

DRAFT

Village of Mount Prospect Prospect and Main TIF District Update

School District 57 Community Forum

April 29, 2019



VISION
ECONOMICS
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Who We Are

SB Friedman Development Advisors is a Chicago-based consultancy working with the public and private sectors in a range of disciplines

- Market Analysis and Real Estate Economics
- Development Strategy and Planning
- Public-Private Partnerships and Implementation

Team Here Today

GEOFF DICKINSON, AICP

Senior Vice President



ELIZABETH GINSBERG

Associate



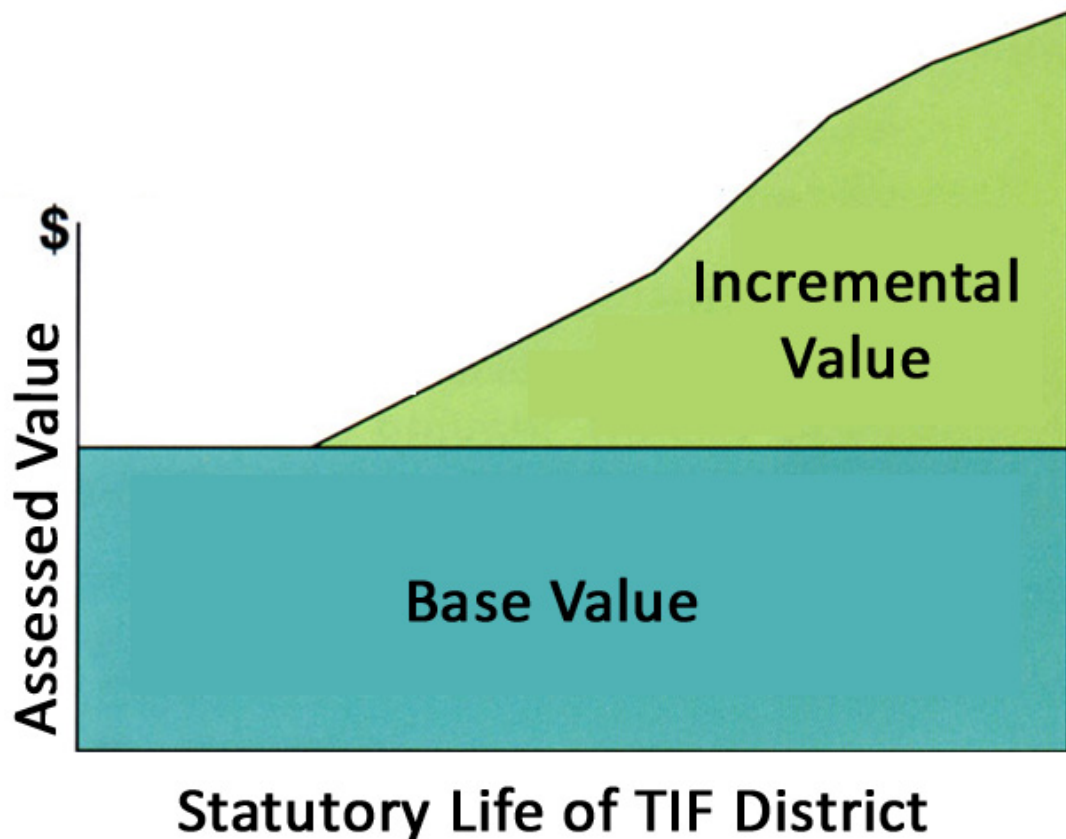
Agenda

- 01 Introduction to TIF**
- 02 Prospect & Main TIF District**
- 03 Redevelopment Projects**
- 04 District-Wide TIF Health**

Tax Increment Financing 101

- Public Policy Goals
 - Elimination of Blight/Preservation of an Area
 - Economic Development
 - Enhancement of Tax Base
- Why Use TIF?
 - Area based
 - Provides local government control
 - One of few tools available to help fund redevelopment
 - Flexible
- Types of TIF
 - Improved / Vacant Land
 - Blighted / Conservation Areas
- **Eligibility Factors** include but are not limited to:
 - Lack of historic property value growth
 - Deterioration (buildings and/or site improvements)
 - Inadequate utilities
 - Lack of community planning
 - Factors must be “meaningfully present and reasonably distributed”
- **Other Required Findings** include but are not limited to:
 - Minimum land area
 - Lack of growth and private investment
 - “But for” Test
 - Contiguity
 - Conformance to local plans

How Do TIFs Work?



