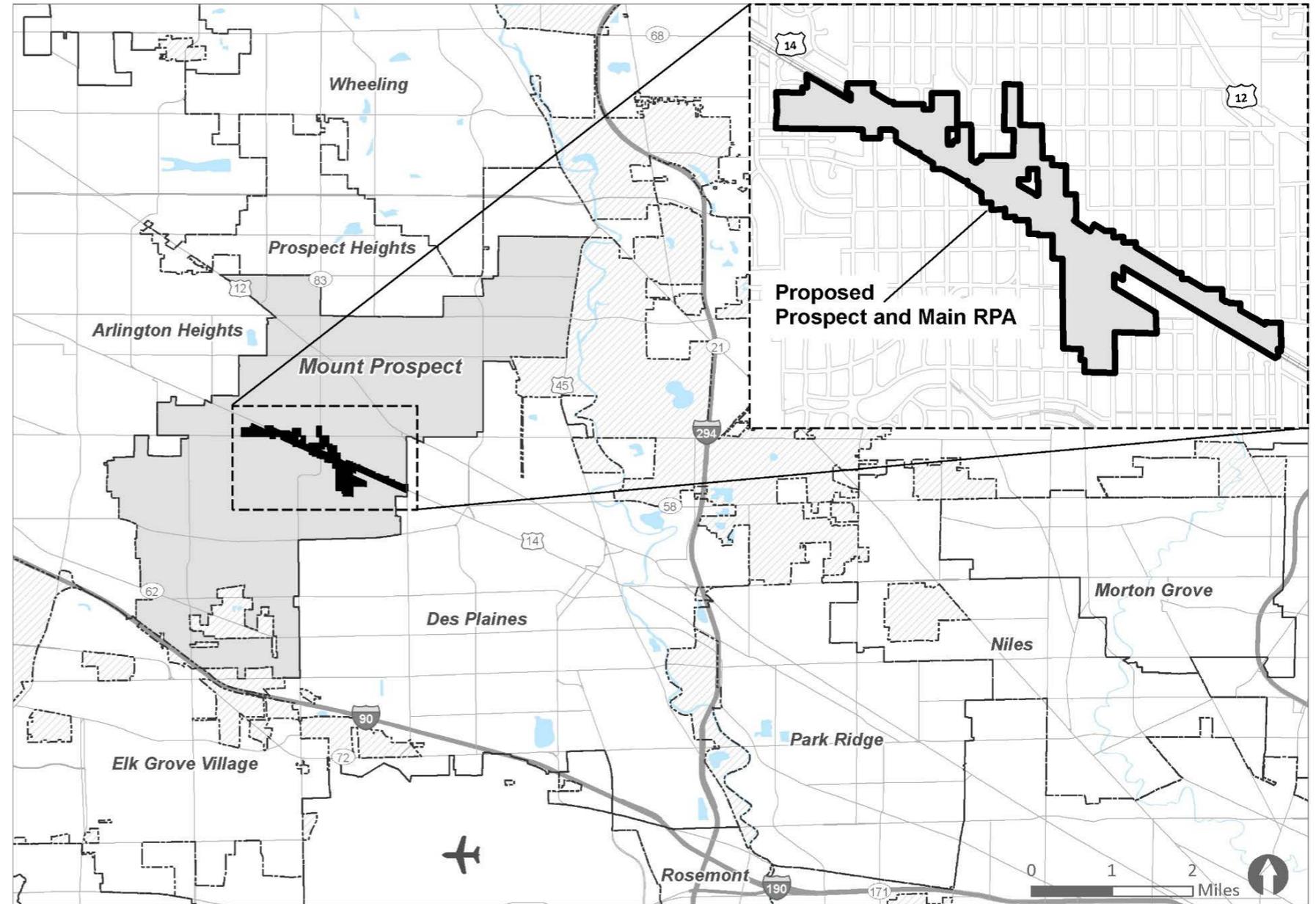


# Proposed Village of Mount Prospect Prospect and Main Redevelopment Project Area (RPA)

Mount Prospect, Illinois



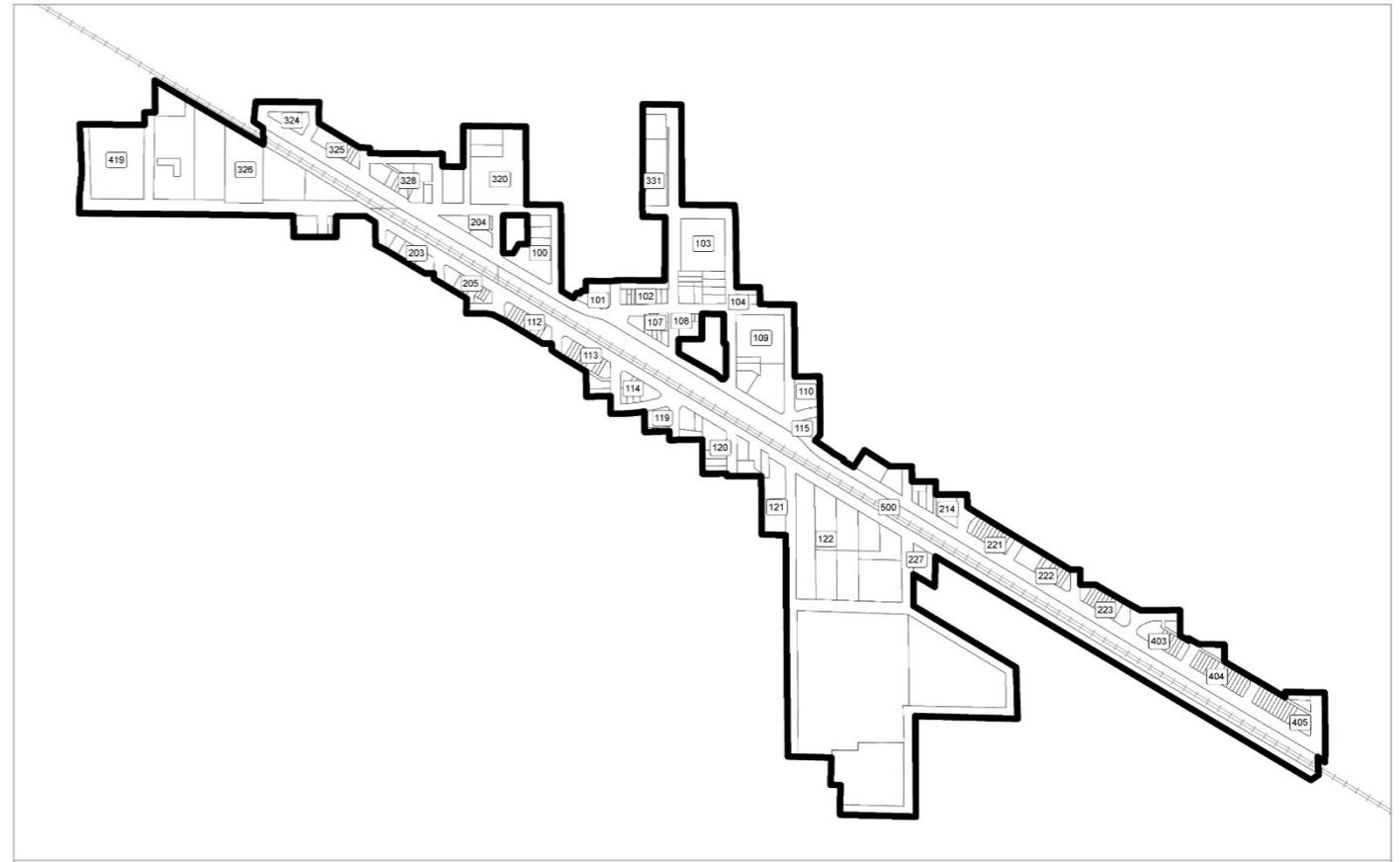
**Mount Prospect  
School District 57  
Board of Education Meeting**

