

NOTICE OF SPECIAL MEETING OF THE ECONOMIC DEVELOPMENT AND MARKETING COMMITTEE

A Special Meeting of the Public Safety Committee is scheduled for
Tuesday, January 9, 2018, beginning at 6:30 p.m. in the

Council Chambers
Village Hall of Tinley Park
16250 South Oak Park Avenue
Tinley Park, Illinois

A copy of the agenda for this meeting is attached hereto.

Kristin A. Thirion
Clerk
Village of Tinley Park

**NOTICE OF SPECIAL MEETING OF THE
ECONOMIC DEVELOPMENT AND MARKETING COMMITTEE**

Notice is hereby given that a special meeting of the Economic Development and Marketing Committee of the Village of Tinley Park, Cook and Will Counties, Illinois, will begin at 6:30 p.m. on Tuesday, January 9, 2018, in the Council Chambers at the Village Hall of Tinley Park, 16250 S. Oak Park Avenue, Tinley Park, Illinois.

The agenda is as follows:

1. OPEN THE MEETING.
2. CONSIDER THE APPROVAL OF THE MINUTES OF THE SPECIAL ECONOMIC DEVELOPMENT AND MARKETING COMMITTEE MEETING HELD ON NOVEMBER 28, 2017.
3. DISCUSS COOK COUNTY CLASS 7 INCENTIVE.
4. RECEIVE COMMENTS FROM THE PUBLIC.

ADJOURNMENT

KRISTIN A. THIRION
VILLAGE CLERK

MINUTES
Special Meeting of the Economic Development and Marketing Committee
November 28, 2017 - 6:45 p.m.
Village Hall of Tinley Park – Council Chambers
16250 S. Oak Park Avenue
Tinley Park, IL 60477

Members Present: C. Berg, Chairman
M. Mangin, Village Trustee
M. Pannitto, Village Trustee

Members Absent: None

Other Board Members Present: K. Thirion, Village Clerk
M. Glotz, Village Trustee

Staff Present: D. Niemeyer, Village Manager
P. Carr, Assistant Village Manager
S. Neubauer, Police Chief
P. Hoban, Economic Development Manager
D. Framke, Marketing Director
R. Gibson, Senior Accountant
P. Connelly, Village Attorney
L. Valley, Executive Assistant
L. Godette, Deputy Village Clerk
L. Carollo, Committee/Commission Secretary

Item #1 - The Special Meeting of the Economic Development and Marketing Committee Meeting was called to order at 7:25 p.m.

Item #2 – CONSIDER APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF THE ECONOMIC DEVELOPMENT AND MARKETING COMMITTEE MEETING HELD ON OCTOBER 24, 2017 – Motion was made by Trustee Pannitto, seconded by Trustee Mangin, to approve the minutes of the Special Meeting of the Economic Development and Marketing Committee Meeting held on October 24, 2017. Vote by voice call. Chairman Berg declared the motion carried.

Item #3 – DISCUSS ORDINANCE ESTABLISHING THE MARKETING AND BRANDING COMMISSION OF THE VILLAGE OF TINLEY PARK - Chairman Berg stated she has concerns creating another commission when there are already fifteen (15) currently in place. Chairman Berg also states she will have a discussion with Mayor Vandenberg in order to combine Economic Development and Main Street as she feels they are redundant. Trustee Pannitto stated there is a lot of work to be done in Marketing. Trustee Mangin stated a lot of positives have come out of Marketing such as the Village's upcoming new website, which is a great asset to the community and there is value for Marketing as a stand-alone committee for feedback from many people. It was clarified that Marketing will remain as is, Branding currently is a subcommittee, and the issue is whether Main Street Commission and Economic Commercial Commission (ECC) may be combined. Chairman Berg stated a concern that the Marketing and Branding Commission would only be a transitional committee until projects are completed, however, it was further discussed marketing and branding within the community will be long-term and ongoing within the Village. It was also discussed Branding would no longer be a subcommittee if the Marketing and Branding Commission was established.

Motion was made by Trustee Pannitto, seconded by Trustee Mangin, to recommend the establishment of the Marketing and Branding Commission for approval by the Board. Vote by voice. Chairman Berg declared the motion carried.

Item #4 – DISCUSS APPOINTMENTS - BRANDING/MARKETING COMMISSION MEMBERS AND THE MAIN STREET COMMISSION MEMBERS - After discussion, the consensus of the Committee was to defer the Main Street Commission member appointments until further discussions.

