

3

Agenda  
Village of Glen Ellyn  
Special Village Board Workshop  
Monday, July 9, 2012  
6:00 P.M. – Galligan Board Room  
Glen Ellyn Civic Center

1. Call to Order
2. Motion to adjourn to Executive Session for the purposes of discussing the appointment, employment, compensation, discipline, performance or dismissal of specific employees. (*Trustee Hartweg*)
3. Return to Open Session
4. Discussion of Sidewalk Waiver Policy for Residential Sidewalks – Public Works Director Hansen
5. Tax Increment Financing (TIF) Incentives – Planning and Development Director Hulseberg
6. Discussion of Boards and Commissions: The Liaison Role, Trustee Liaison Role, Term Limits, and Combining Boards and Commissions – Village President Pfefferman
7. Other Items?
8. Adjournment

---

---

MEMORANDUM

---

---

**TO:** Mark Franz, Village Manager  
**FROM:** Julius Hansen, Director of Public Works  
**DATE:** July 6, 2012  
**RE:** Duty to Install Sidewalks – Proposed Amendment

---



**Background:**

The current Duty to Install Sidewalks ordinance should be amended to improve the process from its original design. Currently, the ordinance requires residents to install a new sidewalk on any street frontage that does not currently have a sidewalk when they perform major home construction. If the property owner does not want a sidewalk installed as required, a waiver request can be made and granted if authorized by the Village Board. If the waiver is granted the property owner pays the Village for the cost of the sidewalk, but the sidewalk will not be installed at that location. The Village Board shall have the ability to install the sidewalk in the future if conditions or needs change at waiver locations. No refunding of money paid for a waiver or for the construction of a sidewalk will be granted, including when sidewalks are installed by the Village free of charge to other residents on that block.

**Issues:**

Currently, the funds generated from the sidewalk waivers must be utilized for only installing or repairing sidewalk within 1000 feet of the distance of the property granted the waiver. If this is not accomplished in two years the funds are returned to the property owner. One improvement would be to increase this short distance that prohibits the best use of sidewalk funds where the funds can be most beneficial in improving sidewalk conditions. This should be increased to one mile.

Some homeowners can be required to pay much more than others based on the linear footage of their lot that does not have sidewalks. This is demonstrated when a corner lot has no sidewalk and sidewalk for both frontages must be paid for by the homeowner. Having a cap on the maximum footage to be paid by the property owner per frontage would make the process more equitable for residents in cases of multiple frontages.

The policy of requiring property owners to have a duty to install sidewalks results in a fragmented sidewalk configuration with no connectivity to existing sidewalks for long periods of time. This fragmentation of sidewalk can look odd and unfinished for years on a block with no other sidewalk.

**Recommendation:**

- Cap the cost to residential homeowners to be 150 linear feet for each frontage of each residential parcel needing sidewalks.
- In cases involving a Village Board granted waiver the required distance to install a new sidewalk for the address of the waiver should be increased from being within 1000 feet of the waiver location to being within one mile from the property granted the waiver.

- Funds generated from the Village Board waiver process should be deposited in the Capital Projects fund when acquired and become an annual expenditure to perform maintenance on sidewalks or install new sidewalks in the surrounding neighborhood (within one mile) of the property granted the waiver.
- In locations where obstacles prevent a sidewalk from being installed the property owner should not have to pay for that portion of frontage to have a sidewalk installed.

**Action Requested:**

The Board is requested to discuss and provide direction on the proposed changes outlined in the draft ordinance.

