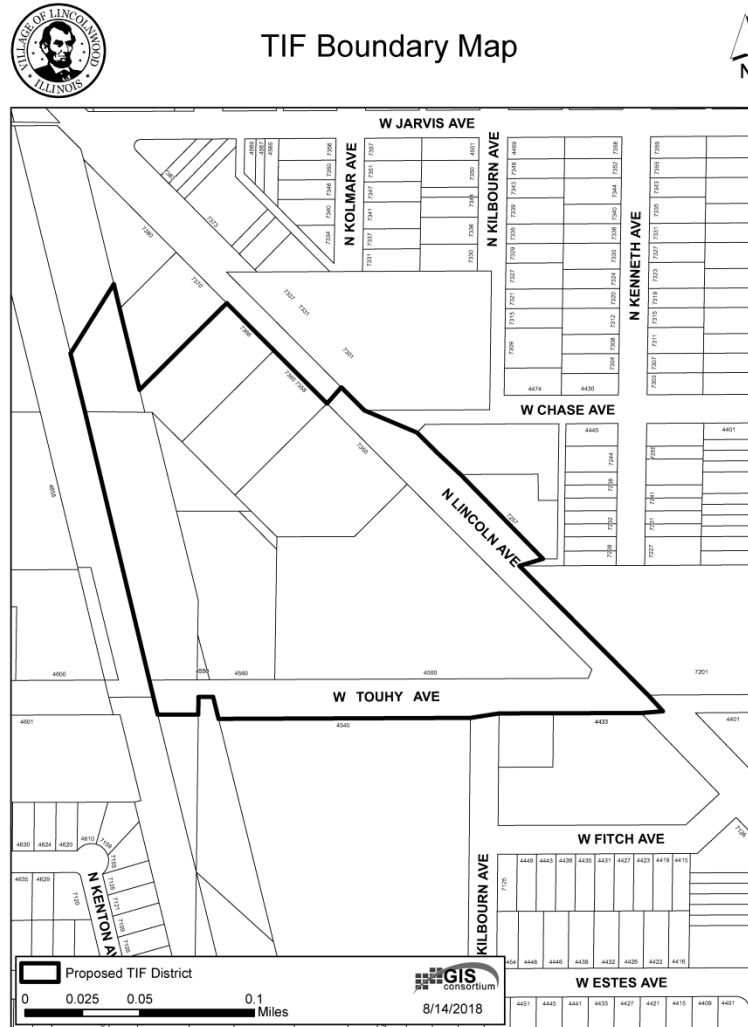
- I. Redevelopment Project and Plan
- II. TIF Mechanism
- III. Qualifying Factors
- IV. Key Elements of TIF Plan
- V. Next Steps

I. Redevelopment Project and Plan

Background:

- The Lincoln Avenue Corridor has been identified by the Village, through the comprehensive planning process, as a focus area for economic development efforts.
- Several key assets for the area exist including proximity to the I-94 Expressway, high traffic counts and the potential for “walkability”.
- Despite these assets, many parcels remain underutilized, and the Village does not anticipate the area would be developed in a coordinated manner without a TIF Redevelopment Plan.

I. Redevelopment Project and Plan



I. Redevelopment Project and Plan

Objectives:

- Reduce or eliminate blight or other negative factors present within the area;
- Coordinate redevelopment activities within the RPA in order to provide a positive marketplace signal to private investors;
- Accomplish redevelopment over a reasonable time period;
- Create an attractive overall appearance for the area;
- Further the goals and objectives of the Comprehensive Plan

I. Redevelopment Project and Plan

The TIF Plan complies with key legal provisions of the TIF Act, including, but not limited to:

- The TIF Plan conforms to the Village's Comprehensive Plan
- The Redevelopment Project Area consists of contiguous parcels and exceeds 1 ½ acres
- The “But-for” requirement is met – Redevelopment is feasible only with the utilization of tax increment financing, as documented in the TIF Eligibility Report

II. TIF Mechanism

Review of Tax Increment Financing (TIF):