**October 20, 2016  
7:00 PM**



# Proposed Prospect and Main RPA

- Area
  - ▶ 178 Total Acres
    - 109 Acres of Improved Land
    - 69 Acres of Right-of-Way
  - ▶ 235 parcels
  - ▶ 128 buildings
- Mainly commercial and industrial uses with some residential



# SB Friedman's Eligibility Methodology

- Conducted fieldwork and surveyed property on a parcel-by-parcel basis.
- Collected data from the Village and the County on the age and condition of public infrastructure, recent equalized assessed values, utility condition, and current stormwater regulations.
- Compiled and mapped all factors and assessed the distribution of factors on a parcel-by-parcel basis for improved land.
- Evaluated the evidence of private investment prior to the designation of the TIF district.

# Eligibility Analysis: Factors for Improved Land

## The TIF Act Specifies Two Paths to Eligibility for “Improved” Land

### Blighted Area

- At least **five (5) of 13 possible factors** must be present to a meaningful extent and reasonably distributed

### Conservation Area

- At least **three (3) of 13 possible factors** must be present to a meaningful extent and reasonably distributed; **and**
- At least **50%** of buildings must be **35 years of age or older**

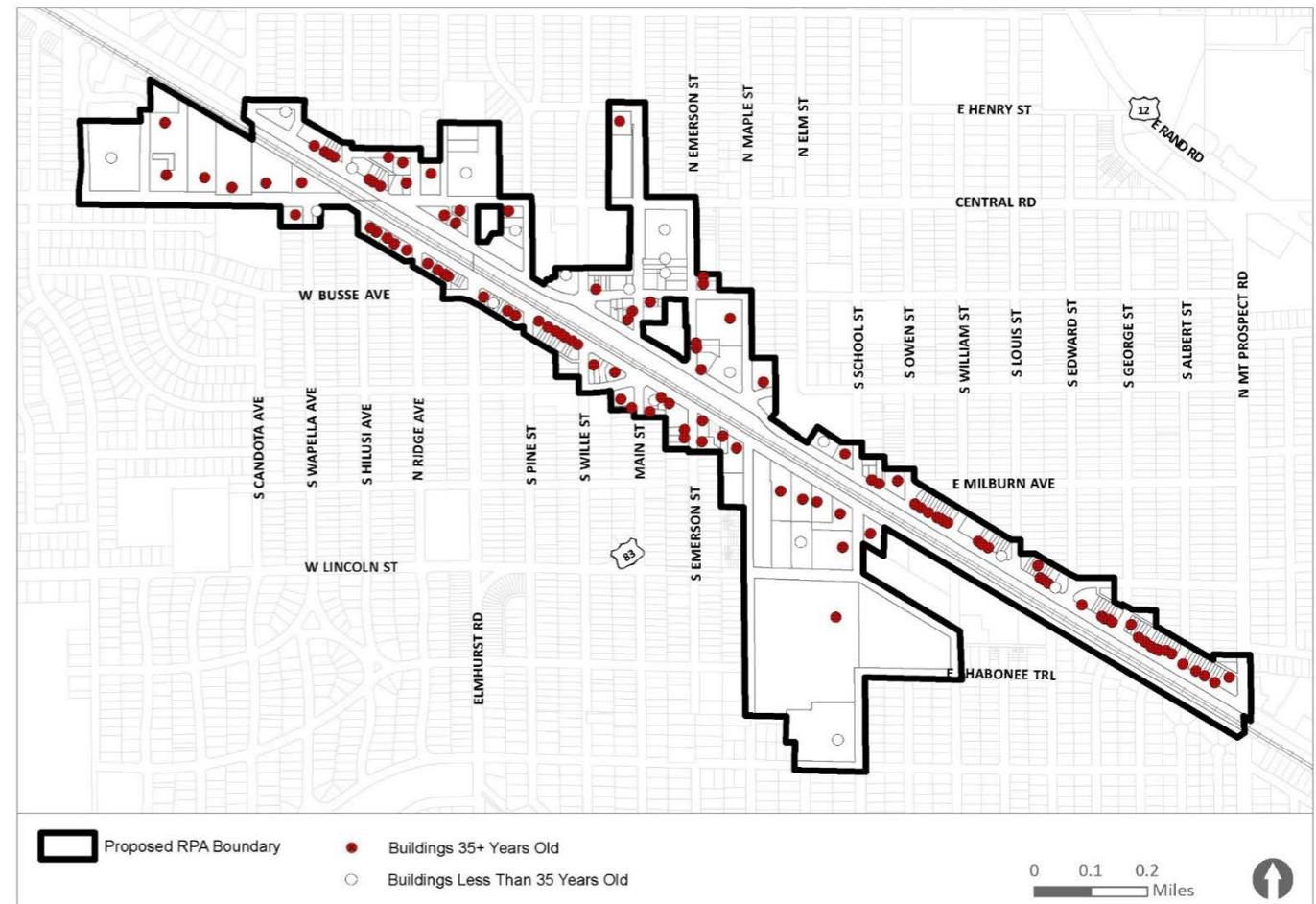
# Findings – Improved Land – Conservation Area

The RPA qualifies as a “Conservation Area” based on the **age of buildings** and the following **four (4) eligibility factors**:

1. Lack of Growth in Equalized Assessed Value (“EAV”)
2. Deterioration
3. Inadequate Utilities
4. Lack of Community Planning

# Findings – Age

- **A total of 109 out of 128 buildings were determined to be at least 35 years of age or older, as of 2015 (85.2%)**
  - Parcel data containing building construction years for all parcels in the RPA were obtained from the Cook County Assessor's Office



# Findings – Lack of Growth in EAV

- The total EAV of the area must have either:
  - a) declined
  - b) increased at a rate that is less than the Consumer Price Index (CPI) for All Urban Consumers for at least three of the last five calendar year-to-year periods; or
  - c) increased at an annual rate that is less than the balance of the City.
- This eligibility factor was analyzed area-wide and is considered to be present to a meaningful extent for the entire Prospect and Main RPA.

