



# Village of Oak Park

## Roosevelt Road Business Corridor

Public Stakeholder Outreach Meetings – June 5-6, 2014

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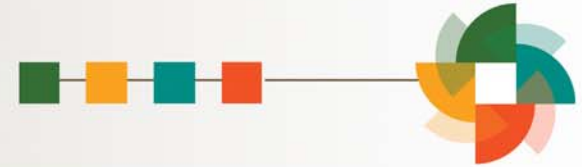
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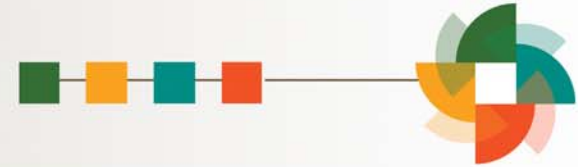
# Meeting Purpose



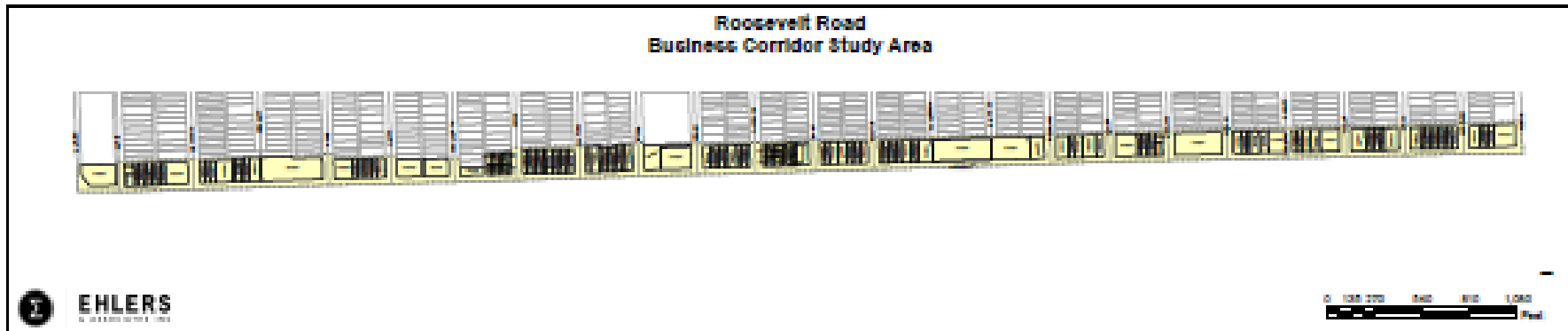
- Public interest in identifying economic development funding resources to support Roosevelt Road Business Corridor (RRBC).
- Ehlers/BDI assisted in review of options.
- The Village of Oak Park seeks input from business owners, residents, other interested parties:
  - What types of projects and outcomes would you like to see in the RRBC?
  - Which funding resources/economic development tools would you support for this area?



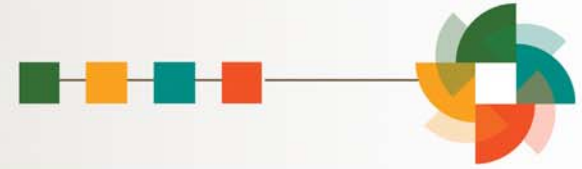
# Roosevelt Road Corridor



- Properties fronting Roosevelt Road from Harlem to Austin.
- 32 acres

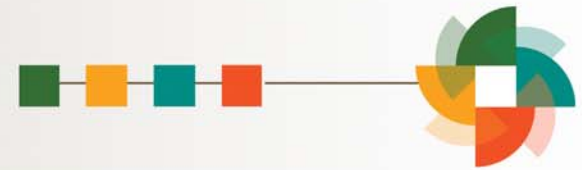


# Options to Consider



- Tools for Economic Redevelopment that could apply to RRBC
  - Special Service Area (SSA)
  - Business District (BD)
  - Tax Increment Finance (TIF)

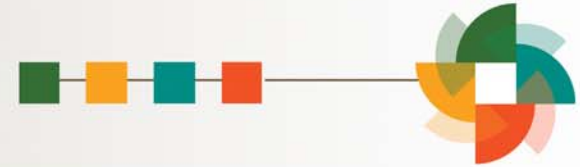




# Special Service Area (SSA)

(35 ILCS 200/Art. 27)