TIF is a tool for achieving the Village's economic development goals

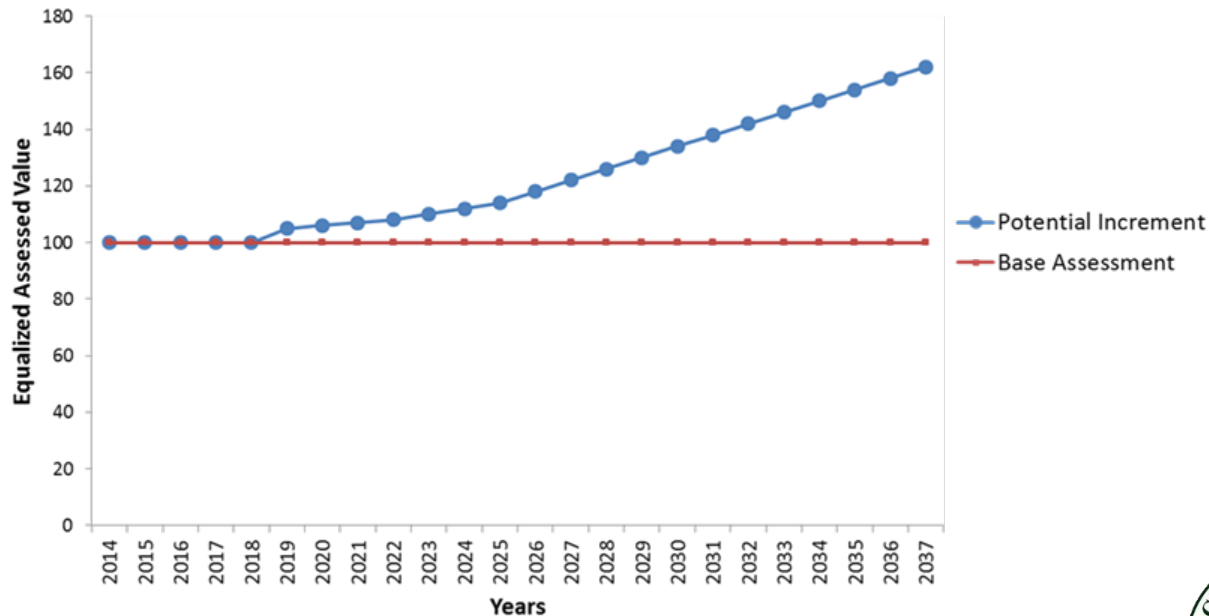


II. TIF Mechanism

Review of Tax Increment Financing (TIF):

Ideally, a successful TIF District produces positive incremental revenue over time

TIF Mechanism Performance



II. TIF Mechanism

Components of the TIF Plan include:

- TIF Budget
 - Will not fund all private development costs;
 - Limited to certain types of capital items, including public improvements, property assembly, rehabilitation or site preparation
 - Does not pay for general municipal personnel, operating costs or the construction of new privately owned buildings
- TIF District Term – Cannot exceed 23 years without the approval of legislation at the State level
- TIF Reporting – Requires independent audit and review of annual redevelopment activities

III. Qualifying Factors – Conservation Area

Conservation Area: An area where, due to the presence of at least 3 of the qualifying factors, blight could potentially become present

- An area qualifies as a conservation area if:
 - 50% or more of the buildings within the area are at least 35 years or older; AND
 - 3 or more of the 13 qualifying factors are found to be present and distributed to a meaningful extent
 - This finding applies to the north and west portions of the TIF

III. Qualifying Factors – Conservation Area

Findings for a conservation area:

| Conservation Area Findings | |
|---|------------|
| Total Number of Buildings in RPA | 2 |
| Total Number of Buildings 35yrs+ | 1 |
| Percentage of Buildings 35yrs+ | 50% |

| Maximum Possible Factors per Statute | Minimum Factors Needed to Qualify per Statute | Qualifying Factors Present in Improved Study Area |
|---|--|---|
| 13 | 3 | 7 <ul style="list-style-type: none"> • Excessive Vacancies • Obsolescence • Declining/Lagging EAV • Deleterious Layout • Lack of Community Planning • Deterioration • Inadequate Utilities |

