

July 31, 2018: **DRAFT 2**

Downtown Economic Incentives Study

Village of Clarendon Hills, Illinois



Ehlers & Associates, Inc.
525 W. Van Buren Street
Suite 450
Chicago, Illinois 60607
Telephone: 312-638-5250

Project Contact:

Ehlers
Jennifer M. Tammen
Municipal Advisor/ Principal
312-638-5263
jtammen@ehlers-inc.com

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I. Introduction

The following report is provided by Ehlers & Associates, Inc. (Ehlers) in response to a request issued by the Village of Clarendon Hills in January 2018. Village leaders requested that the Village staff consider researching and developing a consistent funding source to support investment and development within the Downtown. To that end, the Village commissioned a review and analysis of potential economic development funding resources available to the Village including, the creation of a Special Service Area, a Business District, and a Tax Increment Finance District, the community implications of each, and the financial wherewithal of each source specific to the Downtown. The findings of that study are reported herein.

A map of the Downtown Clarendon Hills Study Area (Study Area) is attached to this report as **Appendix A**. The area is approximately 31 acres in size.

II. Study Process and Findings Summary

Following an initial meeting of Village Staff and Ehlers, research was undertaken for potential applicability of funding sources which may benefit the Study Area according to the provisions of Illinois law as it applies to the sources being considered, specifically a Special Service Area (SSA), Business District (BD), a Tax Increment Financing (TIF) District, and/or other funding mechanisms as they may apply.

The findings of the research and area field survey indicated that the Study Area could qualify under the law as any one of these three economic development/revenue generation tools (SSA, BD, or TIF).

III. Overview of Applicable Development Financing Options

The following is an overview of how these development funding tools work and our assessments for how the Study Area would qualify, followed by “ballpark” estimates of the potential revenues that could be generated by these tools.¹

Based on discussions with Village staff and Ehlers review of Village planning documents, there are not any specific redevelopment projects or capital needs that have been identified within the Study Area at this time. In the absence of defined goals or projects, the revenue estimates provided are more general in nature.

The information gathered during the discussions with Village staff indicated no group consensus

¹ These descriptions and our preliminary research for the purposes of this study are insufficient to be used alone as the foundations for the legal procedural adoption of these tools, but can be used in conjunction with the additional documentation required by Illinois law.

for either using or for not using a particular funding tool, so all of the options studied will be described as viable options for further consideration by the Village.

A. Special Service Area (SSA)

Illinois law (35 ILCS 200/Art. 27) defines a “Special Service Area” as a contiguous area within a municipality or county in which special governmental services are provided in addition to those services provided generally throughout the municipality or county. The costs of the special services are to be paid from revenues collected from taxes levied or imposed upon property within that area.

The levy for a special service area tax is extended by the County Clerk in the same manner as general real estate taxes, after the municipality has filed a certified copy of the ordinance creating the SSA. An SSA, like any taxing district, annually requests a tax levy, expressed in dollars. In DuPage County, the Clerk determines the tax rate by factoring the requested levy against the district properties’ Equalized Assessed Value (EAV) available for taxation by the SSA. The tax rates vary amongst SSAs, and vary from year to year as long as the rates do not exceed the SSA district’s tax rate ceiling. (For example, typical SSA tax rates may range in the area of 0.15% to 3.00%.)

Qualification

An SSA may be created simply by adhering to the required statutory procedure. There are no “qualification criteria” to be satisfied, such as those required to create a Business District or TIF District. The Village would need to define the amount of the tax levy, as well as the nature of the proposed special services to be provided within the special service area and a statement as to whether the proposed special services are for new construction, maintenance, or other purposes, among other required information.

Prior to the establishment of an SSA, a public hearing must be held, for which notices are required to be sent to the taxable property owners within the boundaries of the SSA. The notice shall include the maximum rate of tax to be extended within the SSA in any year and a maximum number of years that tax will be levied if a maximum number of years is established. (A specific term length is not required.) If a tax is to be levied, there will be an opportunity to file an objection. If a petition is signed by more than 51% of the electors residing within the SSA and at least 51% of the owners of record of the land included within the SSA boundaries, the district can not be created.

Potential Redevelopment Objectives

The term “special services” means “all forms of services pertaining to the government and affairs of the municipality or county, including but not limited to... improvements permissible under Article 9 of the Illinois Municipal Code, and contracts for the supply of water. Article 9 of the Municipal Code pertains to local improvements and provides for making a wide variety of improvements by special assessments, including, but not limited to, streets, storm drain sewers, water mains, sanitary sewer improvements, sidewalks, walkways, bicycle paths, landscaping, lighting improvements, signage improvements, vehicular parking improvements, any additional improvements necessary to provide access to the public improvements, and all necessary appurtenances. In addition to these capital types of expenses, SSAs can be used, and often are,

to fund services such as landscaping and cleaning/maintenance within the area, snow removal, additional security or police, and tenant services (i.e. marketing and recruiting for properties within the area). The municipality may provide these services directly or may distribute the money to an independent service provider agency (with a small administration fee going to the municipality).

