

**City of Elmhurst
Proposed Downtown TIF District**



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Overview

- I. Background of Proposed TIF District/Plan for Area
- II. Factors Qualifying Area as a TIF District
- III. Key Elements of TIF Plan
- IV. Next Steps



I. Background

Downtown TIF District

- Primary focus -Mixed use market oriented product
- Currently institutional, retail/commercial, and residential use
- Part of the community vision related to a vibrant central area
- Redevelopment opportunities for underutilized properties and changes in market trends

TIF Plan

- Area identifies as key focus area
- Subject of potential redevelopment in near future

I. Background

Why Now?

City faces many challenges:

- Presence of older buildings and smaller sites
- Mixed use alternatives require larger footprints and competitive economics to be implemented

Challenges in real estate alternatives

- Improve area appearance and the City's ability to compete with other municipalities
- Address older public improvements as well as circulation/parking requirements

I. Background

The TIF Plan complies with key legal provisions of the TIF Act, including but not limited to:

TIF Plan conforms to the City's Comprehensive Plan

Area consists of contiguous parcels – exceeds 1 ½ acres

“But-for” requirement is met - Redevelopment is feasible only with the utilization of tax increment financing, as documented in the TIF Qualification Report

I. Background



01

**Specific TIF Objectives,
Strategies & Measures**



02

**General Economic
Development Goals**



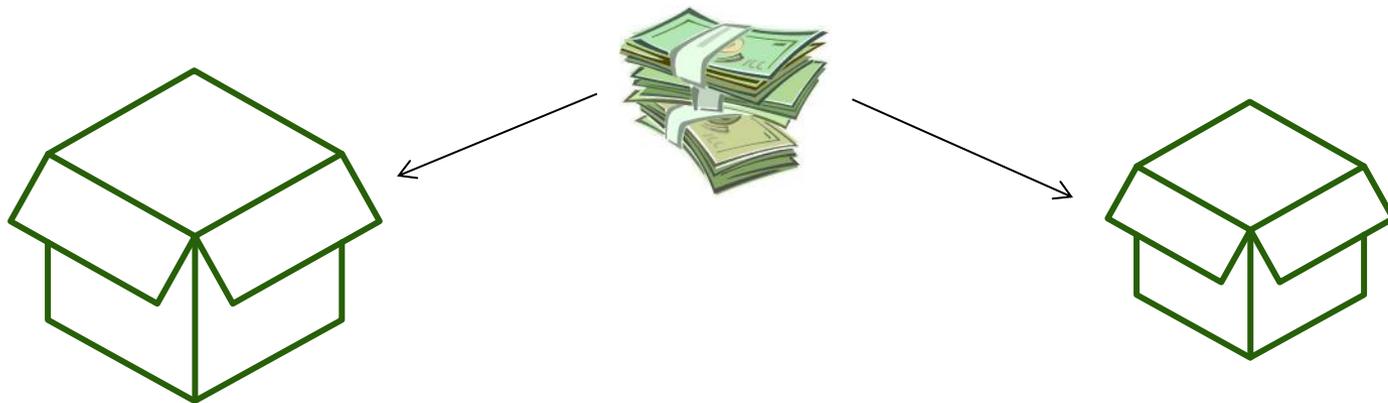
03

Comprehensive Land Use

I. Background

Review of TIF Financing

TIF involves splitting property tax revenue generated from properties within the TIF District into two components:



