



May 3, 2018

To: Board of Trustees, Village of Oak Park  
From: John Lynch, Executive Director, Oak Park EDC   
Re: Cook County Class 7C Resolution Request – Harrison Street Ventures, 221 Harrison Street

**Issue:** Harrison Street, LLC has requested, through the Oak Park Economic Development Corporation ("OPEDC"), a Village of Oak Park resolution in support of its application for a Cook County Class 7C Property Tax Incentive for 221 Harrison Street.

**Analysis:** Harrison Street, LLC purchased 221 Harrison Street in November 2017 with the intent to relocate an existing business, Crossfit Spero, from 335 Harrison. Under previous ownership, the property received local support for a 7C tax incentive by way of an ordinance passed by the Village of Oak Park Board of Trustees in August 2017. Because the incentive was not fully approved by the Cook County Economic Development Advisory Committee (EDAC) before the property transfer occurred, Harrison Street, LLC, must obtain a new ordinance from the municipality and re-submit the application to Cook County.

221 Harrison Street has been vacant for more than fifteen years and is over 6,000 square feet – requiring potential tenants to cover high improvement and occupancy costs. Based on recent conversations OPEDC has had with prospects, including Crossfit Spero, we can confirm that gross occupancy costs have been the primary barrier for potential tenants. In this instance, the incentive will permit Crossfit Spero to make needed improvements to the property and time to grow the business to cover the overhead of a larger space.

The Class 7(c) Incentive – Commercial Urban Relief Eligibility (CURE) of the Cook County Real Property Assessment Clarification Ordinance is intended to encourage commercial projects which would not be economically feasible without assistance. Commercial property in Cook County is assessed at 25% of market value (as determined by the County Assessor). Under the Class 7C program, commercial properties meeting certain requirements are eligible to receive a reduced assessment level of ten percent (10%) of market value (again as determined by the Cook County Assessor) for the first three years of the program, fifteen percent (15%) for the fourth year and twenty percent (20%) for the fifth year.

Projections show that the property tax incentive would yield approximately \$100,000 in savings over the five-year term of the program. This property is currently filing tax appeals based on vacancy and we expect that to continue until it is occupied. Tax assessments under the 7C program would be comparable to the vacancy-based assessment.

**Assessment of Tax Impact Scenarios for 221 Harrison Street:**

1. Property Taxes in 2017 with vacancy status: \$20,345
2. Estimated Property Taxes in Year 1/4/5 of 7C Program: \$16,700/\$29,000/\$40,600
3. Estimated Property Taxes for fully occupied without 7C: \$41,750



In order to qualify for the program, Harrison Street, LLC must submit an application to Cook County (attached) and meet the following mandatory eligibility requirements: decrease or stagnation of property value for three of the last six years; demonstration that the project is viable and likely to move forward on a reasonably timely basis (after at least twelve months of vacancy and six months of marketing); proof that assistance is necessary by way of a financial analysis; and evidence of tax revenue and employment benefit resulting from the project. OPEDC has reviewed Harrison Street, LLC's application and believes, based on the evidence provided, that the property meets these requirements.

Below is a summary of how the property meets the program requirements:

**221 Harrison Street**

- **Real Estate Tax Analysis:** According to Cook County Assessor's Office records produced by the applicant, the property's assessed value has stagnated or declined in three of the past six years (70% decline in 2014; 55% decline in 2016; stagnation in 2017).
- **Evidence of Vacancy:** The property has been vacant for over 15 years, exceeding the twelve month minimum vacancy requirement. A vacancy affidavit can be provided upon request.
- **Proof of Necessity:** Ownership has demonstrated that the property produces a negative return without the incentive based on market rents and reasonable expense/development cost assumptions.
- **Increased Tax Revenue and Employment:** Projections show the potential for a 100% property tax increase once the incentive expires. Since the property is currently vacant, any new business would result in increased employment opportunities.

Harrison Street, LLC's Class 7C application must include a resolution or ordinance from the Village of Oak Park (as the municipality in which the real estate is located) expressing support for the incentive. By this letter, we are encouraging the Village Board of Trustees to support this incentive.

Sincerely,

John Lynch  
Executive Director  
Oak Park Economic Development Corporation