

Village of Lombard Proposed Butterfield Yorktown TIF District Analysis



Lombard Village Board Meeting
April 6, 2017

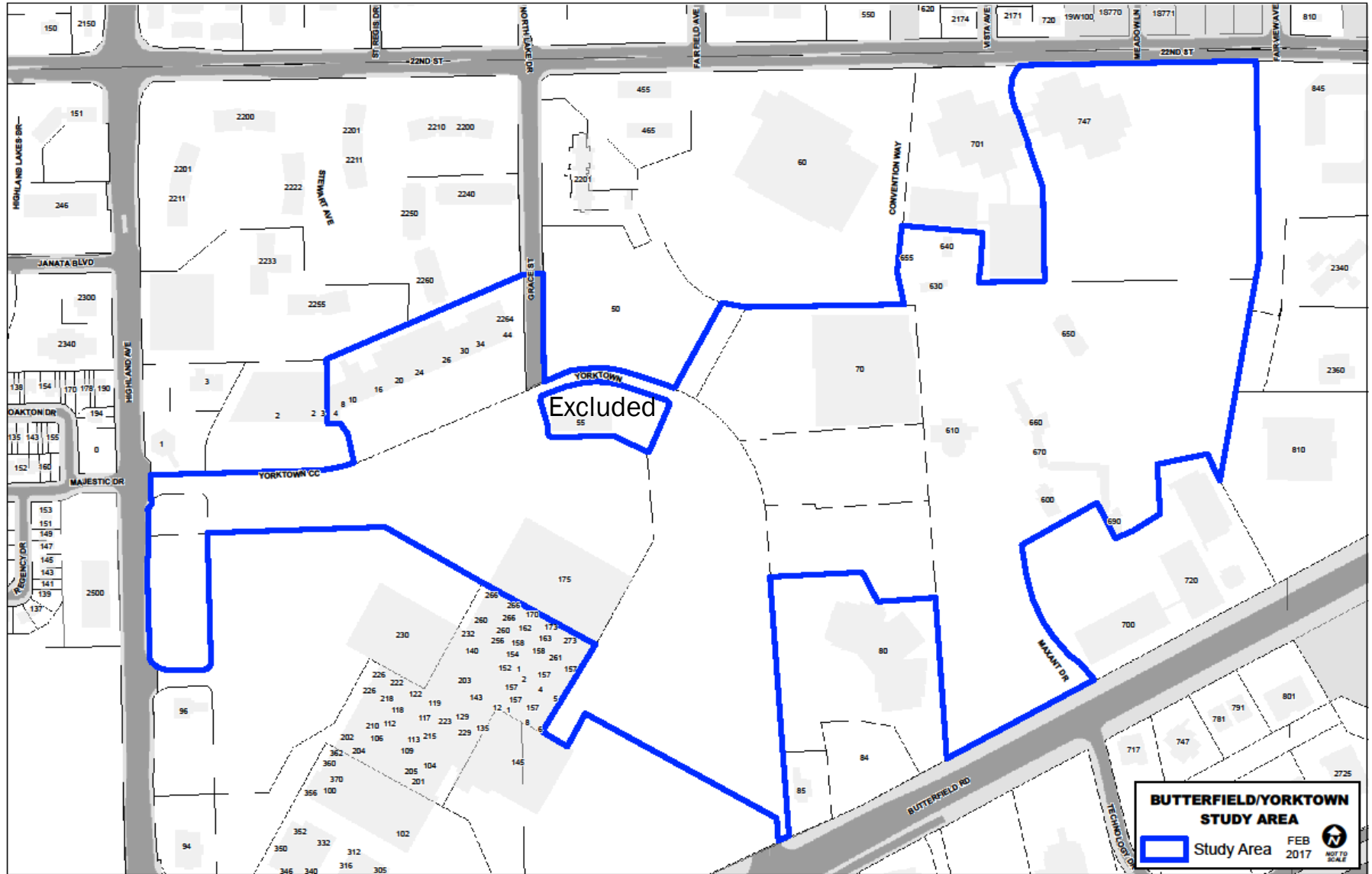
Actions to Be Taken Tonight

- **Motion Authorizing Kane McKenna (KMA) to prepare Eligibility Study & Report and the Redevelopment Plan & Project**
 - **Adopt a companion Reimbursement Resolution**
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Why is a New TIF District being contemplated?