Potential Revenues

An SSA would work differently than BD or TIF in that the amount of the requested levy (or desired revenues) would need to be determined up front, and then the DuPage County Clerk would determine the tax rate by factoring the requested levy against the district properties' EAV available for taxation by the SSA. For these reasons, revenue projections are not applicable and therefore none were prepared.

Feasibility of Option Implementation

An SSA would be relatively simple for the Village to adopt from a procedural standpoint. This would assume however, that at least 51% of the electors residing within and property owners within the SSA do not object. In order to make that determination, the Village would need to develop and put forth a more detailed plan for the types of services or improvements the SSA would fund, the projected tax impact to effected parties, and initiate discussions with residents and property owners within the SSA. On the positive side, the Village has utilized SSAs, albeit in a limited capacity, therefore there is precedent. Also, there does not need to be a defined term for an SSA, so it could be used to fund ongoing services without expiration.

B. Special Assessment (SA)

It should be noted that a “Special Assessment” tax is a similar, but distinct from of this type of area specific tax for local improvements. Special Assessments can be less preferable for municipalities compared to Special Service Areas, however. Unlike SSAs, special assessments generally do not appear on the property owner’s tax bill, but instead the municipality directly issues the bills and the property owner makes the payments directly to the municipality. There are also additional legal procedures required for issuing bonds backed by special assessments, as well as that SSA bonds can typically be marketed at lower interest rates than special assessment bonds. There are other reasons this tool may be less attractive than an SSA to the Village. Given the types of needs for the Downtown described by the Village, the SA is still an option, but the other tools discussed in this report may be preferable for the reasons stated above.

C. Business District (BD)

Legislative amendments in 2004 and in 2010 made Business Districts a more viable tool for Illinois municipalities. “Business Districts” (as defined in Illinois law at 65 ILCS 5/11-74.3-5, not in the more general sense of the term) allow communities to pledge a new tax in the form of a retailers’ occupation tax and service occupation tax (i.e. “sales tax”) and/or hotel/motel tax toward redevelopment in a designated area. The revenue generated could be used to improve outmoded commercial areas, encourage hotel or visitor center development, and upgrade and improve infrastructure.

The new tax revenue is generated through an additional sales tax of up to 1.00% on retail goods and/or an additional hotel/motel tax of up to 1.00% in the designated Business District. This is a particularly useful tool in non-home rule communities that do not have the authority to impose a Home Rule Sales Tax or other similar taxes without public approval.

The sales tax may not be imposed on "tangible personal property titled or registered with an agency of this State's government or food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption), prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purposes of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use," and may not be imposed for more than twenty-three (23) years. The tax, if imposed, shall be collected by the Illinois Department of Revenue and then disbursed to the Village.

Regarding the food and beverage provisions, in other words, the Business District sales tax does not apply to groceries. It would apply to food and beverages served at a restaurant, or prepared for take-out. It would apply to food prepared for immediate consumption at a grocery store deli or convenience store, whether carried out or consumed on the premises. The tax would also apply to alcoholic beverage and soft drink sales.

In order to implement the additional Business District sales tax and/or hotel/motel tax, the law requires that a municipality make a formal finding that the area is blighted. The "blighted" definition is similar to, but not exactly the same as that of TIF. In cases of a new Business District and TIF overlay, the eligibility for both could be established concurrently. Other requirements similar to TIF are: "but for" provisions (i.e. without the use of this tool, the area will not improve on its own), the requirement for a Redevelopment Plan, and the requirement for contiguity of parcels in the District.

A Business District's term may actually be longer than the 23 years of a TIF, but the BD sales tax cannot be imposed for longer than 23 years. A TIF can be extended to up to 35 years however, and the BD law does not provide for the extension of a BD or the related sales tax. (Although a new BD could be created in the same area if conditions exist which allow for the area to re-qualify.)

The establishment of a Business District requires that the municipality hold one public hearing before the Village Board adopts the ordinance. A BD has no direct impact on other taxing bodies, therefore input or approval from overlapping taxing bodies prior to its adoption is not required.

Qualification

As a result of our research, Ehlers concludes that the Study Area would likely qualify for designation as a redevelopment project area under the Business District Act and meets the "blighted area" criteria that is necessary for the Village to impose the retailers' occupation tax and service occupation tax if it so chooses. The Study Area does not include any hotels or motels, so the BD hotel/motel tax is not applicable.