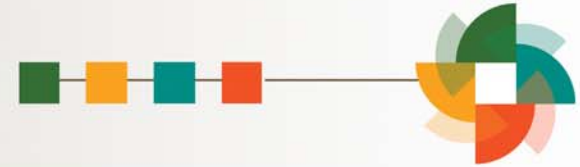




## Special Service Area (SSA)

- A contiguous area within a municipality or county in which special governmental services are provided in addition to those services provided generally.
- Costs of the special services are to be paid from revenues collected from separate levy of **property taxes** within that area.
- Village would levy for a specific amount. County determines tax rate by factoring the requested levy against the district properties' Equalized Assessed Value (EAV) available for taxation by the SSA.

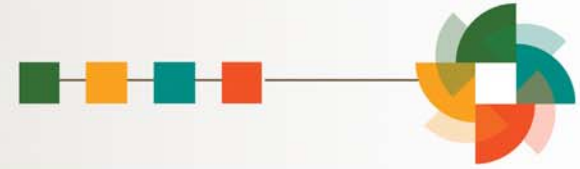




## Special Service Area (SSA)

- Eligible Redevelopment Expenditures
  - Public Infrastructure – streets, storm drains, water/sewer mains, sidewalks, bicycle paths, landscaping, lighting, signage, parking, etc.
  - Services – landscaping and cleaning/maintenance, snow removal, additional security or police, and tenant services (i.e. marketing and recruiting for properties within the area).
  - Village may provide these services directly or distribute the money to an independent service provider agency.



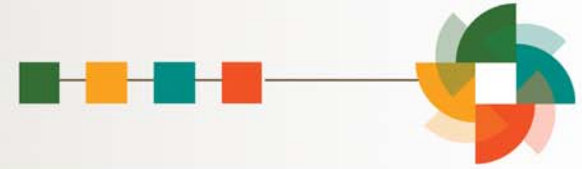


## Special Service Area (SSA)

- Initiation: Owners or Municipal
  - Municipal Process under Enabling Legislation
  - Private Sector and Political Process
- Formulation: Proposal Elements
  - Boundaries
  - PINs
  - Notice for Taxable Property Owners within Boundaries
  - Tax Rates/Levy
  - Duration, or Term
  - Services to be Provided
- Contiguous Area per Statute
  - Even with any exclusions



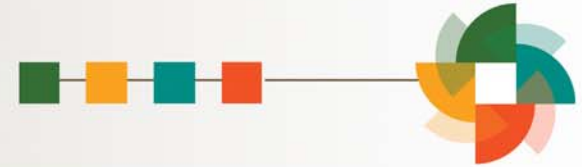




# Business District

(65 ILCS 5/11-74.3-5)

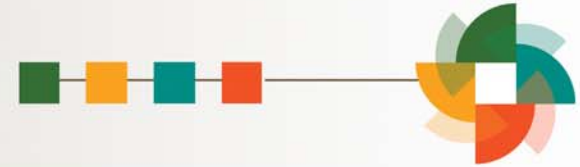




## Business Districts (as defined here)

- Allows Village to add an additional **Sales Tax and/or Hotel/Motel Tax** of up to 1.00% in 0.25% increments on retail goods and hotels within a contiguous area designated by the Village.
- Exclusions for groceries, titled items, medicines, some medical supplies
- Collected by the State and distributed to the Village.
- Term of BD can be up to 23 years.



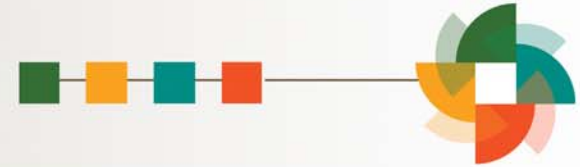


## Business District (BD)

### Eligible Redevelopment Expenditures

- Encourage new or improved retail shopping centers and stores.
- Create entertainment and restaurant areas.
- Modernize outdated retail, and office developments to attract visitors and local residents to the area and to encourage spending.
- Create and maintain a revolving loan fund related to the uses above.