- Incremental Property Tax Revenue (IPT) placed into TIF Fund
 - Used to reimburse developers via grants or rebate
 - Pledged to support bond debt service
 - Used to fund public sector projects
 - Eligible costs for TIF funds include but are not limited to:
 - Public infrastructure/facilities
 - Site assembly, site prep, environmental cleanup (Public or Private)
 - Public planning, administration, and financing costs of TIF
 - Others (i.e. affordable housing, job training)
- Base Revenues continue to flow to taxing bodies

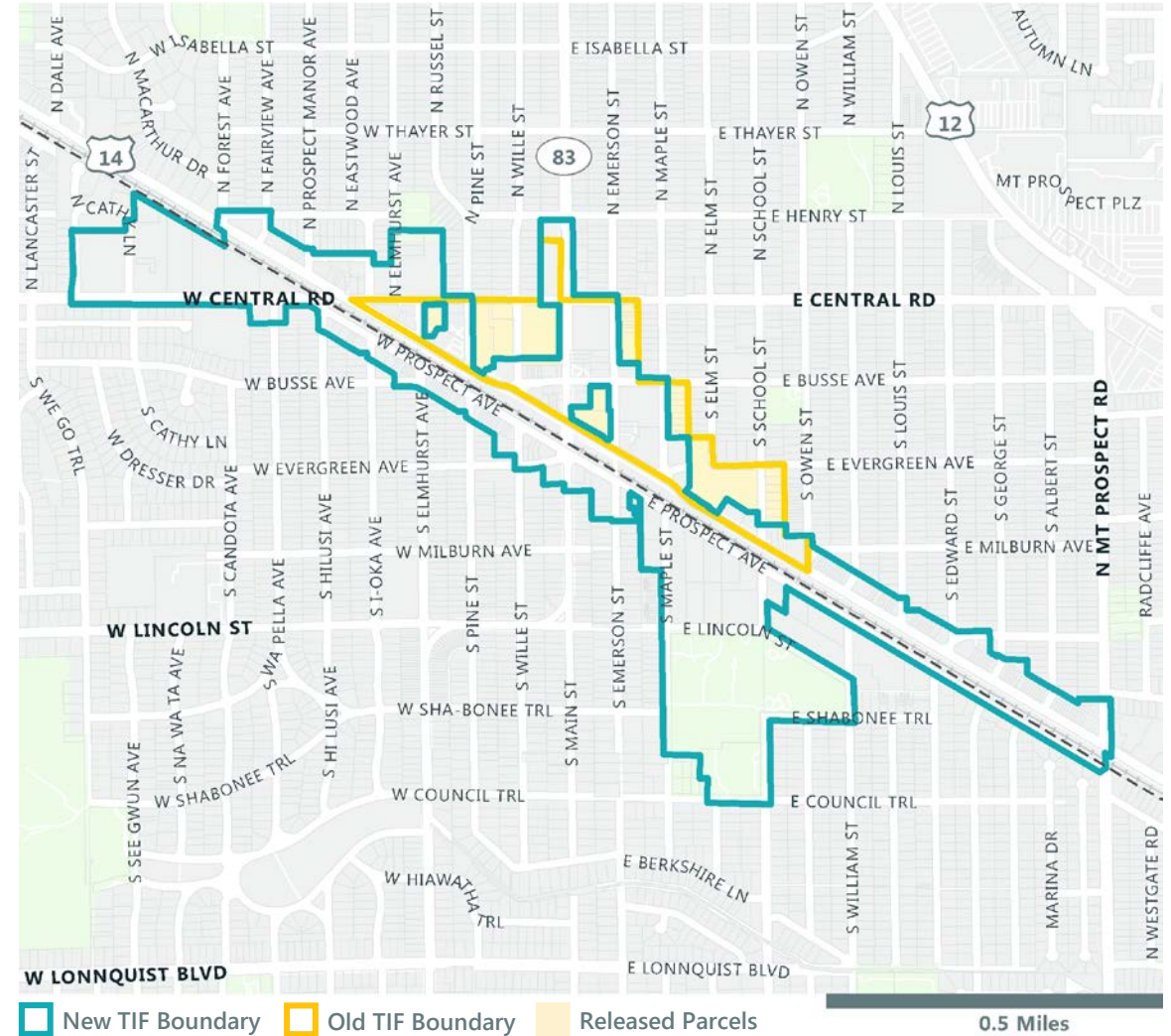
Tuition Reimbursement Payments

- Per Illinois TIF Law, tuition reimbursement payments (“Tuition Payments”) **must** be made to school districts impacted by TIF districts
 - Tuition Payments help ameliorate the fiscal impact of new students moving into TIF-supported housing units
- Tuition Payments are paid annually from IPT
- In this TIF, district Tuition Payments cannot exceed 40% of annual IPT from TIF-supported housing units
 - High School District 214 – 13% of annual IPT from TIF-supported housing units