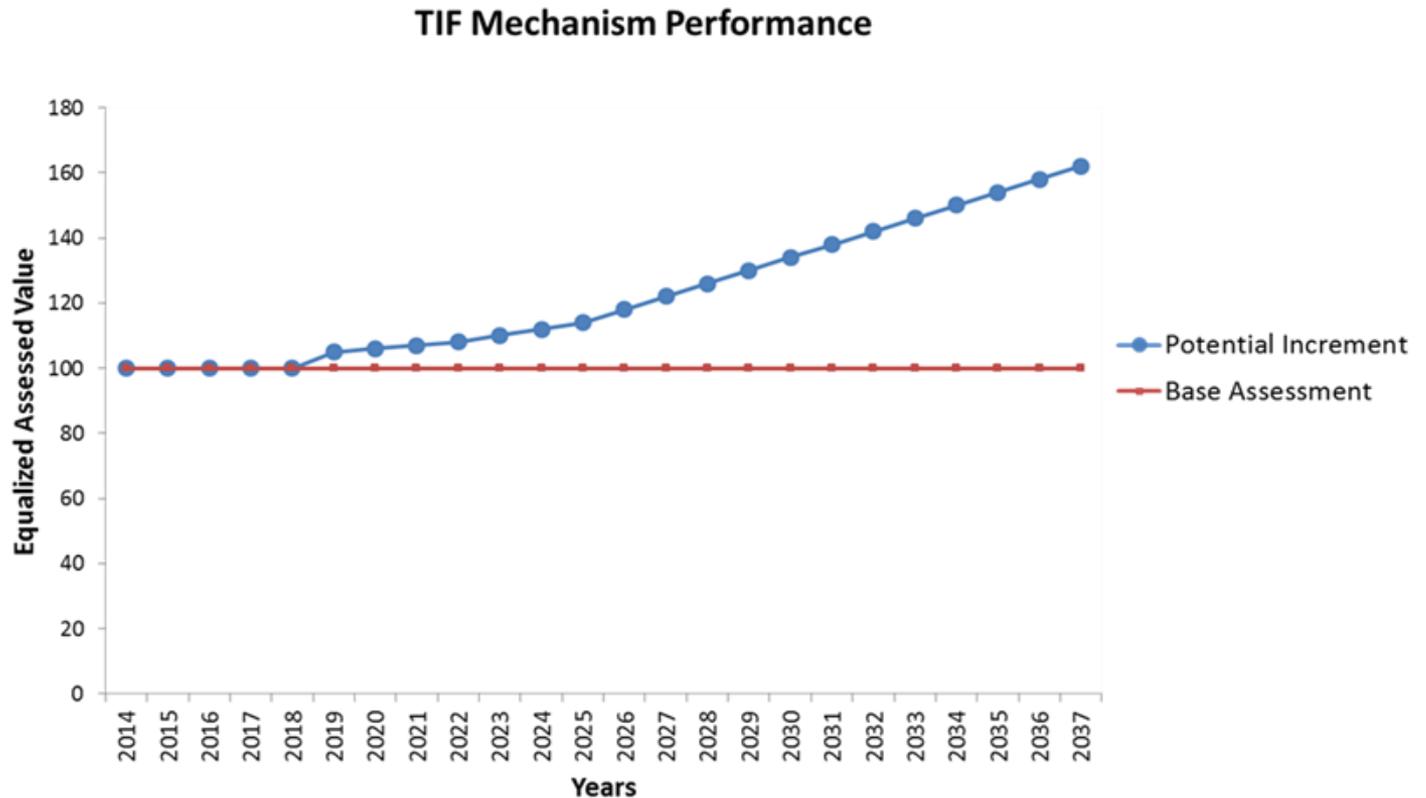
Base Revenues – For All Local
Governments

Incremental Revenues – For All
Redevelopment within TIF

I. Background

Review of TIF Financing

Ideally, a successful TIF produces positive incremental revenue over time.