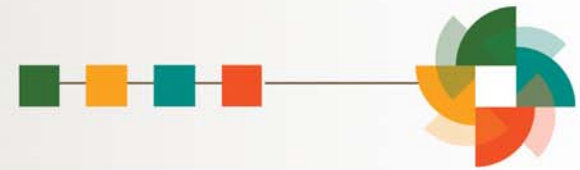


## Business Districts

### Qualification

- To implement additional sales tax, finding of “Blighted Area” is required (similar but not same as TIF).
  - Deterioration of site improvements.
  - Obsolete platting (small parcels)
  - Existence of conditions which endanger life or property by fire (lack of fire sprinkling systems)
  - Economic underutilization of the area (lagging EAV)



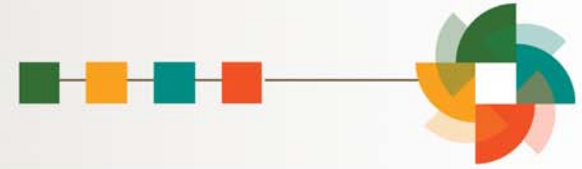


## **“But For” Concept**

Gap in Financing/Extraordinary Risk

(Without assistance, development in the BD is not possible.)

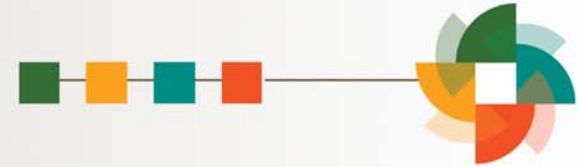




## Business Districts

- Adoption steps:
  - Business District Plan
  - Public hearing
  - VB approval
  - Notification of State Dept. of Revenue
- No impact to other taxing districts, or approval required.



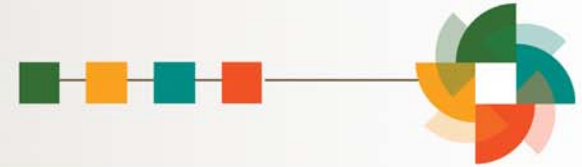


## Business Districts

### Potential Revenue Scenarios

- Based on current sales estimate of \$36M in RRBC
- At 70% qualifying sales - \$60,000 to \$250,00 annually = \$1.4M to \$5.8M over 23 year term (NPV of \$775K to \$3.1M)
- At 80% qualifying sales - \$70,000 to \$290,00 annually = \$1.6M to \$6.6M over 23 year term (NPV of \$885K to \$3.5M)
- At 90% qualifying sales - \$80,000 to \$325,00 annually = \$1.8M to \$7.5M over 23 year term (NPV of \$1M to \$4M)



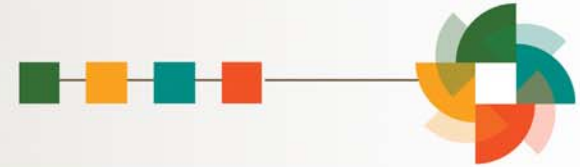


# Tax Increment Finance (TIF)

(65 ILCS 5/11-74)



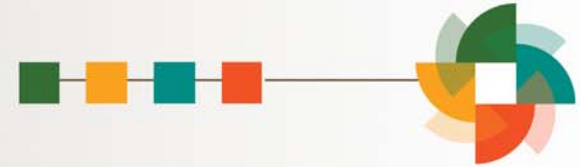




## Tax Increment Finance (TIF)

- A tool to help local governments to stimulate economic development and public improvements in qualified areas.
- TIF's help local governments attract **private development** and new businesses.
- TIF's help local governments make the improvements they need, like new roads or new sewers and water mains.
- Allows redevelopment costs to equal green grass development costs, therefore “incenting” redevelopment.

