



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 Cook County Class 7a Property Tax Incentive Application of 100 Marion Street Partners, LLC for the Property Located at 100 Marion Street Consistent with the Recommendation of the Oak Park Economic Development Corporation (Oak Park EDC)

Overview

The applicant, 100 Marion Street Partners, LLC, has requested, through the Oak Park Economic Development Corporation ("Oak Park EDC"), Village of Oak Park support for his application seeking a Cook County Class 7a Property Tax Incentive for 100 Marion Street.

Staff Recommendation

Approve the Resolution.

Fiscal Impact

The Cook County Class 7a Property Tax Incentive is intended to encourage commercial projects which would not be economically feasible without assistance. Commercial properties (including commercial condominiums) in Cook County are assessed at 25% of market value - as determined by the County Assessor. Residential properties - and commercial spaces in mixed-use properties - are assessed at just 10% of market value. Under the Class 7a program, commercial properties meeting certain requirements are eligible to receive a reduced assessment level of ten percent (10%) of market value for the first ten years of the program, fifteen percent (15%) for the eleventh and twenty percent (20%) for the twelfth year. Projections show that by utilizing the Cook County Property Tax Incentive Program, the applicant may yield approximately \$822,736 (\$647,342 in net present value [NPV]*) in property tax savings over the twelve-year term of the program.

Background

100 Marion Street Partners, LLC, purchased 100 South Marion Street in October 2019 with the intent to lease the space to Victory Italian, a restaurant concept developed by the owner of Victory Tap and Armand's Pizza. 100 South Marion is a commercial condominium located within the Old Opera House condominium building. The unit was originally bought and developed as a restaurant by owners of the Marion Street Cheese Market, and was subsequently purchased and operated by Two Brothers Brewing Company as Two Brothers Social Tap. Two Brothers operated the restaurant for sixteen months before closing the business in September 2018. The property was listed for sale in October 2018 and was on the market for a total of twelve months. The space has now been vacant for approximately seventeen months.

The Class 7a incentive of the Cook County Real Property Assessment Classification Ordinance ("Ordinance") is intended to encourage, in areas determined to be "in need of commercial development", commercial projects with total development costs, exclusive of land, that do not exceed \$2 million, which would not be economically feasible without the incentive.

Under the Class 7a program, commercial properties meeting certain requirements are eligible to receive a reduced assessment level of ten percent (10%) of market value for the first ten years of the program, fifteen percent (15%) for the eleventh and twenty percent (20%) for the twelfth year.

The applicant's justification for hardship, which the Oak Park EDC finds credible, is that the impact of the property tax (over \$18.50 per square foot) on gross occupancy costs makes the property extremely challenging for a single restaurant tenant. Because the space is a commercial condominium, the space is assessed at 25% of market value; a similar restaurant in a mixed-use building would be assessed at just 10%, which suggests that this space does carry a property tax burden that is unusual in Oak Park.

The 7a Application contains personal financial information. It is available for review at the Village Attorney's Office.

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

- **Designation of Area:** Oak Park's Downtown Master Plan (2005) specifically identifies the area where the subject property is located as a priority for retail revitalization and redevelopment.
- **Real Estate Tax Analysis:** According to Cook County Assessor's Office records produced by the applicant, the assessed value for both parcels has decreased or stagnated for the past six years.
- **Viability and timeliness:** Ownership has provided proof of a lease with Victory Italian contingent upon approval of this incentive. Additionally, building permit and license applications have been submitted to the Village of Oak Park for review.
- **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:** Since the properties are currently vacant, any new business will result in increased employment opportunities over the current status. Victory Italian expects to create 30 new jobs and generate approximately \$70,000 in annual sales tax revenue for the Village of Oak Park.

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.