Motion was made by Trustee Mangin, seconded by Trustee Pannitto, to recommend appointments of members of the Branding/Marketing Commission for approval by the Board. Vote by voice. Chairman Berg declared the motion carried.

Item #5 – DISCUSS STAFFING STUDY/MARKETING PORTION - As per the Staffing Study, which was performed over a year ago, one of the recommendations was to have a full-time Marketing Director. Dave Niemeyer, Village Manager stated the Marketing Department is comprised of part-time employees, including the Marketing Director and responsibilities have increased over the last few years. In addition, the Marketing Department is leading the Village's branding effort, which has also increased responsibilities for the Marketing Director. Mr. Niemeyer recommends the Marketing Director be made a full-time position effective May 1, 2018, next budget year. Donna Framke, the Marketing Director's new salary will be included in the new budget.

Motion was made by Trustee Mangin, seconded by Trustee Pannitto, to recommend the Marketing Director position be made a full-time position for Village Board approval. Vote by voice. Chairman Berg declared the motion carried.

Item #6 – DISCUSS APPROVAL OF THE OAK PARK PLAYBOOK GRANT PROGRAMS - Pat Hoban, Economic Development Manager stated as per previous discussions regarding the Oak Park Playbook Grant Program staff recommends a cap of the amount of grants per business per year of \$70,000. If a business requires more than \$70,000, the Village Board may approve an individual development agreement with the business. After discussion, the consensus of the Committee was to consider approval of the Oak Park Playbook Grant Program with funds available in each of the programs and then consider the overall program costs and other details in ongoing future discussions.

Motion was made by Trustee Pannitto, seconded by Trustee Mangin, to recommend the preliminary concept of the Oak Park Playbook Grant Program for Village Board approval. Vote by voice. Chairman Berg declared the motion carried.

Item #7 – RECEIVE COMMENTS FROM THE PUBLIC - Mike Stuckly asked for clarification on how funds will be distributed for the Oak Park Playbook Grant Program. Diane Galante stated her support for incentives given to businesses, however, stated concerns regarding transparency and would like to see the amount of funds being allocated to the businesses benefiting from these programs. Ms. Galante also stated at least a 3-year requirement be set up to ensure businesses benefiting from the incentive programs remain in Tinley Park. Nancy O'Connor suggested setting up a commission of residents who do not own businesses on Oak Park Avenue to make fair and impartial recommendations regarding the Oak Park Playbook Grant Program.

ADJOURNMENT

Motion was made by Trustee Mangin, seconded by Trustee Pannitto, to adjourn this meeting of the Special Meeting of the Economic Development and Marketing Committee. Vote by voice call. Chairman Berg declared the motion carried and adjourned the meeting at 7:48 p.m.

DRAFT



Interoffice Memo

To: Economic Development and Marketing Committee

From: Patrick Hoban, Economic Development Manager

Date: January 9, 2018

Subject: Class 7 Designation Areas

The Class 7a & 7b incentives of the Cook County Real Property Assessment Classification Ordinance are intended to encourage investment in areas determined to be “in need of commercial development”. The Class 7a incentive is for investment projects under \$2,000,000 and the Class 7b is for investment projects over \$2,000,000.

Projects which qualify for the Class 7a or 7b incentive will receive a reduced assessment level of ten percent (10%) of fair market value for the first ten years, fifteen percent (15%) for the eleventh year and twenty percent (20%) for the twelfth year. Without this incentive, commercial property would normally be assessed at twenty-five percent (25%) of its market value.

To qualify a site must meet five (5) eligibility factors:

1. Designation of Area by federal, state or local agency.
2. Real Estate Tax Analysis shows decline, stagnation or not fully realized in past 6 years.
3. Viability and Timeliness shows project is viable and likely to be completed.
4. Assistance and Necessity shows project would not go forward without incentive.
5. Increased Tax Revenue and Employment shows in an increase in real property tax revenue and employment.

Staff is requesting permission to discuss which areas to designate with the Economic Commercial Commission. Staff would then make recommendations for approval to the Economic Development and Marketing Committee followed by a designation resolution for Board approval.

Below is the proposed tentative timetable to designate commercial renewal areas for Class 7a & 7b special assessments.

Jan 9, 2018 – Economic Development and Marketing Committee approval to pursue.

Jan 15, 2018 – Economic Commercial Commission recommendations for designated areas.

