

Village of La Grange Park TIF Eligibility Findings and Recommendations for Five Study Areas

March 08, 2016

Purpose of Engagement

- Analyze **eligibility** and **optimal boundaries** of five potential tax increment financing (TIF) districts
- Estimate **potential TIF revenue** generated by study area
- Estimate **potential Business District revenue** generated by study area
- **Identify high-level implementation steps** the Village can take to aid in revitalization

TIF Eligibility Analyses for Five Study Areas

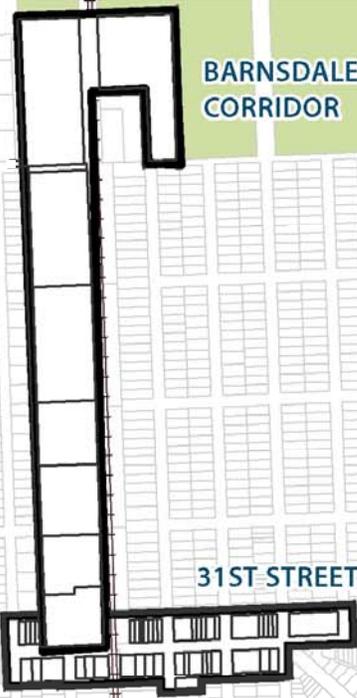


**BARNSDALE
CORRIDOR**

31ST STREET (WEST)

31ST STREET (CENTRAL)

**31ST STREET (EAST) -
MAPLE AVENUE**



W 31ST STREET

E 31ST STREET



LA GRANGE ROAD
US-12

VILLAGE MARKET

Paths to TIF Eligibility

- **Improved Area**

- ▶ Conservation Area

- At least 50% of the primary structures in the district must be 35 years in age or older, and
- Parcels must exhibit three (3) or more of thirteen (13) possible eligibility factors

- ▶ Blighted Area

- Parcels must exhibit five (5) or more of the same thirteen (13) eligibility factors

- **Vacant Blighted Area**

- ▶ One-Factor Approach

- Parcels must exhibit at least one (1) of six (6) eligibility criteria for vacant land

- ▶ Two-Factor Approach

- Parcels must exhibit at least two (2) of six (6) eligibility factors under a separate set of criteria

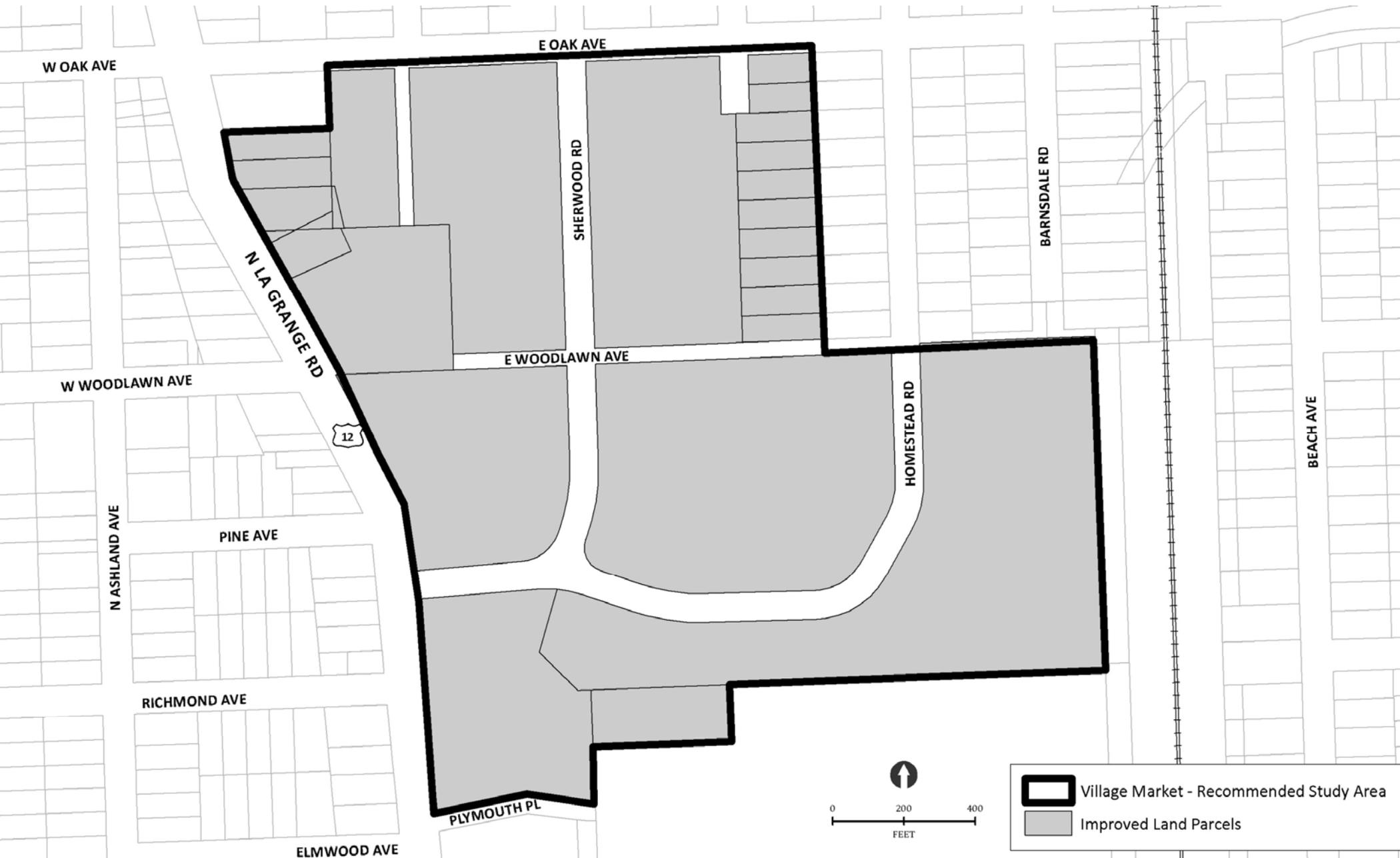
- All factors must be found “present to a meaningful extent” and “reasonably distributed” throughout area

