

## Seal the Deal II :: Development Incentives

March 31, 2008

ComEd Commercial Center

Oakbrook, IL

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Over 110 people attended a panel discussion on Development Incentives. The event which was the second one in a series designed to focus on best practices in planning and economic development. The discussions are designed to provide technical assistance and information to professionals in the region by building regional capacity. It is coordinated by CMAP in partnership with Commonwealth Edison, Illinois Development Council, American Planning Association and Illinois City Management Association.

The Panel of experts included David Hulseberg a Director of Community Development from Lombard, Ed Piatt from DCEO, Tom Bayer a expert on TIF from the law firm of Klein, Thorpe & Jenkins, and Beth Ruyle a private ED consultant from Ehlers and Assoc. They presented a number of case study scenarios within the region and demonstrated in detail how different incentives have been used to attract, retain, implement and support different forms of development.

**Tom Bayer** (see agenda for speaker Bio) spoke on special assessments.

**Special Assessments-** Gave a detailed overview on how Special assessment financing can be effectively used to assist developers of vacant land finance of the installation of public improvements (*e.g.*, curb, gutter, storm sewers, streets, sidewalks, street lights, sanitary sewers, and water mains). Special assessment financing allows the developer the ability to pay for the cost of these improvements over a ten-year period at an interest rate that is most likely less than the rate that could be obtained in regard to a commercial loan. As properties within the developed area are sold over the ten-year period, the developer can use a portion of the proceeds of the sales to pay the assessment relative to the parcel sold. This method of financing vacant land infrastructure improvements has been made more advantageous with the creation of the Special Assessment Supplemental Bond and Procedures Act. Using home rule powers, the passage of the Special Assessment Supplemental Bond and Procedures Act and the updated Local Improvement Act, allows the use of special assessments to finance the cost of the public improvements in new developments a more accepted practice. As state statutes are further amended to address the modern public improvements construction process, special assessment financing will become a universally used tool in facilitating development.

**Special Service Agreements (SSA)** - The second tool he spoke about was the Special service agreements which under the Illinois Constitution allows a municipality to levy an additional real estate tax and other taxes in an area within its boundaries for the purpose of providing special services to that area that are not available to the entire municipality. Whenever an improvement is to be constructed that will affect only a specific locality, the municipal government must decide whether to finance it by special assessment or by the creation of a special service area. This tool has been used extensively in the housing and industrial development markets.

**Sales Tax Rebate agreements-** He gave a brief definition of Sales Tax rebate agreements as a tax that a municipality may agree to share or rebate a portion of any retailers' occupation taxes received that was generated by the development or redevelopment over a finite period of time. These are used across the region but not as much as the others outlined earlier

**Beth Ruyle** (see agenda for speaker Bio)- Gave a birds eye view on the best ways in which a Tax Increment financing tool can be used. She stressed the importance of ensuring that the implementation of TIF must be acceptable politically and must have buy in from all sectors. A couple of guiding principles for this tool is to apply the 'but for' test; an analysis of what issue exists that creates the underlying problem and an analysis to determine if the project is solid enough to make money, and thus qualify for an incremental tax.

**Business Improvement Districts-** A BID district is a special district created to make improvements, it creates a boundary around a identified challenged area reallocates or defers existing taxes in an area that has an insufficient tax base to support redevelopment efforts otherwise. Such areas must have a density to fulfill the role and the funding mechanism is not property tax but sales or hotel tax that are levied up to 1.00% in .25 increments on retail goods and hotels.

**David Hulseberg** (see agenda for speaker Bio)

**Lombard corridor study-** Gave a time-line story of a redeveloped corridor in Lombard and explained in detail the different development scenarios used in different projects. He began by outlining the goals comprehensive plan; Balanced physical growth & development; distinctive & attractive community; compatible, market-supportable system of commercial development; aesthetically pleasing, well-designed retail & commercial areas; and a strong employment base. Explained how the Village undertook study to determine what industry classifications were underrepresented and tied specific development projects to the community needs with an emphasis on how development incentives were used.

**Ed Piatt** (see agenda for speaker Bio)

**State perspective and incentive programs-** Explained some of DCEO programs and gave a few case studies on how they have assisted in retaining jobs. He also circulated a tax incentive comparison with neighboring states of Indiana and Wisconsin and showed how some of the DCEO incentives had been used to benefit the region.

The coordinating committee for this event was: Dawn Peters, Ivan Baker, Allison Laff, Susan Wolf, Heather Tabbert, and Paul Reise.

Copies of all presentations are available at [www.cmap.illinois.gov/economic/events.aspx](http://www.cmap.illinois.gov/economic/events.aspx)

If you have any suggestions for future topics please contact Paul Reise at

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