



ESTABLISHED 1956

# SOUTH GATEWAY TIF

Long Grove, Illinois

**Joint Review Board Meeting**

Friday, October 9, 2020

# PURPOSE OF TAX INCREMENT FINANCING

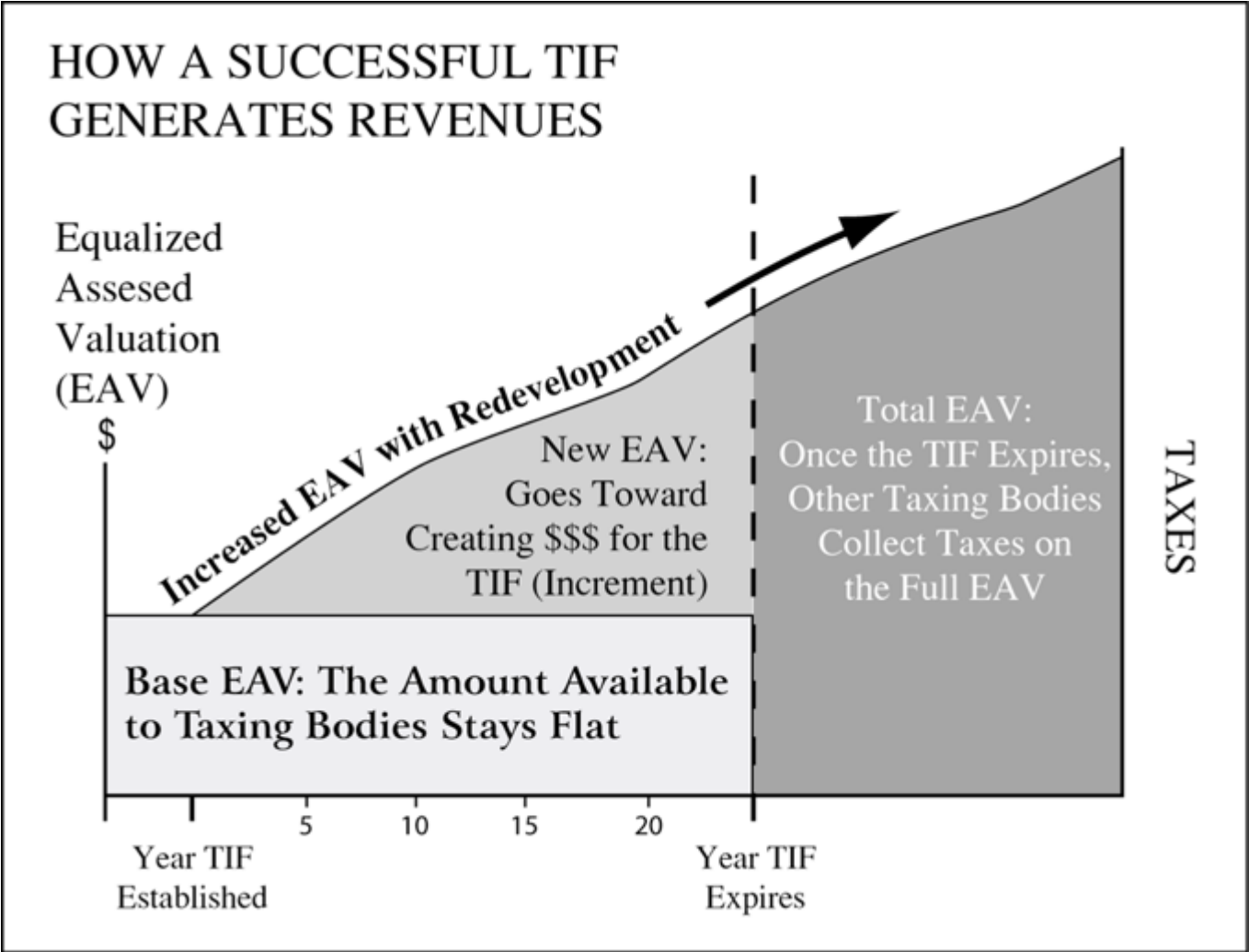
- Eliminate blight through redevelopment
- Promote economic development
- Enhance tax base

## **Which helps...**

- Local government restore/rehabilitate properties
- Public-private finance tool
- Flexible (works well in conjunction with SSA's, Business Districts, Enterprise Zones, etc.)
- Area based
- Local government control



# HOW TIF WORKS



# PROJECT AREA BOUNDARY

- Includes developed and undeveloped parcels on the east and west sides of IL Route 53 at the southern boundary of the Village (Lake Cook Road).
- Also includes rights-of-way and other public property.
- Project Area contains two (2) structures, eighteen (18) parcels, and is approximately sixty (60) acres.



# JRB ROLE

## What is the responsibility of the Joint Review Board?

- Review the Redevelopment Plan and proposed ordinances.
- Provide recommendation (in writing) within thirty (30) days based on the following:
  - Does the Redevelopment Plan **meet the requirements** as defined in State statute?
  - Does the Project Area **meet the eligibility requirements** as defined in State statute?