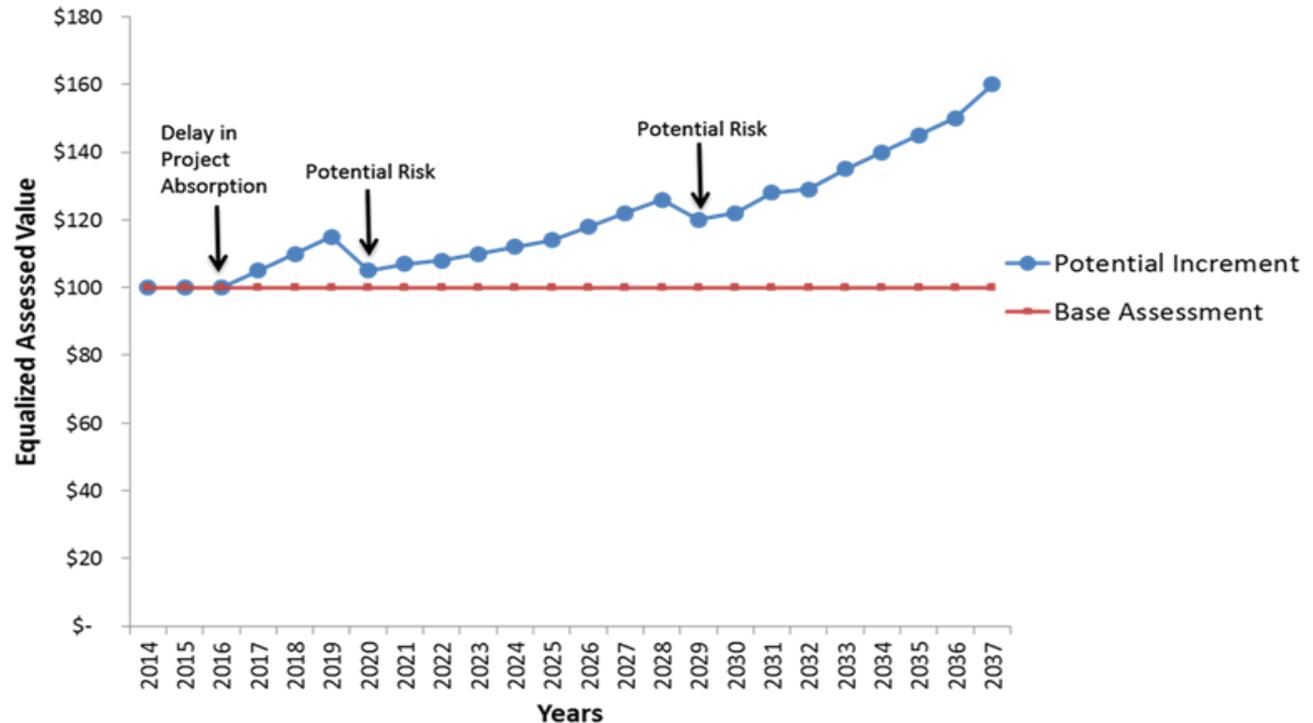


I. Background

Review of TIF Financing

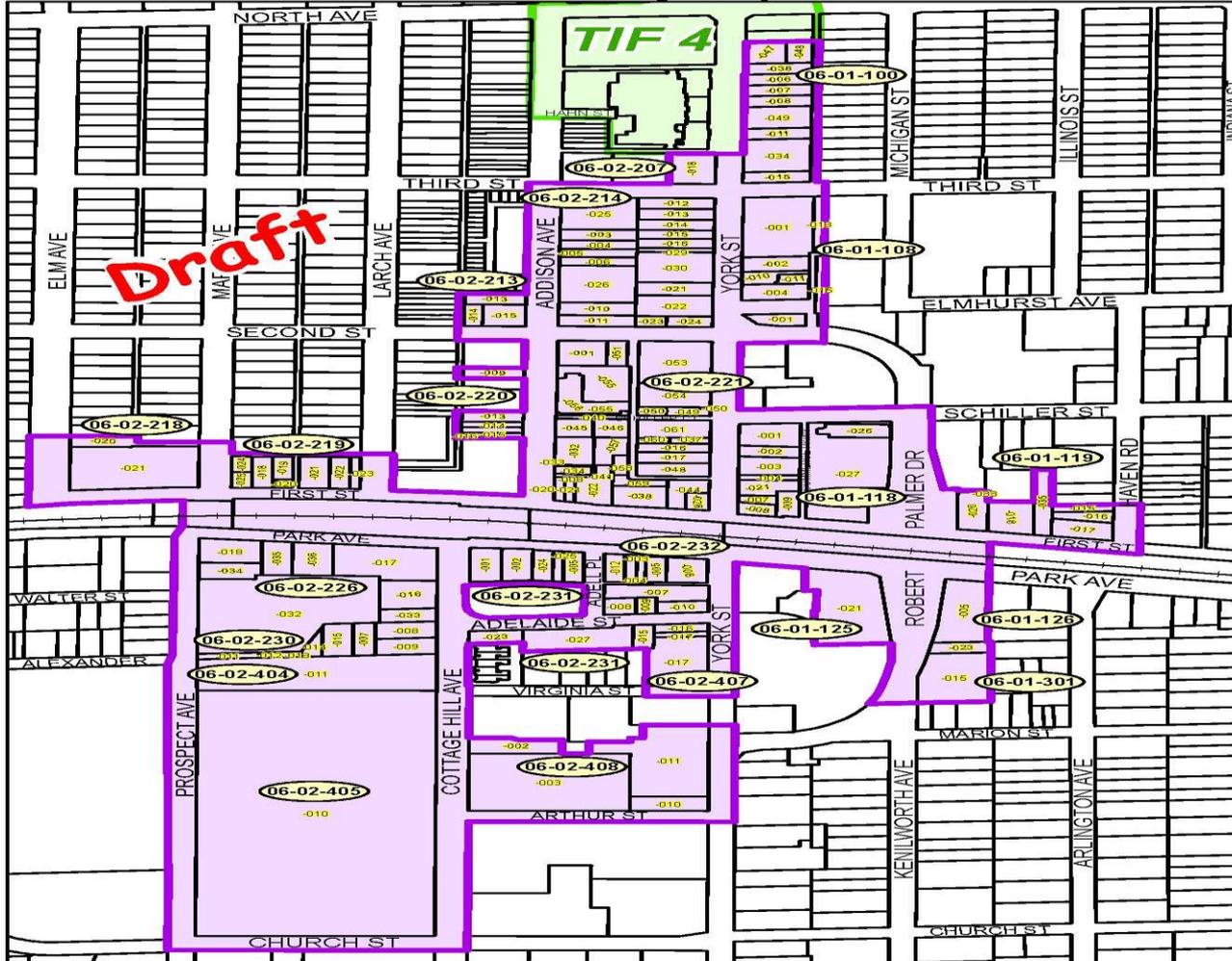
In practice, a successful TIF faces certain challenges generating positive increment