Pursuant to 65 ILCS 5/11-74.3-5, a Business District is defined as “a contiguous area which includes only parcels of real property directly and substantially benefited by the proposed business district plan.” The Act further states that a business district may be established without a finding of “blight”, but no municipality shall be authorized to impose Business District sales taxes and/or hotel/motel taxes unless it is determined by ordinance to be a blighted area under the Act. (Unless the municipality is a non-Home Rule community, there are limited reasons why a community might want to establish a BD without the benefit of the additional sales taxes it generates.)

A “blighted area” is defined by the Business District Act as “an area that is a blighted area which, by reason of the predominance of defective, non-existent, or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability, an economic underutilization of the area, or a menace to the public health, safety, morals, or welfare.”

A survey of the Study Area indicated that a majority of the buildings demonstrate “deterioration of site improvements”. There is also what may be considered to be “obsolete platting” in that there are parcels of inadequate size and shape for contemporary redevelopment. The Village also indicated that a majority of the existing structures do not have fire suppression systems. Finally, there is the indication of an “economic underutilization of the area” as evidenced by our findings from our survey as well as the review of the Study Area’s recent assessed valuation over the last five years, as described below.

A review of the Study Area properties’ Equalized Assessed Value (EAV) between 2012 and 2017 (the most current data available at the time of the survey) indicates that the EAV for the area is lagging in all three measures by which this factor is measured under the TIF Act. (There is no such language in the BD Act that includes the measurement of EAV as a specific threshold, however, the same principles apply to TIF and Ehlers uses these measurements to demonstrate economic underutilization of the Study Area over a period of time and when compared to other areas within the Village and the U.S.)

The following table shows the three measurements (in shaded boxes) used by Ehlers to measure lagging EAV in the years 2012 – 2017:

Table 1: Downtown Clarendon Hills Study Area
EAV Analysis 2012-2017

	TAX YEAR EAV					
	2012	2013	2014	2015	2016	2017
Total EAV of Study Area	11,584,954	11,072,872	11,038,085	10,988,347	11,377,718	11,943,260
Percent Change		-4.42%	-0.31%	-0.45%	3.54%	4.97%
Total EAV of Study Area declined from previous year?	YES	YES	YES	no	no	
Total EAV of Study Area	11,584,954	11,072,872	11,038,085	10,988,347	11,377,718	11,943,260
Percent Change		-4.42%	-0.31%	-0.45%	3.54%	4.97%
Village Wide EAV	463,340,962	453,437,001	457,578,882	495,292,137	530,825,045	566,649,956
Balance of Village Wide EAV	451,756,008	442,364,129	446,540,797	484,303,790	519,447,327	554,706,696
Percent Change		-2.08%	0.94%	8.46%	7.26%	6.79%
Total EAV of Study Area less than balance of Village?	YES	YES	YES	YES	YES	
Total EAV of Study Area	11,584,954	11,072,872	11,038,085	10,988,347	11,377,718	11,943,260
Percent Change		-4.42%	-0.31%	-0.45%	3.54%	4.97%
CPI		1.50%	1.60%	0.10%	1.30%	2.10%
Total EAV of Study Area less than CPI?	YES	YES	YES	no	no	

The Study Area meets all three of the qualifying factors for lagging EAV. One of the factors described above alone would qualify the Study Area as a “blighted area” for BD purposes, but the combination of these factors makes an even stronger case for qualification.

Potential Redevelopment Objectives

As examples, the revenue generated from these taxes could be used for eligible expenses within the Business District to do the following:

- Encourage new or improved retail shops and stores.
- Create entertainment and restaurant areas.
- Modernize outdated retail, and office developments to attract visitors and local residents to the area and to encourage spending.
- Create and maintain a revolving loan fund related to the uses above.
- Upgrade and construct public improvements, including parking areas, bike paths, and modern streetscapes.

The BD Act contains a list of eligible expenses, but is rather expansive in terms of how this list applies to redevelopment activities.

Potential Revenues

In 2017, the Village received total sales tax revenues of approximately \$64,000 generated from sales in Downtown Clarendon Hills. The BD sales tax projections shown in **Appendix B** use the \$64,000 figure as a base to determine the projected revenue from an additional Business District sales tax at options of .25% up to the maximum allowed 1.0%, if one were to be established, with a slight annual increase for inflation. (This would be on top of the Village’s current sales tax rate, which currently totals 7% on general merchandise, of which none is assessed by the Village). This projection indicates that a BD sales tax could generate revenue in the neighborhood of \$400,000 up to \$1.65 million over the BD term of 23 years, depending on the

tax rate applied. This is about \$240,000 to \$950,000 in today's dollars, using a 5% present value rate (which takes into account the time value of money, i.e. a dollar buys more today than it will in 23 years).