III. Qualifying Factors – Conservation Area

Excessive Vacancies:

- 2/2 of the commercial buildings in the study area have reported ongoing vacancies to the County Assessor's Office as the basis for valuation reductions
- Adjacent surface improvements to these buildings exhibit deferred maintenance and deterioration
- Adverse influence on the overall TIF District "trade area"

III. Qualifying Factors – Conservation Area

Obsolescence:

- Economic obsolescence evidenced by:
 - Declining EAV (see next slide)
 - Excessive vacancies
- Functional obsolescence evidenced by:
 - Age
 - Limited parking
 - Inadequate traffic circulation
 - Inadequate utilities

III. Qualifying Factors – Conservation Area

Declining/Lagging EAV:

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------------|-------------|--------------|---------------|--------------|---------------|-------------|
| Total EAV for Improved Area | \$2,692,306 | \$2,570,407 | \$2,344,336 | \$2,657,181 | \$2,478,272 | \$3,111,975 |
| Annual Change | 4.8% | 9.6% | -11.8% | -3.3% | -11.6% | |
| Village EAV (Excluding Area) | 1.8% | 16.3% | -1.7% | 0.6% | -10.9% | |
| CPI | 2.1% | 1.3% | 0.1% | 1.6% | 1.5% | |

III. Qualifying Factors – Conservation Area

Deleterious Land-use/Layout:

- Insufficient allocation of parking spaces
- Poor coordination of ingress/egress points
- Lack of transitional frontage roads
- Short-depth parcels fronting Lincoln Avenue
- Close proximity of single family residences with little buffering
- Lack of elements to support a “pedestrian friendly” environment
- Findings supported by 2005 Lincoln Avenue Corridor Study

III. Qualifying Factors – Conservation Area

Lack of Community Planning:

- Insufficient allocation of parking spaces
- Poor coordination of ingress/egress points
- Lack of transitional frontage roads
- Findings supported by 2005 Lincoln Avenue Corridor Study

III. Qualifying Factors – Conservation Area

Deterioration:

- Surface improvements, particularly parking lots, exhibit cracking and a need for resurfacing/resealing
- Lack of landscaping and screening
- Building components exhibit:
 - Deteriorating window frames/sealing
 - Exteriors showing signs of water damage and brick deterioration

III. Qualifying Factors – Conservation Area

Inadequate Utilities:

- Village Engineer has identified
 - The area as lacking in storm sewer system and storm water detention
 - Water mains as under-sized
 - Sewers as reaching the high-end of service life expectancy

III. Qualifying Factors – Blighted Vacant Area

Findings for a blighted vacant area:

| Type of Factor | Maximum Possible Factors Per Statute | Minimum Factors Needed to Qualify per Statute | Qualifying Factors Present in Vacant Study Area |
|----------------|--------------------------------------|---|--|
| In Combination | 6 | 2 | 2 <ul style="list-style-type: none"> • Obsolete Platting • Lagging/Declining EAV |
| Stand-alone | 6 | 1 | 1 <ul style="list-style-type: none"> • Blighted Improved Prior to Becoming Vacant |

III. Qualifying Factors – Blighted Vacant Area

Obsolete Platting:

- Poor integration with proposed uses
- Lacks appropriate right-of-ways for street alleys
- Lacks appropriate public right-of-ways
- Lacks easements for public utilities for proposed redevelopment
- Infrastructure/utilities may need to be relocated

III. Qualifying Factors – Blighted Vacant Area

Declining/Lagging EAV:

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------------|-------------|-----------|--------------|---------------|--------------|-----------|
| Total EAV for Vacant Area | \$1,190,328 | 1,126,244 | 800,078 | 817,107 | 2,129,657 | 2,244,483 |
| Annual Change | 5.7% | 40.8% | -2.1% | -61.6% | -5.1% | |
| Village EAV (Excluding Area) | 1.8% | 16.2% | -1.8% | 0.8% | -10.9% | |
| CPI | 2.1% | 1.3% | 0.1% | 1.6% | 1.5% | |