 - **Elementary School District 57 (“SD 57”) – 27% of annual IPT from TIF-supported housing units**
- Illinois School Consulting Service (ISCS) multipliers typically used to project school-aged children
 - Tend to over-project the number of school-aged children (multipliers date to 1996, HH sizes have shrunk)
 - Does not account for private school attendance
- Operational Spending per Pupil in SD 57 was approximately \$10,800 in 2017
- Tuition Payments will be made based on **actual** students enrolled in SD 57 living in TIF-supported units

Prospect & Main TIF

Need for New Downtown TIF

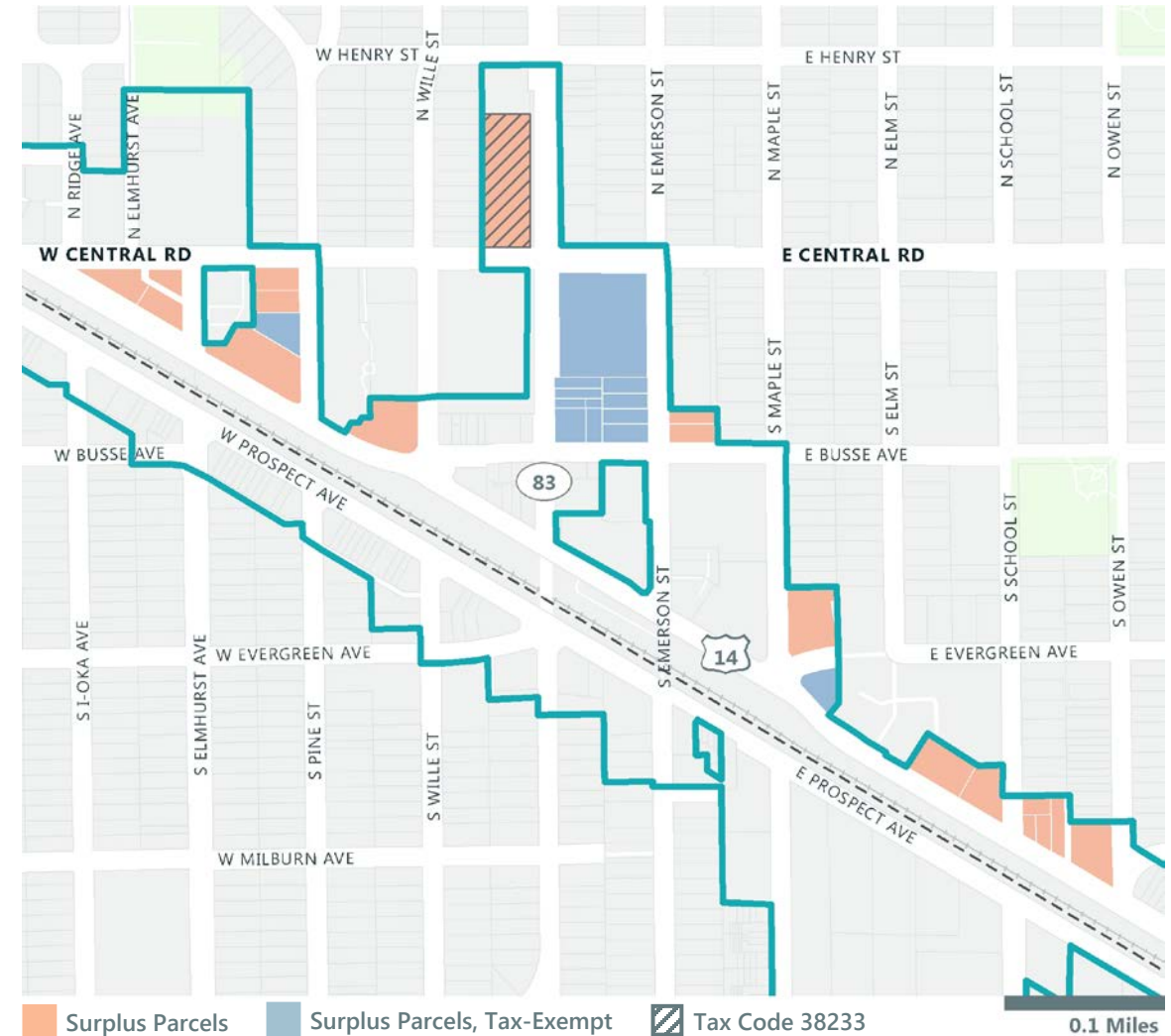
- Historical development efforts concentrated in old TIF (north of the Metra tracks)
 - Redevelopment still needed to build up Downtown
 - Areas south of the train tracks historically overlooked
 - Challenging development sites still present on north side of the tracks
- Possible to use new TIF to help schools and parks by funding improvements within the district