Potential TIF Performance Adjusted for Project-Related Risks



I. Background

Downtown TIF District Boundary Map



II. Qualification Factors

The proposed TIF District is found to qualify under the following criteria:

as a “conservation area,” based upon the findings that 85% of buildings are 35 years old or greater (50% is the threshold)

Additionally:

Five (5) eligibility factors have been identified

District is a contiguous area greater than 1½ acres

Potential for redevelopment and improvement to tax base

II. Qualification Factors

- 1) Dilapidation
- 2) **Obsolescence**
- 3) **Deterioration**
- 4) Presence of Structures Below Code
- 5) Illegal Uses
- 6) Excessive Vacancies
- 7) Lack of Ventilation and Sanitary Facilities
- 8) **Inadequate Utilities**
- 9) Excessive Land Coverage
- 10) **Deleterious Layout**
- 11) Environmental Clean-up
- 12) Lack of Community Planning
- 13) **Lagging/Declining EAV**

II. Qualification Factors

Obsolescence

Functional or economic obsolescence is exhibited in part by the age of building inventory – 40% of the buildings are between 80 years and over 100 years old, while over 70% of the total are over 50 years old.

Challenges due to the initial design layout (multi story) of older structures – including outdated electrical, HVAC, and communications/wiring systems – lead to the potential for increased costs. Depth of buildings, outdated construction, and aesthetic treatments also contribute to cost differentials. If market rents are lower than the amortization of needed build out – the potential exists for deferred maintenance or delayed improvement to building inventory.

II. Qualification Factors

Obsolescence (continued)

The area's competitiveness also suffers if the availability of functional space is limited. Requirements for newer space or more expensive build out often require larger footprints or consolidation of sites – adding more cost to the redevelopment budget. Outside competition (such as Oak Brook) also has impacts on Downtown location decisions including national or regional uses (e.g., a “halo effect” resulting from trade area radius requirements).

The ability to stay competitive in relation to circulation patterns and parking availability contributes to the overall obsolescence finding

II. Qualification Factors

Deterioration

Approximately forty percent (40%) of the parcels displayed signs of deteriorated conditions including, but not limited to, damaged fascias, doors, windows, and entryways, rotting frames, and missing mortar or sealing which require repairs, upgrades and replacement. Many of the observations include the rear portion of structures as well as side walls and loading areas. In addition, surface cracking of pavement areas, potholes and depressions in roadway, driveways, and parking areas.

II. Qualification Factors

Inadequate Utilities

Water and sanitary systems are impacted by changes in Downtown uses. Mixed use developments (with additional density), restaurant, and entertainment uses place additional demands on existing systems. Many service sections are obsolete and will require replacement in future years. The need for replacement is potentially accelerated by future redevelopment activities or uses.

Storm sewer and detention improvements are generally over 40 years old and sections evidencing obsolescence are present. Since much of the existing development was constructed prior to newer County or City stormwater detention requirements, on site detention will need to be reviewed and provided for as part of future redevelopment planning

II. Qualification Factors

Inadequate Utilities (continued)

Overhead utilities and relocation continue to pose additional cost requirements for redevelopment efforts. Potential line clearance and underground relocation are required in order to address buildable area and larger footprint requirements for new redevelopment (which could be restricted if lines were not relocated).