## Percent Change in Annual Equalized Assessed Value (EAV) [1]

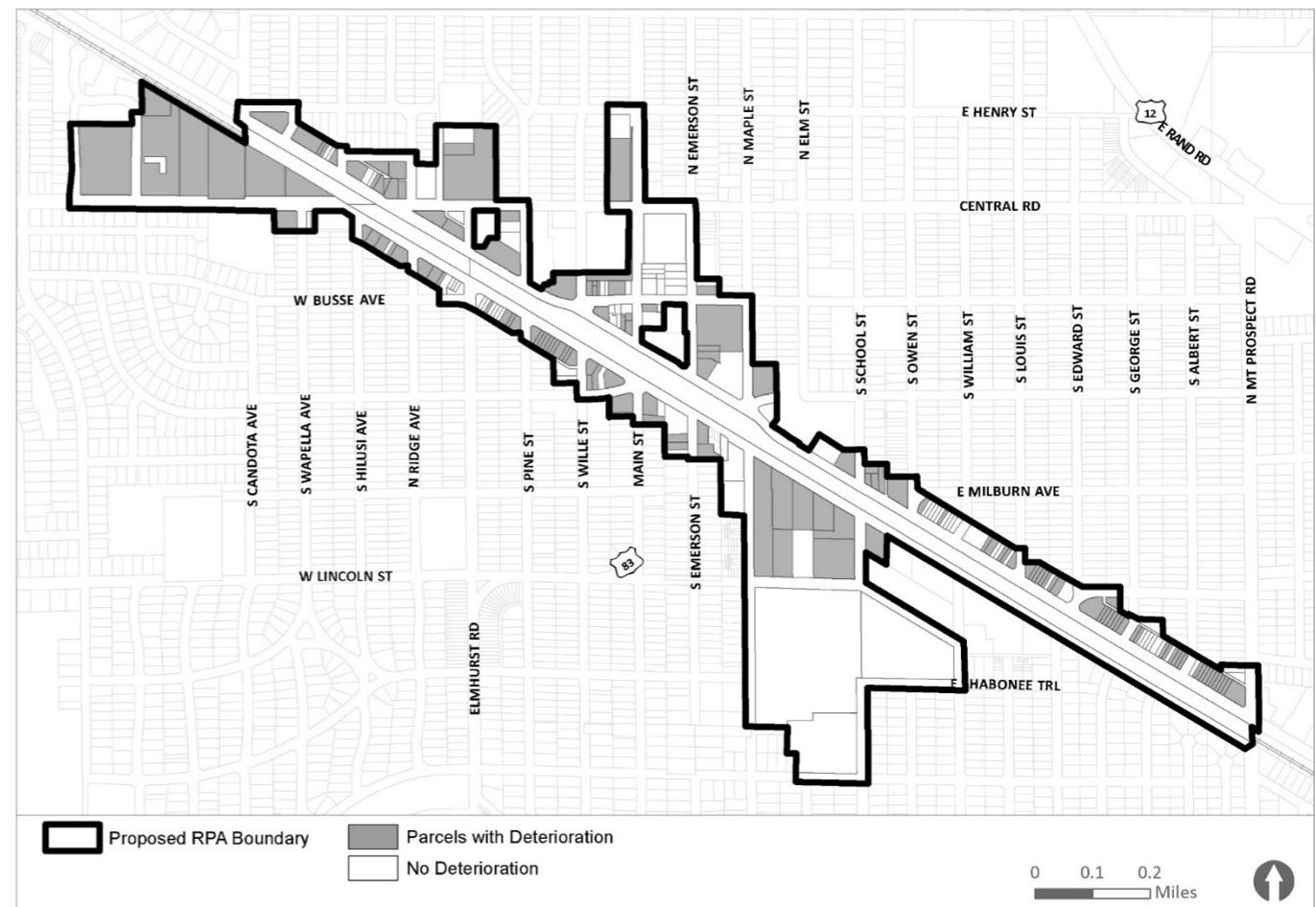
	Year-to-Year Period				
	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015
Prospect and Main RPA	-13.6%	-8.6%	-8.5%	-0.5%	-4.9%
Decline in EAV	YES	YES	YES	YES	YES
Village EAV less RPA Parcels	-10.8%	-6.5%	-13.5%	2.0%	-2.5%
RPA Parcels Growth Less than Village	YES	YES	NO	YES	YES
Consumer Price Index (CPI) [1]	2.7%	1.5%	1.1%	1.7%	-0.3%
RPA Parcels Growth Less than CPI	YES	YES	YES	YES	YES

Sources: Cook County Assessor, Cook County Clerk, Bureau of Labor Statistics, SB Friedman.

[1] Consumer Price Index for all urban consumers and all items, in the Chicago-Gary-Kenosha area, not seasonally adjusted.