TIF Eligibility Methodology

- Review and revise boundaries for analysis
- Collect necessary data
 - ▶ Parcel-by-parcel **fieldwork** documenting external property conditions
 - ▶ **Historic trends in equalized assessed value** (EAV) for the last six years (five year-to-year periods) from the Cook County Assessor's Office (CCAO)
 - ▶ **Prior plans, studies and other background information** provided by the Village
 - ▶ **Building age data** from CCAO and Village records of year built
 - ▶ **Municipal records** for recent building permits and code violations
 - ▶ **Village and county codes** for stormwater, subdivision, building and fire
 - ▶ Village **utility data** regarding present service locations and conditions of water, storm and sanitary sewer infrastructure
 - ▶ **GIS parcel shapefile data** from Cook County
- Assess presence of parcel-level and area-wide factors

Study Area 1: Village Market

Improved Land



Study Area 1: Village Market

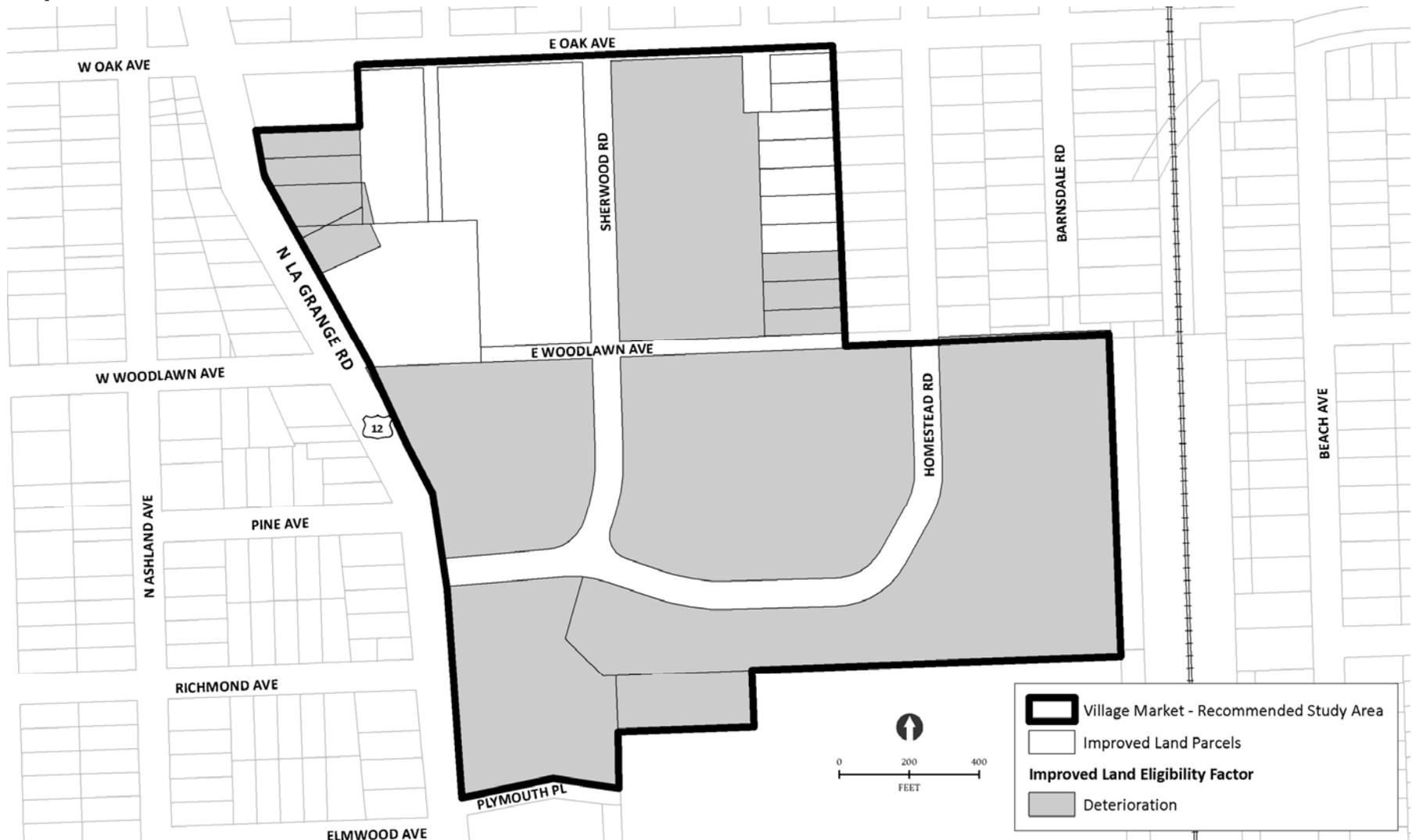
Initial TIF Eligibility Findings

- **Improved Land – Conservation Area:**
 - ▶ 96% of buildings are 35 years or older
 - ▶ Eligibility factors present to a meaningful extent and reasonably distributed
 - Deterioration
 - Lack of Growth in Equalized Assessed Value (EAV)
 - Inadequate Utilities
 - Presence of Structures Below Minimum Code

Study Area 1: Village Market

Improved Land Factor: Deterioration

- 16 of 26 (62%) of parcels have deterioration
- Deterioration of building structures, private improvements (parking lots), public infrastructure





Public deterioration:
Alligating in roadway,
potholes, cracked surface



Private deterioration:
Stair-stepping in brick,
broken downspouts;
crumbling foundation

Study Area 1: Village Market

Improved Land Factor: Lack of Growth in EAV

- EAV declined in 4 of 5 periods
- EAV increased less than the balance of the Village rate of change in 3 of 5 periods
- EAV increased less than CPI rate of change in 5 of 5 periods

	2009	2010	2011	2012	2013	2014
Improved EAV	\$21,040,697	\$18,802,172	\$16,610,469	\$15,805,847	\$14,742,843	\$14,773,979
Annual Change in EAV	n/a	-10.6%	-11.7%	-4.8%	-6.7%	0.2%
Decline in EAV	n/a	YES	YES	YES	YES	NO
Growth less than Village	n/a	YES	NO	NO	YES	YES
Growth Less than CPI	n/a	YES	YES	YES	YES	YES

