

Committee of the Whole

TIF District Discussion

Wednesday, July 10, 2019

Topics to Cover

- Financial Environment Scan
- Community Benchmarking
- Business District Goals & Options
- Tax Increment Financing
- Discussion of Points of Concern

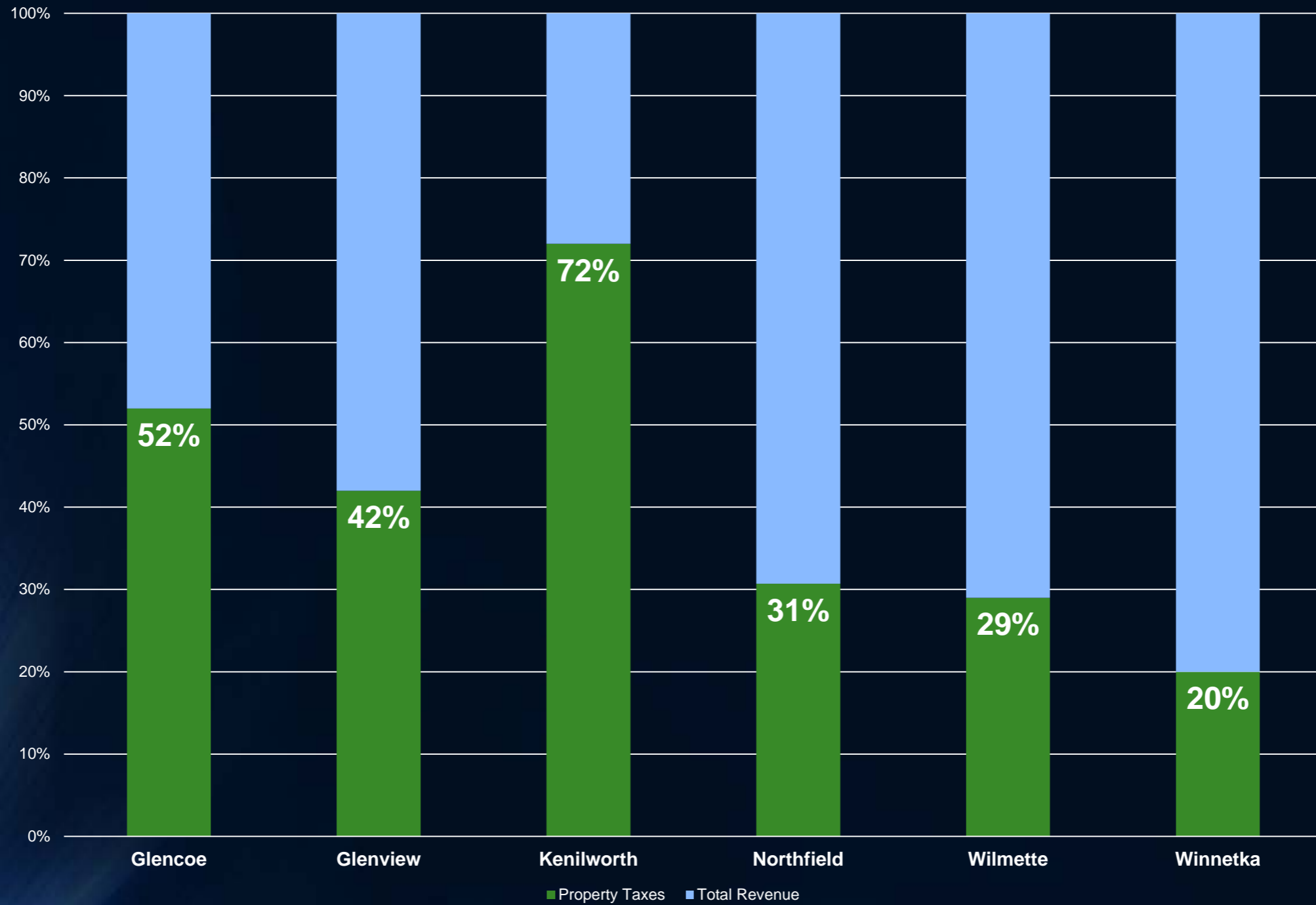
Financial Environment

- **Village Infrastructure** – Replacement Needed
 - Water Mains – Many exceed 100 years, water main breaks and occlusion. Estimated Repl. - \$123M for remaining mains
 - Sewers
 - Sanitary – Lining system to extend life. Estimated Repl. - \$1.5M
 - Storm – Newer system west of Green Bay, needed east of G.B. Est. \$18M
 - Manholes – lining program occurring. No current estimate
 - Streetlights – wiring failing underground, poles strapped. No current estimate
 - Curb and Road Rehabilitation. No current estimate
- **Police Pension Obligation**
 - 2013= \$365,391, 2019=\$694,335, Funded ratio not improving and projected outflow exceeding \$1M in eight years. (up \$300k), liab. = \$8.1M
- Projected increasing capital and pension needs, limited options for additional revenue