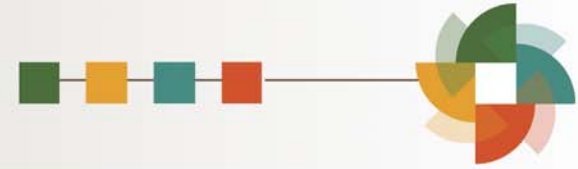




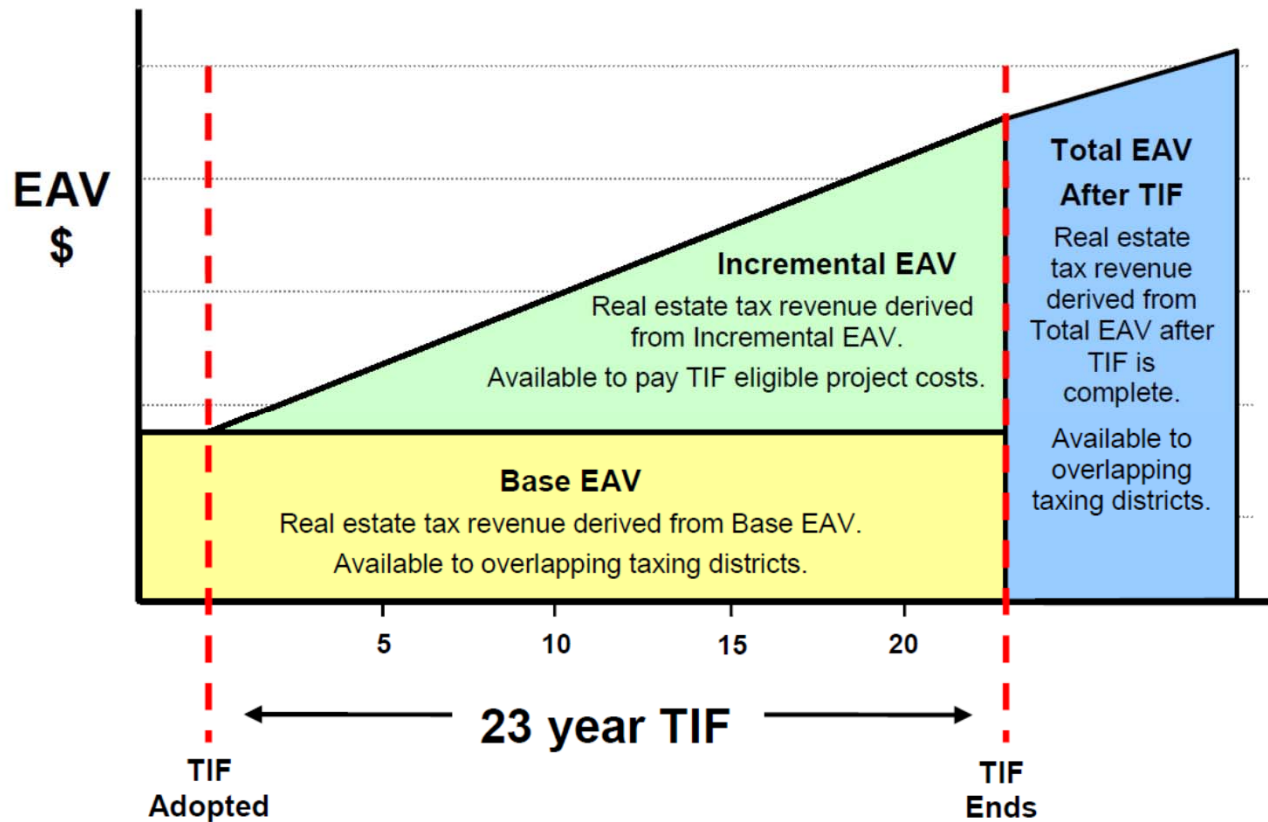
## Tax Increment Finance (TIF)

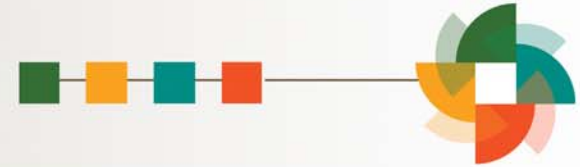
- It is **not** a tax increase.
- It is the difference between the amount of property tax revenue generated before a TIF district is established and the amount of property tax revenue generated after the TIF district has new development.
  - TIF does not reduce property tax revenues available to other taxing bodies.
  - Only property taxes generated by the incremental increase are available for use in the TIF district.





## Tax Increment Finance



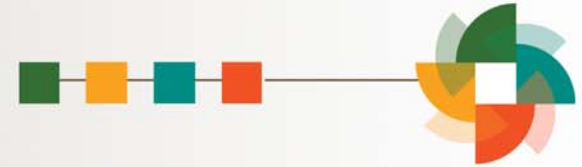


## Tax Increment Finance (TIF)

### Eligible Redevelopment Expenditures

- Upgrading and improving public infrastructure, such as road and sidewalk repairs, utility upgrades, and water and sewer projects.
- Acquisition, clearance and other land assembly and site preparation activities.
- Revitalization of deteriorated or obsolescent commercial buildings.
- Incentives to retain or attract private development.
- Prohibited for NEW construction, with some exceptions.