Source: SB Friedman, Village of Mount Prospect

Intergovernmental Agreement

- Effective as of April 2018
- Intergovernmental Agreement (“IGA”) identified parcels within TIF District for which IPT revenues are to be declared surplus revenues (“Surplus Parcels”)
 - 34 Surplus Parcels total (13 are currently property tax-exempt)
 - Surplus Parcels include key development sites (i.e. Main & Central)
 - Annual surplus revenues will be returned to the Cook County Collector and then distributed pro rata to taxing bodies (“Surplus Payments”)
- In effect, Surplus Parcels are eligible for TIF assistance but are “no TIF” parcels for taxing districts
 - SD 57 will receive IPT revenues (in Surplus Payments) as property values increase
 - EAV of parcel in tax code 38233 declined (Main & Central), but will increase once redevelopment efforts commence
 - EAV of Surplus Parcels in tax code 16140 increased by \$1.4M between 2015 and 2017
- IGA will remain in effect until the dissolution of the TIF District (2040 with taxes collected in 2041)



Source: SB Friedman, Village of Mount Prospect

Redevelopment Projects within TIF District

20 West

73 residential units, approximately 4,600 SF restaurant and 78 parking spaces

- Located on northeast corner of Northwest Highway and Wille Street
- Approximately \$23.5M Project
 - 73 rental apartments
 - 5 studio units, averaging 516 SF
 - 45 one-bedroom units, averaging 690 SF
 - 23 two-bedroom units, averaging 977 SF
- Anticipated Timeline
 - RDA Approved – March 2018
 - Began Vertical Construction – May 2018
 - Anticipated Certificate of Occupancy – Fall 2019

Redevelopment Impacts

Base EAV (2015)	\$0.2M
Projected Stabilized EAV (2021)	\$3.2M
Projected SD 57 Students [1]	4
Projected Tuition Payments Over Life of TIF [2]	\$0.8M
Projected Maximum Tuition Payments Over Life of TIF [2]	\$1.1M

[1] Based on Illinois School Consulting Service population multipliers
 [2] Discounted to 2019 dollars at 4.0% cost of funds
 Source: Cook County, ISCS, SB Friedman, Village of Mount Prospect



Source: Nicholas & Associates, Inc., Village of Mount Prospect

Park Terrace

12 three-bedroom townhomes and 20 parking spaces

- Located on northeast corner of Central Road and Elmhurst Street (north of the Post Office)
- Developer assistance to be provided from General Fund
- Anticipated Project Timeline
 - RDA Adopted – March 2018
 - Began Vertical Construction – September 2018
 - Project Completion
 - Stage One – May 2020
 - Stage Two – May 2022

Redevelopment Impacts

Base EAV (2015)	\$0.1M
Projected Stabilized EAV (2023)	\$2.3M
Projected SD 57 Students [1]	6

[1] Based on Illinois School Consulting Service population multipliers
 Source: Cook County, ISCS, SB Friedman, Village of Mount Prospect