A Business District sales tax should be considered within the context of the Village's overall sales tax rate, recent sales trends, and the existing supply of commercial and retail space in the Downtown. However, this tool has potential for funding various types of improvements in which the Village may be interested. Further, a Business District combined with a Special Service Area and a new TIF can sometimes offer a strong package of revenue producing and economic development generating options.

Feasibility of Option Implementation

A Business District may be the option that could be most easily implemented for Downtown Clarendon Hills. Revenue could be generated immediately within the year. The BD tax is effective either January 1 or July 1, collected by IDOR, and distributed quarterly to the municipality. Current sales tax collections indicate that this tool could potentially fund services or projects in which public stakeholders are interested.

However, a BD may not be the best or only option, given the limited number of sales tax generating businesses in the Downtown. Furthermore, it is unlikely that bricks-and-mortar sales tax generators of any significant scale would locate in the Study Area given its lack of visibility from the major corridors that border the Village.

D. Tax Increment Financing (TIF)

Tax Increment Financing (TIF) has proven to be one the most effective economic development tools available to Illinois municipalities for financing development/redevelopment.

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 reduced only if the base declines or the tax rate decreases. It is the growth in 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.

After the redevelopment has occurred and the TIF District ends (usually after 23 years, the maximum allowed by Illinois law absent an extension), all of the taxing bodies benefit from the new growth.

Similar to BD, the process for establishing a TIF begins by identifying an area that meets the requirements for a "redevelopment project area" (more detail is below), drafting the required documents (an Eligibility Report, a Redevelopment Plan, and in cases where there are more than 75 occupied residential units, as is likely the case in the Study Area, a Housing Impact Study), holding a Public Information Meeting (also a requirement in this Study Area due to the number

of residential units), a Joint Review Board meeting (comprised of representatives of certain taxing bodies impacted by the TIF), and a Public Hearing, prior to the adoption of three ordinances by the Village Board. The County Clerk is then notified so that the County can establish the taxing bodies' base value and begin to collect and distribute incremental revenues.

Qualification

As set forth in the TIF Act (Illinois' Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74), a TIF District or "redevelopment project area" means an area designated by the municipality which is not less in the aggregate than 1.5 acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an "industrial park conservation area" or a "blighted area" or a "conservation area," or a combination of both "blighted" and "conservation" areas.

In general, it is also important to note that tests of eligibility are based on the conditions of the area as a whole; it is not required that eligibility be established for each property in the proposed TIF redevelopment project area. In addition to establishing eligibility under the TIF Act, a municipality must also find that "the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan." This finding is commonly referred to as the "but for" finding.

As a result of our research, Ehlers concludes that the Study Area would qualify for designation as a redevelopment project area under the TIF Act and would qualify as a "conservation area" and, depending upon the findings of a more in-depth survey, possibly a "blighted area" as well. (We can provide more detail on the differences between these two designations at a later time.)

Based on our field observations, the majority of the Study Area buildings are older than 35 years of age, which would allow it to meet the requirement of 50% or more being older than 35 years of age in order to qualify as a conservation area. About one-half each of the buildings and parcels exhibit signs of **deterioration and obsolescence**, both of which are qualifying factors. Approximately two-thirds of the parcels exhibit **excessive land coverage** which is demonstrated by buildings covering a majority of the parcel. As mentioned in the BD section, there is evidence of **lagging EAV** in the Study Area too, which demonstrates economic underutilization of the area over a period of five years and when compared to other areas within the Village and the U.S. This criteria will help in establishing the "but for" finding if the Village opts to create a TIF District.

Potential Redevelopment Objectives

A designation as either a "conservation area" or a "blighted area" would allow the Village to collect increment in the same way and use those funds for the same TIF eligible expenses, such as those listed below:

- Improvements to the Metra Station and surrounding properties to capitalize on the Downtown's transit oriented location
- Provide/reconfigure public parking assets to support existing and future businesses

- Upgrading and improving pedestrian and vehicular safety by installing crosswalks, new traffic control devices, and improvement to the pedestrian gates at the Metra tracks.
- Acquisition, clearance and other land assembly and site preparation activities.
- Revitalization of deteriorated or obsolescent commercial buildings.
- Incentives to retain and attract private development.

TIF revenues can be used for the same types of costs as a Business District, with one exception: in general, TIF costs cannot be used for new construction, although there are some exceptions for affordable housing and public buildings, which we can define further, should the Village decide to explore this option. The TIF Act also includes a broadly defined list of costs for which TIF dollars may be used.

Potential Revenues

The tax increment projections shown in **Appendix C** use the Project Area's EAV as of tax year 2017 as the base level that would be established at the onset of the TIF. There are two TIF Increment Projection scenarios included, the first (C-1) shows only the inflationary growth that would be captured by the TIF, assuming there is no appreciable increase in EAV due to new investment. The second (C-2) showing higher EAV values for "Future Projects EAV" as a "best case" scenario.

