

Memo

To: Cara Pavlicek, Village Manager

From: Tammie Grossman, Director Development Customer Services
Loretta Daly, Business Services Manager

Date: March 2, 2016

Re: Roosevelt Road – Funding Recommendation

In response to a request from the Roosevelt Road Business Association and the Berwyn Development Corporation the Village entered into a contractual agreement with Ehlers Inc. in May of 2014 to conduct a Financial Resources Analysis for the Roosevelt Road Business Corridor. The project's objectives was to identify all appropriate funding sources available to the Village of Oak Park and to determine the eligibility of the project area for each funding source including but not limited to the creation of a Special Service Area (SSA), a Business Improvement District (BID), or a Tax Increment Financing District (TIF).

The results of this analysis, presented to the Village Board at the September 8, 2014 Board Study Session, showed that the subject area could qualify under the law as any one of these three economic development/revenue generation tools (SSA, BD, or TIF). Staff was instructed to meet with the Roosevelt Road Business Association and present to the Board for their adoption the Financial Resources Analysis Report in conjunction with a recommendation for the implementation of a funding strategy for the Roosevelt Road Corridor. On July 8, 2015, Village staff did meet with the Roosevelt Road Business Association and reviewed the report findings. At this time, the Roosevelt Road Business Association is no longer meeting regularly.

Staff Recommendation

Based on discussions with the Roosevelt Road Business Association, staff is recommending the Village establish a Business Improvement District Tax along Roosevelt Road from Austin to Harlem Ave at the rate of 1%. If the Board agrees, staff will prepare the necessary documentation and hearing dates to approve said District.

Business Improvement District

Business Districts (as defined in Illinois law at 65 ILCS 5/11-74.3-5) 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 a hotel/motel tax. The revenue generated can 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% (in .25% increments) on retail goods with the exception of groceries, medical good including prescription and non-prescription medicines, drugs, and appliances.

Implementation

In order to implement the additional Business Improvement District sales tax and/or hotel/motel tax, the law requires that a municipality make a formal finding that the area is blighted, that a “but for” status is established (i.e. without the use of this tool, the area will not improve on its own), and that a District Redevelopment Plan is created for the Business Improvement District. Additionally the establishment of a Business Improvement District requires that the municipality hold one public hearing before the Village Board adopts the ordinance.

A Business Improvement District is established for a 23 year period and is not eligible for renewal. A new Business Improvement District can however be established for the area if the same conditions exist which allow for the area to re-qualify.

Qualifications

As a result of their research, Ehlers concluded that the Roosevelt Road business corridor would be eligible for designation as a redevelopment project area under the Business District Act and that it meets the “blighted area” criteria that is necessary for the Village to impose the retailers’ occupation tax and service occupation tax.

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 project area indicated that a majority of the buildings demonstrate “deterioration of site improvements” and what may be considered to be “obsolete platting” in that there are parcels of inadequate size and shape for modern redevelopment. Additionally, a preponderance of the buildings along the Roosevelt Road Corridor were constructed prior to the imposition of any requirements for sprinkler systems and as such are “grandfathered” in for purposes of compliance with the Village Code. Nevertheless, the lack of fire suppression systems within many of these buildings could constitute “the existence of conditions which endanger life or property by fire and a potential menace to the public’s health and safety”.

The Funding Analysis also determined that there was evidence of an “economic underutilization of the area”. A review of the properties’ 2012 (the most current data available at the time of the survey) Equalized Assessed Value (EAV) at the time of the study indicates that EAV for the area is lagging using all three measures by which this factor is measured under current law.

The Ehlers’ Analysis stated that “one of the factors described above alone would qualify the Project Area as a “blighted area” for Business Improvement District purposes, but the combination of these factors makes an even stronger case for qualification”.

Redevelopment Plan

Revenues from the Business Improvement District tax could be used for eligible expenses within the Business District to do the following:

- Encourage new or improved retail shopping centers 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, utilities, and modern streetscapes.
- Cover costs associated with professional service required to execute a Business District Plan including but not limited to architects, engineers, legal, marketing and financial professionals.

Potential Revenues

1 % Business Improvement District Tax

Current State/Municipal Sales Tax – 10%

State/Municipal Sales Tax w/BID Tax – 11%

See attached Revenue/Expense projections

Implementation Schedule

Business Plan Development	July 18, 2016
Public Hearing	September 8, 2016
Board Adoption	October 10, 2016
BID Tax Assessment	Ordinance effective date