**Attachments:**

- Current Ordinance Language
- Draft Proposed Ordinance Language

### **8-1-20: DUTY TO INSTALL SIDEWALKS:**

(A) On a lot or tract having no abutting sidewalks, the owner of such lot or tract shall install sidewalks on the sides of all streets abutting such lot or tract, including, for corner lots, sidewalk extensions up to the curb line at the nearest street intersection ***for a maximum distance of 150 lineal feet for each side of each residential parcel (Commercial property owner shall pay for all lineal feet)*** when any one of the following improvements are made on a lot:

1. A new principal building or structure is constructed.
2. An existing building floor area is increased by more than seventy five percent (75%).
3. An existing building exterior roof and wall structure area is altered by more than fifty percent (50%). (Ord. 5996, 1-30-2012, eff. 3-1-2012)

(B) The applicant for such building permit shall deposit with the village collector cash equal to twenty dollars (\$20.00) per linear foot of such required sidewalk to assure the construction and maintenance of such sidewalk. (Ord. 5154, 3-24-2003) ***The Public Works department shall be notified that the deposit has been made. In the event an obstacle or multiple obstacles prevent a sidewalk from being constructed at specific locations along a property owners frontage that portion of sidewalk that cannot be constructed will not be calculated in the cost to the property owner. The portion of the frontage where sidewalk can be constructed leading to the obstacle will be charged to the resident. Once a sidewalk is constructed, according to the duty to install sidewalks, no refunds will be granted.***

(C) All sidewalks shall be constructed of Portland cement concrete and shall be laid to a line and grade established by the public works department of Glen Ellyn. Such sidewalks shall be five feet (5') in width ***whenever possible*** and shall be constructed in conformity with the "Specifications for Public Pedestrian Walks" approved by the Village Board of trustees. (Ord. 2552, 1980)

***Items D, E & F regard construction of a sidewalk as specified or as required because a waiver for the sidewalk was denied by the Village Board at the improvement location funded by the resident:***

(D) If such sidewalks are constructed by the owner in accordance with the requirements of this code, such deposit shall be returned upon completion of such construction, without interest ~~If such sidewalks shall not be so constructed within (60) days from the completion of the building construction, the public works director shall have the right to construct such sidewalks himself and apply the deposit to the cost thereof~~ ***by order of the Public Works department communicated to the Finance Department for the return of funds.***

(E) If such sidewalks shall not be so constructed within sixty (60) days of the issuance of a certificate of occupancy, the public works director ***will be notified by the Planning and***

*Development department that sidewalks have not been constructed and Public Works shall have the right to construct such sidewalks and apply the deposit to the cost thereof.*

- (F) In instances where such sidewalks cannot be constructed within sixty (60) days of the issuance of a certificate of occupancy for such building construction by reason of the season of the year, or for other reasons making it impractical to build such sidewalk in an acceptable manner at such time, the construction of such sidewalk may be postponed to a future date agreed upon between the owner of such premises and the public works director *to be no longer than six months from the date of the issuance of a certificate of occupancy.*

*Items G, H, I regard the granting of a waiver for the resident with the Board allowing no construction of a sidewalk at the improvement location. Therefore, funds shall be utilized for new sidewalk or maintenance within the surrounding neighborhood:*

- (G) The owner of a lot or tract required to install sidewalks under this section may apply to the Village Board for a waiver of this requirement. Such a waiver request will be reviewed in light of the criteria for sidewalk installation adopted by the Village Board under resolution 01-12, dated April 9, 2001. The waiver request will be considered based on a review of the various criteria relating to the proposed sidewalk installation. In the process of review of the waiver request, a notice will be provided to all interested parties affected by the proposed waiver offering the opportunity for them to present to the Village Board their position relative to the waiver request. (Ord. 5320, 12-20-2004)
- (H) In the event the Village Board grants a waiver from the requirement to install new sidewalk, the property owner shall pay to the village a sum of money equal to twenty dollars (\$20.00) per linear foot of sidewalk included under the waiver *for a maximum distance of 150 lineal feet for each side of each residential parcel.* These funds will be used by the village of Glen Ellyn for the improvement of the public sidewalk system including the repair & replacement of defective squares and installation of new sidewalk at a location ~~within 1000 feet~~ *within 1 mile* of the property owner's lot for which the waiver was granted. In the event the village cannot make sidewalk improvements ~~within 1000 feet~~ *within 1 mile* of the property within two (2) years after the waiver is granted, the entire payment will be returned to the then owner of the property. (Ord. 5449, 3-16-2006)
- (I) *In the event the Village Board grants a waiver from the requirement to install new sidewalk, and at any time in the future decides to install a new sidewalk at the same location the waiver was granted, the Village Board shall have the right to install the sidewalk. Residents that paid for a waiver will not receive a refund. This applies when other locations on the block have sidewalks installed by the Village at no cost to the other residents.*