Scenario C-2 shows how potential "EAV Added" from redevelopment (which is calculated at approximately one-third of fair market value) would impact the incremental revenues. We included the new developments at 229 Park Avenue and 88 Park Avenue in both scenarios to more accurately reflect the potential incremental property taxes from future development.

Feasibility of Option Implementation

While TIF can often times offer the best opportunity to generate the most revenue for improvements to an area, there are considerable impediments to the use of this tool in the Study Area. First, the Village does not expect new, larger-scale redevelopment within Downtown Clarendon Hills without the assemblage of smaller parcels into larger redevelopment sites. The smaller-scale types of infill development and property improvements that would be expected within the area will generate modest amounts of property tax increment over the life of a TIF District (usually 23 years), and it will probably take a number of years before any increment is generated at all.

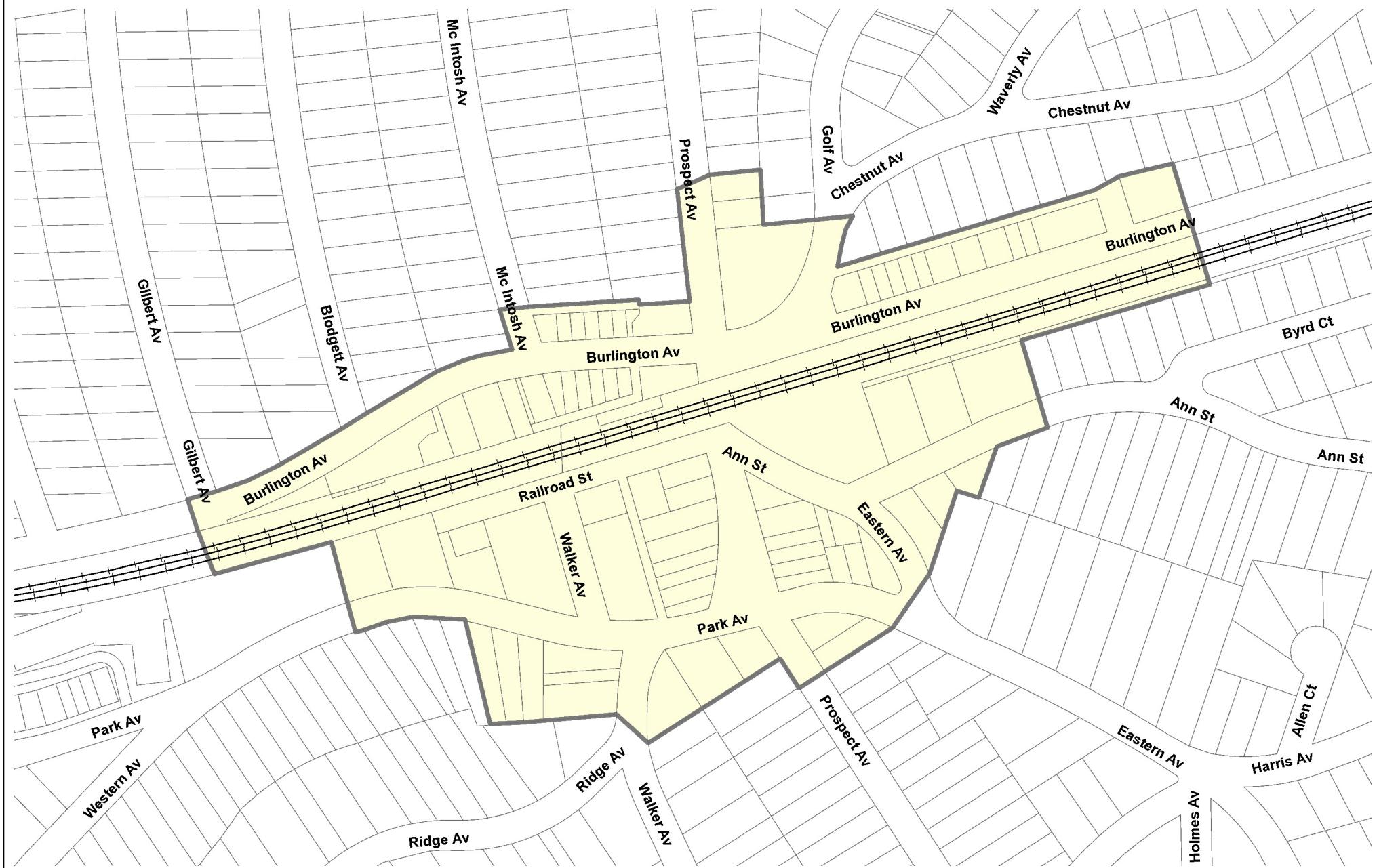
That said, the use of TIF as a financing tool for both Developers and the Village can be a valuable component in a redevelopment. When structured appropriately, TIF can serve as a critical element for Developer financing as well as an alternative source to support Village-issued debt or Notes.