Study Area 1: Village Market

Improved Land Factor: Inadequate Utilities

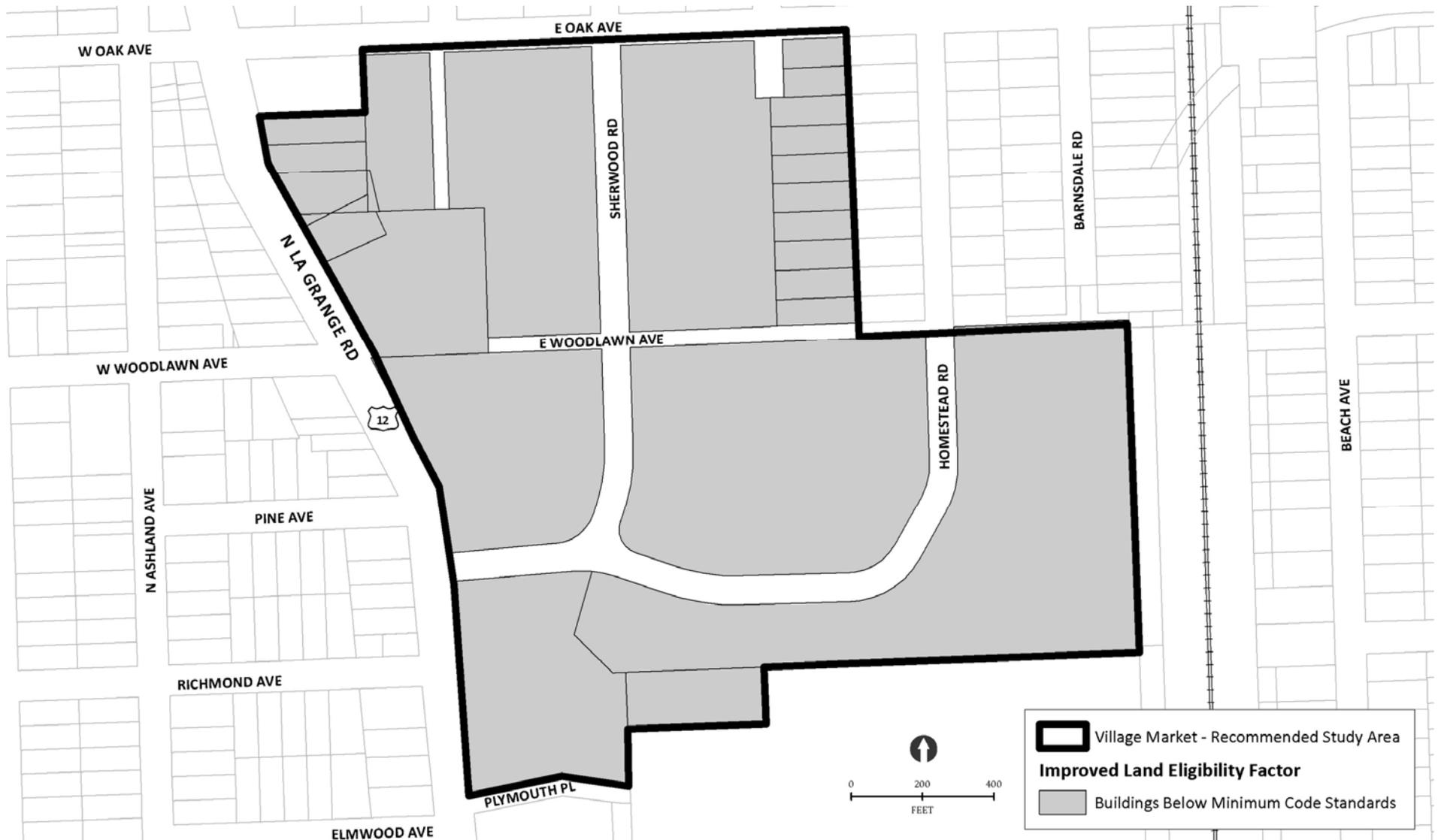
- Lack of stormwater management facilities
- Inadequate size of storm sewer main results in flooding
- 26 of 26 (100%) of improved parcels have inadequate utilities



Study Area 1: Village Market

Improved Land Factor: Structures Below Minimum Code

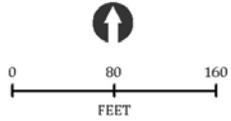
- 26 of 26 (100%) of improved parcels do not meet all building and development codes



Study Area 2: 31st Street West Improved Land

31st St (West) - La
Grange Road
Recommended
Study Area

Improved Land
Parcels



Study Area 2: 31st Street West

Initial TIF Eligibility Findings

- **Improved Land – Conservation Area:**
 - ▶ 67% of buildings are 35 years or older
 - ▶ Eligibility factors present to a meaningful extent and reasonably distributed
 - Inadequate Utilities
 - Lack of Growth in Equalized Assessed Value (EAV)
 - Decline in 4/5 periods
 - Less than balance of Village 3/5 periods
 - Less than CPI 5/5 periods
 - Presence of Structures Below Minimum Code
 - Deterioration

