

**Village of Lombard
2nd Amendment to the
Butterfield-Yorktown
TIF District TIF Plan**

***Public Hearing
Village Board of Trustees Meeting
September 17, 2020***



The Lilac Village

Overview



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- I. Background on Proposed 2nd Amendment to the Butterfield-Yorktown TIF Plan
- II. Factors Qualifying the Expansion Area
- III. Key Elements of the Amended TIF Plan
- IV. Next Steps



Kane, McKenna
and Associates, Inc.



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I. Background

- The **original** Butterfield Yorktown TIF District, to date, whose 2017 base EAV of \$10,342,515 has grown to \$14,058,020 in 2019, an increase of \$3,715,505 over two years.

Note: A significant part of this increase is associated with assessment of the NTBS property which is being challenged.

- By undertaking the Expanded RPA designation, the Village will **help strengthen the Original RPA** and the Expansion Area as significant contributors to the Village's overall economic base.
- Strategic Importance: The larger Yorktown Mall area serves as one of the **top sales tax and property tax generators** for the Village, as well as a **significant source of jobs**

I. Background



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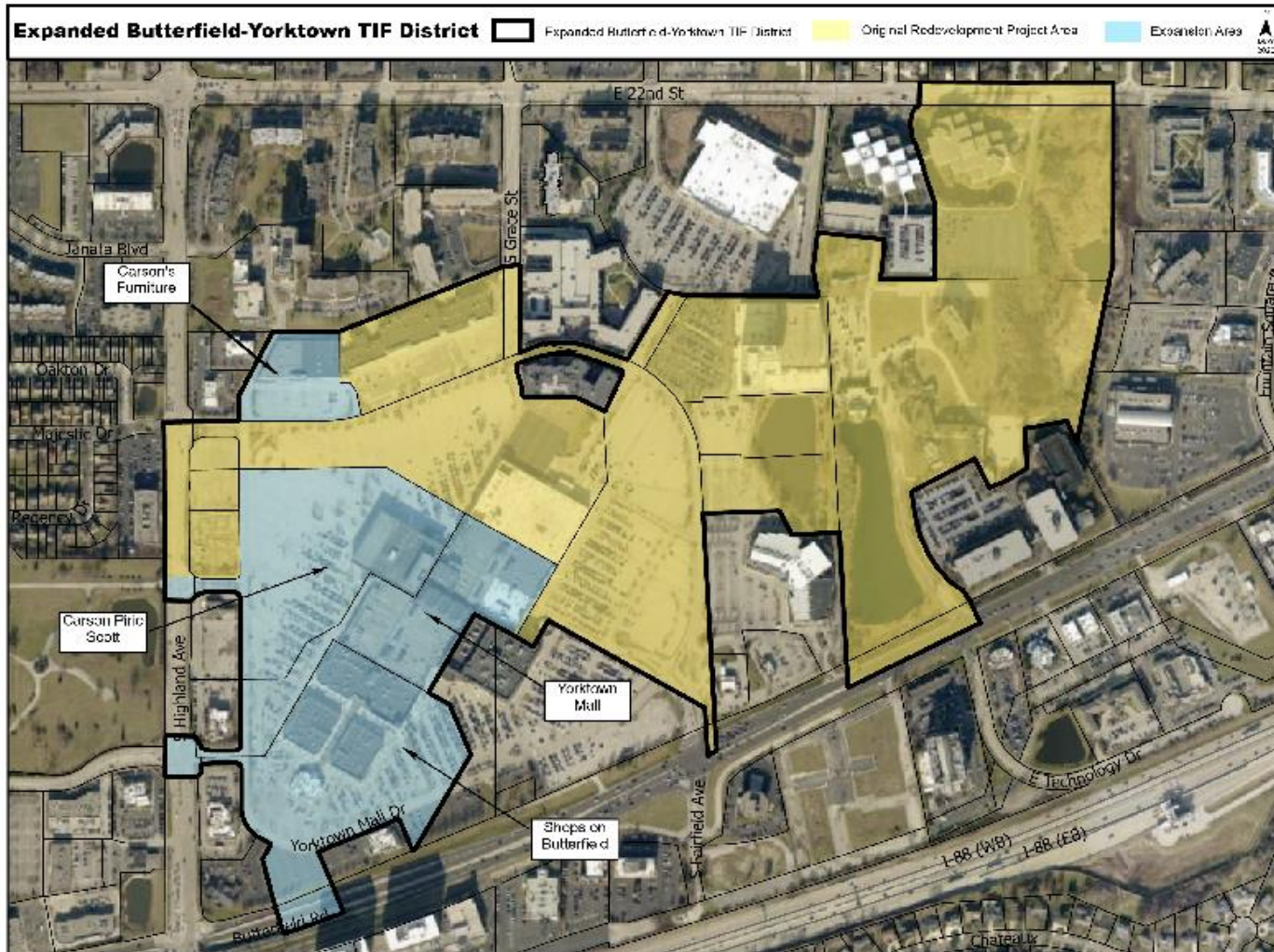
The amendment would extend potential similar successful redevelopment to four additional parcels and portions of adjacent public rights-of-way:

1. Former Carson's Furniture property
2. West portion of the Yorktown Mall
3. Former Carson's anchor store parcel
4. Shops on Butterfield parcel

I. Background



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Expanded Area in Blue Shading



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I. Background

Why Now? The Village faces challenges, including:

- **Recent market trends** have impacted enclosed regional malls, due to competition from internet shopping, non-mall retail uses, and now the Covid-19 pandemic
- The current recession has **impacted nearly all revenue sources**

Challenges in real estate alternatives:

- **Repositioning properties** in order to diversify uses, address competitive pressures and maintain value
- **Improving area appearance** and maintaining the Village's ability to compete in the marketplace

II. Qualification Factors



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The proposed TIF District “Amendment Area” is **found to qualify** under the following criteria:

- The Area consists of contiguous parcels that together exceed 1.5 acres
- TIF Plan conforms to/supports the Village’s *Comprehensive Plan*
- The “But-For” requirement has been/will continue to be met
- As a “conservation area”, based upon the finding that at least 3 of the 13 factors set forth in the TIF Act are present
- 75% of the buildings are 35 years or older – pursuant to the TIF Act at least 50% of the buildings must be more than 35 years old **(9 of 12 in Original TIF; 3 of 6 in amendment area)**

II. Qualification Factors



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- 1) Dilapidation
- 2) **Obsolescence**
- 3) **Deterioration**
- 4) Presence of Structures Below
Code
- 5) Illegal Uses
- 6) **Excessive Vacancies**
- 7) Lack of Ventilation and Sanitary
Facilities
- 8) **Inadequate Utilities**
- 9) Excessive Land Coverage
- 10) Deleterious Land use/Layout
- 11) Environmental Clean-up
- 12) **Lack of Community Planning**
- 13) **Lagging/Declining EAV**

II. Qualification Factors



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Obsolescence:- The Act states that obsolescence is the condition of falling into disuse or a structure becoming ill-suited for its original use:

- Current retail market trends have made the Yorktown Mall area, including the Carson's anchor structure and Furniture Store **functionally and economically obsolete**.
- **Shifting retail market conditions** have eroded demand for large, single-use, retail structures like the Carson's anchor, which, in turn, has eroded demand for indoor malls
- Attempts to identify **viable replacement users** for the Carson's properties have been unsuccessful to date
- The **inflexible infrastructure characteristics** of the Carson's anchor building preclude occupancy by another type of user, without major, cost-inefficient modifications.
- The Carson's anchor structure's physical integration with the "core" of the enclosed mall also **limits its adaptive re-use**.
- The **building's age** also hampers cost-efficient re-use of the building since upgrades to original operating systems would be difficult and expensive, and thus, not cost effective given the potential returns.

II. Qualification Factors



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Deterioration: The Act states that **deterioration can be found in buildings or surface improvements, or both:**

● Expansion Area deterioration of exterior surface improvements such as the parking fields, pedestrian walkways, driveways, curbs, and lighting, includes ubiquitous cracking, spawling, settlement, crumbling, and heaving of asphalt paving, and potholes; cracking/crumbling of concrete curbs and gutters; faded/peeling pavement paint including for parking spaces striping, intersections paint, handicap parking space striping, and handicap-accessible curb cut paint.

● Building exteriors in the Expansion Area show discoloration of façade materials; faded/damaged awnings; cracked/shrunk caulk; faded metal fascia; rusted loading dock rail systems and concrete paving; rust, peeling paint, dents and rusted door frames at loading dock overhead and service doors; and rusted bollard posts.

II. Qualification Factors



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Excessive Vacancies: The Act states the presence of buildings that are **unoccupied or under-utilized and that represent an adverse influence** on the area because of the frequency, extent or duration of the vacancies.

- The former 224,724-sq ft Carson's Furniture Store and the former 53,924-sq ft Carson's anchor store, which opened in 1968, both closed in Summer, 2018.
- Mall management has reported that existing tenants within the mall itself are increasingly renewing their leases with short lease terms or have renegotiated leases at lower rental rates
- As of January, 2020, 99,883 square feet of the mall's total gross leasable area of 597,111, or 16.3%, is either unoccupied or leased by temporary tenants under license agreements.
- Mall management also reports that mall traffic has been declining since the Carson's closings.
- These trends increase the potential for greater numbers of vacancies in the future and are indicative of the shopping center's economic instability.