E. Summary of Financing Options Overview

While some of the financing options are more feasible than others, Ehlers' preliminary analysis indicates that a Special Service Area (or Special Assessment), a Business District, and a Tax Increment Finance District are all options that are available for the Village to apply to the Study Area.

Appendix A: Downtown Clarendon Hills Study Area Map

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1" = 294 ft

— Boundary

**Village of Clarendon Hills
Downtown Economic Incentives Study**
Study Area



EHLERS
LEADERS IN PUBLIC FINANCE

Print Date: 6/8/2018

Appendix B: Downtown Clarendon Hills Sales Tax Projections

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Potential New Downtown Business District Study Area

Business District Sales Tax Projections

Assumes Annual Growth of 1%

Municipal Tax ¹	\$64,305	Annual Sales Tax Increase ²	1.00%
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Municipal Tax Portion	\$64,305
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BD Year	Tax Year	Collection Year	Estimated Annual Business District Sales Tax Revenues ^{3,4}			
			Business District Sales Tax @ 1.00%	Business District Sales Tax @ 0.75%	Business District Sales Tax @ 0.50%	Business District Sales Tax @ 0.25%
1			\$ 64,305	\$ 48,229	\$ 32,153	\$ 16,076
2			\$ 64,948	\$ 48,711	\$ 32,474	\$ 16,237
3			\$ 65,598	\$ 49,198	\$ 32,799	\$ 16,399
4			\$ 66,254	\$ 49,690	\$ 33,127	\$ 16,563
5			\$ 66,916	\$ 50,187	\$ 33,458	\$ 16,729
6			\$ 67,585	\$ 50,689	\$ 33,793	\$ 16,896
7			\$ 68,261	\$ 51,196	\$ 34,131	\$ 17,065
8			\$ 68,944	\$ 51,708	\$ 34,472	\$ 17,236
9			\$ 69,633	\$ 52,225	\$ 34,817	\$ 17,408
10			\$ 70,329	\$ 52,747	\$ 35,165	\$ 17,582
11			\$ 71,033	\$ 53,275	\$ 35,516	\$ 17,758
12			\$ 71,743	\$ 53,807	\$ 35,872	\$ 17,936
13			\$ 72,460	\$ 54,345	\$ 36,230	\$ 18,115
14			\$ 73,185	\$ 54,889	\$ 36,593	\$ 18,296
15			\$ 73,917	\$ 55,438	\$ 36,958	\$ 18,479
16			\$ 74,656	\$ 55,992	\$ 37,328	\$ 18,664
17			\$ 75,403	\$ 56,552	\$ 37,701	\$ 18,851
18			\$ 76,157	\$ 57,118	\$ 38,078	\$ 19,039
19			\$ 76,918	\$ 57,689	\$ 38,459	\$ 19,230
20			\$ 77,687	\$ 58,266	\$ 38,844	\$ 19,422
21			\$ 78,464	\$ 58,848	\$ 39,232	\$ 19,616
22			\$ 79,249	\$ 59,437	\$ 39,624	\$ 19,812
23			\$ 80,041	\$ 60,031	\$ 40,021	\$ 20,010
TOTAL			\$ 1,653,687	\$ 1,240,265	\$ 826,843	\$ 413,422

Net Present Value Sensitivity Analysis ⁵						
Discount Rate @	5%	\$ 949,630	\$ 712,223	\$ 474,815	\$ 237,408	
	6%	\$ 862,816	\$ 647,112	\$ 431,408	\$ 215,704	
	7%	\$ 787,528	\$ 590,646	\$ 393,764	\$ 196,882	
	7.5%	\$ 753,625	\$ 565,218	\$ 376,812	\$ 188,406	

Assumptions

¹ Annual Estimated Municipal Taxes Collected for the Study Area are based on estimated tax revenues provided by the Village of Clarendon Hills on June 6, 2018.

² Assumes a conservative rate of annual growth in Sales Taxes.

³ Business District Sales Tax applies to General Merchandise Sales only, and does not apply to sales of grocery, food, drugs, or medical appliances.

⁴ Business District Tax Revenue of the Study Area was calculated based upon the estimated tax revenues provided by the Village of Clarendon Hills on June 6, 2018.

⁵ Net Present Value presented with a range of discount rates to demonstrate potential value changes related to the timing, scope, and current market conditions of future development projects.