---

---

MEMORANDUM

---

---

TO: Mark Franz, Village Manager *MF*

FROM: Staci Hulseberg, Planning and Development Director *SH*  
Kasey Matthews, Planning Intern *KM*

DATE: July 9, 2012

RE: Tax Increment Financing Guidelines



**Background.**

In an effort to generate funding for a number of projects aimed at revitalizing the downtown, the Village Board established a downtown Tax Increment Financing (TIF) district on February 13, 2012. The next step in implementing the TIF district is to establish Guidelines to manage and review requests for TIF assistance. A draft of the proposed TIF Guidelines is attached. The Guidelines are intended to provide a framework for the Village to consistently and fairly review requests, as well as outline the goals for TIF assistance, eligibility and the process for submitting and reviewing a request.

The purpose of TIF assistance is to encourage desirable development that would not occur "but for" the TIF assistance provided. Projects eligible for TIF assistance include infrastructure improvements, code required improvements to existing buildings, site preparation, and similar enhancement projects. The primary goal of the TIF program would be to enhance the downtown by boosting the economic base, encourage projects that improve the vitality of the downtown, improve public infrastructure and increase housing choices.

The proposed TIF Guidelines establish financing criteria for an applicant to take into consideration when formulating a request and for the Village to use to determine if TIF assistance is warranted. Detailed submittal guidelines are also proposed to ensure the Village is provided sufficient information to make proper and informed decisions. As part of the submission, the developer would be required to make an initial deposit to cover the Village's costs to review the request. The developer would also need to submit an application, project information and drawings, financial statements and pro-forma analysis, background information, and investor ownership interest in the project. It is anticipated the review process would take approximately six weeks from submission. Similar to an economic incentive, applications for TIF assistance would be reviewed by Village management and presented to the Finance Commission. The Finance Commission would make a recommendation to the Village Board, which retains authority to approve or deny requests for TIF assistance.

**Action Requested.**

The Village Board is requested to consider and discuss the proposed Tax Increment Financing Guidelines and suggest potential changes, if any. Once the Guidelines are in final form, they will be brought back to the Village Board for approval by Resolution.

**Attachments.**

- Proposed Tax Increment Financing Guidelines

CC: Michele Stegall



# Village of Glen Ellyn Tax Increment Financing Guidelines

## Introduction

Tax Increment Financing (TIF) districts allow future increases in taxes for properties within the TIF district to be collected and used to stimulate investment within the district. The taxes within the district are frozen at the existing level and each taxing body continues to receive their portion of the taxes at that level. Only the new property taxes generated by the incremental increase in the value of these properties above the frozen level are pooled in a fund and used for financing projects within the district. Glen Ellyn has one TIF district which roughly encompasses the Downtown C5A Central Business, Retail Core Sub-zoning district and the C5B Central Business, Service Sub-zoning district. The tax increases created by redevelopment, re-occupancy, new development and general assessed value in the Downtown TIF District are collected and used for economic development within the district. TIF districts have a lifespan of 23 years, as mandated by State Statute; however, the Village Board has the option of terminating the TIF early if the designated improvements have been completed.