Study Area 3: 31st Street East – Maple Avenue

Improved Land

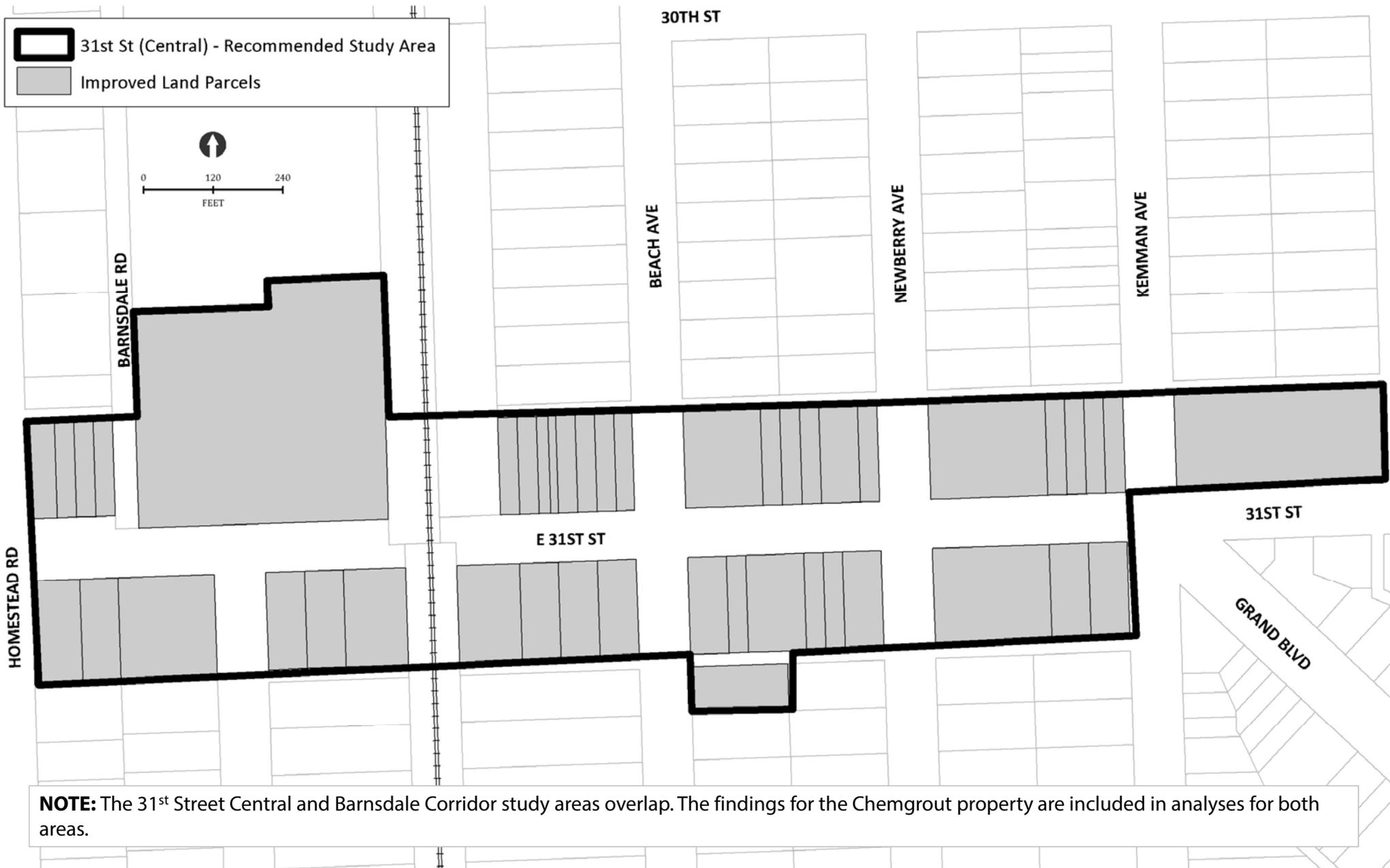


Study Area 3: 31st Street East – Maple Avenue

Initial TIF Eligibility Findings

- **Improved Land – Conservation Area:**
 - ▶ 100% of buildings are 35 years or older
 - ▶ Eligibility factors present to a meaningful extent and reasonably distributed
 - Inadequate Utilities
 - Lack of Growth in Equalized Assessed Value (EAV)
 - Decline in EAV in 4/5 periods
 - Less than CPI rate of change in 4/5 periods
 - Presence of Structures Below Minimum Code
 - Excessive Land Coverage
 - *Minor: Deterioration*

Study Area 4: 31st Street Central Improved Land



Study Area 4: 31st Street Central

Initial TIF Eligibility Findings

- **Improved Land – Conservation Area:**
 - ▶ 97% of buildings are 35 years or older
 - ▶ Eligibility factors present to a meaningful extent and reasonably distributed
 - Inadequate Utilities
 - Lack of Growth in Equalized Assessed Value (EAV)
 - Decline in 4/5 periods
 - Less than balance of Village in 3/5 periods
 - Less than CPI in 4/5 periods
 - Presence of Structures Below Minimum Code
 - Excessive Land Coverage
 - Deterioration

Study Area 5: Barnsdale Corridor

Improved Land and Vacant Land



Study Area 5: Barnsdale Corridor

Initial TIF Eligibility Findings

■ **Improved Land - Conservation Area:**

- ▶ 73% of buildings are 35 years or older
- ▶ Eligibility factors present to a meaningful extent and reasonably distributed
 - Deterioration
 - Inadequate Utilities
 - Lack of Growth in Equalized Assessed Value (EAV)
 - Decline in 5/5 periods
 - Less than balance of Village in 3/5 periods
 - Less than CPI in 5/5 periods
 - Presence of Structures Below Minimum Code

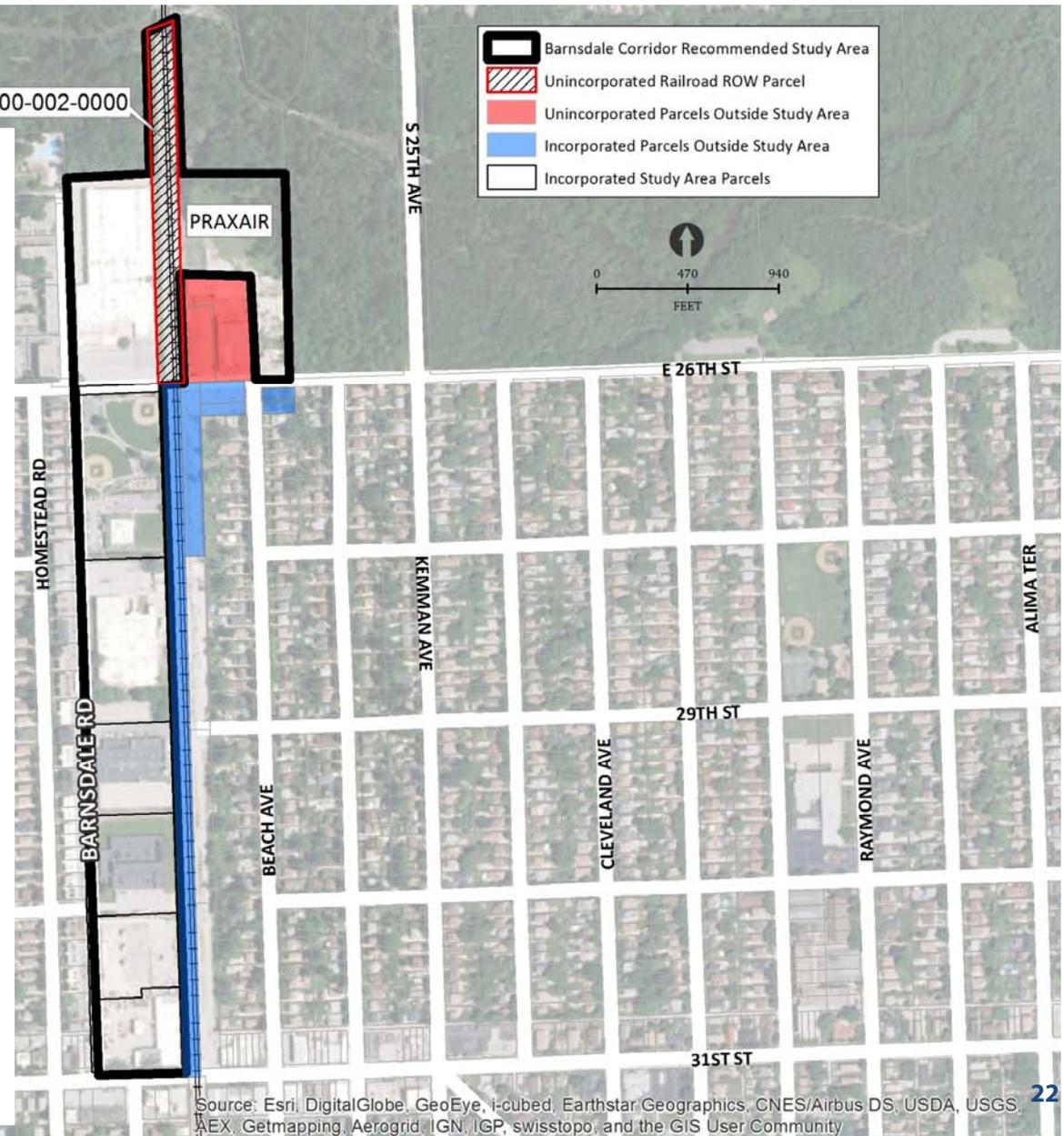
■ **Vacant Blighted Area - Two-Factor Approach:**