Source: SMART Builders, Trulia

Main & Central

97 residential units and 127 surface parking spaces; located on a Surplus Parcel

- Located on northwest corner of Main Street and Central Road
- Village obtained control of the Site through a foreclosure sale in 2016
 - Village has invested approximately \$650,000 in the Site
 - Village costs include demolition and remediation
- Approximately \$24.9M Project
 - Developer will purchase Site from the Village for \$650,000
 - 97 rental apartments
 - 14 studios, averaging 594 SF
 - 51 one-bedroom units, averaging 763 SF
 - 28 two-bedroom units, averaging 1,141 SF
 - 4 three-bedroom units, averaging 1,317 SF
- Anticipated Timeline
 - RDA Approved – March 2019
 - Start Vertical Construction – Fall 2019
 - Project Completion – Late 2020

Redevelopment Impacts

Base EAV (2015)	\$1.8M
Projected Stabilized EAV (2022)	\$3.7M
Projected SD 57 Students [1]	6
Surplus Taxes to SD 57 Over Life of TIF [2,3]	\$1.1M

[1] Based on Illinois School Consulting Service population multipliers
 [2] Based on School District 57 2017 Tax Rate from Cook County Clerk Tax Rate Report
 [3] Discounted to 2019 dollars at 4.0% cost of funds
 Source: Cook County, ISCS, SB Friedman, Village of Mount Prospect



Source: First Equity Group, LLC, Harlem Irving Companies, Village of Mount Prospect

Maple Street Lofts

257 rental residential units, approximately 14,000 SF retail and 367 parking spaces

- Block bounded by Prospect Street, Maple Street and Lincoln Street
- \$81.8M Project, part of \$106.3M Greater Redevelopment
 - 257 rental residential units
 - 38 studio units, averaging 550 SF
 - 124 one-bedroom units, averaging 770 SF
 - 30 two-bedroom units, averaging 1,050 SF
 - Greater Redevelopment includes rowhomes
 - 56 three-bedroom rowhomes
- Anticipated Project Timeline
 - RDA Adopted – April 2019
 - Start Vertical Construction – September 2019
 - Start construction of Building A
 - Rowhome pad sales commence
 - Project Completion – August 2021
 - Final pad sales completed by end of 2021

Redevelopment Impacts	
Base EAV (2015)	\$1.7M
Projected Stabilized EAV (2021)	\$18.1M
Projected SD 57 Students [1]	25 (8 APT / 17 RH)
Projected Tuition Payments Over Life of TIF [2]	\$4.2M
Projected Maximum Tuition Payments Over Life of TIF [2]	\$5.6M

[1] Based on Illinois School Consulting Service population multipliers
 [2] Discounted to 2019 dollars at 4.0% cost of funds
 Source: Cook County, ISCS, SB Friedman, Village of Mount Prospect



Source: Nicholas & Associates, Inc., Village of Mount Prospect, Wingspan Development Group

Other Proposed Redevelopment Projects

- Block 56
 - Northwest corner of Northwest Highway and Maple Street
 - Includes Chase Bank building and former Police & Fire Station
 - Potential for ±200 residential units and 20,000 SF retail