These Guidelines are intended to provide guidance to the Village Board when deciding when and how to utilize Tax Increment Financing assistance for development within the TIF District. Assistance will be reserved for projects that have a demonstrated financial gap and that will assist the Village in meeting its goals. These Guidelines shall be used to process and review requests for TIF assistance; however, the Village Board may amend or waive portions of these Guidelines at any time as may be necessary or appropriate. The purpose of TIF assistance is to encourage desirable development that would not occur “but for” the TIF assistance provided. Only the minimum amount of TIF assistance necessary to make the project viable shall be used.

Projects eligible for TIF financing include infrastructure improvements, code required improvements to existing buildings, site preparation, and similar enhancement projects. TIF funds may not be used for construction. State Statute requires the “but for” test to determine if a project is eligible to use TIF funds. This test requires that a project would not be viable, “but for” the assistance provided by the TIF funding. An incentive or combination of incentives may be appropriate depending on the scope and impact of the project. The impact of incentives on all stakeholders should be considered.

## Goals and Objectives

The primary goal of TIF assistance is to enhance the Downtown by making possible development that would not take place without an incentive. This goal is to be met through the following objectives:

1. Attracting, retaining or expanding businesses/development to improve the Downtown economic base;

2. Encouraging development projects that enhance the streetscape and pedestrian experience and improve the vitality of the Downtown by adding interest and activity on the first floor of mixed-use and commercial buildings;
3. Improving public infrastructure such as parking and transit facilities, streetscapes, public gathering spaces and downtown greenspaces;
4. Increasing the quantity and variety of quality housing choices in the Downtown;
5. Furthering the goals and objectives of the Downtown Strategic Plan.

## **Eligible Projects**

There are several types of eligible projects which may be considered for TIF assistance. Examples of these projects are:

- Business Attraction, Retention or Expansion
- Housing
- Affordable Housing
- Historic Revitalization
- Public Infrastructure Enhancements
- Development consistent with the Downtown Plan
- Other projects that would enhance the Downtown and satisfy one or more of the above identified objectives

## **Financing Criteria**

There are many important criteria and considerations that must be taken into account when evaluating possible TIF projects. The following is a list of criteria a developer should take into account when developing a request for TIF assistance and the Village Board should consider when determining if TIF assistance is warranted:

1. As with other forms of Village incentives, assistance shall be limited to the minimum amount necessary to make the project feasible. Assistance will not be provided solely to increase the developer's profit margin. It is up to the Village's discretion to determine how much, if any, assistance is necessary to make the project feasible.
2. The petitioner should demonstrate that the project would not otherwise take place in Glen Ellyn "but for" the incentive.
3. A maximum dollar amount and term will be determined. Assistance should be at the lowest level possible within the least amount of time.
4. All projects shall be reviewed on a case-by-case basis. Meeting all the criteria for TIF assistance does not guarantee that TIF assistance will be awarded, nor does the approval or denial of one project set a precedent for approval or denial of another. The Village Board reserves the right to deny any request for TIF assistance.
5. Assistance will be provided by a "pay-as-you-go" method. Up-front financing requests will be considered on a case-by-case basis provided there is sufficient increment generation to meet initial financing and debt service costs.