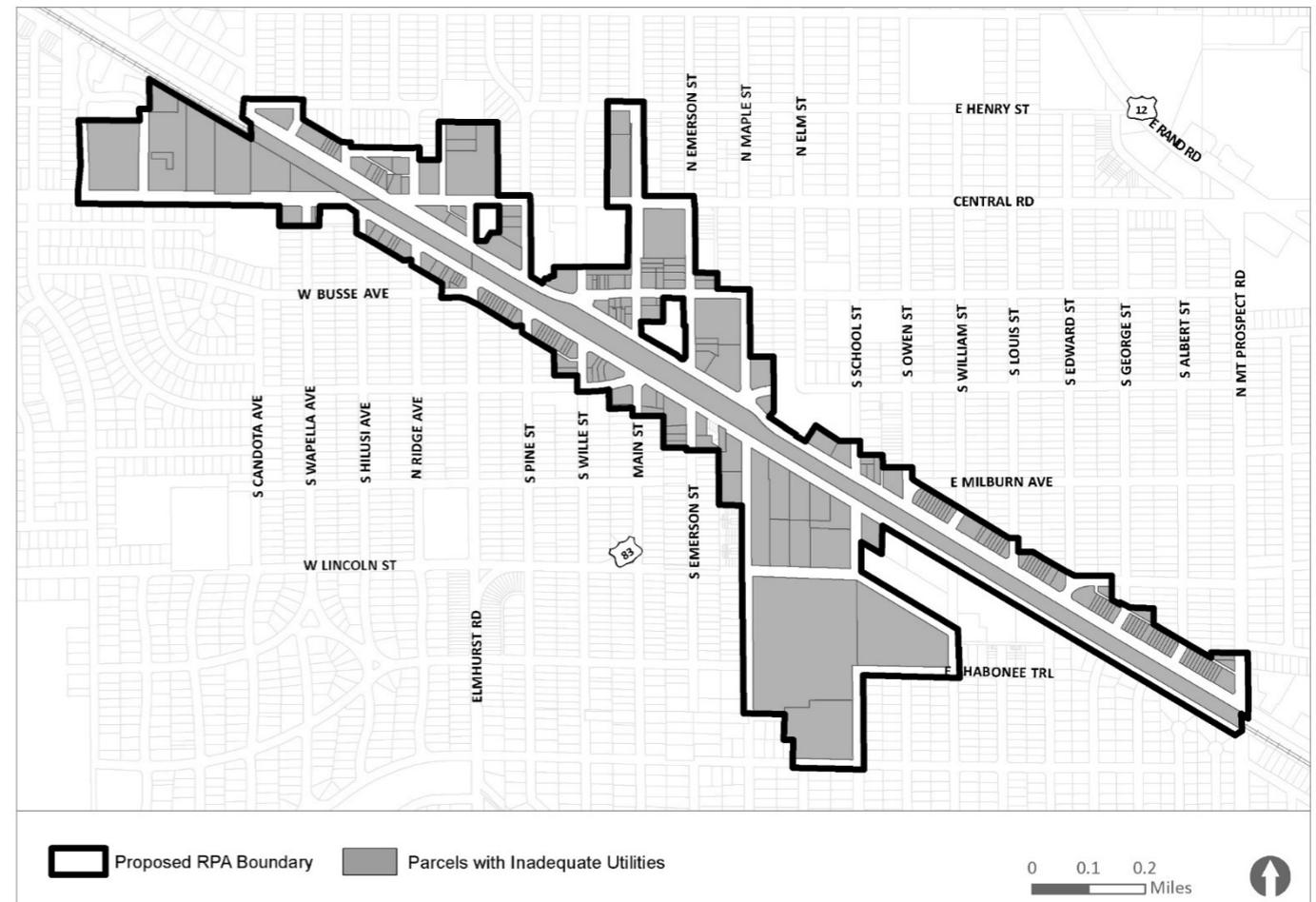
# Findings – Deterioration

- Deterioration includes but is not limited to major defects in building doors, windows, porches, fascia, and gutters and downspouts. Also includes defects in condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas.
- **Deterioration was observed on 139 of the 235 parcels (59.1%) in the RPA**
- This factor was found to be meaningfully present and reasonably distributed throughout the RPA



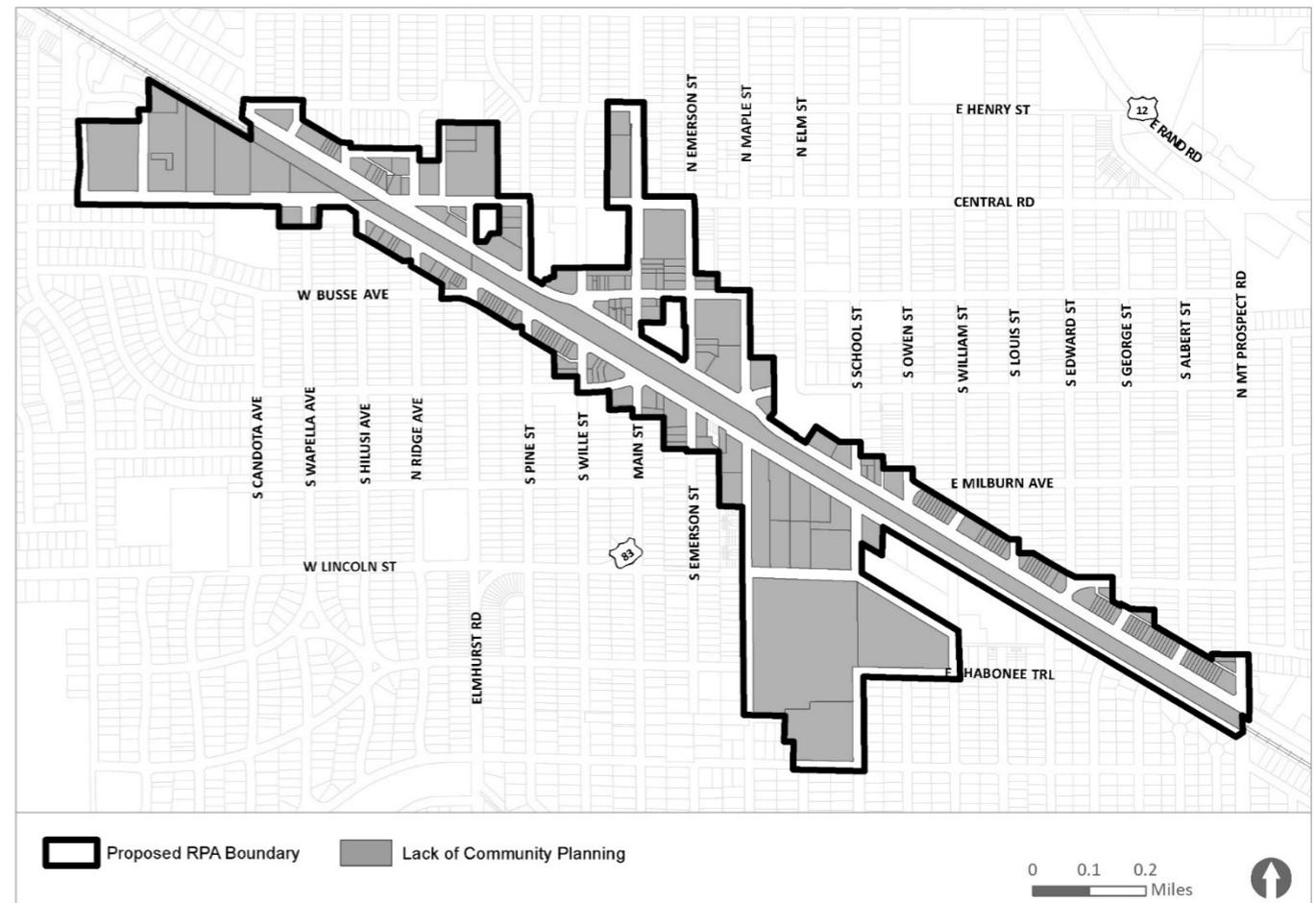
# Findings – Inadequate Utilities

- The Village Public Works Department identified a lack of adequate stormwater detention throughout the RPA.
- Significant upgrades needed for several of the Village's water mains
- Low-hanging overhead utility infrastructure shows signs of aging and disrepair
- This factor was found to be present to a meaningful extent for 100% of the RPA's parcels