- Received notice by NBTS of their intent to relocate and place their campus on the real estate market
 - Recognizing a number of neighboring properties that may also have development or redevelopment challenges
 - Declining EAV from 2010 to 2015 for many parcels
 - Desire to be proactive in addressing potential future market challenges in the corridor
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Proposed Butterfield Yorktown TIF District



What is Tax Increment Financing (TIF)?

- One of the most effective tools available to municipalities to encourage economic development
 - One of the few economic development tools available in Illinois
 - Provide municipalities additional options for funding needed public improvements
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What is Tax Increment Financing (TIF)?

- Help local governments restore “blighted” areas or jumpstart economically sluggish parts of town
 - Help local governments attract **private development** and new businesses
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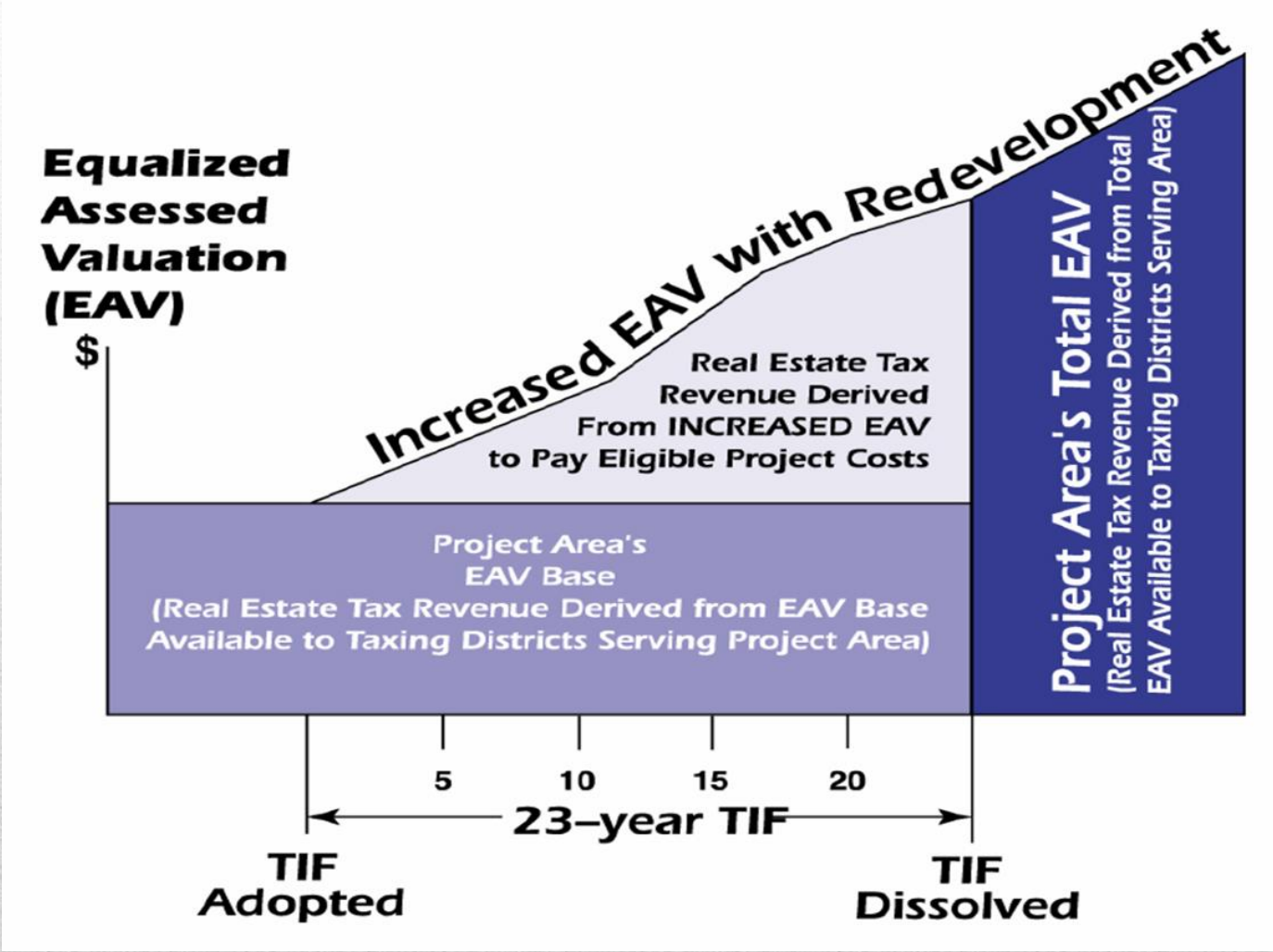
What is Tax Increment Financing (TIF)?