Appendix C: Downtown Clarendon Hills Tax Increment (TIF) Projections

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Village of Clarendon Hills
Potential New Downtown TIF Study Area

Increment Projections: Inflationary Growth Only DRAFT

Assumptions

Est. Base Value of Project Area ¹	\$ 11,943,260	Annual Inflation Rate ²	1.50%	Net Present Value Rate ⁹	5.0%
Tax Rate ³	5.79170%			% Revenue Collected	98%

TIF Year ⁴	Tax Year	Project Area EAV ⁵	Taxable EAV / Incremental Value ⁶	Projected Incremental Property Tax Revenues (Year Received) ⁷	Incremental Property Tax Revenues Collected (by 12/31) ⁸
Base EAV	2017	\$ 11,943,260	\$ -	\$ -	\$ -
0	2018	\$ 12,122,409	\$ 179,149	\$ -	\$ -
1	<u>2019</u>	\$ 17,737,256	\$ 5,793,997	\$ 10,376	\$ 10,168
2	2020	\$ 18,003,315	\$ 6,060,055	\$ 335,571	\$ 328,859
3	2021	\$ 18,273,365	\$ 6,330,105	\$ 350,980	\$ 343,961
4	2022	\$ 18,547,465	\$ 6,604,206	\$ 366,621	\$ 359,288
5	<u>2023</u>	\$ 18,825,677	\$ 6,882,418	\$ 382,496	\$ 374,846
6	2024	\$ 19,108,063	\$ 7,164,803	\$ 398,609	\$ 390,637
7	2025	\$ 19,394,684	\$ 7,451,424	\$ 414,964	\$ 406,665
8	2026	\$ 19,685,604	\$ 7,742,344	\$ 431,564	\$ 422,933
9	<u>2027</u>	\$ 19,980,888	\$ 8,037,628	\$ 448,413	\$ 439,445
10	2028	\$ 20,280,601	\$ 8,337,341	\$ 465,515	\$ 456,205
11	2029	\$ 20,584,810	\$ 8,641,550	\$ 482,874	\$ 473,216
12	2030	\$ 20,893,582	\$ 8,950,323	\$ 500,493	\$ 490,483
13	<u>2031</u>	\$ 21,206,986	\$ 9,263,726	\$ 518,376	\$ 508,008
14	2032	\$ 21,525,091	\$ 9,581,831	\$ 536,527	\$ 525,797
15	2033	\$ 21,847,967	\$ 9,904,707	\$ 554,951	\$ 543,852
16	2034	\$ 22,175,687	\$ 10,232,427	\$ 573,651	\$ 562,178
17	<u>2035</u>	\$ 22,508,322	\$ 10,565,062	\$ 592,631	\$ 580,779
18	2036	\$ 22,845,947	\$ 10,902,687	\$ 611,897	\$ 599,659
19	2037	\$ 23,188,636	\$ 11,245,376	\$ 631,451	\$ 618,822
20	2038	\$ 23,536,466	\$ 11,593,206	\$ 651,298	\$ 638,272
21	<u>2039</u>	\$ 23,889,513	\$ 11,946,253	\$ 671,444	\$ 658,015
22	2040	\$ 24,247,855	\$ 12,304,596	\$ 691,891	\$ 678,053
23	2041	\$ 24,611,573	\$ 12,668,313	\$ 712,645	\$ 698,392
24	2042	Collection of Year 23 Increment		\$ 733,711	\$ 719,036
Total				\$ 12,068,949	\$ 11,827,570
Net Present Value				\$ 6,259,919	\$ 6,134,721

Assumptions:

- ¹ Estimated Base EAV (TY2017) of Project Area (subject to certification by Du Page County).
- ² Estimated annual inflation rate.
- ³ Tax Rate for Tax Year 2017 of Tax Code 9060. (Other Tax Codes 9516 and 9557 has inclusion of Special Service Area rate). Only four PINs are not in Tax Code 9060.
- ⁴ Assumes TIF is adopted by Ordinance in early 2019 and that the first tax year is 2018 upon which increment will be collected. Assumes TIF Life of 23 Years.
- ⁵ Estimated Base EAV plus inflation only. Tax Year 2019 reflects 229 Park and 88 Park currently under construction; expected completion qne occupancy by January 1, 2019..
- ⁶ Inflationary growth EAV only.
- ⁷ Tax revenues are collected one year after the taxing year.
- ⁸ Assumes a 98% collection rate.
- ⁹ Current estimated rate of borrowing for conventional commercial financing.