Feb 6, 2018 – Economic Development and Marketing Committee approval of designated areas.

Feb 13, 2018 – Village Board approval of designated areas.

Attached are Cook County’s Class 7 special assessment requirement eligibility bulletins.



CLASS 7A ELIGIBILITY BULLETIN

The Class 7a Incentive and Its Benefits

The Class 7a incentive of the Cook County Real Property Assessment Classification Ordinance ("Ordinance") is intended to encourage, in areas determined to be "in need of commercial development", commercial projects with total development costs, exclusive of land, that do not exceed \$2 million and would not be economically feasible without the incentive. The twelve-year incentive applies to all newly constructed buildings or other structures, including the land upon which they are situated; the reutilization of vacant structures abandoned for at least twenty-four (24) months, (unless otherwise stipulated for a shorter period of time by the municipality in which the real estate is located, with approval from the County Board, or stipulated by the County Board, if located in an unincorporated area) including the land upon which they are situated; or all buildings and other structures which are substantially rehabilitated to the extent such rehabilitation has added to their value, including qualified land related to the rehabilitation.

Projects which qualify for the Class 7a incentive will receive a reduced assessment level of ten percent (10%) of fair market value for the first ten years, fifteen percent (15%) for the eleventh year and twenty percent (20%) for the twelfth year. Without this incentive, commercial property would normally be assessed at twenty-five percent (25%) of its market value.

The Class 7a incentive is available to "real estate used primarily for commercial purposes", which is defined in the Ordinance as:

"Any real estate used primarily for buying and selling of goods and services, or for otherwise providing goods and services, including any real estate used for hotel and motel purposes." [74-62]

Where projects qualify for the incentive as new construction or reoccupied abandoned property, the incentive will apply to them in their entirety, including the land upon which they are located. For projects involving substantial rehabilitation of existing structures, the incentive applies to the added value which is attributable to the rehabilitation and to the land, if vertical or horizontal square footage has been added, in such proportion as the square footage added by the rehabilitation bears to the total square footage of the improvements on the parcel. ***(Please note that the additional value attributable to the rehabilitation for assessment purposes is likely to be lower than the actual amount spent on the rehabilitation.)*** The reduced assessment continues for twelve years from the date that the new construction or substantial rehabilitation is completed and initially assessed or, in the case of abandoned property, from the date of substantial reoccupation.

Under the Ordinance, “abandoned property” qualifies if it consists of:

“Buildings and other structures that, after having been vacant and unused for at least 24 continuous months, and purchased for value by a purchaser in whom the seller has no direct financial interest.” An exception to this definition shall be, “if the municipality or the Board of Commissioners, as the case may be, finds that special circumstances justify finding that the property is ‘abandoned’ for the purposes of Class 7a. The finding of abandonment, along with the specification of the special circumstances, shall be included in the resolution or ordinance supporting and consenting to the incentive application. Notwithstanding the foregoing, special circumstances may not be determined to justify finding that a property is deemed “abandoned” where:

- A. There has been a purchase for value and the buildings and other structures have not been vacant and unused prior to such purchase; or
- B. There has been no purchase for value and the buildings and other structures have been vacant and unused for less than 24 continuous months.

If the ordinance or resolution containing a finding of “special circumstances” is that of a municipality, the approval of the County Board of Commissioners is required to validate such a finding that the property is deemed “abandoned” for purposes of the incentive, and a resolution to that effect shall be included with the eligibility application.

Abandonment for twenty-four consecutive months may be evidenced by utility bills, Internal Revenue Service statements, certified business statements, and records of building code violations. Purchase for value may be evidenced by a sale contract, recorded deed, assignment of beneficial interest and real estate transfer declaration. Proof of re-occupancy may be evidenced by sworn statements from persons with knowledge, occupancy permits and utility statements.

Eligibility Requirements

The essential part of a Class 7a Application is documentation satisfying the five eligibility requirements of Section 74-65(a) of the Ordinance. All five factors must be present if the project is to qualify. The absence of any one factor, notwithstanding the substantial presence of the other four factors, will defeat the Application. Documentation requirements are, however, flexible enough to accommodate the specific conditions and size of the projects. Because Class 7a is targeted for smaller projects in areas in need of substantial revitalization, the Assessor, in compliance with the direction of the Ordinance to liberally construe the requirements of factors (1) through (5), will generally require less extensive documentation than required for larger projects.