- Help local governments make needed improvements such as new roads, sewers and water mains **within the Redevelopment Project Area** (RPA or TIF boundaries) and, to the extent essential to the preparation of the RPA for use in accordance with the TIF Plan, outside of the RPA (streets, utilities and site improvements)
 - Improvements can often be done without additional assessment against property owners benefiting from the improvements
 - Allow redevelopment cost to be more comparable to green grass development costs – therefore “incenting” redevelopment to occur
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What is Tax Increment?

- Tax increment - the difference between the amount of property tax revenue generated before a TIF district is established and the amount of property tax revenue generated after the TIF District has new development
 - It is not a tax increase
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How does TIF Work?



Steps to be taken to establish a TIF?

- 1) Identify an area with physical and economic deficiencies
- 2) Prepare an **Eligibility Report and Redevelopment Plan**
- 3) If necessary, prepare a Housing Impact Study (this is **not** necessary for the Butterfield/Yorktown TIF District)
- 4) If necessary, hold a **Public/Housing Impact Meeting** (this is **not** necessary for the Butterfield/Yorktown TIF District)
- 5) Convene a **Joint Review Board** with representatives of certain of the overlapping taxing agencies
- 6) Conduct a **public hearing** where residents and other interested parties can comment
- 7) Village Board adopts Ordinances to establish the TIF

Work to be done by KMA, Village Counsel and Staff

How is TIF established?

- No state or federal approval required
 - A TIF district exists for a maximum of 23 years
 - Can be extended to 35 years but requires State General Assembly approval
 - TIF districts may be terminated earlier if all financial obligations are paid *and* the Village Board votes to terminate the district
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How is eligibility determined?

- Eligibility class definitions include: Blighted, Conservation, Combination of Blighted and Conservation, or Industrial Conservation (not applicable for this study)
 - Criteria for eligibility must be distributed throughout the proposed Redevelopment Project Area (TIF boundaries)
 - TIF boundaries must equal or exceed 1 ½ acres
 - Must meet “**but for**” requirements – development or redevelopment would not reasonably occur without financial assistance by the municipality
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Eligibility Study