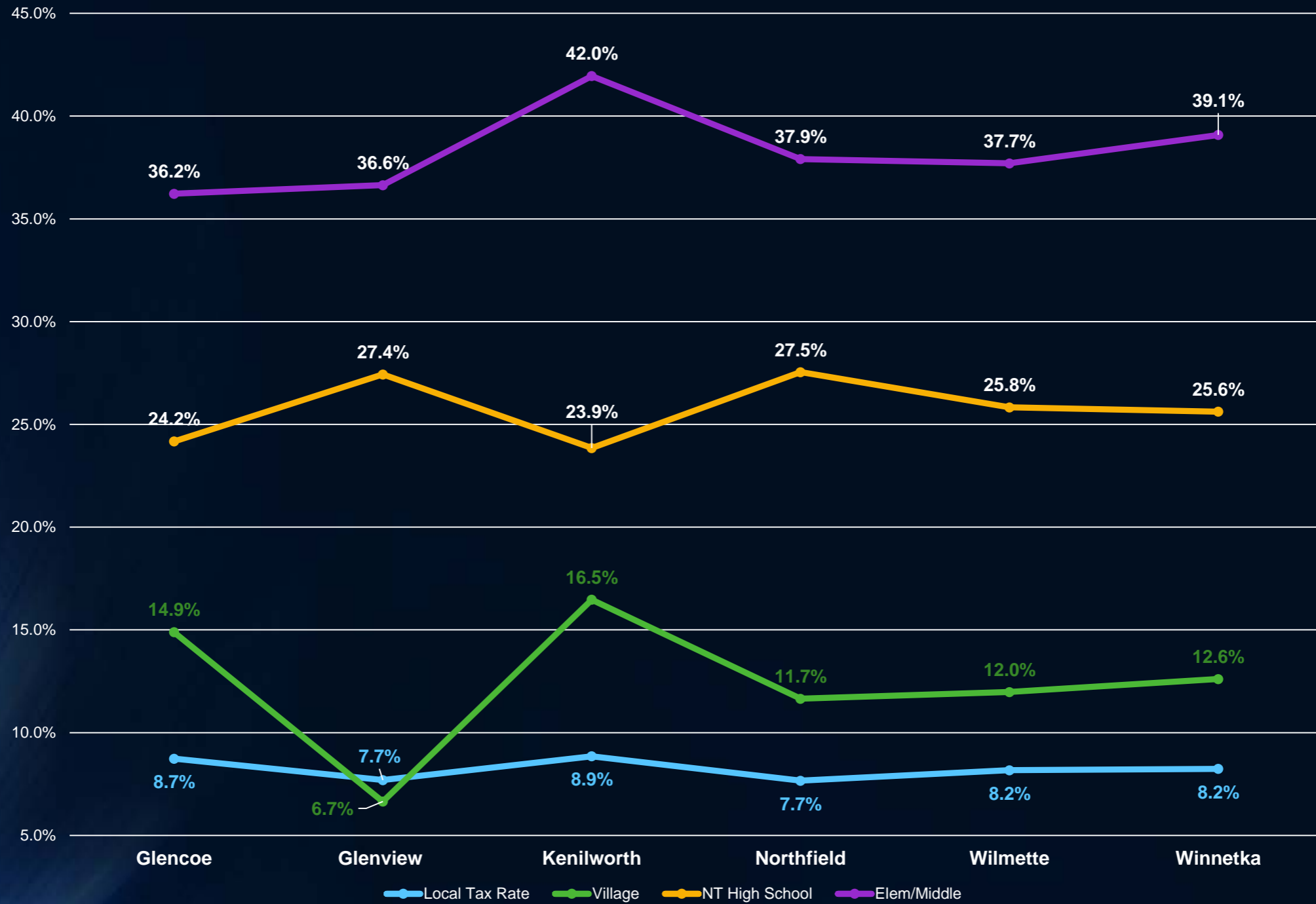
Financial Environment

- **Expenditure Efficiencies**— regular review for opportunities
 - Water Plant Decommissioned
 - Joint Purchasing and Services
 - Outsourcing
 - Staffing Reductions
- **Daily Operations** – balanced budget. Immediate and future capital and pension requirements point toward additional funding need beyond resources
- **Dependency upon Property Taxes**
 - Higher than other local communities
 - Due in part to lack of sales tax and transfer tax revenue
 - Lack of vitality in business district is impacting property taxes
- **Need to diversify tax base and shift burden**

