

To: Brandon Crawford, Economic Vitality Administrator, Village of Oak Park
From: Matt Stark, Baker Tilly
Date: March 12, 2025
Subject: Economic Impact Analysis – 1144 Lake Street

Baker Tilly was recently asked to review the potential economic impacts of a bookstore which was proposed to start operations at 1144 Lake Street in Oak Park. While the preliminary nature of the proposed development precludes a comprehensive analysis of economic impacts, we are able to provide a rough estimate of primary impacts. This report summarizes our analysis and findings.

Property Values

The property at 1144 Lake Street is linked to two distinct parcels, PIN 16-07-119-012-0000 and PIN 16-07-119-013-0000. A review of recent property tax statements showed the two parcels to be similar in size and value. For tax year 2022, the equalized assessed value (EAV) of the combined parcels was \$3.33 million, and in tax year 2023 this value increased to \$3.45 million. The valuation data for each parcel is shown in the table below:

	2022			2023		
	Parcel A	Parcel B	Combined	Parcel A	Parcel B	Combined
Market Value:	2,242,920	2,307,080	4,550,000	2,255,124	2,321,064	4,576,188
Assessed Value (25%):	560,730	576,770	1,137,500	563,781	580,266	1,144,047
Equalization Factor:	2.9237	2.9237	2.9237	3.0163	3.0163	3.0163
Eq. Assessed Value:	1,639,406	1,686,302	3,325,709	1,700,533	1,750,256	3,450,789

In addition to a review of recent tax statements, we examined the County Assessor's records for commercial properties from the 2023 property assessment. Based on the Assessor's estimates for rentable square footage and rental rates, along with its adjustments for typical vacancy rates and expense ratios, the County Assessor estimated the market value of the combined parcels at approximately \$9.0 million.

Using the standard assessment rate of 25% for commercial properties and the current equalization factor of 3.0163, the equalized assessed value for the combined parcels comes to \$6.8 million. This calculation is shown below:

	Combined
Market Value (income-based):	9,039,672
Assessed Value (25%):	2,259,918
Equalization Factor:	3.0163
Equalized Assessed Value:	6,816,590

Projected Sales Taxes

Initial estimates of the taxable sales generated by the new development ranged between \$5 million and \$6 million annually. Given the size, location and type of business, we believe that the estimates are reasonable.

The current sales tax rate for general merchandise in Oak Park is 10%. This includes the state sales tax of 6.25%, the County tax of 1.75%, the Village tax of 1% and the 1% transit tax. If we use the middle of the estimated range for taxable sales, the \$5.5 million would generate \$550,000 in sales tax revenues. Benefits to the Village would come from its 1% local sales tax and its 1% share of state sales taxes, resulting in sales tax revenues of \$110,000.

Projected Economic Impacts

At current property values and levy rates, the property generated approximately \$56,000 in property taxes for tax year 2023. If we assume that the equalization factor and the Village's levy rate remain at their current values, and that the existing property appreciates at 3% per year, annual property taxes levied on the property are projected to climb to \$68,838 by tax year 2030.

Assuming that the property is reassessed based on the rental income generated for the property owner, and that this reassessment corresponds to the 2026 tax year, the property is anticipated to generate roughly \$50,000 in additional taxes each year. Assuming the same 3% appreciation as the baseline case, this value grows to \$55,604 by tax year 2030. Details of this calculation are shown below:

Tax Year	EAV - no development	EAV with development	Levy Rate	Property Taxes	Additional Property Taxes
2022	3,325,709	3,325,709	2.031%	67,545	-
2023	3,450,789	3,450,789	1.622%	55,972	-
2024	3,554,313	3,554,313	1.622%	57,651	-
2025	3,660,942	3,660,942	1.622%	59,380	-
2026	3,770,770	6,816,591	1.622%	61,162	49,403
2027	3,883,893	7,021,088	1.622%	62,997	50,885
2028	4,000,410	7,231,721	1.622%	64,887	52,412
2029	4,120,422	7,448,673	1.622%	66,833	53,984

Tax Year	EAV - no development	EAV with development	Levy Rate	Property Taxes	Additional Property Taxes
2030	4,244,035	7,672,133	1.622%	68,838	55,604
2031	4,371,356	7,902,297	1.622%	70,903	57,272
2032	4,502,497	8,139,366	1.622%	73,030	58,990
2033	4,637,572	8,383,547	1.622%	75,221	60,760
2034	4,776,699	8,635,053	1.622%	77,478	62,583
2035	4,920,000	8,894,105	1.622%	79,802	64,460
2036	5,067,600	9,160,928	1.622%	82,196	66,394
2037	5,219,628	9,435,756	1.622%	84,662	68,386
2038	5,376,217	9,718,828	1.622%	87,202	70,437
2039	5,537,503	10,010,393	1.622%	89,818	72,550

Looking at sales tax impacts, we begin with the assumption that the business begins operations in late 2025 and achieves a baseline level of sales of \$5 million in 2026. Sales are assumed to grow to \$6 million by 2031, and to grow by 3% annually thereafter. Using these assumptions, the sales tax impacts will be as shown in the table below:

Tax Year	Taxable Sales	Total Sales Taxes (10%)	Oak Park Taxes (2%)
2024	-	-	-
2025	1,666,667	166,667	33,333
2026	5,000,000	500,000	100,000
2027	5,185,000	518,500	103,700
2028	5,376,845	537,685	107,537
2029	5,575,788	557,579	111,516
2030	5,782,092	578,209	115,642
2031	6,000,000	600,000	120,000
2032	6,180,000	618,000	123,600
2033	6,365,400	636,540	127,308
2034	6,556,362	655,636	131,127
2035	6,753,053	675,305	135,061
2036	6,955,644	695,564	139,113
2037	7,164,314	716,431	143,286
2038	7,379,243	737,924	147,585
2039	7,600,620	760,062	152,012

In combination, the additional \$50,000 in property taxes and \$100,000 in local sales taxes would add approximately \$150,000 to the Village's revenues in 2026. Assuming 3% appreciation in property values and a similar level of sales growth, the impact to the Village is expected to grow to approximately \$170,000 by 2030 and \$225,000 by 2039, as shown below. To the extent that the Village chooses to grant any development incentives to the project, these incentives would reduce the economic impacts accordingly.

Tax Year	Property Taxes	Sales Taxes	Total Impact
2024	-	-	-
2025	-	33,333	33,333
2026	49,403	100,000	149,403
2027	50,885	103,700	154,585
2028	52,412	107,537	159,949
2029	53,984	111,516	165,500
2030	55,604	115,642	171,246
2031	57,272	120,000	177,272
2032	58,990	123,600	182,590
2033	60,760	127,308	188,068
2034	62,583	131,127	193,710
2035	64,460	135,061	199,521
2036	66,394	139,113	205,507
2037	68,386	143,286	211,672
2038	70,437	147,585	218,022
2039	72,550	152,012	224,563

Additional Considerations

Our review of projected economic impacts was limited to general estimates of direct impacts from property and sales taxes. As additional details about the proposed development become available, we would be happy to refine our analysis to take the new information into account. Updated estimates of rent paid to the building owner would allow for a more refined calculation of the property value to be used for calculating equalized assessed value and the resulting property taxes. Similarly, sales tax revenues may be affected by changes in the taxable sales expected at the location.

In addition to refining the projections of direct impacts, we could expand our analysis to include indirect and induced impacts of the development. This analysis would require more details about the proposed operation, including estimates related to operating expenses and employment at the site.

We hope that this analysis proves useful to the Village of Oak Park, and we look forward to the opportunity to be of service to the Village in the future.