6. TIF assistance for land/property purchases will not exceed ten percent (10%) of the fair market value of the property. The Village will hire an independent appraiser and the appraisal cost will be reimbursed by the developer.
7. TIF assistance shall not be provided for projects that would result in extraordinary demands on Village infrastructure or services.
8. The developer is responsible for providing any additional information, such as market and feasibility studies, and appraisals, which the Village deems necessary to review the need for TIF assistance.
9. The developer must provide adequate financial guarantees to ensure completion of the project, not limited to letters of credit, cash escrow and personal guarantees. The developer must also demonstrate to the Village's satisfaction, the ability to construct, operate and maintain the proposed project.
10. All projects must demonstrate the probability of economic success. The developer shall submit to the Village preliminary sales, data projections, and/or proforma analyses concerning the subject site.
11. The developer must retain ownership of the overall project until final completion. For projects intended as for-sale developments, individual condominium units may be sold as they are completed. For all other projects, the developer must retain ownership at least long enough to complete the project (as evidenced by the issuance of a final certificate of occupancy), stabilize its occupancy, establish project management and initiate property tax payments based on the increased project value.
12. TIF assistance shall not exceed fifty percent (50%) of the projected TIF revenue for the project.
13. For parcels that are "tax exempt" prior to redevelopment, the projections for incremental revenue generation will be based upon the projected revenue generation after the placement of an initial valuation on the property.
14. The level of TIF assistance should be reduced to the lowest possible level in the least amount of time by maximizing the use of private debt and equity financing first.
15. Development receiving TIF assistance is required to provide a full reimbursement to the Village of the assistance provided in the event the project is removed from the tax rolls during the period of time the applicable development project area is in existence. The developer shall sign appropriate legal documents indicating agreement with this mandate.
16. At least ten percent (10%) of the units in a Residential Development must be attainable (within the means of middle-, moderate- and/or low-income households).

---

## Submittal Guidelines

The Village requires certain information from every applicant requesting TIF funds. This information is critical to allow the Village to make proper and informed decisions. All applications for TIF funding shall include the following items:

1. Completed Village application for TIF Funding
2. An initial deposit of one percent (1%) of the requested TIF assistance or \$10,000, whichever is greater. This deposit will be used to cover the Village's costs for review of the request. The

applicant is responsible for reimbursing the Village for all costs that exceed the initial deposit. Any unused portion of the deposit will be returned to the applicant.

3. Preliminary financial commitment from a financial institution
4. Plans and/or drawings for the proposed project
5. Background information on the developer's experience, capabilities and similar projects
6. Proforma analysis for the project
7. Audited financial statements from the last three (3) years and an interim financial statement for the current year
8. Complete list of the names and addresses of all investors in the project including each individual's ownership interest

The Village may request additional information from the developer if necessary to make an accurate and informed decision. The developer shall comply with all disclosure requirements of the Village. The developer should submit an original and two copies of all the requested documents. Packets should be sent to:

Planning and Development Director  
 Village of Glen Ellyn  
 535 Duane Street  
 Glen Ellyn, Illinois 60137

The Village will notify the developer when all the requested materials have been received. In the event the developer does not submit everything that was requested, the review of the request will not begin until those materials are received.

---

## Review Process

Applicants are encouraged to contact the Planning and Development Department to initiate discussion regarding potential TIF assistance. Once an application is received, the estimated timeframe for review is approximately 6 weeks and may include the following steps:

1. Submittal of documentation to Village management
2. Review of documentation by Village management and consultant chosen by Village
  - a. Calculate potential sales tax, property tax, utility tax, water revenue, miscellaneous one time fees (building permits, transfer tax, fee-in-lieu charges, etc.)
  - b. Determine if there are any State or County incentives available to coordinate a joint incentive package
3. Presentation of request, management analysis and recommendation to Finance Commission
4. Finance Commission Meeting for review and recommendation to Village Board
5. Village management prepares draft TIF Assistance Agreement as recommended by Finance Commission, if applicable
6. Finance Commission recommendation, management recommendation, and draft TIF Assistance Agreement forwarded to Village Board, if applicable
7. Village Board meeting for final consideration of TIF assistance request

TIF Assistance agreements should include the following provisions:

- *Reimbursement for Failure:* The TIF Assistance Agreement will contain a claw-back provision to the Village for reimbursement of a pro-rated share of the assistance based on specified time

periods should a developer associated with assistance cease to operate during the term of the agreement or another specified period of time.

- *Look-back Provision:* If the project generates a higher return than anticipated when the incentive was approved, the developer and Village shall split 50/50 any increase at or above a specified threshold of the original projected rate of return.

The Village Board has final authority to negotiate the terms of any economic incentive or to deny approval of an incentive proposal. The preceding guidelines do not limit Village Board action.

DRAFT