

AGENDA
SPECIAL PLANNING, BUILDING AND ZONING COMMITTEE
Village of Hoffman Estates
February 6, 2017

Immediately Following the Special General Administration & Personnel Committee

| | | |
|-----------------|-------------------------------------|-------------------------------|
| Members: | Karen Mills, Chairperson | Anna Newell, Trustee |
| | Gayle Vandenberg, Vice Chair | Gary Pilafas, Trustee |
| | Gary Stanton, Trustee | Michael Gaeta, Trustee |
| | | William McLeod, Mayor |

I. Roll Call

NEW BUSINESS

1. Request approval of a Resolution establishing a TIF public hearing date and a date for the Joint Review Board to meet, both to consider the request for establishing a Tax Increment Financing District on the 184 acres north of Route 72, west of Route 59, and east of the CN Railroad (Plum Farms).

II. Adjournment

COMMITTEE AGENDA ITEM

VILLAGE OF HOFFMAN ESTATES

SUBJECT: Approval of a Resolution setting a Public Hearing date regarding approval of a Redevelopment Plan and Project for the Route 72 and Route 59 Redevelopment Project Area (Plum Farms), designation of the Route 72 and Route 59 Redevelopment Project Area as a redevelopment project area, and adoption of the Tax Increment Allocation Redevelopment Act, and setting a date for the Joint Review Board.

MEETING DATE: February 6, 2017

COMMITTEE: Special Planning, Building & Zoning Committee

FROM: James H. Norris, Village Manager
Mark Koplín, Asst. Village Manager-Development Services

I. PURPOSE:

Approval of a resolution setting a public hearing on April 3, 2017 at 6:50 p.m. regarding approval of a Redevelopment Plan and Project for the Route 72 and Route 59 Redevelopment Project Area (Plum Farms), designation of the Route 72 and Route 59 Redevelopment Project area as a redevelopment project area, and adoption of the Tax Increment Allocation Redevelopment Act. The resolution also sets the date of the Joint Review Board (JRB) on February 21, 2017 at 1:30 p.m.

II. DISCUSSION:

On behalf of 5a7, LLC, (the developer of the Plum Farms project), Del Galdo Law Group submitted the attached letter (Attachment A) requesting the Village to commence the process of establishing a Tax Increment Financing District encompassing the 184 acres north of Route 72, west of Route 59, east of the CN railroad tracks. The 184 acres includes three separate parcels – 11 acres, 24 acres and 144 acres. A copy of the “Route 72 and Route 59 Tax Increment Financing Redevelopment Plan” and the “Route 72 and Route 59 Tax Increment Financing Eligibility Report” was filed with the Village Clerk on January 25, 2017. That is the action that kicks off the 3+ month TIF consideration process. The next step in the TIF process (filing the Study and Report did not obligate the Village to adopt, merely to proceed through the state established process) is to set the TIF public hearing date and the date for the Joint Review Board (JRB) to meet. (The JRB is composed a representative from each of the taxing districts that would be affected by the TIF). The Board received a copy of the TIF reports electronically.

TIF is an economic development tool used in Illinois and other states to stimulate development. Hoffman Estates has previously established TIFs at Barrington and Higgins, the Roselle Road business district, and the Barrington Square Town Center (formerly Barrington Square Mall). TIFs are established for up to 23 years. Also, the Village established an Economic Development Financing District that is coterminous with the boundaries of Prairie Stone. The EDA is very similar to a TIF. General information from the Illinois TIF Association is provided in an attachment (Attachment B) to give an overview of TIF and how it works.

The Village Board approved an Inducement Resolution in December 2014 that acknowledged the developer's desire to pursue approval of a TIF and establishing that certain costs would be included as TIF eligible project costs IF a TIF were eventually adopted by the Village Board.

In June 2015, staff provided background information related to Plum Farms to the Trustees. A cover memo and four binders included general information, as well as information on the adopted and proposed zoning, the previously approved agreements, and previously approved incentives. The Village has been working with the land owners of these parcels for many years and they believe there is a market for the proposed development and timing is right to start the project. However, to do so, they are requesting approval of a TIF to assist with some of the development costs.