# DOES THE PLAN MEET MINIMUM REQUIREMENTS?

## **Minimum Redevelopment Plan Requirements:**

- Description of the Project Area boundary.
- Redevelopment goals and objectives.
- Reason for establishing the TIF, and how the land will be used.
- Proposed budget and timeline.
- Conformance with Comprehensive Plan.
- Process to amend the plan.
- Impact on taxing districts.
- Statement on the “but for” test.
- ***All of the required elements are present in the Plan.***



# DOES THE PROJECT AREA MEET THE ELIGIBILITY REQUIREMENTS?

**Project Area must meet at least three (3) eligibility criteria to qualify as a 'conservation area' and 50% of the structures must be 35 years or more in age as defined in the Tax Increment Allocation Redevelopment Act:**

- Obsolescence
- Dilapidation
- Excessive Vacancy
- Deterioration
- Inadequate Utilities
- Decline in Equalized Assessed Value (EAV)

Eligibility factors should be present to a **meaningful extent** and **reasonably distributed** within the Project Area.

Secondary characteristics contribute, to a lesser degree: presence of vacancy, an aged residential structure and commercial property with presence of below minimum code standards.



# BUILDING AGE

- Field analysis and historical records provided by the Village and Lake County Assessor's Office, 1 of 2 (50%) buildings within the Project Area is more than 35 years old.





# OBSOLESCENCE

As defined in the Act:

*“The condition or process of **falling into disuse**. Structures have become **ill-suited** for the original use.”*

- Obsolescence, both economic and functional, is present for two properties occurring on multiple attached buildings in a single building complex (extends over two parcels).

In general, **functional obsolescence** relates to the physical utility of a property or structure, and **economic obsolescence** relates to the ability of a property or building to compete in the marketplace.





# OBSOLESCENCE



# DILAPIDATION

As defined in the Act:

*“With respect to buildings, defects including, but not limited to, major defects in the **secondary building components** such as doors, windows, porches, gutters and downspouts, and fascia. With respect to **surface improvements**, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.”*

- The complex at 2727 Old Route 53 displays an extreme physical state of disrepair, with neither tenants using or maintaining the greenhouse.
- Evidence of wall, floor, and structural dilapidation is also present.





# EXCESSIVE VACANCY

As defined in the Act:

*“The presence of buildings that are **unoccupied** or **under-utilized** and that represent an **adverse influence** on the area because of the frequency, extent, or duration of the vacancies.”*

- One (1) of two (2) buildings in the Project Area is vacant.
- A significant portion of the Project Area includes subdivided land that has remained vacant and undeveloped
- Vacancies of these parcels have adversely influenced development opportunities within the Project Area.





# EXCESSIVE VACANCY





# DETERIORATION

As defined in the Act:

*“With respect to buildings, defects including, but not limited to, major defects in the **secondary building components** such as doors, windows, porches, gutters and downspouts, and fascia. With respect to **surface improvements**, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.”*



# DETERIORATION

- 2 out of 2 buildings exhibit deteriorating characteristics.
- Clear evidence of building and site deterioration can be seen from rights-of-way or adjoining properties, which includes:
  - siding becoming undone, potentially exhibiting cracks in masonry walls and foundations
  - overall aging of windows and doors





# DETERIORATION



# INADEQUATE UTILITIES

As defined in the Act:

*“Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of **insufficient capacity to serve the uses in the redevelopment project area**, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) **lacking** within the redevelopment project area.”*

- The majority of the Project Area is not served by public water or wastewater (sewerage) utilities.
- Attempts to redevelop the property at 2727 IL Rt. 53 have failed due to lack of these public utilities.
- Five undeveloped properties at the southern end of the Project Area are served by public utilities and are subject to recapture agreements that increase the cost of acquisition or property development.



# DECLINE IN EQUALIZED ASSESSED VALUE (EAV)

As defined in the Act:

*“The existence of **incompatible** land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.”*

	2014	2015	2016	2017	2018	2019
Total EAV of Project Area	\$3,103,012	\$2,866,036	\$2,952,993	\$3,062,174	\$2,448,320	\$2,406,752
Percent Change of EAV		-7.64%	3.03%	3.70%	-20.05%	-1.70%
Total EAV of Village (minus project area)	\$530,618,875	\$593,362,699	\$589,370,158	\$608,823,658	\$607,460,937	\$585,618,179
Percent Change Village of EAV (minus project area)		5.42%	5.36%	3.30%	-0.22%	-3.60%
Consumer Price Index	236.736	237.017	240.007	245.12	251.107	255.657
Percent Change of CPI		0.12%	1.26%	2.13%	2.44%	1.81%





# IMPACT ON TAXING DISTRICTS

- In the short term, the Village's effective use of tax increment financing can be expected to stabilize the existing tax base for local taxing agencies.
- In the long term, after the completion of all redevelopment improvements, activities, payment of all redevelopment project costs, and municipal obligations, the taxing districts benefit from the enhanced tax base resulting from the EAV increase generated by the Redevelopment Plan and Program.
- Taxing bodies collect taxes on the full EAV at the end of the period.



# SUMMARY

## Joint Review Board Questions:

- The proposed Redevelopment Plan contains all of the required plan elements as outlined in the Act.
- The proposed Project Area qualifies as a 'conservation area' based on the definitions and requirements established in the Act.