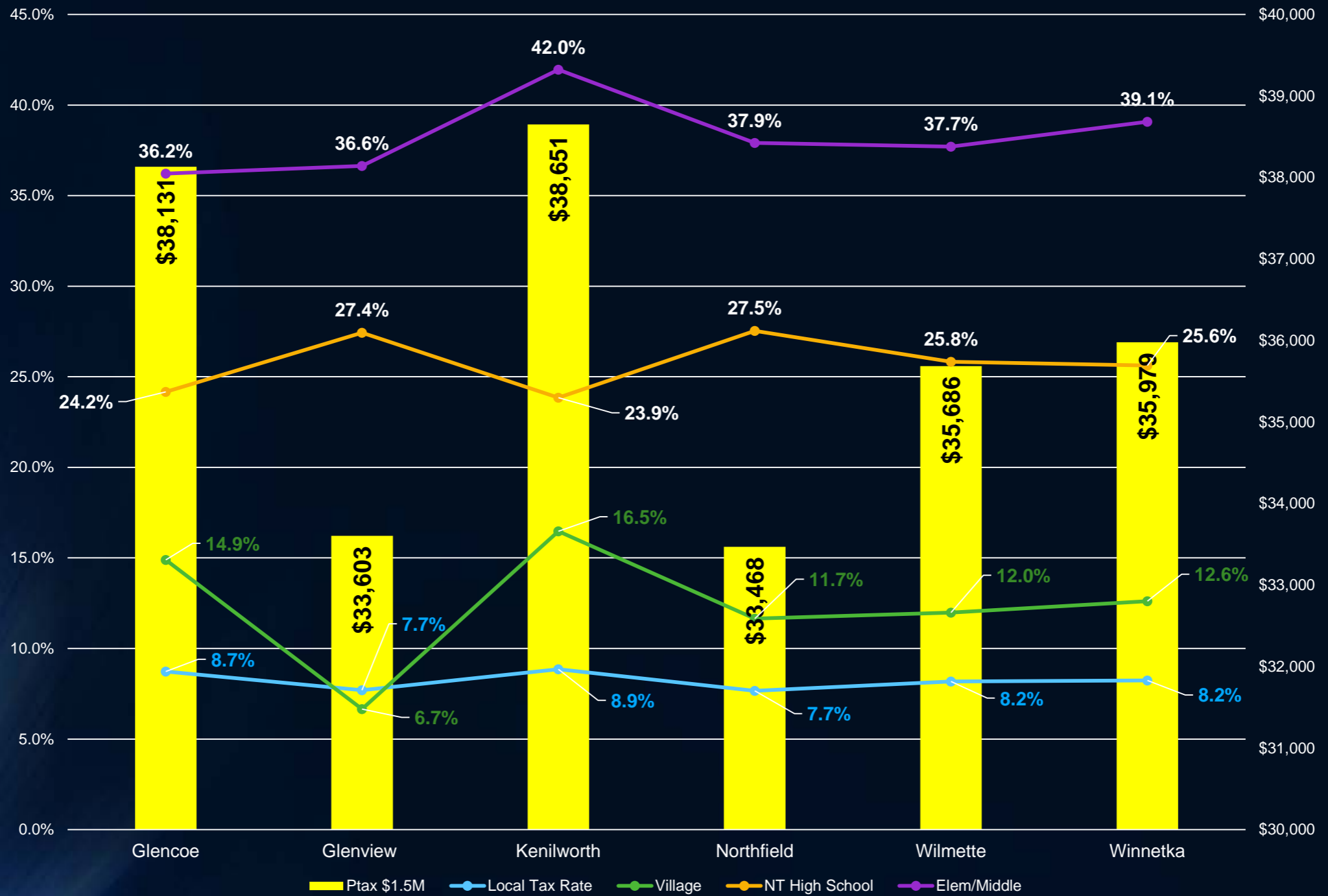
Property Tax Percentage of Total Rev



2018 Tax Rate Comp. by Village

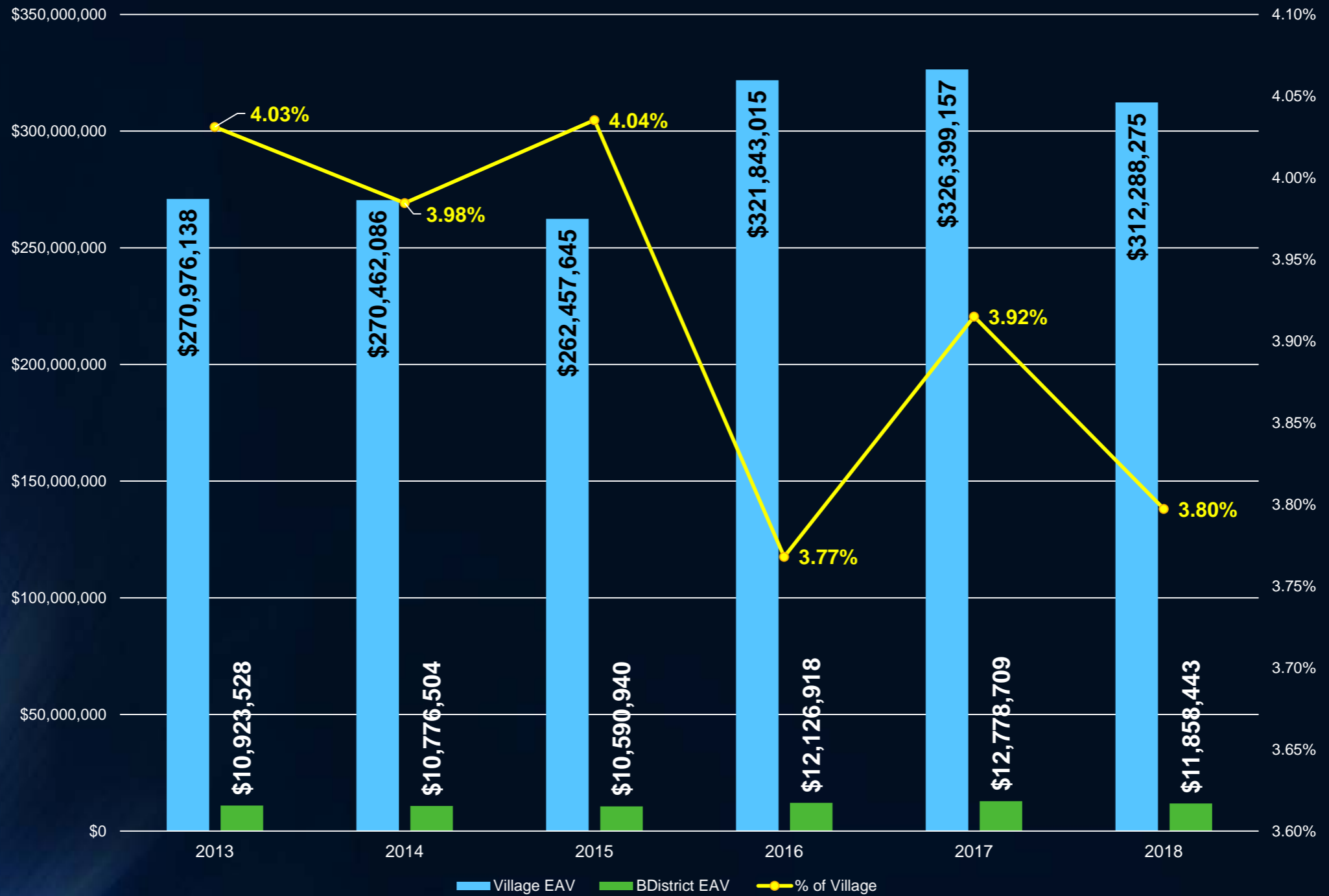


2018 Taxes on \$1.5M Home



Village of Kenilworth

Business Dist. to Village EAV - 2018



The 0.23% drop between 2013 and 2018 equates to a loss of \$82,759

Decline in Business District

- Identified in the 2008 Comprehensive Plan
- Top Cited Issue/Concern in Community Workshops (2006)
 - appearance / better uses / develop detailed plan / keep pedestrian oriented /better parking / better design and architecture.
- ...out of sync with the character and architectural quality of Kenilworth's residential neighborhoods
- ...much of the corridor is 'beyond repair' and will require redevelopment to achieve any commercial revitalization and desirable aesthetic and character
- The plan noted that the lack of a vibrant business district had a negative impact upon property taxes – not diversifying tax base
- Obstacles to improvement were noted, but it was indicated that all could be overcome.