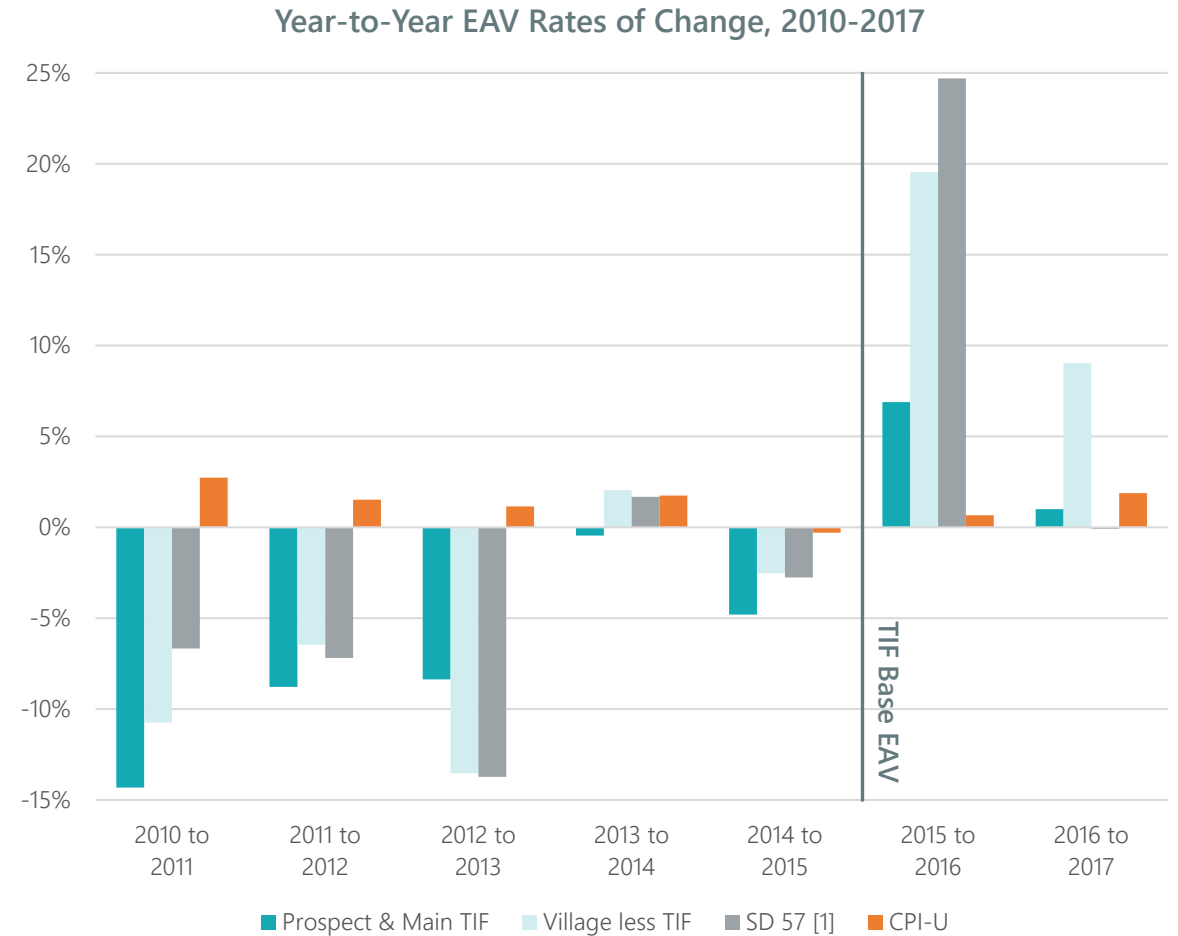
- Sakura Site
 - East side of Main Street, between Northwest Highway and Busse Avenue
 - ±8,000 SF retail

District-Wide TIF Health

Property Value Growth

- Historic EAV decline
 - TIF District EAV declined all five year-to-year periods prior to designation
 - TIF District EAV declined at a greater rate than the rest of the Village and SD 57 in 4 of those year-to-year periods

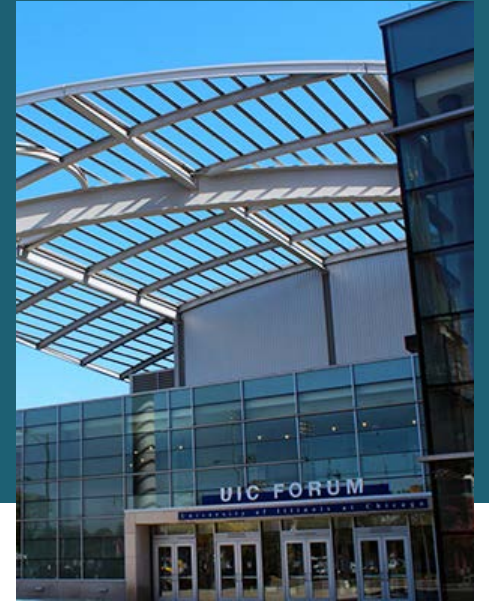
- Recent EAV growth
 - TIF District EAV has grown by 8% above the base EAV
 - Combined EAV of Surplus Parcels has grown by 34% above the base EAV (not including Main & Central parcel)



[1] Represents annual EAV rate of change for taxable EAV
 Source: Cook County, SB Friedman, School District 57, Village of Mount Prospect

Impact of Property Value Growth

- Prior to TIF designation, TIF EAV and SD 57 EAV were both declining
 - But for the TIF, likely that decline would have continued
- At the conclusion of the TIF District, combined EAV of the 4 projects that are underway/have approved RDAs is projected be \$36.6M;
- Additional projects in the pipeline
- Released TIF EAV is treated as new development EAV
 - SD 57's tax levy could expand beyond PTELL limitations; or
 - SD 57's tax rate could decrease to support the same budget



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