The five (5) eligibility factors of Section 74-65(a) of the Ordinance are as follows:

1. Designation of Area:

"The area is or has been within the last 10 years designated by federal, state or local agency as a conservation, blighted or renewal area or an area encompassing a rehabilitation or redevelopment plan or project adopted under the Illinois Urban Renewal Consolidation Act of 1961, as amended, or the Commercial Renewal Redevelopment Areas Act of 1967, as amended, or that the area be located in a federal Empowerment Zone or Enterprise Community, as proposed and approved by the Cook County Board of Commissioners on June 22, 1994 or the Chicago City Council on May 18, 1994, or the Commercial District Development Commission Ordinance of the City of Chicago or designation(s) of like effect adopted under any similar statute or ordinance." [74-65(a)(1)]

To be eligible, the project must be located within an area designated within the last 10 years as one in need of commercial development by a federal, state or local governing body or agency. A certified copy of the action designating the area must accompany the Application. Copies of any area studies done by the designating governmental entity should be included, to support the overall requirements of this section of the Ordinance.

2. Real Estate Tax Analysis:

"Real estate taxes within said area, during the last six years, have declined, remained stagnant or potential real estate taxes are not being fully realized due to the depressed condition of the area." [74-65(a)(2)]

Section 74-65(a)(2) requires the applicant to demonstrate a causal link between the depressed condition of the area and its real estate tax history. Principally, there must be a showing that real estate taxes have declined, stagnated or have not been fully realized during the last six years. Demonstration that depressed conditions are the cause of declining, stagnating or unrealized tax revenue should include data on such factors as adverse market conditions; structural and functional obsolescence; the extent and duration of vacancies; the absence or near absence of new business formations; and, a pattern of tax sales, delinquencies or forfeitures in the area. If real estate taxes have not stagnated or declined, the applicant may establish that tax collections have not been fully realized as a result of depressed conditions in the project area. In all cases, data supplied should be on a parcel-by-parcel basis and include an analysis of assessments, taxes billed and taxes collected for a period of at least six years. A showing should be made that going forward with the project will improve the economic condition of the area and result in increased real estate tax collections.

If the area designation in factor (1) above is of a size that is either inadequate or too large to be a useful representation for analysis of real estate taxes, the applicant should contact the Assessor for guidance in creating a more representational boundary area for this factor.

3. Viability and Timeliness:

"There is a reasonable expectation that the development, re-development or rehabilitation of the commercial development project is viable and likely to go forward on a reasonably timely basis if granted Class 7a designation and will therefore result in the economic enhancement of the area." [74-65(a)(3)]

Progress on the proposed development well beyond an abstract or general plan is expected of the applicant by the time of submission of the Application to the Assessor. Therefore, submitted evidence of economic viability and timely completion of the project should be relevant and specific in addressing the following points:

- A. *Development Plan*: A specific development plan must be submitted including, but not limited to: architectural exhibits and building plans; site plans demonstrating the relationship of the proposed development to its private and public surroundings including open spaces, service areas, driveways, parking areas, walks and adjacent streets, sidewalks and buildings; a description of structures to be demolished and of buildings to be rehabilitated or reoccupied; a description of the facilities and amenities to be provided by the applicant with cost estimates; a description and the cost of public works planned for the area in conjunction with the development, such as infrastructure improvements; a description of all incentives or subsidies which will be offered to the developer by public agencies with an analysis of the benefits to the developer and costs to the public; a copy of any pre-development agreements or contracts affecting the project; and, disclosure of any environmental reports or studies relating to the development and its direct surroundings.
- B. *Economic Feasibility*: The Application must include pro forma financial statements which clearly demonstrate that the proposed development is economically viable and able to sustain itself beyond the incentive period. The pro forma statements should compare results, including return on investment, with and without the incentive, to help satisfy the requirement of this section of the Ordinance as well as the "assistance and necessity" requirement of Section 4(A)(4). The statements must not be different from those submitted to financial institutions in support of private, financial backing and should include a detailed analysis of project costs. Copies of any private or public feasibility studies of the project area may be submitted. A description of any lawful, participation agreement between the developer and any taxing districts for the sharing of future profits should also be included.
- C. *Financing*: The applicant should identify the amounts, sources and basic terms of proposed debt and equity financing for all aspects of the development, including both private and public sources of all funds.
- D. *Owners, Developers, Prime Tenants and other Interested Parties*: The business experience and financial strength of the participants is important to the project's viability. The applicant should therefore provide sufficiently detailed financial information about the developers, owners, prime tenants, and any other interested parties, including names and addresses. Information about owners must include all general and limited partners and beneficiaries of a land trust. Any material legal or tax liabilities which might affect the project's viability must be disclosed.