The TIF reports indicate that the 184 acres qualifies as a "blighted" area under the Illinois TIF statute under the following criteria:

- chronic flooding
- obsolete platting
- declining equalized assessed valuation (EAV)

The TIF reports also set forth goals for development of the property to eliminate the blight, expand the tax base, encourage new residential and commercial development, attract private investment in the property, and enhance the Village as a desirable place to live and work. The proposed development will be in conformance with the Village's Comprehensive Plan.

The TIF Act establishes various categories of TIF eligible costs, but the specific costs to be reimbursed to the developer need to be specified in a redevelopment agreement that will be presented to the Board for consideration at a later date and prior to or in conjunction with the vote on whether to adopt this TIF. The report does identify potential redevelopment costs of \$53 million that could be considered in the redevelopment agreement.

Private investment of \$200 million and the 23 years will generate annual increment that is projected to total over \$195 million over the 23 year life of the TIF. Per State statute, school districts are entitled to a fixed amount (up to 40%) that they receive before the developer and Village receive any monies which would total an estimated \$70 million over the 23 years. The Village is able to use TIF monies to pay for capital costs directly related to providing services to the TIF area. Thus, the Village can pay for police squad cars and Public Works plow trucks that will be serving this area, for example. The Village is also

able to pay for general administration costs that are directly attributable to providing services to the TIF. Thus, a new planner or building inspector that is hired to review and inspect development over the 23 years is TIF eligible. (This is similar to the EDA where we used EDA dollars to fund various positions). As an affected taxing district, capital costs incurred by the Park District can also be considered as TIF eligible.

Preliminary discussion with the Park District suggest that the Village may want to reserve some TIF monies for developing parks and trails. Any remaining TIF monies would be available to the developer on a pay-as-you-go basis, with no money fronted by the Village, in amounts and up to a cap to be set forth in the redevelopment agreement. The developer's amount would be capped and would be in the form of a TIF Note (with interest). The developer is at risk as to whether or not the development would generate sufficient increment over the life of the TIF to fully pay off the TIF Note. Annual amounts in excess of the amounts dedicated to the school districts, Village and Park District would be available to retire the Note. But, the Village would not issue any debt to front development costs. If TIF increment is sufficient to pay off the Note and Village/Park District expenses, the TIF could be retired early. If TIF increment is insufficient, then the developer gets a lesser amount. The developer is at risk of not recouping their investment.

III. NEXT STEPS:

Once the public hearing and JRB meetings/hearings are established, will work towards preparing materials for those meetings and the ultimate approvals being sought by the developer. After the JRB meets, they will submit their "findings" to the Village Board for consideration (JRB findings are advisory, not binding). The public hearing will allow interested parties to voice their comments on the proposed TIF. Revisions to the Commercial Mixed Use (CMU) Zoning District and a new Traditional Neighborhood (TN) Zoning District will be presented to the Planning and Zoning Commission. As this area has never been platted, an initial plat will be presented to the Planning and Zoning Commission. Revisions to the previously approved annexation and development agreements for the 24 acre parcel and the 16 acre parcel will be presented to the Planning Building & Zoning Committee, along with an annexation agreement for the 144 acre property. A draft of the redevelopment agreement will also be presented to Planning, Building & Zoning Committee. The proposed annexation needs to follow a prescribed process with its own hearings and meetings. Ultimately, all of the requested approvals will be included on Village Board agendas, tentatively at the first and second Board meetings in April.

IV. RECOMMENDATION:

Staff recommends approval of the attached resolution establishing a TIF public hearing date and a date for the Joint Review Board to meet, both to consider the request for establishing a Tax Increment Financing District on the 184 acres north of Route 72, west of Route 59, and east of the CN railroad.