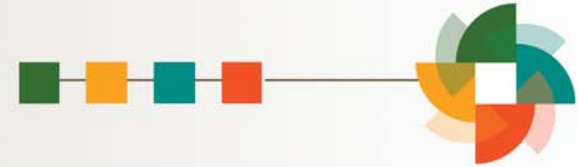




## How does TIF work?

- Municipality creates TIF with community input.
- EAV frozen at current levels for all taxing districts.
- Community undertakes public improvements/ economic development incentive programs.
- Developer, local businesses, residents make improvements.
- EAV increases.
- Community may choose to fund all or a portion of eligible improvements.
- When TIF expires, increased EAV has created additional revenue for **all** taxing bodies.

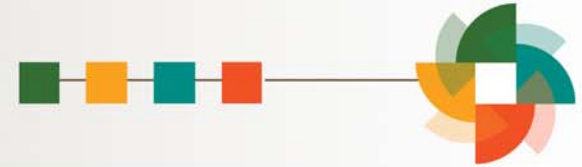




## Tax Increment Finance (TIF) Qualification

- Review and document Criteria for Eligibility
- Blighted, Conservation, Combination of Blighted and Conservation, or Industrial Conservation
  - Conservation (Land with Buildings/Improved)
    - 13 Criteria: 3 must be met, AND over 50% of buildings over 35 years of age – **RRBC qualifies**
  - Blighted
    - Improved Land (land with buildings): 13 Criteria, 5 must be met -  
– **RRBC may qualify**
    - Vacant Land
  - Industrial Conservation
    - Does not apply





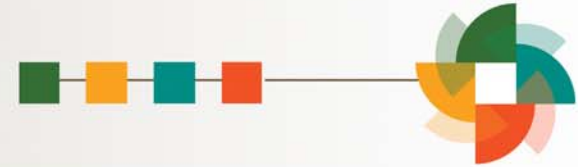
## **“But For” Concept**

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(Without assistance, redevelopment in the TIF District is not possible.)



# Redevelopment Funding Tools

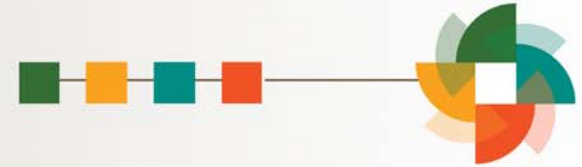


## Tax Increment Financing (TIF) - Area Example Tinley Park, Main Street North TIF

<b>First TY<sup>1</sup></b>	2002	
<b>Base EAV<sup>2</sup></b>	4,409,480	
<b><u>Tax Year</u></b>	<b>TIF EAV<sup>3</sup></b>	<b>TIF Revenue<sup>4</sup></b>
2002	5,023,591	\$ 59,808
2003	4,974,674	\$ 57,599
2004	5,719,401	\$ 134,634
2005	7,425,123	\$ 290,648
2006	8,444,489	\$ 411,934
2007	11,095,164	\$ 668,301
2008	11,586,263	\$ 693,851
2009	11,322,831	\$ 663,682
2010	10,460,016	\$ 596,169
2011	8,469,439	\$ 481,065
2012	7,265,416	\$ 377,441

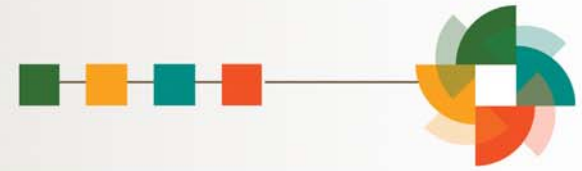






- SSA/BD/TIF Redevelopment tools are not mutually exclusive.
- Layering of incentives can create synergy and help to bridge the gap.



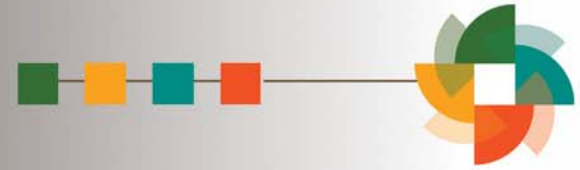


## Questions?





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