- ▶ Lack of Growth in Equalized Assessed Value (EAV)
- ▶ Obsolete Platting

Study Area 5: Barnsdale Corridor

Praxair Property Discontiguous

- Initial Study Area appears to be discontiguous
 - ▶ Railroad parcel 15-28-500-002-000 is unincorporated
 - ▶ Praxair property is therefore discontiguous
- Three potential options:
 - ▶ Annex railroad parcel
 - ▶ Standalone Praxair TIF district
 - ▶ Revise boundary to include property across incorporated railroad parcel
- Status of railroad parcel and County building needs to be evaluated in more detail



All Study Areas

Other Required Findings and Tests

- **Lack of Growth and Private Investment**
 - ▶ No redevelopment for area as a whole
 - ▶ Relatively minor reinvestments in existing properties based on permit data
 - ▶ EAV declined or was less than remainder of Village, indicating lack of growth and investment

- **“But For” Analysis**
 - ▶ Infill redevelopment is challenging, especially with diverse ownership and need to assemble multiple parcels
 - ▶ Public infrastructure investments are costly and necessary pre-conditions to bringing private development

Eligibility Summary

- All Study Areas appear to meet eligibility criteria for designation as “Conservation Areas”
- Praxair site
 - ▶ Eligible as vacant “Blighted Area”
 - ▶ Currently discontinuous from remainder of Barnsdale Corridor Study Area
- Potential to combine 31st Street Central and Barnsdale Corridor into one district

Market Considerations & Sites Susceptible to Change

Market Considerations

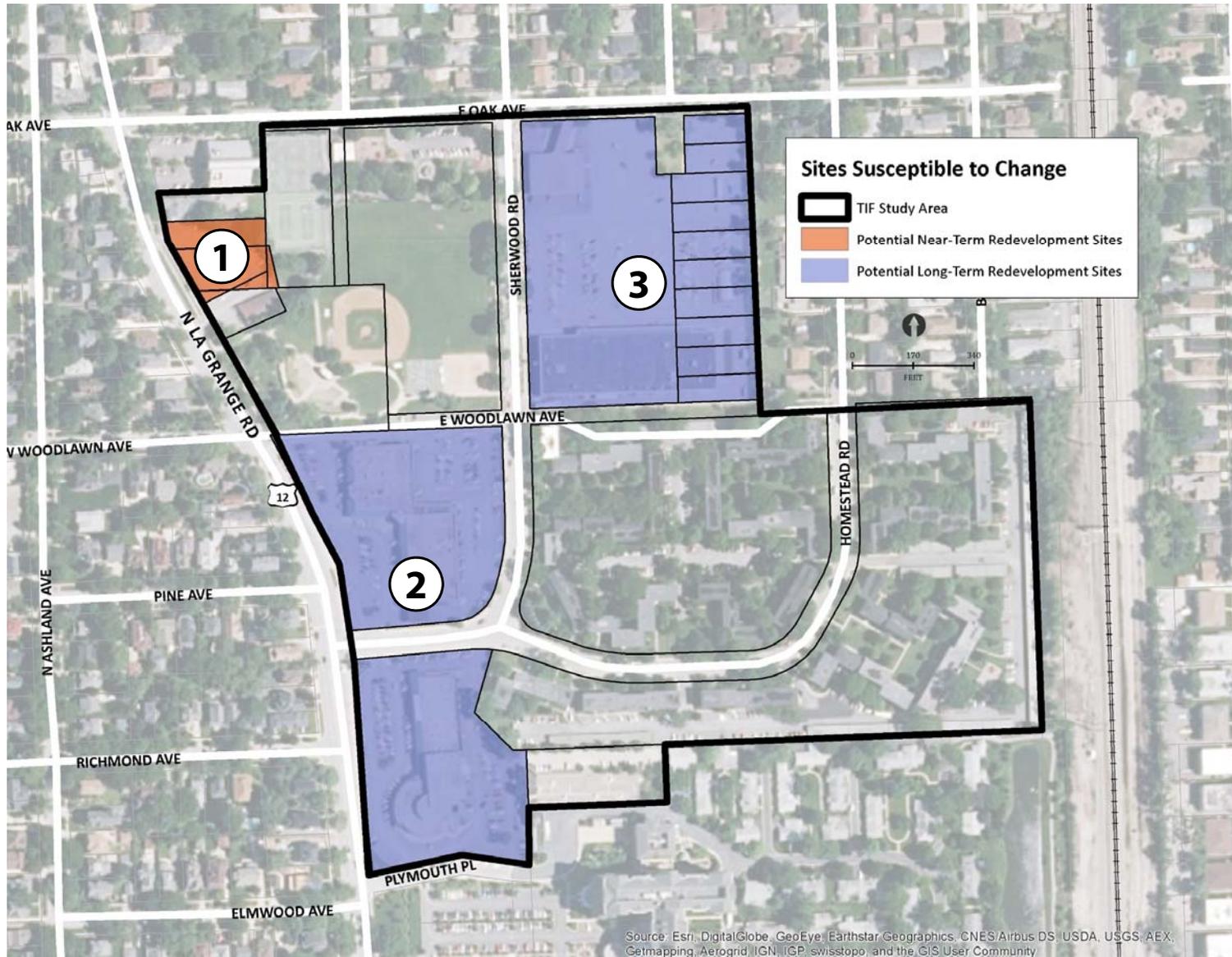
- High retail occupancy in La Grange Park, La Grange, Brookfield and Western Springs
- Substantial new development proposed/under construction nearby
 - ▶ Retail: 18,000 sf proposed in downtown La Grange
 - ▶ Residential:
 - 254 units of rental residential under construction just south of Village Market
 - 23 for-sale condominium units proposed in downtown La Grange
 - Potential Pathway Senior Living development in Gordon Park
 - ▶ Industrial: 400,000+ sf developed in Brookfield since 2010