# Findings – Lack of Community Planning

- Lack of Community Planning can be found in areas that have seen negative consequences as a result of being developed without a community plan, such as:
  - Incompatible land use relationships
  - Inadequate street layout
  - Improper subdivision
- **86 of 128 (67.2%) of the buildings in the RPA were constructed prior to the Village's first comprehensive plan in 1965.**
- Negative results include but are not limited to at-grade railway crossings, limited pedestrian refuge areas, and industrial land uses downtown
- This factor was found to be meaningfully present and reasonably distributed throughout the RPA



# Required Findings and Tests

- Lack of Growth and Private Investment
  - ▶ Declining EAV
  - ▶ Minimal Building permit activity
- But for...
  - ▶ ***But for*** the creation of a TIF district, critical resources would be lacking that would otherwise support the redevelopment of the TIF district, and the TIF district would not reasonably be anticipated to be developed.
- RPA includes only the contiguous real property that is expected to substantially benefit from the TIF District
- Conformance to Village Plans
  - ▶ Consistent with the Village's Comprehensive Plan, Downtown Implementation Plan and Northwest Highway Corridor Plan

# Major Redevelopment Objectives of the RPA

- Rehabilitation of existing buildings and construction of new properties
- Replacement, repair, and/or improvement of public infrastructure (utilities, parks, sidewalks, streets)
- Streetscaping, landscaping and signage to improve image, attractiveness and accessibility
- Physical improvement and/or renovation of existing building structures and façades in the RPA;
- Site assembly and preparation, including demolition and environmental clean-up
- Support the goals and objectives of other overlapping plans:
  - ▶ Including but not limited to the Village's Comprehensive Plan, Downtown Implementation Plan and Northwest Highway Corridor Plan, in addition to coordinating available Federal, State and local resources to further the goals of this Redevelopment Plan and Project

# Proposed Budget

Redevelopment budget: **\$30 million**

- No obligation to spend budgeted amount

Project/Improvement	Estimated Project Costs
<b>1. Costs of Studies, Surveys, Plans, etc.</b>	\$100,000
<b>2. Site Marketing Costs</b>	\$800,000
<b>3. Property Assembly Costs</b>	\$7,000,000
<b>4. Costs of Building Rehabilitation, Repair or Remodeling</b>	\$11,000,000
<b>5. Costs of Construction of Public Works</b>	\$9,800,000
<b>6. Costs of Job Training (Businesses)</b>	\$200,000
<b>7. Financing Costs</b>	\$450,000
<b>8. Taxing District Capital Costs [1]</b>	\$50,000
<b>9. School District Increased Costs [1]</b>	\$50,000
<b>10. Library District Increased Costs [1]</b>	\$50,000
<b>11. Relocation Costs</b>	\$200,000
<b>12. Payments in Lieu of Taxes</b>	\$50,000
<b>13. Costs of Job Training (Community College)</b>	\$50,000
<b>14. Interest Costs (Developer or Property Owner)</b>	\$50,000
<b>15. Administration</b>	\$100,000
<b>16. Transfer to contiguous TIF District(s)</b>	\$50,000
<b>TOTAL REDEVELOPMENT COSTS [2] [3] [4]</b>	<b>\$30,000,000</b>

[1] This category may include paying for or reimbursing: (i) an elementary, secondary or unit school district's increased per capita tuition costs attributed to assisted housing units, (ii) a library district's increased per patron costs attributed to assisted housing units, and (iii) capital costs of taxing districts impacted by the redevelopment of the RPA. As permitted by the Act, to the extent the Village by written agreement accepts and approves the same, the Village may pay or reimburse all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of this Redevelopment Plan and Project.

[2] Total Redevelopment Costs exclude any additional financing costs, including any interest expense, capitalized interest, and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Costs.

[3] Increases in estimated Total Redevelopment Costs of more than 5%, after adjustment for inflation from the date of this Redevelopment Plan adoption, are subject to this Redevelopment Plan and Project's amendment procedures, as provided under the Act.

[4] The amount of the Total Redevelopment Costs that can be incurred in the RPA will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the RPA only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in