III. Qualifying Factors – Blighted Vacant Area

Blighted Improved Area Prior to Becoming Vacant:

| Maximum Possible Factors per Statute | Minimum Factors Needed to Qualify per Statute | Qualifying Factors Present in Vacant Study Area Prior to Becoming Vacant |
|---|--|--|
| 13 | 5 | 8 <ul style="list-style-type: none"> • Excessive Vacancies • Obsolescence • Declining/Lagging EAV • Deleterious Layout • Lack of Community Planning • Deterioration • Code Violations • Inadequate Utilities |

III. Qualifying Factors – Blighted Vacant Area

Blighted Improved Area Prior to Becoming Vacant:

Excessive Vacancies

- 3/3 commercial buildings were vacant
- Purple Hotel vacant since 2007
- Adjacent surface improvements exhibit deterioration

Obsolescence

- Economic Obsolescence
 - Stagnating EAV and excessive vacancies
- Functional Obsolescence
 - Age, limited parking, inadequate traffic circulation, inadequate utilities

III. Qualifying Factors – Blighted Vacant Area

Blighted Improved Area Prior to Becoming Vacant:

Lagging/Declining EAV

- Lagged Village-wide EAV for 4 of 5 years prior to becoming vacant
- Lagged CPI-U for 4 of 5 years prior to becoming vacant

Deleterious Land-use/Layout

- Insufficient allocation of parking spaces
- Poor coordination of ingress/egress points
- Lack of transitional frontage roads
- Short-depth parcels fronting Lincoln Avenue
- Close proximity of single family residences with little buffering
- Lack of elements to support a “pedestrian friendly” environment
- Findings supported by 2005 Lincoln Avenue Corridor Study

III. Qualifying Factors – Blighted Vacant Area

Blighted Improved Area Prior to Becoming Vacant:

Code Violations

- Purple Hotel in violation of 6 International Building Code Standards
- Purple Hotel in violation of 3 International Fire Standards

Inadequate Utilities

- Village Engineer identified deficiencies in:
 - Storm Sewer
 - Water Main
 - Combined Sewers

IV. Key Elements of TIF Plan

The TIF Budget:

- The budget represents the maximum possible amount of expenditures by the Village
- Sized to accommodate potential development requirements
- 23 year budget, not annual budget
- TIF eligible costs include public improvements as well as incentives for private redevelopment

IV. Key Elements of TIF Plan

The TIF Budget:

- The 2017 base EAV for the proposed TIF District is estimated to be \$3,882,634
- Upon completion of the anticipated private development of the RPA over a 23 year period, it is estimated that the EAV of the property within the RPA would increase to approximately \$45,000,000 to \$55,000,000 depending upon market condition and the scope of redevelopment projects
- The total estimated TIF budget is \$55,165,000 (see next slide)

IV. Key Elements of TIF Plan

| <u>Program Actions/Improvements</u> | <u>Estimated Costs</u> |
|---|------------------------|
| Land Acquisition and Relocation | \$2,267,000 |
| Site Preparation (including environmental remediation, demolition and site grading) | \$5,290,000 |
| Utility Improvements (Including water, storm, sanitary sewer, service of public facilities and road improvements) | \$16,248,000 |
| Public Improvements/Facilities and Parking Structures | \$21,915,000 |
| Rehabilitation of Existing Structures | \$2,267,000 |
| Interest Costs Pursuant to the Act | \$2,645,000 |
| Professional Service Costs (including planning, legal, engineering, administrative, annual reporting and marketing) | \$2,040,000 |
| Job Training | \$453,000 |
| Statutory School and Library District Payments | \$2,040,000 |
| TOTAL ESTIMATED TIF BUDGET | \$55,165,000 |

IV. Key Elements of TIF Plan

The TIF Budget:

- Overall budget cannot be exceeded – Budget must be sized to cover gross expenditures, not net expenditure (e.g. gross purchase price of property)
- Line items in budget are flexible
- Covers 23 years; difficult to estimate with precision
- Budget expenditures are subject to:
 - Village approvals
 - Determination of appropriateness of costs
 - Special TIF audit and review

V. Next Steps

Public Hearing

- November 20th, 2018

Consideration of TIF Ordinances for Final Approval

- December 4th, 2018