



## MEMORANDUM

**To:** City of Park Ridge, Elk Grove Village, Village of Brookfield, Village of Buffalo Grove, Village of Downers Grove, Village of Gurnee, Village of Hoffman Estates, Village of Lemont, Village of Lombard, Village of Mundelein

**From:** Dustin Calliari, senior planner, CMAP  
Cole Neder, associate planner, CMAP

**Date:** June 23<sup>rd</sup>, 2022

**Subject:** Urban Land Institute Chicago / Chicago Metropolitan Agency for Planning Incentives Collaborative Panel

### Development Dialogue Panel: Key topics and takeaways

---

#### Introduction

The Incentives Collaborative is a capacity-building program focused on the use of financial incentives, economic development tools, and business attraction and retention. Building off the Chicago Metropolitan Agency for Planning (CMAP) [Improving Local Development Incentives guide](#), the Collaborative expands knowledge by facilitating peer exchanges, panel discussions, and industry-focused conversations and presentations for economic development leaders in local government.

As part of the Incentives Collaborative, CMAP and the Urban Land Institute Chicago (ULI Chicago) hosted a Development Dialogue between public sector municipal economic development specialists and private sector developers and consultants. The panel featured conversations on:

- Developer preferences on local incentives and the entitlement process
- Recent updates to state-level incentives programs and policies
- Broker and site selection best practices



## Topics of discussion

### Developer perspectives:

During the site selection process, developers weigh a set of common risk factors when deciding a location's viability. These factors include the length and consistency of the municipal approval process, the receptiveness of the elected body, and the consistency of any municipal strategic plans or zoning documents.

During the approval process, developers minimize risk by understanding the municipal body's preferences, opinions, and plans concerning the development site. Therefore, municipal staff and elected officials should always maintain clear lines of communication between each other and the developer. Active engagement and clear, concise communication between both parties increases transparency and effectively serves as a non-financial incentive.

A streamlined and consistent plan review and approval process — as well as fast inspection turnaround times — decreases costs and minimizes risk for both businesses and developers. Establishing and marketing a coordinated development review process increases the likelihood of developer engagement.

Financial assistance from the municipality can be used to assist with land purchases, construction and building materials, and stormwater management. Forms of financial assistance include upfront assistance on permit and impact fees, special assessments, and the provision of on-site public utilities. During the approval process, the developer may be willing to commit to public or off-site improvements in exchange for impact and permit fee reductions, as well as streamlined or favorable approval processes.

This perspective runs parallel to recommendations in CMAP's *Improving Local Development Incentives* guide that encourage municipalities to request public improvements to help realize local benefits of development. In addition, municipalities should use tools and analysis to assess whether a proposed development requires a financial incentive. Yet many municipalities are constrained by time, capacity, and resources to perform proper due diligence. When weighing a financial incentive, local governments should understand any development's short- and long-term impact on public services and infrastructure as well as the resulting net fiscal impact. Resources like CMAP's guide and the evaluation tool, "[Are tax incentives the right tool for this development?](#)," can be a helpful starting place.

### Projects, incentives, and policies:

Recent legislation affecting state-level incentives can enhance the growth of businesses across the manufacturing, distribution, and energy sectors in Illinois. Incentives from the state — which a capital committee evaluation to be deemed eligible — can be layered into existing local incentives when both the developer and municipality are assessing the financial feasibility of a project.



For example, the Illinois Blue Collar Jobs Act offers tax credits to eligible construction projects through the Illinois Department of Commerce and Economic Opportunity (DCEO). These credits are offered as a complement to various DCEO programs detailed in the legislative section. The legislation was passed with the goal of attracting specific business sectors, including commercial solar facilities, supply chain operations, electric vehicle manufacturing, and vehicle power supply facilities.

To stay up to date on pending state legislation, municipalities should develop and maintain relationships with officials at the DCEO. These relationships can ensure that a municipality is effectively balancing incentives from multiple levels of government together when businesses are searching for suitable locations.

#### Broker and site selection:

Municipalities wanting to target and attract a specific retail or restaurant concept should form connections with commercial real estate brokers who represent the business locally. Sharing municipal datapoints (including workforce data, trade area maps, demographics, and site summaries) is helpful for business attraction and site selection.

Publishing and marketing available properties, buildings, and sites — including the parcel size, zoning designation, and a table of allowable uses — can assist brokers and site selectors who are using their own market assessment to make retail location decisions for a client. The municipality can also advertise assistance with job training programs and local workforce commitments.