February 1, 2017

VIA ELECTRONIC MAIL

Mayor William D. McLeod
Village of Hoffman Estates
1900 Hassell Road
Hoffman Estates, Illinois 60169

The Honorable Board of Trustees
Village of Hoffman Estates
1900 Hassell Road
Hoffman Estates, Illinois 60169

Re: Plum Farms Redevelopment Project

Dear Mayor McLeod and Trustees:

Our client, 5a7, LLC (the "Developer"), hereby requests that the Village of Hoffman Estates (the "Village") commence all steps to certify a Tax Increment Financing ("TIF") District for the property generally bounded by Illinois Route 72 to the south, Illinois Route 59 to the east, the CN Railway to the west and the property line to the north (the "Property").

The Developer intends to redevelop the Property by constructing mixed use commercial spaces, single family homes, and multi-family residences (the "Project"). This redevelopment will benefit the Village through the expansion of its local economy and tax base and encourage future development within the Village.

The Developer intends to finance the Project in part through TIF funds issued by the Village in the form of a note or notes (the "Incentive"). The TIF will be a "pay-as-you-go" TIF. A "pay-as-you-go" TIF places the burden of developing the Property and meeting projections, squarely on the shoulders of the Developer; yet, it shields the Village from all financial exposure.

But for the Incentive, the construction of the Project would be infeasible. The Developer may assign the Incentive to affiliated entities or successor note holders. The Developer will utilize the Incentive primarily to finance the expense of public infrastructure improvements needed to support the Project and to offset extraordinary site costs, including mitigation of floodplain and other hydrological conditions, relocation of a pipeline, geotechnical remediation of the Property.

The Project would create approximately 1400-1700 temporary construction jobs in the community. In addition, Developer expects approximately 270 permanent jobs arising from full and part time work related to the commercial properties, including the apartments. These new

jobs should create a "construction ripple," in which the salaries paid for the construction of Project will be recycled within the community and create collateral employment opportunities.

The plans for the Project include amenities and significant greenspace for the community and residents of the Village. The Project will provide approximately 125,000 to 150,000 square feet of retail and other commercial uses. The Project will also provide diversified housing stock likely to attract new Village residents and offer long term Village residents who are seeking alternative housing an opportunity to remain in the Village. The planned housing will activate development of additional retail, office and entertainment near the Village's western boundary.

Please contact my office at (708) 222-7000 with any questions.

Very Truly Yours,
Del Galdo Law Group, LLC

A handwritten signature in black ink that reads "James M. Vasselli". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James Vasselli, Esq.

cc: Bev Romanoff, Village Clerk
Arthur L. Janura, Jr., Village Attorney
James H. Norris, Village Manager
Mark Koplin, Assistant Village Manager, Development Services
Anthony Iatarola, Esq.
Matthew E. Norton, Esq.

ATTACHMENT B

Municipalities in Illinois and across the nation are faced with numerous challenges, not the least of which is encouraging economic growth in blighted, decaying, and underperforming areas in need of development or redevelopment. Most often, improving these areas requires a public investment to reduce the extra cost and risk that private development faces in such areas. The public wishes to see this development occur, but without increased taxes or the reduction of funding to other necessary services and projects that would be required to pay for the public investments that development and redevelopment usually require.

One tool successfully in use in Illinois and 48 other states to meet this economic development challenge is Tax Increment Finance, or TIF. With this development tool, financially strapped local governments can make the improvements they need, such as site preparation, new roads or sewers, and provide incentives to attract new businesses or help existing businesses stay and expand. And TIF does this without tapping into general municipal revenues or raising taxes.

Since the Federal and State governments have greatly reduced their support for local economic development over the years, TIF helps local governments attract private development and new businesses using local resources that do not depend upon an increase in taxes or the reduction of other services. New development and businesses mean more jobs, more customers, and, in turn, more private investment for areas most in need. TIF projects also help retain existing businesses that might consider relocating away from declining areas. These jobs and investment, public and private, mean more revenue to help a community meet its other needs. As a result, the community as a whole, not just the area targeted for TIF revenues, improves. The local government must determine that “but for” the establishment of a TIF, the redevelopment would not occur.

TIF is simple in concept. TIF calls for local taxing bodies to make a joint investment in the development or redevelopment of an area with the intent that any short term gains be reinvested and leveraged so that all the taxing bodies will receive larger financial gains in the future. The funds for this investment do not come from current revenues, but from future tax revenues not otherwise expected to occur. These new revenues are generated by increased public and private investment in identified, underperforming areas.