# Proposed Budget

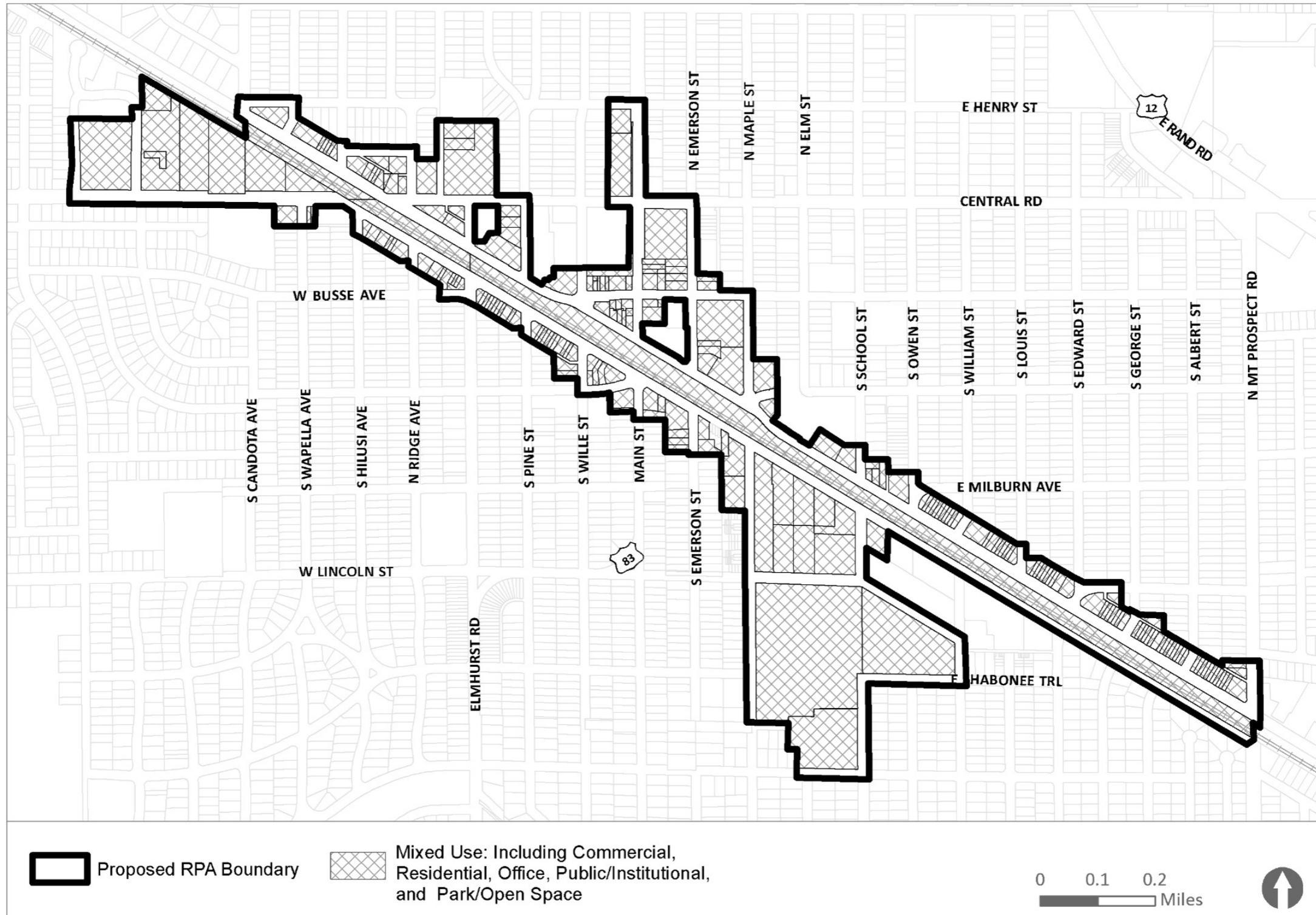
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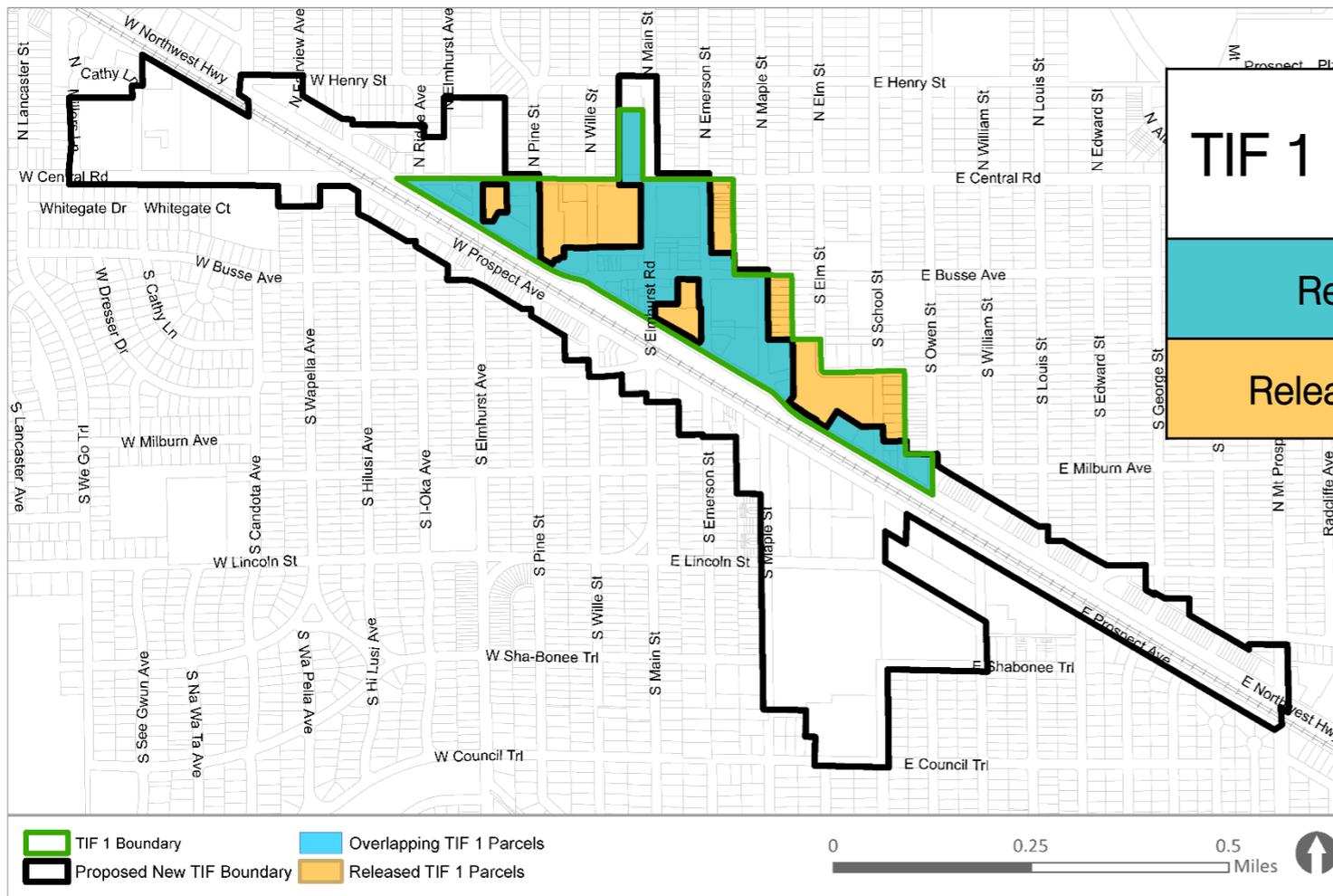
# Future Land Use Map – Proposed Prospect and Main RPA



