

VILLAGE OF LOMBARD  
REQUEST FOR BOARD OF TRUSTEES ACTION  
For Inclusion on Board Agenda

\_\_\_\_\_ Resolution or Ordinance (Blue) \_\_\_\_\_ *Waiver of First Requested*  
  X   Recommendations of Boards, Commissions & Committees (Green)  
\_\_\_\_\_ Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: David A. Hulseberg, Village Manager *DAH*

DATE: September 27, 2011 (B of T) Date: October 6, 2011

TITLE: Title 3, Chapter 36, Sections 36.80 through 36.83 of the Lombard Village Code  
Downtown Lombard TIF Building Permit Grant Program

SUBMITTED BY: The Department of Community Development *WA*

BACKGROUND/POLICY IMPLICATIONS:

The Economic & Community Development Committee through The Department of Community Development transmits for your consideration a request to establish a temporary building permit fee grant program for properties located in the B5Zoning District within the Downtown TIF District.

The Economic & Community Development Committee recommended approval of this request with changes.

Please place this item on the October 6, 2011 Board of Trustees agenda.

Fiscal Impact/Funding Source:

7402.756420

Review (as necessary):

Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_

Finance Director X \_\_\_\_\_ Date \_\_\_\_\_

Village Manager X *DAH* \_\_\_\_\_ Date 9/27/11

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.

TO: David A. Hulseberg, AICP, ICMA-CM

FROM: William Heniff, Community Development Director 

DATE: October 6, 2011

**RE: Proposed Downtown Lombard Building Permit Grant Program**

Attached for Village Board recommendation is a draft Ordinance establishing a temporary building permit grant program. The grant program was considered by the Economic and Community Development Committee (ECDC) and recommends its approval.

Supplementing the intent of existing Village grant programs for new or expanding businesses, the intent of the proposed building permit fee is to encourage property owners and/or business tenants to undertake capital improvements in the short term. To foster this action, the Village would waive building permit fees to the applicant for the first \$2,000 of any building permit for such capital improvements. The funds can be applied to established businesses, new businesses or vacant spaces in which the property owner is seeking to undertake capital improvements to ready the space for occupancy. The program would not apply to operating fees.

To pay for the program, any permits meeting the criteria would receive a "no-fee" permit. The Village would utilize existing Downtown Lombard TIF funds to offset the Village's costs in administering the permit review, approval and inspection processes. The overall program is intended to be in place for a one-year period to encourage immediate improvements to private property. The program will end at the end of the one year period or until \$20,000 has been expended through the program.

Also attached for reference purposes is a copy of the introductory memorandum to the ECDC regarding the program. To address the concerns of the ECDC, the program will not be used to mandate full code compliance for a property, although the fee reduction may allow property owners to bring their properties into closer compliance with code at a lower expense. The ECDC also offered its recommendations to allow for the proposed grant to be used in conjunction with other grants, subject to ECDC review. The ECDC also expressed its desire for the grant to be exclusively for commercial uses and buildings without regard to the age of the structure.

Subsequent to the ECDC meeting, staff discussed the proposed matter further with Village Counsel, who noted that based upon state TIF statute and recent case law, any entity receiving TIF assistance through this or any other TIF program would be subject to the Prevailing Wage Act provisions. If applicants do not want to pay prevailing wages for their construction projects, they still have the right to pay for the permit itself.

#### **RECOMMENDATION**

Please place this item on the Village Board agenda for consideration. The ECDC recommends approval of the proposed Building Permit Fee Grant Program.



## MEMORANDUM

**TO:** Peter Breen, Chairperson  
Economic and Community Development Committee

**FROM:** William J. Heniff, AICP, Director of Community Development *WJH*

**DATE:** September 7, 2011

**SUBJECT:** **Building Permit Grant Program**

The Community Development Department is proposing the creation of a temporary grant program as an additional incentive to stimulate additional property owner and business investment in the Downtown Lombard Tax Increment Financing (TIF) District.

### **BACKGROUND**

The Downtown Lombard Revitalization Guidebook (i.e., the Plan) was adopted in March, 2011. As part of the downtown planning effort last year, staff noted that the effectiveness of any downtown plan could only be favorably measured if both the public sector (the Village) and the private sector embrace the planning effort and allocate capital and other resources to implement the recommendations set forth within the plan.

For reference purposes, since January, 2011, the Village has expended the following Downtown Lombard TIF funds:

<b>Account #</b>	<b>Description</b>	<b>Amount</b>
711110	Regular Salaries	\$27,675.50
711160	Part Time Salaries	\$3,835.20
711180	Overtime Wages	\$15.00
733140	Operating Supplies	\$516.82
755120	Electric	\$981.89
755340	Dues & Subscriptions	\$125.00
755620	Auditing Services	\$220.48
755680	Legal Services	\$1,835.56
755700	Other Prof/Tech Services	\$19,077.52
756420	Misc. Contractual Services	\$94,276.94
756425	Distribution Surplus TIF Revenue	\$933,955.24
	Total	<u><u>\$1,082,515.15</u></u>

A further breakdown of actual recent and programmed capital expenditures by the Village in 2011 is noted below.