When a retail or restaurant location opens, the municipality can work together with the tenant on outreach and advertising campaigns, social media marketing, and other PR-related activities. Maintaining open lines of communication between municipalities, landowners, site selectors, and retailers helps promote cooperation and assists with business retention.

#### Primary takeaways

CMAP identified five main takeaways from conversations between public and private sector representatives:

- **Understand state-level legislation and incentives packages:**

Municipalities will benefit from connecting with representatives from the Illinois Department of Commerce and Economic Opportunity (DCEO) and by remaining consistently aware of state legislation related to incentives and credits. Healthy coordination between a municipality and key state agencies like DCEO, Illinois Department of Transportation (IDOT), and Intersect Illinois can result in an incentives package that is targeted and layered, benefiting both the business and the community.



- **Increase coordination between partner agencies:**

Participants recognized that development projects can be delayed and prolonged when a project requires approval from multiple public agencies, including local units of government, taxing bodies, and state agencies like IDOT. To address these issues, agencies must develop relationships to improve coordination strategies. CMAP recognizes the need to play an important role in fostering collaboration between multiple units of government to streamline development approval processes.

- **Provide clear communication from municipal staff and elected officials:**

Communication between municipal staff, elected officials, and the developer is key during the entirety of a project's approval process. Municipal staff and elected officials should establish an understanding of what kind of projects are likely to be accepted prior to a developer submitting a proposal. Holding "pre-meetings" — conversations with an applicant prior to an official proposal or submission — and communicating these preferences to the developer from the beginning of the approval process will reduce unexpected stipulations or miscommunications. This can also occur through an informal presentation to official project review bodies, such as planning commissions, and asking for their comments and feedback prior to submitting the project for formal approval. Finally, aligning with existing zoning requirements and any strategic plan documents sets expectations and provides clarity.

- **Consider non-financial incentives:**

Municipalities that act proactively to improve their development review processes — through expedited reviews, prompt permitting, and publicizing any zoning code updates— will benefit from increased developer interest. Furthermore, municipalities can support business retention with marketing and PR-related efforts using existing municipal outreach and communication tools.

- **Use financial incentives effectively:**

Having incentives policies in place for both business attraction and retention efforts can provide specific criteria for incentives use, establish clarity during negotiations, and assist in aligning incentives use with existing municipal goals or strategic initiatives. CMAP recommends four principles to guide incentive use: performance-driven results, equitable outcomes, regional benefits, and transparency. Targeting financial incentives toward existing community priorities is a reliable approach to help achieve a community's strategic goals.



## Going forward

Municipal representatives expressed need for increased and improved dialogue between public agencies; training and informational opportunities on new and pending legislation; and additional resources on best practices for evaluating and negotiating development proposals.

Municipal, county, and state-level agencies working on economic development should be in continual communication. CMAP has a key role to play in facilitating or hosting collaborative conversations and connecting different public agencies with the correct representatives based on specific project requirements.

CMAP has existing programs in place that can facilitate and distribute opportunities, including ongoing work on regional economic competitiveness, the Local Government Network, the [Capacity Building Program](#), and research publications and toolkits. CMAP staff can leverage professional contacts and relationships with partner agencies to encourage increased collaboration between different units of government.

Legislative activities at the state and federal levels change quickly and can be challenging to follow from the local level. Agencies at each level of government can work together to better communicate and distribute information on the latest legislation changes, grant opportunities, and government transparency regulations.

Opportunities for professional development can take many different forms and can be as simple as conversations among colleagues from neighboring municipalities. Fostering an environment that encourages idea sharing, networking, and data-driven discussions can lead to increased collaboration, communication, and understanding when using development incentives.

Increasing capacity to evaluate and negotiate development proposals at the local level is integral to effective and targeted incentives use that provides a return on investment for the municipality. While well-resourced communities can retain consultants to help evaluate development proposals, municipalities with constrained resources must rely on existing staff knowledge, readily available public information, and technical assistance from partner organizations like CMAP. Establishing a resource database of professional development materials and research on evaluation and negotiation best practices can help municipal representatives better prepare for future development proposals.

As a next step for this collaborative, CMAP will continue to regularly convene meetings of the ten participating communities to facilitate further peer exchange, dialogue, and adoption of best practices at the local level.