# Proposed Prospect and Main TIF FAQs

# The Need for a New TIF Downtown

**Concern: New TIF is Unnecessary**

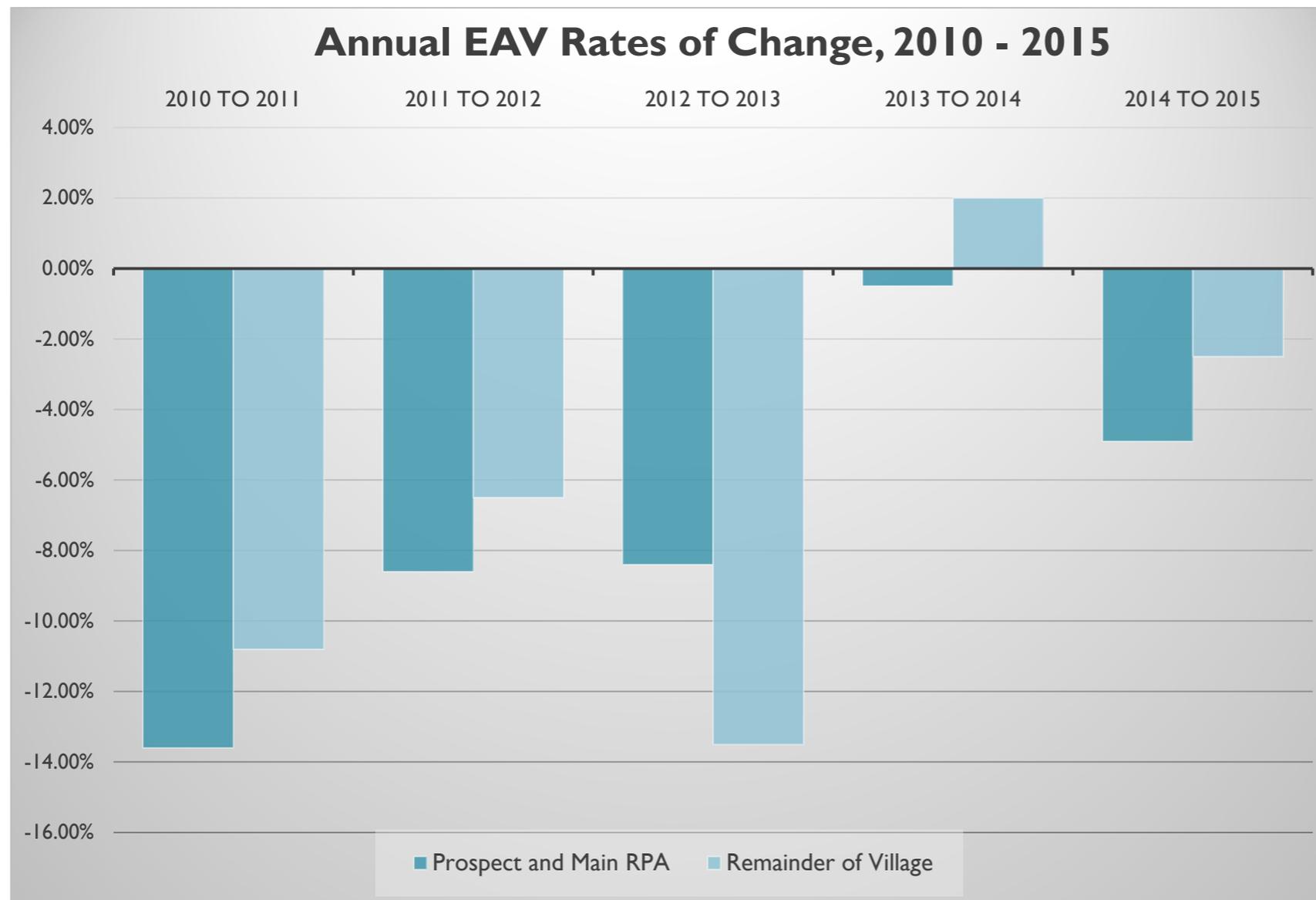


TIF 1 Parcels	Base EAV	2015 EAV	30-year Annual Growth Rate
Re-TIF Parcels	\$10,070,797	\$10,017,998	-0.02%
Released Parcels	\$3,580,746	\$22,233,852	6.28%

- Key downtown areas have not redeveloped
- TIF is a strategic tool that can help spur development in targeted areas
- Can be used to help schools and parks pay for improvements within the district

# The Need for a New TIF Downtown

**Concern:** TIF I did enough and the Village should leave downtown alone



- **Fiscal** -- Prospect and Main TIF Area EAV has declined faster than the rest of the Village in 4 of past 5 years
- **Policy** – The current Downtown does not fulfill the goals and ambitions of the Downtown Plan

# Use of TIF Funds

**Concern:** New TIF will be used to give away tax dollars to developers

## TO RECEIVE FUNDS FROM TIF DISTRICT, DEVELOPMENT PROJECTS MUST:

- Support key policy goals of the downtown plan
- Prove the project would not go forward without TIF assistance

## ALL PROPOSED PROJECTS SUBJECT TO COMPREHENSIVE REVIEW BY:

- Village staff
- Outside experts
- Village Board
- Annual Audit
- Annual meeting of TIF District Joint Review Board

# School and Park District Funding Under TIF

**Concern:** Schools and Parks will be deprived of their funds to operate

NO EFFECT  
ON  
ABILITY TO  
MEET ANNUAL  
BUDGET  
OBLIGATIONS

STRENGTHENS  
LONG-TERM  
FINANCIAL  
STABILITY

INCREASES  
VALUE OF  
PROPERTY  
THAT WOULD  
NOT GROW  
OTHERWISE

# School and Park District Funding Under TIF

**Concern:** Residential developments created from TIF will add students to our schools

## Hypothetical Scenario:

100-Unit Apartment Building Constructed with TIF Assistance (62/35/3 1/2/3BR Mix)

EAV per unit: \$32,000

Incremental EAV is 85% of full EAV

Composite Tax Rate: 10.892%

## SD 57 Expense Impact

6 New Students added to SD 57<sup>1</sup>, cost of \$12,000 per student\*

\$72,000 in new SD 57 expenses

## Under TIF Law

Up to 27% of incremental taxes generated by new housing in TIF goes to school districts for new students<sup>2</sup>