When a TIF redevelopment project area (often called a TIF District) is created, the value of the property in the area is established as the “base” amount. The property taxes paid on this base amount continue to go to the various taxing bodies as they always had, with the amount of this revenue declining only if the base declines (something that the TIF is expected to keep from happening) or the tax rate goes down. It is the growth of the value of the property over the base that generates the tax increment. This increment is collected into a special fund (the Special Tax Increment Allocation Fund) for use by the municipality to make additional investments in the TIF project area. This reinvestment generates additional growth in property value, which results in even more revenue growth for reinvestment.

In this way, the TIF redevelopment project creates a vital cycle, increasing development and redevelopment in the area, such that when the TIF project ends and Illinois law allows a TIF project to exist for a period of up to 23 years, all of the taxing bodies benefit from the new growth that would not have occurred without the TIF.

VILLAGE OF HOFFMAN ESTATES

**A RESOLUTION SETTING A DATE FOR PUBLIC HEARING REGARDING
APPROVAL OF A REDEVELOPMENT PLAN AND PROJECT
FOR THE ROUTE 72 AND ROUTE 59 REDEVELOPMENT PROJECT AREA,
DESIGNATION OF THE ROUTE 72 AND ROUTE 59 REDEVELOPMENT PROJECT
AREA AS A REDEVELOPMENT PROJECT AREA, AND ADOPTION OF
TAX INCREMENT ALLOCATION FINANCING PURSUANT TO THE
TAX INCREMENT ALLOCATION REDEVELOPMENT ACT**

WHEREAS, the Village of Hoffman Estates, Cook and Kane Counties, Illinois (the Village) desires to consider the adoption of tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, as amended, constituting Division 74.4 of Article 11 of the Illinois Municipal Code (the Act) in order to implement a redevelopment plan and project as described in the document entitled "Route 72 and Route 59 Tax Increment Financing Redevelopment Plan and Project and Eligibility Report" (the Redevelopment Plan), prepared by Laube Companies; and

WHEREAS, the proposed redevelopment project would take place within a "redevelopment project area" (as such term is defined in the Act), consisting of approximately 184 acres, generally bounded by Route 59 to the east, the property line to the north, Route 72 to the south and the CN Railroad to the west, and as further described in the Redevelopment Plan (the Project Area); and

WHEREAS, the Redevelopment Plan includes an eligibility analysis of the Project Area which concludes that the Project Area is eligible for tax increment financing as a "blighted area" (as such term is defined in the Act) because the Project Area suffers from chronic flooding, declining equalized assessed valuation from 4 of the past 5 years and obsolete platting, and stagnating or declining property values due to a lack of private investment, and the Redevelopment Plan, including such eligibility analysis, has been available for public inspection at least ten days prior to the adoption of this Resolution; and

WHEREAS, the Redevelopment Plan constitutes the "redevelopment plan" and "redevelopment project" for the Project Area, as such terms are defined in the Act; and

WHEREAS, pursuant to Section 11-74.4-5(a) of the Act, prior to the adoption of an Ordinance proposing the designation of a redevelopment project area or approving a redevelopment plan and project, the Act requires the Village to publish in a newspaper of general circulation within the Village a notice that interested parties may register with the Village in order to receive information on the proposed designation of the Redevelopment Project Area and approval of the Redevelopment Plan and Redevelopment Project; and

WHEREAS, pursuant to Section 11-74.4-4.2 of the Act, the Village has established an "interested parties" registry (as such term is defined in the Act) for activities related to the Project Area, and on multiple occasions, including February 1, 2017, the Village did cause to be published in the Daily Herald, a newspaper of general circulation within the Village, a notice that interested parties may register with the Village in order to receive information on the proposed designation of the Project Area and approval of the Redevelopment Plan; and

WHEREAS, pursuant to Section 11-74.4-5(a) of the Act, prior to the adoption of an Ordinance proposing the designation of a redevelopment project area or approving a redevelopment plan and redevelopment project, the Act requires the Village to adopt a Resolution or Ordinance fixing a time and place for a public hearing;

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Hoffman Estates, Cook and Kane Counties, Illinois, as follows:

Section 1: Incorporation of Recitals. The foregoing recitals to this Resolution are incorporated in this Resolution as if set out in full by this reference.