Sites Susceptible to Change

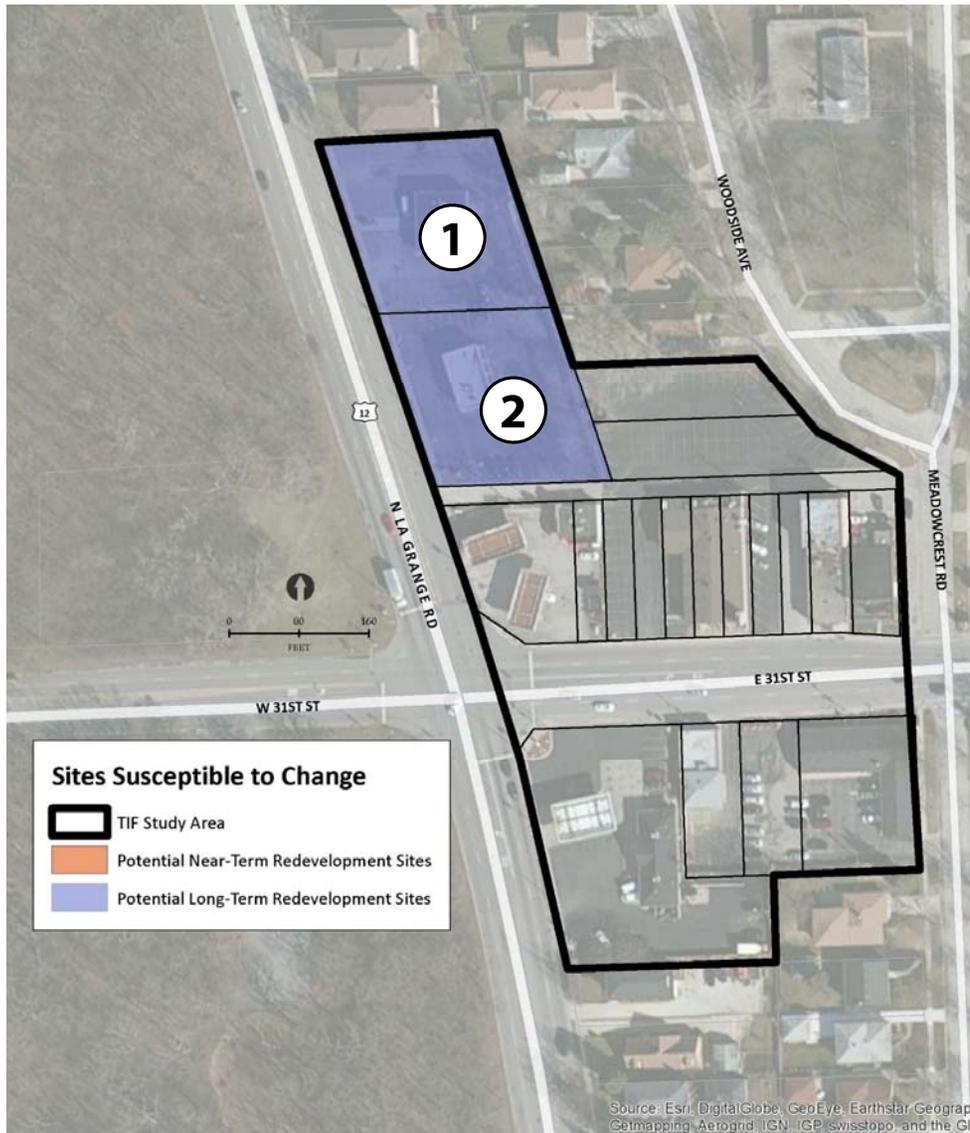
- Vacant sites
- Sites identified as underutilized by the Village
- Properties currently for sale
- Properties with low equalized assessed value per square foot, relative to adjoining or similar parcels
- Sites under common ownership that could be combined for redevelopment
- Sites where existing use does not match underlying zoning

Sites Susceptible to Change: Village Market



- 1. Former Pancake House Site (0.7 ac.)**
Currently vacant retail site
- 2. 333-439 N. La Grange Road (6.6 ac.)**
Two existing commercial buildings; First floor well-occupied, some vacancy on lower level
- 3. 438 Sherwood Road (6.4 acres)**
46,000 sf existing Jewel Osco store; Low floor to area ratio; May be potential for outlot development

Sites Susceptible to Change: 31st Street West and East



31st Street West:

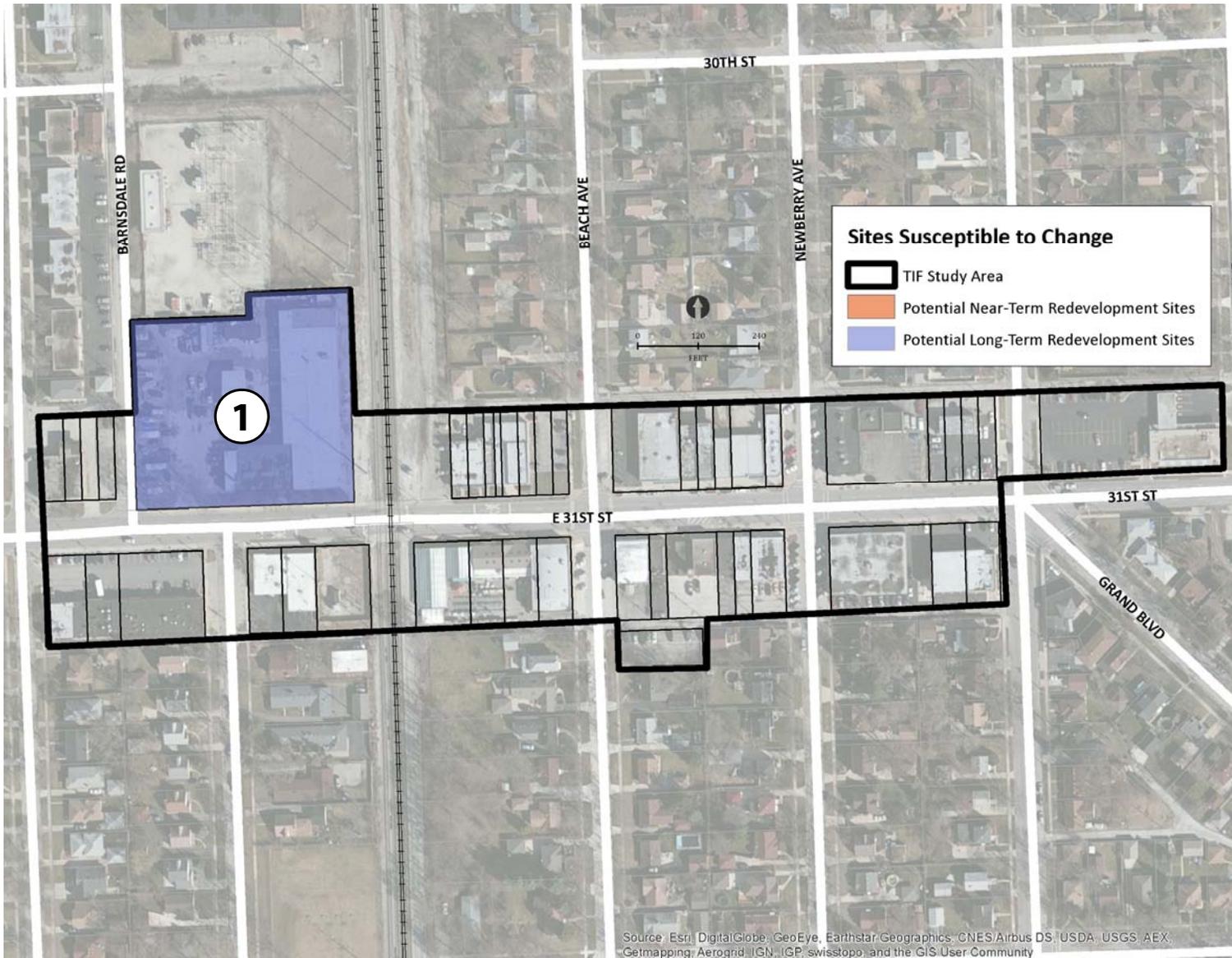
- 1119 N. La Grange Road (0.5 ac.)**
Existing business (Jiffy Lube); Low floor to area ratio
- 1123 N. La Grange Road (0.5 ac.)**
Existing business (Superior Cleaners); Low floor to area ratio

31st Street East:

No sites

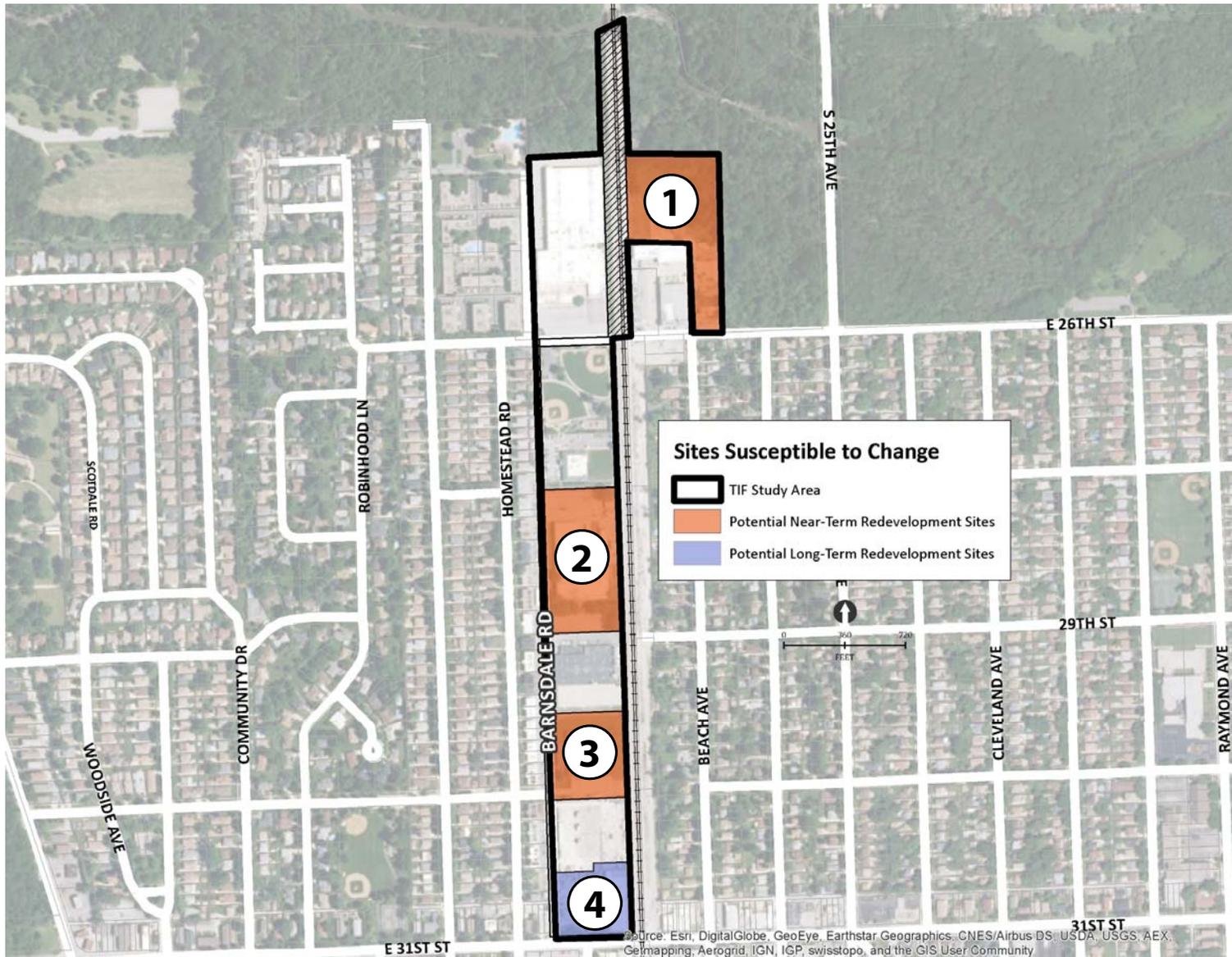


Sites Susceptible to Change: 31st Street Central



- 1. 805 E. 31st Street (2.2 ac.)**
Existing business (Chemgrout Inc.); Underlying zoning does not match existing use