**Capital Improvements**

East St. Charles Road	Retaining Wall Restoration	\$18,852
St. Charles/Lincoln Crosswalk		\$25,000
Streetscape Furniture		\$19,983
Grant Disbursements	Cabinet Depot	\$11,517
Grant Disbursement	Awning (pending)	\$ 1,125
Street Light Upgrades/Repairs (40)		\$38,500

**Other Disbursements**

Landscaping Materials	\$ 3,977
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**Programmed Capital Improvements**

Union Pacific/Metra Pedestrian Underpass (pending)	\$120,000
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**Total of Aforementioned Capital Improvements** \$238,954

Public expenditures have been exceeding private expenditures in the downtown. During the same period, outside of the tenant build-out of the Cabinet Depot store at 14 W. St Charles Road, most permits have been for minor improvements or for temporary signage. However, as one intent of the Plan is to stimulate additional private investment, staff is proposing to develop a temporary building permit fee waiver program to encourage immediate capital investment in downtown properties by existing property owners and businesses. The parameters of the proposed grant program are as follows:

- Existing property owners and businesses can receive a “no-fee” building permit for any capital improvements to their tenant space or property. Eligible improvements can include interior and exterior build-out and construction activities, HVAC replacement (but not repair), electrical and plumbing upgrades, accessibility improvements, parking lot improvements, permanent signage, windows and/or awning replacement.
- The program would not waive operational fees, such as fees for temporary signs, sandwich board signs, elevator inspections, licenses and registrations or certificates of occupancy/zoning certificates. It would also exclude construction letters of credit or bonds, fees collected by other governmental entities, court or adjudication fines or fees, or any fees associated with an application for zoning approval.
- The grant program would be eligible to properties within the Downtown Lombard TIF and located within the B5 Zoning District, stressing the focus upon business rather than residential properties. The existing or proposed land use would have to be a permitted use (or permitted through a conditional use process) in the Zoning Ordinance. The

improvements would also have to be consistent with Village Codes and the Village Comprehensive Plan, of which the Downtown Plan/Guidebook is an approved component. Additionally, the program would only be eligible for properties with principal buildings greater than 35 years in age, in order to be consistent with the intent of state TIF regulations.

- The permit grant would be capped at \$2,000 per property or business establishment. In review of all permits issued this year to all potentially eligible properties, the collected building permit fees totaled \$1,281.
- The permit grant program would be available for a one-year period from the date of the approval of the program by the Village Board, or until \$20,000 has been expended through the program, whichever comes first. The time period cap is proposed to encourage more immediate investment in property enhancements, particularly in a slow real estate market. Additionally, capping the overall program would ensure that the program does not affect the Village's ability to allocate funds for other purposes in the future.
- While the fees would be waived to the applicant, the Village would be reimbursed through the Downtown Lombard TIF. State statutes could consider the program eligible uses for TIF funds are provided in Illinois' Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 through 11-74.4-11), as part of building rehabilitation or renovation.

Overall, staff is supportive of the concept as it is intended to stimulate immediate action for existing businesses and property owners to address either outstanding building issues or improvements intended to attract businesses. The program would also provide a way for existing businesses that otherwise might not be eligible for a grant to receive some level of assistance. Staff has heard this concern in the past and the program as designed can serve as an additional catalyst for property investment.

#### **ACTION REQUESTED**

Staff requests that the Economic and Community Development Committee recommend to the Village Board approval of the proposed Downtown Lombard TIF Building Permit Grant Program, per the provisions noted above.

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE ESTABLISHING TITLE 3, CHAPTER 36,  
SECTIONS 36.80 THROUGH 36.83 OF THE LOMBARD VILLAGE CODE  
IN REGARD TO THE DOWNTOWN BUSINESS PERMIT GRANT PROGRAM**

**WHEREAS**, on March 25, 2011, the Corporate Authorities of the Village of Lombard (the "Village") adopted the Downtown Lombard Revitalization Guidebook; and

**WHEREAS**, Section 7: Economic Development Implementation Strategies in the Guidebook recommends that the Village examine incentive models in other communities to obtain ideas that support downtown's Lombard's size and business opportunities; including proposing modifications to incentive programs; and

**WHEREAS**, the Village of Lombard (the "Village") is also responsible for, among other things, the issuance of building permits for development activity located within its corporate limits; and

**WHEREAS**, in an effort to facilitate stimulate immediate capital investment within the Downtown Lombard area, the Village deems it in its best interest to establish a temporary building permit fee grant program (the "Grant Program"), which shall waive fees for selected building permits, subject to the provisions set forth herein; and

**WHEREAS**, funding for the Program shall be provided through the utilization of tax increment funds generated as part of the Downtown Lombard Tax Increment financing District; and

**WHEREAS**, the Village finds that nothing within this grant program shall be construed to mandate other code upgrades, outside the scope of work being performed or associated with the permit.