Section 2: Time and Place for Public Hearing. A public hearing (the Hearing) shall be held on the 3rd day of April, 2017, at 6:50 p.m. in the Village Hall located at 1900 Hassell Road, Hoffman Estates, IL 60169, to consider the adoption and approval of Ordinances by the President and Board of Trustees of the Village: (i) approving the Redevelopment Plan as the redevelopment plan and project for purposes of the Act respecting the Project Area; (ii) designating the Project Area as the redevelopment project area for purposes of the Act; and, (iii) adopting the use of tax increment allocation financing respecting the Project Area to pay “redevelopment project costs” (as such term is defined in the Act) as set forth in the Redevelopment Plan (collectively, the Ordinances).

Section 3: Mailing of Notice Concerning Availability of Redevelopment Plan Information. The Village is hereby authorized and directed, upon approval of this Resolution, to mail notice of the availability of the Redevelopment Plan and instructions for obtaining copies of such report and related information (i) to all persons or organizations that have registered as interested parties with the Village; and (ii) to all residential addresses that, after a good faith effort, the Village determines are located outside the proposed Project Area and within 750 feet of the boundaries of the proposed Project Area.

Section 4: Mailing of Notice to Taxing Districts and Department of Commerce and Economic Opportunity. Not less than 14 days before the Village shall convene a joint review board (the Joint Review Board) hearing (the JRB Hearing) with respect to the approval of the Redevelopment Plan, the Village is hereby authorized and directed to mail notice by certified mail of the JRB Hearing and the Redevelopment Plan to all taxing districts of which taxable property is included in the Project Area and to the Department of Commerce and Economic Opportunity. Such notice shall include an invitation to submit comments to the Village concerning the subject matter of the JRB Hearing prior to the date of the JRB Hearing. The Joint Review Board shall consist of a representative selected by each community college district, local elementary school district and high school district or each local community unit school district, park district, library district, township, fire protection district, and county that will have the authority to directly levy taxes on the property within the proposed Redevelopment Project Area at the time that the proposed Redevelopment Project Area is approved, a representative selected by the municipality and a public member. The public member shall first be selected and then the Joint Review Board’s chairperson shall be selected by a majority of the Joint Review Board members present and voting.

Section 5: Time and Place for Joint Review Board Hearing. The JRB Hearing shall be held on the 21st day of February, 2017, at 1:30 p.m. in the Alexa Room at Village Hall located at 1900 Hassell Road, Hoffman Estates, IL 60169, to consider a proposal to (i) designate the Project Area as the redevelopment project area for purposes of the Act, (ii) approve the Redevelopment Plan as the redevelopment plan and project for purposes of the Act respecting the Project Area, and (iii) adopt the use of tax increment allocation financing respecting the Project Area to pay “redevelopment project costs” (as such term is defined in the Act) as set forth in the Redevelopment Plan.

Section 6: Additional Actions Authorized. The officers, employees, and/or agents of the Village shall take all action necessary or reasonably required to carry out, give effect to and consummate the intent of and actions contemplated by this Resolution and shall take all action necessary in conformity therewith including, without limitation, the execution and delivery of any documents required to be delivered in connection with the notice or other requirements of the Act be aforesaid specifically stated herein or not. Any times described herein shall be in “Chicago Time”.