Sites Susceptible to Change: Barnsdale Corridor



- 1. 1105 26th Street (5.1 ac.)**
Former Praxair site;
Currently vacant
- 2. 1421 Barnsdale Road (4.7 ac.)**
74,000 sf building;
Underutilized building, per Village
- 3. 1201 Barnsdale Road (2.8 ac.)**
44,000 sf building;
Currently for sale
- 4. 805 E. 31st Street (2.2 ac.)**
Existing business (Chemgrout Inc.);
Underlying zoning does not match existing use

Preliminary TIF & Business District Revenue Projections

Preliminary TIF Revenue Projections

STUDY AREA	INCREMENTAL REVENUE IN 1 st COLLECTION YEAR (2018)	TOTAL UNDISCOUNTED INCREMENTAL REVENUE OVER 23 YEARS
Village Market	\$87,000	\$10,000,000
<i>Village Market with Hypothetical Redevelopment Project ^[1]</i>	<i>\$158,000</i> ^[2]	<i>\$11,930,000</i>
31st Street West	\$14,000	\$1,650,000
31st Street East	\$10,000	\$1,140,000
31st Street Central	\$41,000	\$4,720,000
Barnsdale Corridor (without Praxair)	\$29,000	\$3,300,000
Praxair/Vacant Parcel	\$2,000	\$173,000

[1] Assumes development of new 4,000 square foot restaurant in 2017.

[2] Incremental revenue in 2nd collection year (2019); new value recognized in 2018 and increment collected in 2019.

Source: SB Friedman, CoStar,
Cook County Assessor's Office

GENERAL ASSUMPTIONS:

TIF is established in 2016 and expires in 2039.

Final tax collection occurs in 2040.

2% annual property value growth, applied triennially.

2014 EAV is frozen base EAV.

2014 total tax rate held constant through analysis period.

3% of total incremental tax revenues are uncollected.

Preliminary Business District Revenue Projections

STUDY AREA [1]	SALES TAX REVENUE IN 1 st COLLECTION YEAR (2017)		TOTAL UNDISCOUNTED SALES TAX REVENUE OVER 23 YEARS	
	0.50%	1.00%	0.50%	1.00%
Village Market	\$31,000	\$62,000	\$790,000	\$1,590,000
<i>Village Market with Hypothetical Redevelopment Project</i> [2]	\$36,000 [3]	\$72,000 [3]	\$920,000	\$1,850,000
31st St West	\$24,000	\$47,000	\$600,000	\$1,210,000
31st St East	\$11,000	\$22,000	\$280,000	\$570,000
31st St Central	\$32,000	\$65,000	\$840,000	\$1,670,000
Barnsdale Corridor (without Praxair)	\$4,000	\$7,000	\$90,000	\$180,000
Praxair/Vacant Parcel	\$0	\$0	\$0	\$0

[1] TIF Study Area boundaries. Eligibility of potential Business District was not assessed.

Source: Village of La Grange Park, *SB Friedman*

[2] Assumes development of new 4,000 square foot restaurant in 2017.

[3] Incremental revenue in 2nd collection year (2018); Assumes redevelopment occurs in 2017, with new sales tax revenue available in 2018.

ASSUMPTIONS:

Business District established in 2016 and will expire in 2039.

31st Street Study Areas and Barnsdale Corridor revenue based on 2015 annual sales, as provided by the Village.

Village Market sales based on benchmark sales per square foot for goods subject to Illinois Business District sales taxes.

Source: Urban Land Institute, National Restaurant Association, 2014 SEC filings, *SB Friedman*.

Sales projections based on annual growth of 1.0% from 2015 estimated sales, assuming same proportion of sales subject to Business District Taxes occurs.

Recommendations & Next Steps

Summary of Analysis

	VILLAGE MARKET	31 ST STREET WEST – LA GRANGE ROAD	31 ST STREET EAST- MAPLE AVENUE	31 ST STREET CENTRAL	BARNSDALE CORRIDOR
Anticipated TIF Eligibility	YES	YES	YES	YES	YES
Estimated TIF Revenue Generation	Yr 1: \$87,000 Total: \$10.0M	Yr 1: \$14,000 Total: \$1.7M	Yr 1: \$10,000 Total: \$1.1M	Yr 1: \$41,000 Total: \$4.7M	Yr 1: \$30,000 Total: \$3.4M
Estimated BD Revenue Generation	Yr 1: \$15-62K Total: \$400K - 1.6M	Yr 1: \$12-47K Total: \$300K - \$1.2M	Yr 1: \$6-22K Total: \$140-570K	Yr 1: \$16-65K Total: \$420K - 1.7M	Yr 1: \$2-7K Total: \$50-180K
Site & Market Considerations	<ul style="list-style-type: none"> • One potential near-term redevelopment site • Several long-term redevelopment sites • Potential to build upon retail and residential redevelopment activity in La Grange 	<ul style="list-style-type: none"> • Two potential long-term redevelopment sites 	<ul style="list-style-type: none"> • Limited redevelopment potential due to site constraints 	<ul style="list-style-type: none"> • One potential long-term redevelopment site • Potential to combine with Barnsdale Corridor 	<ul style="list-style-type: none"> • Priority redevelopment site (former Praxair) • Several potential near- and long-term redevelopment sites • New industrial development occurring nearby • Potential to combine with 31st Street Central

Recommendations

- Consider TIF and/or Business District designation in near term
 - ▶ Village Market Study Area
 - ▶ Combined 31st Street Central & Barnsdale Corridor Study Areas
 - ▶ Praxair could be standalone TIF district or added to Barnsdale Corridor
 - ▶ Business District revenue can supplement TIF
- Consider preparing a redevelopment strategy for Village Market or Barnsdale Corridor Study Areas
- Consider TIF designation in other areas when Village/property owner has redevelopment plan

Potential Next Steps

- TIF District designation (4 to 6 months):
 - ▶ Convert eligibility analysis into Redevelopment Project Area (RPA) Plan and Project document
 - ▶ Undertake required public noticing and mailings
 - ▶ Conduct public approval process
- Business District designation (3 to 6 months):
 - ▶ Conduct eligibility analysis
 - ▶ Prepare Redevelopment Plan and Project document
 - ▶ Conduct public approval process and noticing
- Prepare redevelopment strategy

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