II. Qualification Factors



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Inadequate Utilities: The Act states that **utilities lacking capacity to meet future development demands** are considered inadequate

- Village-owned mains in the Expansion Area have experienced breaks due to age and condition
- The water or sewer service lines from the Mall Ring Road to the main mall building, former Carson's anchor store, and vacant Carson's furniture store are original, from 1968 (over fifty years old)
- Certain private water mains are undersized in relation to current Village codes
- Redevelopment within the proposed Expansion Area will require public/private coordination for requisite repairs, upgrades, replacements, and/or reconfigurations of infrastructure to accommodate redevelopment.

II. Qualification Factors



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Lack of Community Planning: The Act states that a finding of a lack of community planning is supported if the **area was developed prior to, or without the benefit of, a community plan.**

- The proposed Expansion Area will require the implementation of new coordinated land use relationships, street layouts, and other contemporary development standards to correct deficiencies caused by original development patterns of the Expansion Area, developed prior to the Village's first comprehensive plan in 1970.
- The Shops on Butterfield redevelopment in 2007 did not fully address some of the underlying community planning limitations that existed at the time, such as accommodation of the Village's "Complete Streets" policies.
- The 2016 Lombard Bicycle and Pedestrian Plan identifies connectivity issues for bicyclists and pedestrians around the Yorktown Mall. Butterfield Road, the southern arterial road to the Yorktown Mall, has very limited access for pedestrians and cyclists.

II. Qualification Factors



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Lagging/Declining EAV

The EAV of the proposed Butterfield-Yorktown TIF Expansion Area has **declined in three (3) of the past five (5) years**. Additionally, it has grown at a rate slower than the Consumer Price Index and less than the balance of Village EAV for four (4) of the last five (5) years.

EAV MATRIX	2019	2018	2017	2016	2015	2014
Total:	\$16,321,230	\$23,890,020	\$29,380,510	\$36,466,340	\$36,351,940	\$32,241,760
Annual % Change:	-31.68%	-18.69%	-19.43%	.31%	12.75%	
Village Total EAV:	\$1,664,970,939	\$1,540,330,543	\$1,473,640,391	\$1,389,616,358	\$1,314,206,889	\$1,268,127,652
Balance of Village EAV:	\$1,648,649,709	\$1,516,440,523	\$1,444,259,881	\$1,353,150,018	\$1,277,854,949	\$1,235,885,892
Annual % of Change:	8.72%	5.00%	6.73%	5.89%	3.40%	
CPI - All Urban Consumers:	1.80%	2.40%	2.10%	1.30%	.10%	

III. Key Elements of Amended TIF Plan



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● **Proposed Land Uses:** Commercial, retail, residential, mixed-use

● **Proposed Amended TIF Budget:** **\$231,418,000** (in 2020 dollars). Sized to accommodate potential development requirements. The TIF Budget is a maximum amount which **does not obligate the Village to expend such amounts.**

● **Amended Base EAV:**

Original TIF Base EAV (2017 base):	\$10,342,515
Expansion Base EAV (2019 base):	<u>\$16,321,230</u>
Expanded TIF District EAV:	\$26,663,745

● **Amended Projected EAV:** Upon completion of redevelopment activities, estimated at \$155,000,000 to \$160,000,000 (this is based on a number of assumptions, including an assumed absorption schedule, assumed market factors, and redevelopment costs)

III. Key Elements of Amended TIF Plan



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<u>Program Actions/Improvements</u>	<u>Estimated Costs</u>
Studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan	\$17,300,000
Marketing Costs	400,000
Property Assembly Costs	24,301,000
Rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building	99,600,000
Public works or improvements	30,100,000
Costs of job training and retraining projects	500,000
Financing costs	13,300,000
Taxing district's capital costs	100,000
Statutory school district payments	42,000,000
Statutory library district payments	800,000
Relocation costs	100,000
Payments in lieu of taxes	100,000
Job training	500,000
Interest cost	2,000,000
Transfers to contiguous TIF District(s)	100,000
TOTAL EST. TIF BUDGET (previously approved plus expanded)	\$231,418,000

III. Key Elements of Amended TIF Plan



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TIF Statutory Budget Guidelines:

- Overall budget cannot be exceeded
- Budget covers 23 years starting in 2017 (the life of the TIF/ ***not*** an annual budget) ***no change to time period sought in amendment***
- Line-items within budget are flexible (e.g., if property assembly costs exceeded \$24,301,000, then Village has authority to reallocate additional funds from other TIF budget line-items. Total budget amount cannot be changed without amendment.
- Budget expenditures are subject to Village approvals and/or review of redevelopment proposals in order to demonstrate payment of TIF expenditures

IV. Next Steps



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- Joint Review Board convened on August 7 and recommended **approval** of the amendment.
- Public Hearing – September 17, 2020, as part of a Village Board meeting.
- Consideration of TIF Ordinances for final approval – October 15, 2020, as part of a Village Board meeting.

Questions?



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