- E. *Development Schedule*: The applicant must provide a development schedule which at least includes the date of the construction start, the projected time to completion and the projected date for occupancy.

4. Assistance and Necessity:

“Certification of the commercial development project for Class 7a designation will materially assist development, re-development or rehabilitation of the area and the commercial development project would not go forward without the full incentive offered under Class 7a.” [74-65(a)(4)]

Section 74-65(a)(4) requires the applicant to establish a link between the incentive and the viability and feasibility of the development by demonstrating that the project would not go forward without the incentive. The materials submitted for Section 74-65(a)(4), especially the pro forma financial statements comparing results with and without the incentive, may be referred to in support of the requirement for this section. In addition, evidence of the failure of formal public bidding or a showing that the unaided operation of the marketplace has produced no developer interest in the area for a period of years will help support satisfaction of this section’s requirements. Examples of other evidence which may help satisfy the 74-65(a)(4) requirements are: physical isolation or substandard location of the project area; special environmental problems adding to development costs; municipal requirements for landmark preservation or costly amenities in connection with the project; and, expert testimony that unassisted development of the area will not occur. In addition, the existence of a participation agreement between the developer and any taxing districts should be described in the Application.

5. Increased Tax Revenue and Employment:

“Certification of the commercial development project for Class 7a designation is reasonably expected to ultimately result in an increase in real property tax revenue and employment opportunities within the area.” [4(A)(5)]

The applicant must supply a statistical analysis projecting the added real estate tax revenue and employment which will result from the development, with and without the incentive. A tax revenue projection for the area, without the development, should also be provided for comparison. Since real estate taxes are a function of market value and the effective tax rate, market value projections should be based on the cost, income and market approaches to value. All figures should cover the same twelve-year period. Employment figures should be categorized to show projections for new full and part-time employment and for temporary construction employment. Finally, if the development involves relocation within the same taxing jurisdiction, the developer should supply a statement comparing the costs and benefits of relocation for the community as a whole.

Application Procedures

An Eligibility Application, accompanied by supporting documentation, must be submitted to the Assessor's Office prior to the commencement of construction, rehabilitation or reoccupation. At the time of filing the application, a filing fee of \$500.00 must be paid. The Application must include a resolution or ordinance from the municipality where the real estate is located, or from the Cook County Board of Commissioners if the real estate is located in an unincorporated area. The resolution or ordinance must expressly state that the five eligibility factors which must be present to demonstrate that the area is "in need of commercial development" are satisfied and that the municipality consents to and supports the Application. A copy of the ordinance or resolution will be forwarded by the Assessor's Office to the secretary of the Board of Commissioners for distribution to the Commissioners from the affected districts.

In all cases of abandonment based on special circumstances, the finding of the municipality or the County Board, along with the specification of circumstances which led to said finding of "abandonment" shall be included in a resolution or ordinance passed by the municipality in which the real estate is located (or the County Board if located in an unincorporated area) and must be filed at the time of the Eligibility Application. The ordinance or resolution pertaining to abandonment based on special circumstances must be validated by the County Board and a resolution from the County Board stating its approval of the special circumstances must also be filed at the time of the Eligibility Application.

The Assessor will make a final determination as to whether factors (1) through (5) exist within 60 days after receipt of the application and necessary supporting documentation. Certification of the project will lapse within one year if new construction, rehabilitation or reoccupation has not commenced.

Once new construction, rehabilitation, or reoccupation has been completed, the applicant must file an "Incentives Appeal Form" requesting that the property be reclassified to Class 7a. At the time of filing the appeal, an appeal fee of \$100.00 must be paid.

During the term of the Class 7a incentive classification, the Assessor will mail to Class 7a recipients, at the time of their triennial reassessments, affidavits. Recipients must attest to the use of the property and to the number of workers employed at the Class 7a site. The affidavit is to be signed, notarized and returned to the Assessor within three weeks. Failure to file the triennial affidavits within that time will result in the loss of the incentive.

Questions about the Class 7a incentive program may be directed to the Incentives Department of the Cook County Assessor's Office, 118 N. Clark, 3rd Floor, Chicago, IL 60602, (312) 603-7529.