Section 7: Notice of Public Hearing. Notice of the Hearing shall be given by publication and by mailing. Notice by publication shall be given at least twice, the first publication to be not more than 30 or less than 10 days prior to the Hearing in a newspaper of general circulation within the taxing districts having property in the Project Area. Notice by mailing shall be given by depositing such notice in the United States mails by certified mail addressed to the person or persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the proposed Project Area. Such notice shall be mailed not less than 10 days prior to the date set for the Hearing. In the event taxes for the last preceding year were not paid, the notice shall be sent to the persons last listed on the tax rolls within the preceding three years as the owners of such property. The notice shall be in substantially the following form:

NOTICE OF HEARING

NOTICE is hereby given pursuant to Section 11-74.4-6(b) of the Tax Increment Allocation Redevelopment Act, as amended (the Act) that on the 3rd day of April, 2017, the President and Board of Trustees of the Village of Hoffman Estates (the Village) will hold a public hearing (the Hearing) at 6:50 p.m. at 1900 Hassell Road, Hoffman Estates, IL 60169, regarding (i) approval of the "Route 72 and Route 59 Tax Increment Financing Redevelopment Plan and Project and Eligibility Report" (the Redevelopment Plan), as the redevelopment plan and project under the Act for the area more fully described below (the Project Area); (ii) designation of the Project Area as a redevelopment project area for purposes of the Act; and (iii) adoption of tax increment allocation financing pursuant to the Act to finance all or a portion of the costs of improvements proposed to be made in the Project Area. The Project Area is generally described as follows:

The Project Area is generally bounded by generally bounded by Route 59 to the east, the property line to the north, Route 72 to the south and the CN Railroad to the west. The Project Area contains approximately 184 acres and contains five (5) tax parcel numbers.

A boundary legal description of the Project Area is attached to and made a part of this Notice as Exhibit 1. A boundary map of the Project Area is attached to and made a part of this Notice as Exhibit 2.

The overall goal of the Redevelopment Plan is to: (1) eliminate blighting conditions within the Project Area; (2) restore and expand the tax base in order to maintain a high level of services, programs, and facilities; (3) stimulate private investment; (4) encourage new commercial developments and the growth and diversification of the Village's housing stock in an orderly manner; (5) encourage productive use of underutilized properties and properties which are vacant; (6) encourage sales tax producing enterprises in the Project Area; (7) enhance the Village's image as a desirable place to live; and (8) utilize the parcels in the Project Area and surrounding area for a development that is in conformance with the Village's overall planning efforts. The redevelopment of the Project Area will strengthen the economic base and enhance the quality of both the Project Area and the surrounding commercial district.

The Redevelopment Plan seeks to achieve these goals by implementing an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment, principally through the use of tax increment financing, as well as other funding sources, to encourage further private investment. In pursuit of these goals, the Village may enter into redevelopment agreements for the construction of public and private improvements, and to finance a portion of the costs of such improvements using funds from the special tax allocation fund described in the Act and to issue one or more series of obligations secured by such funds. Please see the Redevelopment Plan for a more complete description of the proposed activities. Copies of the Redevelopment Plan are available at the Village Hall, 1900 Hassell Road, Hoffman Estates, IL 60169. General business hours are 8:30 a.m. to 5:00 p.m. weekdays.

All interested persons will be given an opportunity to be heard at the Hearing. The Illinois Department of Commerce and Economic Opportunity and each applicable taxing district having taxable property included in the Project Area are invited to submit comments to the Village concerning the subject matter of the Hearing prior to the Hearing date to: Mark Koplin, Assistant Village Manager-Development Services, Village of Hoffman Estates, 1900 Hassell Road, Hoffman Estates, IL 60169.

Section 8: Invalidity of Any Section. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 9: Effective Date. This Resolution shall be in full force and effect immediately from and after its passage and approval.

PASSED THIS _____ day of _____, 2017

| VOTE | AYE | NAY | ABSENT | ABSTAIN |
|-----------------------------|-------|-------|--------|---------|
| Trustee Karen V. Mills | _____ | _____ | _____ | _____ |
| Trustee Anna Newell | _____ | _____ | _____ | _____ |
| Trustee Gary J. Pilafas | _____ | _____ | _____ | _____ |
| Trustee Gary G. Stanton | _____ | _____ | _____ | _____ |
| Trustee Michael Gaeta | _____ | _____ | _____ | _____ |
| Trustee Gayle Vandenberg | _____ | _____ | _____ | _____ |
| President William D. McLeod | _____ | _____ | _____ | _____ |

APPROVED THIS _____ DAY OF _____, 2017

Village President

ATTEST:

Village Clerk