- AV vs. EAV

Goal for Business District

- From the Comprehensive Plan – primary objectives are to:
 - 1. Transform the corridor into a vibrant and mixed-use pedestrian-oriented district reflecting the Village’s overall character and quality;
 - 2. Provide opportunities for alternative housing options for Village residents; and
 - 3. Maximize the Village’s opportunity to diversify and strengthen its tax base by maximizing revenue opportunities.
- The vision was to accomplish the goals such that in 2025 – the commercial area had been transformed into a vibrant retail/mixed use corridor.
- Little progress has been made toward that vision
- As a result, residential property taxes are higher than neighboring communities.
- This further impacts desirability and home values

Options for Business District

- **Special Service Area** – a tax overlay zone where additional property taxes are collected. This approach was likely to hasten decline as it increased tax burden in business district.
- **Village-wide property tax increase** – property taxes already highest in area, this approach would exacerbate problem.
- **Bond sale for specific projects** – difficult to time issuance with both need and bond rate projections. Funding too early – carrying costs, too late – lost opportunity
- **Grants** – most targeted toward transportation enhancements and public transit. (ITEP, STP, CMAQ) CDBG – Village not a target recipient.
- **TIF** – one of options presented in Comprehensive Plan. Smallest property tax impact of options, spread across larger base

Tax Increment Financing

- Economic Development Tool
- Designed to spur investment in business district
- Potential to increase vitality of district, improve overall EAV, and shift tax burden
- Village considering an incremental approach, vs. developer – driven TIF
- Village option to have a seat at the development table
- Village retains control of expenditure decisions
- Does not change development review process