CLASS 7B

ELIGIBILITY BULLETIN

The Class 7b Incentive and Its Benefits

The Class 7b incentive of the Cook County Real Property Assessment Classification Ordinance ("Ordinance") is intended to encourage, in areas determined to be "in need of commercial development", commercial projects with total development costs, exclusive of land, over \$2 million, which would not be economically feasible without the incentive. The twelve-year incentive applies to all newly constructed buildings or other structures, including the land upon which they are situated; the reutilization of vacant structures abandoned for at least twenty-four (24) months, (unless otherwise stipulated for a shorter period of time by the municipality in which the real estate is located, with approval from the County Board, or stipulated by the County Board, if located in an unincorporated area) including the land upon which they are situated; or all buildings and other structures which are substantially rehabilitated to the extent such rehabilitation has added to their value, including qualified land related to the rehabilitation.

Projects which qualify for the Class 7b incentive will receive a reduced assessment level of ten percent (10%) of fair market value for the first ten years, fifteen percent (15%) for the eleventh year and twenty percent (20%) for the twelfth year. Without this incentive, commercial property would normally be assessed at twenty-five percent (25%) of its market value.

The Class 7b incentive is available to "real estate used primarily for commercial purposes", which is defined in the Ordinance as:

"Any real estate used primarily for buying and selling of goods and services, or for otherwise providing goods and services, including any real estate used for hotel and motel purposes."
[74-62]

Where projects qualify for the incentive as new construction or reoccupied abandoned property, the incentive will apply to them in their entirety, including the land upon which they are located. For projects involving substantial rehabilitation of existing structures, the incentive applies to the added value which is attributable to the rehabilitation and to the land, if vertical or horizontal square footage has been added, in such proportion as the square footage added by the rehabilitation bears to the total square footage of the improvements on the parcel. ***(Please note that the additional value attributable to the rehabilitation for assessment purposes is likely to be lower than the actual amount spent on the rehabilitation.)*** The reduced assessment continues for twelve years from the date that the new construction or substantial rehabilitation is completed and initially assessed or, in the case of abandoned property, from the date of substantial reoccupation.

Under the Ordinance, "abandoned property" qualifies if it consists of:

"Buildings and other structures that, after having been vacant and unused for at least 24 continuous months, and purchased for value by a purchaser in whom the seller has no direct financial interest." An exception to this definition shall be, "if the municipality or the Board of Commissioners, as the case may be, finds that special circumstances justify finding that the property is 'abandoned' for the purposes of Class 7b.

The finding of abandonment, along with the specification of the special circumstances, shall be included in the resolution or ordinance supporting and consenting to the incentive application. Notwithstanding the foregoing, special circumstances may not be determined to justify finding that a property is deemed "abandoned" where:

- A. There has been a purchase for value and the buildings and other structures have not been vacant and unused prior to such purchase; or
- B. There has been no purchase for value and the buildings and other structures have been vacant and unused for less than 24 continuous months.

If the ordinance or resolution containing a finding of "special circumstances" is that of a municipality, the approval of the County Board of Commissioners is required to validate such a finding that the property is deemed "abandoned" for purposes of the incentive, and a resolution to that effect shall be included with the eligibility application.

Abandonment for twenty-four consecutive months may be evidenced by utility bills, Internal Revenue Service statements, certified business statements, and records of building code violations. Purchase for value may be evidenced by a sale contract, recorded deed, assignment of beneficial interest and real estate transfer declaration. Proof of re-occupancy may be evidenced by sworn statements from persons with knowledge, occupancy permits and utility statements.

Eligibility Requirements

The essential part of a Class 7b Application is documentation satisfying the five eligibility requirements of Section 74-65(a) of the Ordinance. All five factors must be present if the project is to qualify. The absence of any one factor, notwithstanding the substantial presence of the other four factors, will defeat the Application. Documentation requirements are, however, flexible enough to accommodate the specific conditions and sizes of various projects. For example, modest projects in slightly blighted areas will generally require less documentation than larger projects in marginally distressed areas.