The City must continue to monitor and evaluate other public improvements in the TIF; including refurbishment/replacement of parking structures (including the need for expansion), pedestrian improvements, (sidewalks and cross walks), and underpass/bridge improvements. Bridges over Robert Palmer Drive and (north and south of the railroad right of way) may also require replacement.

II. Qualification Factors

Deleterious Layout

Overall, there are certain issues pertaining to access based on land uses and piecemeal development patterns. Many of the businesses along York and Addison Street have little space for access and limited parking. A majority of the businesses have shallow parcel depths that do not afford much room for loading, unloading, or parking, in comparison to modern uses.

Merchants and service providers operating in many of the structures are reliant on restricted on-street parking, or off-street municipal facilities to serve the needs of patrons, but this reliance needs to be integrated with a coordinated pedestrian circulation design.

II. Qualification Factors

Deleterious Layout (continued)

Another determinant in the deleterious land use and layout relates to the following incompatible traffic and circulation patterns including both current and adjacent land uses:

Ability to manage traffic flow and volumes along York Street and ancillary streets.

The bisection of the Downtown area by the railroad right of way. This creates additional challenges for Downtown patrons for connectivity.

Improvements to parking related signage and circulation.
Integration of parking and circulation with adjacent residential or transitional uses.

The lack of buffering or transitional uses between commercial/institutional uses and lower intensity residential uses.

II. Qualification Factors

Lagging or Declining EAV

	2016 EAV	2015 EAV	2014 EAV	2013 EAV	2012 EAV
Total EAV for TIF District	\$25,871,590	\$23,665,148	\$22,423,203	\$23,454,970	\$25,454,274
EAV Change (%)	9.32%	6.54%	-4.40%	-7.85%	-10.99%
City-wide EAV (Excluding TIF)	\$2,182,301,544	\$2,010,443,299	\$1,791,876,120	\$1,791,315,768	\$1,903,550,078
City EAV Change (%)	8.55%	12.19%	0.03%	-5.90%	-10.42%
CPI	1.30%	0.10%	1.60%	1.50%	2.1%

III. Key Elements of TIF Plan

Base EAV: \$25,871,590 (Assumes 2016 EAV)

Projected EAV: Upon completion of redevelopment activities, approximately \$75,000,000 to \$95,000,000

Proposed TIF Budget: \$90,700,000 (see next slide)

Proposed Land Uses: Mixed uses, including retail/commercial and residential as well as public and institutional uses.

Key “but for” finding: Redevelopment will not go forward without the TIF assistance

III. Key Elements of TIF Plan

<u>Program Actions/Improvements</u>	<u>Estimated Costs</u>
Land Acquisition, Assembly Costs and Relocation Costs	\$15,000,000
Demolition, Site Preparation, Environmental Cleanup and Related Costs	\$10,000,000
Utility Improvements including, but not limited to water system, storm/flood control system, sanitary sewers and road and rights-of-way improvements	\$20,000,000
Public facilities and (including approved capital costs for City and parking improvements)	25,000,000
Rehabilitation Costs	\$5,000,000
Interest Costs Pursuant to the Act	\$2,200,000
Planning, Legal, Engineering, Administrative and Other Professional Service Costs	\$10,250,000
Job Training	\$500,000
School District Tuition Costs Pursuant to the Act	\$2,750,000
TOTAL ESTIMATED TIF BUDGET	\$90,700,000

III. Key Elements of TIF Plan

Budget Guidelines

Overall budget cannot be exceeded

Line-items in budget are flexible

Covers 23 years; difficult to estimate with precision

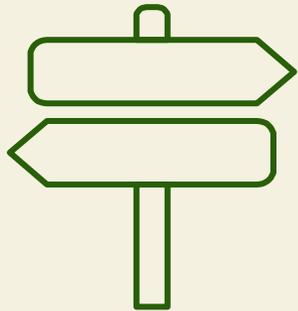
Budget expenditures subject to:

City approvals

Determination of appropriateness of costs

Special TIF audit and review

IV. Next Steps



TIF ordinances may be introduced 14 to 90 days after the Public Hearing, scheduled March 5, 2018.

- Subject to additional review/approval by City Council.