Development Review Process

	START	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Certificate of Appropriateness - Architectural Review Commission	Prior to Filing Application for Certificate of Appropriateness - Applicant may Request Conference with Administrative Official	File Application with Administrative Official 35 Days Prior to Formal Consideration	Legal Notice and Notification to Property Owners - All property owners within 250 feet - Not less than 15 and not more than 30 days	Architectural Review Commission Public Hearing - ARC Approves or Denies Request for Certificate of Appropriateness			
Special Use Permit - Business District (Plan Commission, Architectural Review Commission & Village Board)	File Application with Administrative Official 35 Days Prior to Formal Consideration	If Special Use Permit Application has an Architectural Review Component, ARC Reviews and Provides Consulting Recommendations to the Plan Commission and Board of Trustees	Legal Notice and Notification to Property Owners - All property owners within 250 feet - Not less than 15 and not more than 30 days	Plan Commission holds Public Hearing to Consider Special Use Permit Application - Makes Recommendation to Village Board	Village Board Considers Recommendation and Decides whether or not to Approve Ordinance Granting Proposed Special Use Permit and Grants Certificate of Appropriateness		
Planned Unit Development (PUD) (Plan Commission, Architectural Review Commission & Village Board)	Pre-Application Conference with Administrative Official to Discuss Concept	Neighborhood Meeting - Informal notice given to all property owners within 250 feet. Applicant provide Administrative Official copy of notice, address list, and summary of comments received.	Preliminary Planned Unit Development Application Filed with Administrative Official	ARC Reviews and Provides Consulting Recommendations on Preliminary PUD. ARC provides comment and recommendations regarding whether the proposed preliminary PUD conform to Kenilworth Appearance Plan.	Legal Notice and Notification to Property Owners - All property owners within 250 feet - Not less than 15 and not more than 30 days	Plan Commission holds Public Hearing to Consider Preliminary Planned Unit Development Application and ARC Input- Makes Recommendation to Village Board	Village Board receives Plan Commission recommendation and ARC input and makes determination on Preliminary PUD Plan.
Planned Unit Development (PUD) (Plan Commission, Architectural Review Commission & Village Board) - CONTINUED		Step 7	Step 8	Step 9	Step 10	Step 11	
		Final Planned Unit Development Application Received	Architectural Review Commission - ARC Reviews and Provides Consulting Recommendations on Final PUD regarding whether proposed final PUD conforms to Kenilworth Appearance Plan.	Legal Notice and Notification to Property Owners - All property owners within 250 feet - Not less than 15 and not more than 30 days	Plan Commission holds Public Hearing to Consider Final Planned Unit Development Application - Makes Recommendation to Village Board	Village Board receives Plan Commission recommendation and ARC input and makes determination on Final PUD Plan and Grants Certificate of Appropriateness	

How TIF Can Help

- Provides new financial resources for:
 - Failing infrastructure – water mains, sewers, street lighting
 - Improved streetscape – sidewalks, benches, bike racks
 - Façade improvement grants
 - Economic Development
 - Environmental Cleanup
 - Development incentives (i.e., parking, public benefit)
 - Land purchase
 - Summary – helping reduce barriers to reinvestment in district

What is Not Planned

- No plans to take homes for parking lots
- No plans to issue TIF bonds
- No developer driving process
- Village is not in discussions/negotiations/planning process with any developer or individual

Current State

- Potential for TIF District discussed at six previous public meetings
- Draft ordinances presented June 17th
- Number of comments and questions received
- Most took form of solely encouraging a “no” vote
- Several expressing support or concern
- All reviewed and received by Village Board
- Homes west of alley – opt-in option
- Potential may exist to modify draft documents to address or moderate some concerns
- Recommend discussing concerns – determine if...
 - concern already addressed by existing ordinance/regulations/procedures
 - consensus to insert language to address concern
 - no need to take action on concern at this time
- Final consideration – July 15th – Meeting at Assembly Hall

Areas Expressed as Concern

- There is a concern that....
- A TIF District enhances the Village ability to take homes under eminent domain authority.
- A TIF District could cause a financial hardship for the school districts.
- The Village may undertake significant debt and not have the TIF resources to meet obligation
- TIF Fund would not have adequate financial controls
- No detailed plans for redevelopment of a specific property exist
- Village Board may enter into secret deals which enhance developer profit
- Village Board may expand scope of Redevelopment Plan or boundary if it is approved
- The Village cannot succeed in improving business district
- Proposed budget is not reflective of likely expenditures

Village of Kenilworth

Next Meeting – July 15th @ 7:30p

MEETING TO BE HELD AT THE KENILWORTH
ASSEMBLY HALL