Reviews and documents criteria for eligibility

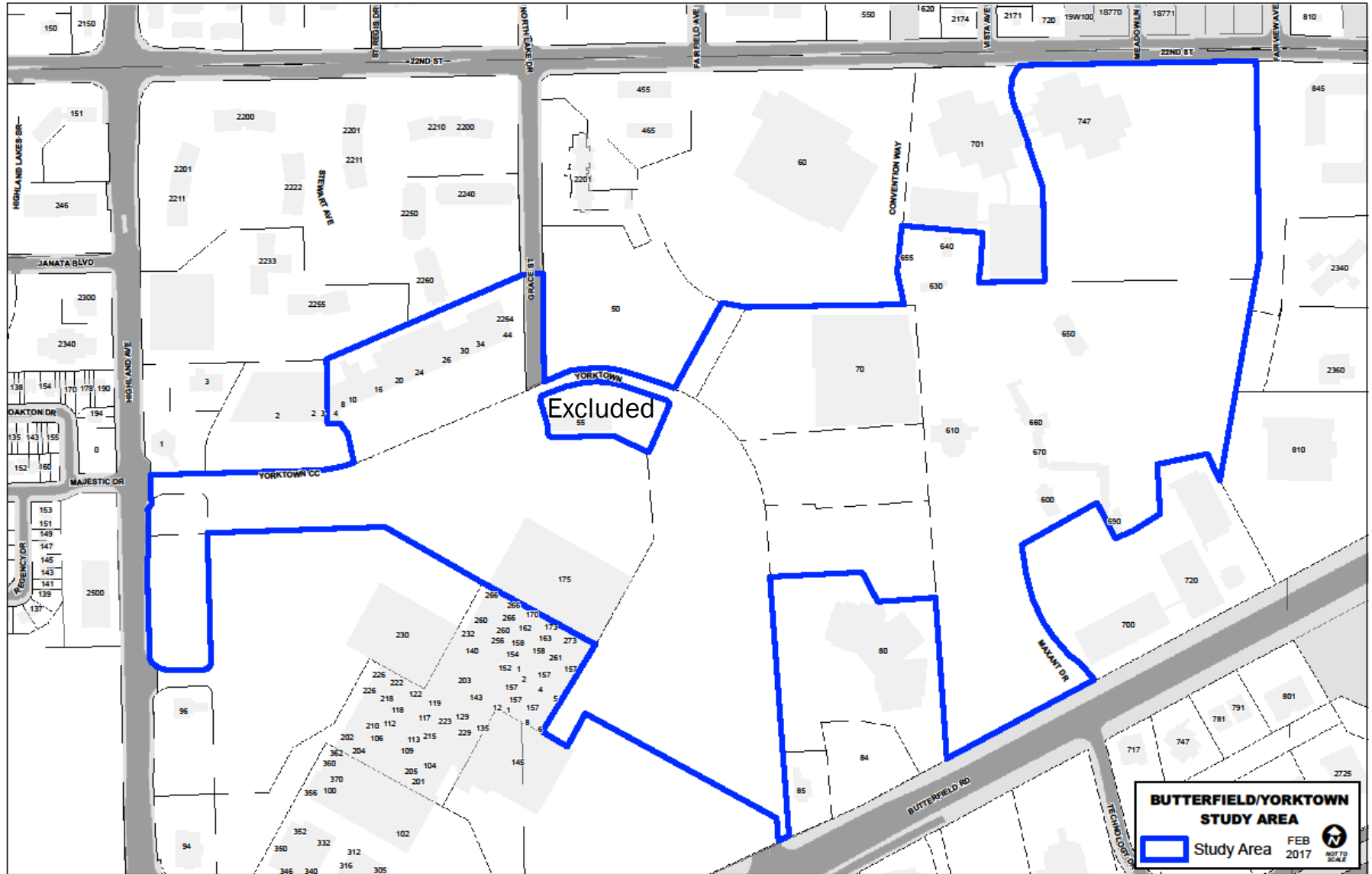
Conservation

- Land with buildings and/or improvements
- Of 13 criteria, three must be met, AND more than 50% of buildings must be 35 years of age or older

Blighted

- Improved Land (land with buildings)
 - Vacant Land
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Proposed Butterfield Yorktown TIF District



Redevelopment Plan

Introduction and Eligibility

- Describes the proposed TIF area and its issues
- Redevelopment goals and objectives
- Provides overall framework for guiding decisions during implementation of the TIF plan

Program Policies and Implementation

- Outlines general activities and financing techniques to achieve the redevelopment goals and objectives (what is to be done)
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Redevelopment Plan (TIF Budget)

Project Costs

- Provides a maximum limit of expenditures by statutory categories covering the life of the TIF
 - Village is not committed to finance any or all of the redevelopment project costs in the plan
 - It is not a commitment to spend
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Housing Impact Study

According to the TIF Act, the municipality must determine the need for a housing impact study (based on if **10 or more** inhabited residential units are to be displaced) and certify if the housing impact eligibility criteria are not met.

Note: A Housing Study will NOT be needed for this proposed TIF

Can a TIF Change?

- A TIF district can only be changed after it has been approved by going through a similar public process as required to establish a TIF district

Applies to:

➤ TIF boundaries

- Cannot be expanded or changed
- However, parcels can be removed by Board action

➤ Redevelopment Plan and Project

- “TIF budget” cannot be changed
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Tentative Approval Process

- Approve Contract and Reimbursement Resolution – **April 6**
 - Announce Eligibility Report and TIF Plan Availability – **June 15**
 - Adopt Ordinance Calling for a Joint Review Board (JRB) meeting and Public Hearing– **July 20**
 - Hold JRB Meeting – **August 11**
 - Hold Public Hearing – **September 21**
 - Adopt Final Ordinances to Create TIF – **October 19**
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Final Items of Note

- Process will provide for engagement with other taxing bodies
 - Public engagement opportunities through requisite meetings
 - ECDC will be regularly updated and engaged in project
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Actions to Be Taken Tonight

- Motion Authorizing Kane McKenna to prepare Eligibility Study & Report and the Redevelopment Plan & Project
 - Total cost to be approximately \$28,000 to \$31,500, depending on scope of work undertaken
 - Costs can be reimbursed by TIF if established
 - Adopt a companion Reimbursement Resolution
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