Village of Clarendon Hills
Potential New Downtown TIF Study Area

DRAFT

Increment Projections: Inflationary Growth and Projected Future Projects (C-2 SCENARIO)

Assumptions

Est. Base Value of Project Area ¹	\$ 11,943,260	Net Present Value Rate ¹⁰	5.0%
Annual Inflation Rate ²	1.50%	% Revenue Collected	
Tax Rate ³	5.79170%		98%

TIF Year ⁴	Tax Year	Project Area EAV ⁵	C-2 SCENARIO	Net Taxable Incremental EAV ⁷	Projected Incremental Property Tax Revenues (Year Received) ⁸	Incremental Property Tax Revenues Collected (by 12/31) ⁹
			Future Projects EAV ⁶			
Base EAV	2017	\$ 11,943,260				
0	2017	\$ 11,943,260	\$ -	\$ -	\$ -	\$ -
1	2018	\$ 12,122,409	\$ -	\$ 179,149	\$ -	\$ -
2	<u>2019</u>	\$ 18,145,542	\$ -	\$ 6,202,282	\$ 10,376	\$ 10,168
3	2020	\$ 18,417,725	\$ -	\$ 6,474,466	\$ 359,218	\$ 352,033
4	2021	\$ 18,693,991	\$ -	\$ 6,750,731	\$ 374,982	\$ 367,482
5	2022	\$ 18,974,401	\$ -	\$ 7,031,141	\$ 390,982	\$ 383,162
6	<u>2023</u>	\$ 19,259,017	\$ -	\$ 7,315,757	\$ 407,223	\$ 399,078
7	2024	\$ 19,547,902	\$ 1,453,097	\$ 9,057,739	\$ 423,707	\$ 415,233
8	2025	\$ 21,294,218	\$ 1,453,097	\$ 10,804,054	\$ 524,597	\$ 514,105
9	2026	\$ 23,066,728	\$ -	\$ 11,123,468	\$ 625,738	\$ 613,224
10	<u>2027</u>	\$ 23,412,728	\$ 2,326,233	\$ 13,795,701	\$ 644,238	\$ 631,353
11	2028	\$ 26,090,152	\$ 2,326,233	\$ 16,473,125	\$ 799,006	\$ 783,026
12	2029	\$ 28,807,737	\$ -	\$ 16,864,477	\$ 954,074	\$ 934,992
13	2030	\$ 29,239,853	\$ -	\$ 17,296,593	\$ 976,740	\$ 957,205
14	<u>2031</u>	\$ 29,678,451	\$ -	\$ 17,735,191	\$ 1,001,767	\$ 981,731
15	2032	\$ 30,123,628	\$ -	\$ 18,180,368	\$ 1,027,169	\$ 1,006,626
16	2033	\$ 30,575,482	\$ -	\$ 18,632,222	\$ 1,052,952	\$ 1,031,893
17	2034	\$ 31,034,114	\$ -	\$ 19,090,854	\$ 1,079,122	\$ 1,057,540
18	<u>2035</u>	\$ 31,499,626	\$ -	\$ 19,556,366	\$ 1,105,685	\$ 1,083,571
19	2036	\$ 31,972,120	\$ -	\$ 20,028,860	\$ 1,132,646	\$ 1,109,993
20	2037	\$ 32,451,702	\$ -	\$ 20,508,442	\$ 1,160,012	\$ 1,136,811
21	2038	\$ 32,938,478	\$ -	\$ 20,995,218	\$ 1,187,787	\$ 1,164,032
22	<u>2039</u>	\$ 33,432,555	\$ -	\$ 21,489,295	\$ 1,215,980	\$ 1,191,660
23	2040	\$ 33,934,043	\$ -	\$ 21,990,783	\$ 1,244,595	\$ 1,219,704
24	2041	Collection of Year 23 Increment		\$ 1,273,640	\$ 1,248,167	
Total				\$ 18,972,236	\$ 18,592,791	
Net Present Value				\$ 9,150,139	\$ 8,967,136	

Assumptions:

¹ Estimated Base EAV (TY2017) of Project Area (subject to certification by Du Page County).

² Estimated annual inflation rate.

³ Tax Rate for Tax Year 2017 of Tax Code 9060. (Other Tax Codes 9516 and 9557 has inclusion of Special Service Area rate). Only four PINs are not in Tax Code 9060.

⁴ Assumes TIF is adopted by Ordinance in 2018 and that the first tax year is 2018 upon which increment will be collected. Assumes TIF Life of 23 Years.

⁵ Estimated Base EAV plus Future Projects EAV of prior year projects, plus inflation.

⁶ Estimated increase in EAV of future improvements presented in C-2 Scenario, consisting of two new apartment buildings A 30 unit building, built in 2023/2024, with 50% assessment in 2024 and 100% in 2025. A 45 unit building with 1,000 sf office/commercial, built in 2026/2027 with 50% assessment in 2027 and 100% in 2028. Project assumptions related to development program and timing per Village of Clarendon Hills.

⁷ Project Area EAV plus Future Projects EAV, less Base EAV.

⁸ Tax revenues are collected one year after the taxing year.

⁹ Assumes a 98% collection rate.

¹⁰ Current estimated rate of borrowing for conventional commercial financing.