The five (5) eligibility factors of Section 74-65(a) of the Ordinance are as follows:

1. Designation of Area:

"The area is or has been within the last 10 years designated by federal, state or local agency as a conservation, blighted or renewal area or an area encompassing a rehabilitation or redevelopment plan or project adopted under the Illinois Urban Renewal Consolidation Act of 1961, as amended, or the Commercial Renewal Redevelopment Areas Act of 1967, as amended, or that the area be located in a federal Empowerment Zone or Enterprise Community, as proposed and approved by the Cook County Board of Commissioners on June 22, 1994 or the Chicago City Council on May 18, 1994, or the Commercial District Development Commission Ordinance of the City of Chicago or designation(s) of like effect adopted under any similar statute or ordinance." [74-65(a)(1)]

To be eligible, the project must be located within an area designated within the last 10 years as one in need of commercial development by a federal, state or local governing body or agency. A certified copy of the action designating the area must accompany the Application. Copies of any area studies done by the designating governmental entity should be included, to support the overall requirements of this section of the Ordinance.

2. Real Estate Tax Analysis:

"Real estate taxes within said area, during the last six years, have declined, remained stagnant or potential real estate taxes are not being fully realized due to the depressed condition of the area." [74-65(a) (2)]

Section 74-65(a)(2) requires the applicant to demonstrate a causal link between the depressed condition of the area and its real estate tax history. Principally, there must be a showing that real estate taxes have declined, stagnated or have not been fully realized during the last six years. Demonstration that depressed conditions are the cause of declining, stagnating or unrealized tax revenue should include data on such factors as adverse market conditions; structural and functional obsolescence; the extent and duration of vacancies; the absence or near absence of new business formations; and, a pattern of tax sales, delinquencies or forfeitures in the area. If real estate taxes have not stagnated or declined, the applicant may establish that tax collections have not been fully realized as a result of depressed conditions in the project area. In all cases, data supplied should be on a parcel-by-parcel basis and include an analysis of assessments, taxes billed and taxes collected for a period of at least six years. A showing should be made that going forward with the project will improve the economic condition of the area and result in increased real estate tax collections.

If the area designation in factor (1) above is of a size that is either inadequate or too large to be a useful representation for analysis of real estate taxes, the applicant should contact the Assessor for guidance in creating a more representational boundary area for this factor.

3. Viability and Timeliness:

"There is a reasonable expectation that the development, re-development or rehabilitation of the commercial development project is viable and likely to go forward on a reasonably timely basis if granted Class 7b designation and will therefore result in the economic enhancement of the area." [74-65(a)(3)]

Progress on the proposed development well beyond an abstract or general plan is expected of the applicant by the time of submission of the Application to the Assessor. Therefore, submitted evidence of economic viability and timely completion of the project should be relevant and specific in addressing the following points:

- A. *Development Plan*: A specific development plan must be submitted including, but not limited to: architectural exhibits and building plans; site plans demonstrating the relationship of the proposed development to its private and public surroundings including open spaces, service areas, driveways, parking areas, walks and adjacent streets, sidewalks and buildings; a description of structures to be demolished and of buildings to be rehabilitated or reoccupied; a description of the facilities and amenities to be provided by the applicant with cost estimates; a description and the cost of public works planned for the area in conjunction with the development, such as infrastructure improvements; a description of all incentives or subsidies which will be offered to the developer by public agencies with an analysis of the benefits to the developer and costs to the public; a copy of any pre-development agreements or contracts affecting the project; and, disclosure of any environmental reports or studies relating to the development and its direct surroundings.
- B. *Economic Feasibility*: The Application must include pro forma financial statements which clearly demonstrate that the proposed development is economically viable and able to sustain itself beyond the incentive period. The pro forma statements should compare results, including return on investment, with and without the incentive, to help satisfy the requirement of this section of the Ordinance as well as the "assistance and necessity" requirement of Section 4(A)(4). The statements must not be different from those submitted to financial institutions in support of private, financial backing and should include a detailed analysis of project costs. Copies of any private or public feasibility studies of the project area may be submitted. A description of any lawful, participation agreement between the developer and any taxing districts for the sharing of future profits should also be included.
- C. *Financing*: The applicant should identify the amounts, sources and basic terms of proposed debt and equity financing for all aspects of the development, including both private and public sources of all funds.
- D. *Owners, Developers, Prime Tenants and other Interested Parties*: The business experience and financial strength of the participants is important to the project's viability. The applicant should therefore provide sufficiently detailed financial information about the developers, owners, prime tenants, and any other interested parties, including names and addresses. Information about owners must include all general and limited partners and beneficiaries of a land trust. Any material legal or tax liabilities which might affect the project's viability must be disclosed.
- E. *Development Schedule*: The applicant must provide a development schedule which at least includes the date of the construction start, the projected time to completion and the projected date for occupancy.

