



Agenda Item Summary

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Submitted By

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Reviewed By

LKS

Agenda Item Title

A Resolution to Support and Consent to the Class 7C Incentive Application of Harrison Street Ventures, LLC for the Property Located at 213-215 Harrison Street Consistent with Recommendation of the Oak Park Economic Development Corporation (Oak Park EDC)

Overview

Harrison Street Ventures (HSV) has requested, through the Oak Park Economic Development Corporation ("OPEDC"), Village of Oak Park support for its application seeking a Cook County Class 7(c) Property Tax Incentive for 213-215 Harrison Street.

Staff Recommendation

Approve the Resolution

Fiscal Impact

Commercial property in Cook County is assessed at 25% of market value (as determined by the County Assessor). Under the Class 7(c) 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 for each building over the five-year program.

Background

The Class 7C Incentive - the Commercial Urban Relief Eligibility ("CURE") - is a new Cook County five-year commercial property tax incentive program. In order to be eligible for the program, a property must meet the following four requirements:

- Real Estate Tax Analysis - the property has declining or stagnant assessed values for the last six years.

- Viability and Timeliness - the project will move forward in a reasonably timely basis, resulting in economic enhancement.

- Assistance and Necessity - the project would not move forward "but for" the incentive

- Increased tax revenue and employment - the project with the incentive will result in higher real property tax revenue and will increase employment opportunities.

The 7C Applications contain personal financial information. They are available for review at the Village

Attorney's Office.

Below is the Oak Park EDC's summary of how the property meets the eligibility criteria:

213-215 Harrison Street

Real Estate Tax Analysis: According to Cook County Assessor's Office records produced by the applicant, the property's assessed value stagnated or declined in three of the past six years (.4% decrease in 2014, 0% change in 2015, 0% change in 2016).

Evidence of Vacancy: The property has been vacant for approximately 30 years, exceeding the twelve month minimum vacancy requirement. A vacancy affidavit can be provided upon request.

Proof of Necessity: Ownership has demonstrated, and supported with financial documentation, that the property produces an unlevered IRR of less than 1%, which is below a reasonable level for Ownership to assume given the development risk.

Increased Tax Revenue and Employment: Projections show the potential for a 150% property tax increase once the incentive expires. Again, the property is currently vacant and any new business would result in increased employment opportunities in addition to sales tax generated by a retail or restaurant establishment.

Alternatives

Not adopt the Resolution or request additional analysis or information from the Oak Park EDC.

Previous Board Action

NA

Citizen Advisory Commission Action

NA

Anticipated Future Actions/Commitments

NA

Intergovernmental Cooperation Opportunities

NA

Performance Management (MAP) Alignment

A governance priority for the Development Customer Services Department is economic development.