27% of incremental taxes generated by Apartment building: \$79,991

SD 57 receives full \$72,000 from TIF budget

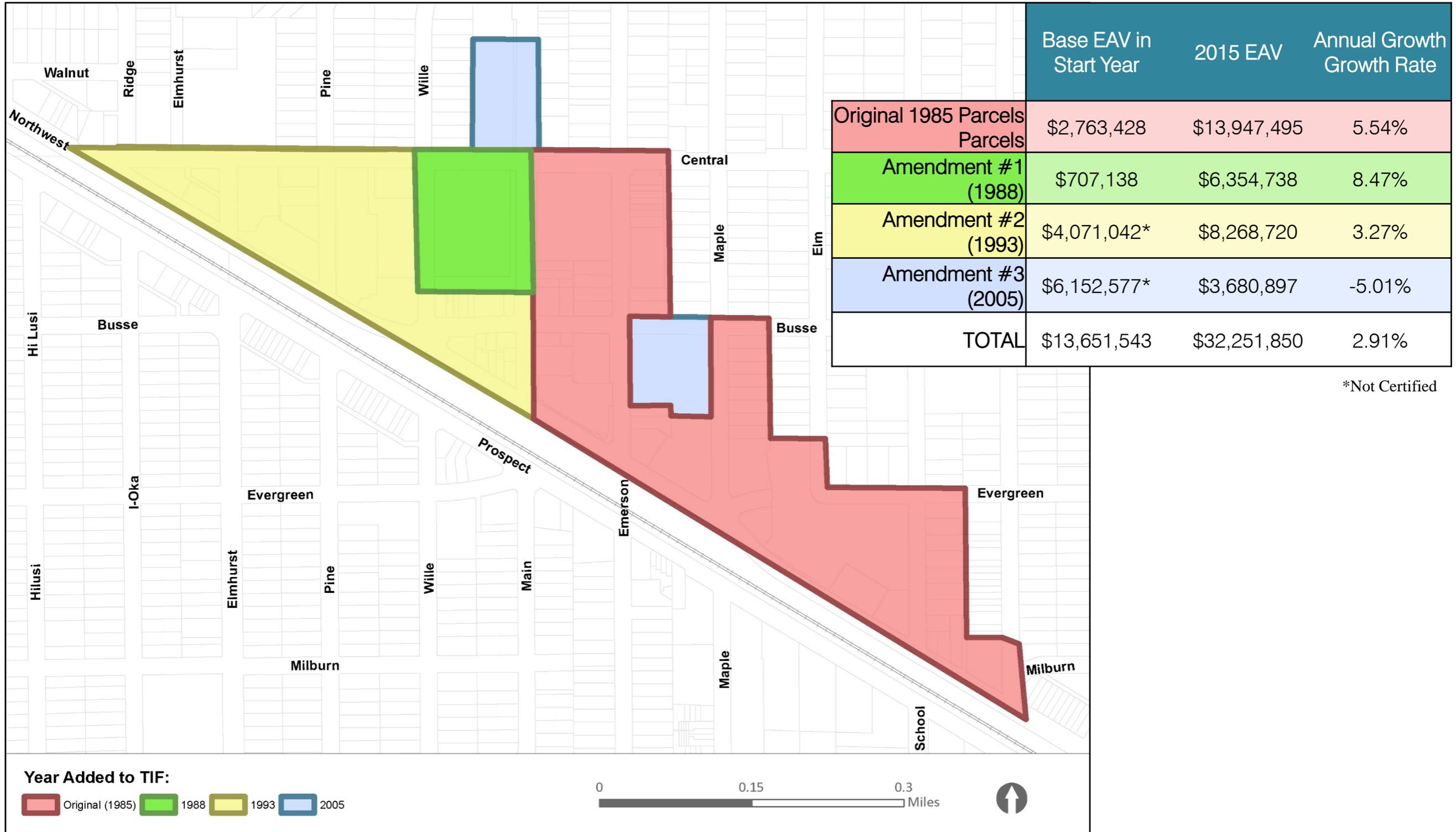
\* Rough assumption

<sup>1</sup> Illinois School Consulting Service/Associated Municipal Consultants, Inc., 1996

<sup>2</sup> Tax Increment Allocation Redevelopment Act. 65 ILCS 5/11-74.4-3(q)(7.5)

# TIF 1 School District 57 Impacts

# TIF 1 - Additions by Year



# School District 57 1985 - 2015

	1985	2015	30-yr Annual Growth Rate
<b>Tax Rate</b>	2.4315% <sup>1</sup>	3.3640%	1.09%
<b>SD 57 Levy</b>	\$4,585,603	\$18,105,986	4.68%
<b>SD 57 EAV</b>	\$188,587,749	\$538,227,896	3.56%
<b>TIF 1 EAV</b>	\$13,651,543 <sup>2</sup>	\$32,251,850	2.91%
<b>TIF % of SD 57</b>	7.24%	5.99%	

<sup>1</sup> Calculated rate based on reported 1985 Levy and EAV. Cook County Clerk reported rate is 2.375.

<sup>2</sup> Certified TIF 1 Base EAV is a composite of the certified base rates of each amendment area in the year amended. The frozen value of the original 1985 parcels is \$2,763,428.

# SD 57 Rate After TIF Release, 1985 - 2015

	1985	2015	30-yr Annual Growth Rate
Tax Rate Including TIF 1 1 Incremental EAV	2.4315%	3.2516%	1.16%
SD 57 Levy	\$4,585,603	\$18,105,986	4.68%
SD 57 EAV	\$188,587,749	\$538,227,896	3.56%
TIF 1 Incremental EAV	\$0	\$18,600,307	
SD 57 EAV Incl. TIF 1 Incremental EAV	\$188,487,749	\$556,828,203	3.68%

# TIF 1 Closure Impact Summary – SD 57

	Actual	<i>Option 1: Capturing TIF 1 Growth – Reduce Tax Rate</i>	<i>Option 2: Capturing TIF 1 Growth – Increase Revenue Revenue</i>
SD 57 Tax Rate	3.3640%	<b>3.2516%</b>	3.3640%
SD 57 Taxable EAV	\$538,227,896	\$556,828,203	\$556,828,203
SD 57 Levy	\$18,105,986	\$18,105,986	<b>\$18,731,701</b>

- Estimated percentage point reduction in SD 57 Tax Rate from TIF 1: 0.1124%
- Estimated SD 57 Levy increase from TIF 1: \$625,714

# Proposed Prospect and Main TIF – Projected Impact

# Proposed Prospect and Main TIF – Projected Impacts on SD 57

## Projection Assumptions

9-year historic 1.35% growth on SD 57 Levy

4% growth on SD 57 tax base and entire TIF Area in 2016 triennial, 5% in subsequent triennials

Flat equalization factor of 2.6685

**Key: Projected growth in TIF Area would not differ with or without TIF in place**

## Prospect and Main TIF Area

2015 EAV:  
\$37,157,840 (6.9%) of SD 57 Tax Base

SD 57 will continue to levy on this amount throughout life of TIF

# SD 57 in 2020: No Prospect and Main TIF

	2015	2020	Annual Growth Rate
Tax Rate	3.3640%	3.2942%	-0.42%
SD 57 Levy	\$18,105,986	\$20,030,693	2.04%
SD 57 EAV (including entire TIF area)	\$538,227,896	\$608,056,398	2.47%

# SD 57 in 2020: With Prospect and Main TIF

	2015	2020	Annual Growth Rate
Tax Rate	3.3640%	3.3128%	-0.31%
SD 57 Levy	\$18,105,986	\$20,030,693	2.04%
SD 57 EAV (including entire TIF area)	\$538,227,896	\$608,056,398	2.47%
<b>Prospect and Main TIF EAV</b>	\$37,157,840	\$40,576,361	
Prospect and Main TIF Incremental EAV Growth	\$0	\$3,418,521	
SD 57 EAV (excluding TIF Increment)	\$538,227,896	\$604,637,876	2.35%

➤ TIF Incremental Growth not captured by SD 57 in 2020 is 0.58% of total tax base

# TIF/No TIF Comparison, 2020

	2020		Annual Growth Rate	
	No Prospect and Main TIF	With Prospect and Main TIF	No Prospect and Main TIF	With Prospect and Main TIF
<b>Tax Rate</b>	3.2942%	3.3128%	-0.42%	-0.31%
<b>SD 57 Levy</b>	\$20,030,693	\$20,030,693	2.04%	2.04%
<b>SD 57 Taxable EAV</b>	\$608,056,398	\$604,637,877	2.47%	2.35%

➤ 0.02 percentage point estimated increase in SD 57 rate due to Prospect and Main TIF over hypothetical no TIF scenario

# Projected 2020 Prospect and Main Tax Bill Impacts (SD 57 Portion)

	2020 Home Market Values:		
	\$300,000	\$350,000	\$400,000
2015 Assessed Value	\$30,000	\$35,000	\$40,000
2015 EAV (w/out Exemptions)	\$80,055	\$93,398	\$106,740
SD 57 Taxes – With Prospect and Main TIF	\$2,652.10	\$3,094.11	\$3,536.13
SD 57 Taxes – Without Prospect and Main TIF	\$2,637.18	\$3,076.72	\$3,516.25
Projected Difference due to TIF	\$14.91	\$17.40	\$19.88

# Questions and Comments