4. Assistance and Necessity

"Certification of the commercial development project for Class 7b designation will materially assist development, re-development or rehabilitation of the area and the commercial development project would not go forward without the full incentive offered under Class 7b." [74-65(a)(4)]

Section 74-65(a)(4) requires the applicant to establish a link between the incentive and the viability and feasibility of the development by demonstrating that the project would not go forward without the incentive. The materials submitted for Section 74-65(a)(4), especially the pro forma financial statements comparing results with and without the incentive, may be referred to in support of the requirement for this section. In addition, evidence of the failure of formal public bidding or a showing that the unaided operation of the marketplace has produced no developer interest in the area for a period of years will help support satisfaction of this section's requirements. Examples of other evidence which may help satisfy the 74-65(a)(4) requirements are: physical isolation or substandard location of the project area; special environmental problems adding to development costs; municipal requirements for landmark preservation or costly amenities in connection with the project; and, expert testimony that unassisted development of the area will not occur. In addition, the existence of a participation agreement between the developer and any taxing districts should be described in the Application.

5. Increased Tax Revenue and Employment:

"Certification of the commercial development project for Class 7b designation is reasonably expected to ultimately result in an increase in real property tax revenue and employment opportunities within the area." [74-65(a)(5)]

The applicant must supply a statistical analysis projecting the added real estate tax revenue and employment which will result from the development, with and without the incentive. A tax revenue projection for the area, without the development, should also be provided for comparison. Since real estate taxes are a function of market value and the effective tax rate, market value projections should be based on the cost, income and market approaches to value. All figures should cover the same twelve-year period. Employment figures should be categorized to show projections for new full and part-time employment and for temporary construction employment. Finally, if the development involves relocation within the same taxing jurisdiction, the developer should supply a statement comparing the costs and benefits of relocation for the community as a whole.

Application Procedures

An Eligibility Application, accompanied by supporting documentation, must be submitted to the Assessor's Office prior to the commencement of construction, rehabilitation or reoccupation. At the time of filing the application, a filing fee of \$500.00 must be paid. The Application must include a resolution or ordinance from the municipality where the real estate is located, or from the Cook County Board of Commissioners if the real estate is located in an unincorporated area. The resolution or ordinance must expressly state that the five eligibility factors which must be present to demonstrate that the area is "in need of commercial development" are satisfied and that the municipality consents to and supports the Application. A copy of the ordinance or resolution will be forwarded by the Assessors office to the secretary of the Board of Commissioners for distribution to the commissioners from the affected districts.

In all cases of abandonment based on special circumstances, the finding of the municipality or the County Board, along with the specification of circumstances which led to said finding of "abandonment", shall be included in a resolution or ordinance passed by the municipality in which the real estate is located (or the County Board if located in an unincorporated area) and must be filed at the time of the Eligibility Application. The ordinance or resolution pertaining to abandonment based on special circumstances must be validated by the County Board and a resolution from the County Board stating its approval of the special circumstances must also be filed at the time of the Eligibility Application.

Upon receipt, the Assessor will forward the Application and all necessary supporting data to the Economic Development Advisory Committee of Cook County (EDAC) which will, within thirty (30) days, review the Application and present its findings to the Assessor as to the presence of the five (5) eligibility factors. The EDAC review may be extended a maximum of thirty additional days by the Assessor, upon request of the Committee. After reviewing the Application, supporting data, findings of the Committee and other findings, the Assessor will make a final determination within thirty (30) days of receipt of EDAC's findings. Certification of the project will lapse within one year if new construction, rehabilitation or reoccupation has not commenced.

Once new construction, rehabilitation, or reoccupation has been completed, the applicant must file an "Incentives Appeal Form" requesting that the property be reclassified to Class 7b. At the time of filing the appeal, an appeal fee of \$100.00 must be paid.

During the term of the Class 7b incentive classification, the Assessor will mail to Class 7b recipients, at the time of their triennial reassessments, affidavit forms. Recipients must attest to the use of the property and the number of workers employed at the Class 7b site. The affidavit is to be signed, notarized and returned to the Assessor within three weeks. Failure to file the triennial affidavits within that time will result in the loss of the incentive.

Questions about the Class 7b incentive program may be directed to the Incentives Department of the Cook County Assessor's Office, 118 N. Clark, 3rd Floor, Chicago, IL 60602, (312) 603-7529.

COMMENTS FROM THE PUBLIC

ADJOURNMENT