**BE IT ORDAINED** by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as follows:

**SECTION 1:** That Title 3, Chapter 36, Sections 36.80 through 36.83 of the Lombard Village Code is hereby established to read in its entirety as follows:

***Downtown Lombard Building Permit Grant Program***

**36.80 DEFINITION.**

There shall be established in the Village of Lombard a Downtown Lombard Building Permit Grant Program (the "Grant Program") which shall be administered by the Director of Community Development (the "Director" with approval from the Economic & Community Development Committee) in accordance with the standards set forth in this Chapter.

**36.81 FUNDING.**

The Grant Program is established pursuant to the provisions Illinois' Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 through 11-74.4-11) (the 'Act'), which provides for building rehabilitation or renovation as an eligible expense. The Village shall make funds available in an overall amount not to exceed \$20,000 in total from the Downtown Lombard Tax Increment Financing District, established by the Village in 1989 (the 'TIF District'), as part of the Grant Program, to be expended in the form of reimbursement grants to business and/or property owners who meet the eligibility standards for the Grant Program. Funds shall be granted up to a limit of \$2,000, for any building permit fee associated with eligible capital improvements for a given property or business, subject to the provisions set forth herein. Reimbursement through the Grant Program shall be available for a one-year period from the date of the approval of the Grant Program by the Village Board (October 20, 2012), or until \$20,000 has been expended through the Grant Program, whichever comes first.

**36.82 ELIGIBILITY.**

- A. Any property owner or lessee of business property who wishes to undertake capital improvements, improve signage, or improve existing parking to facilitate additional use of same for the Village may apply for "no-fee" building permit reimbursement grant under this Chapter by completing an application supplied by the Director. Eligible projects for the Grant Program are associated with capital improvements and include, but not be limited to: interior and exterior build-out and construction activities, HVAC replacement (but not repair), electrical and plumbing upgrades, accessibility improvements, parking lot improvements, permanent signage, windows and/or awning replacement.

The Grant Program shall not be eligible for operational fees, such as fees for temporary signs, sandwich board signs, elevator inspections, licenses, registrations or certificates of occupancy/zoning certificates. It shall also exclude construction letters of credit or bonds, fees collected by other governmental entities, court or adjudication fines or fees, or any fees associated with an application for zoning approval. Determination of eligibility shall be made by the Director, who shall make the determination based upon a review of the permit application and its consistency with the intent of the Grant Program.

- B. The Grant Program is eligible to properties or tenant spaces within the Downtown Lombard TIF and located within the B5 Central Business Zoning District, and being utilized for commercial (non-residential) activities. The existing or proposed land use would have to be a permitted use (or permitted through a conditional use process) in the Zoning Ordinance. The improvements would also have to be consistent with Village Codes and the Village Comprehensive Plan, of which the Downtown Plan/Guidebook is an approved component.
- C. If an eligible permit is associated with work as part of another grant program (such as the Downtown Retail Business Grant, Restaurant Loan and Downtown Renovation

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Building Permit Grant Program

and Improvement (Façade) Grant Program), the ECDC will review the fee grant request in conjunction with any other grant application requests.

### 36.83 APPLICATIONS FOR GRANTS

Any property owner or business operator within the eligible TIF District who wishes to apply for the Grant Program shall complete an application supplied by the Director. Applications shall be eligible for consideration provided that they meet the submittal requirements for a building permit and provided the project meets the following eligibility criteria:

1. The building and tenant space must be located within the limits of the Downtown Lombard Tax Increment Financing District;
2. The applicant must meet the terms of this Chapter; and
3. The fee waiver associated with the grant associated with the Grant Program shall be granted to the permit applicant and will be applied at the time of permit issuance.

**SECTION 2:** That this Ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

Passed on first reading this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

First reading waived by action of the Board of Trustees this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Passed on second reading this \_\_\_\_\_ day of \_\_\_\_\_, 2011, pursuant to a roll call vote as follows:

AYES : \_\_\_\_\_

NAYS : \_\_\_\_\_

ABSENT : \_\_\_\_\_

APPROVED by me this \_\_\_\_\_ day of \_\_\_\_\_, 2011.



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Building Permit Grant Program

ATTEST:

\_\_\_\_\_  
Brigitte O'Brien  
Village Clerk

\_\_\_\_\_  
William J. Mueller  
Village President

Published by me in pamphlet form this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Brigitte O'Brien  
Village Clerk