Economic Development Review and Economic Incentive Tools

Niles

Vacancy rates for the last 10 years

Industrial

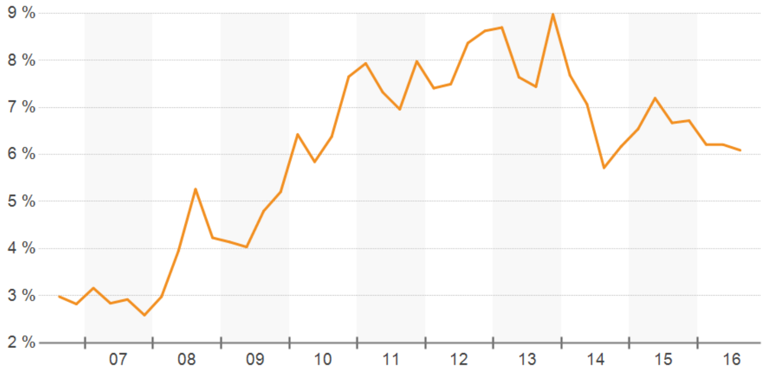
Retail

Neighboring Communities

Vacancy rates for the last 10 years

Glenview
Industrial

Glenview
Retail



Neighboring Communities

Vacancy rates for the last 10 years

Morton Grove
Industrial

Morton Grove
Retail

Neighboring Communities

Vacancy rates for the last 10 years

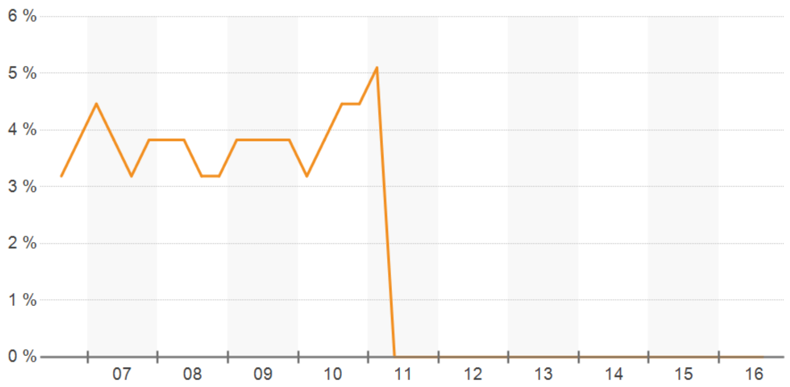
Des Plaines
Industrial

Des Plaines
Retail

Neighboring Communities

Vacancy rates for the last 10 years

Park Ridge
Industrial



Park Ridge
Retail

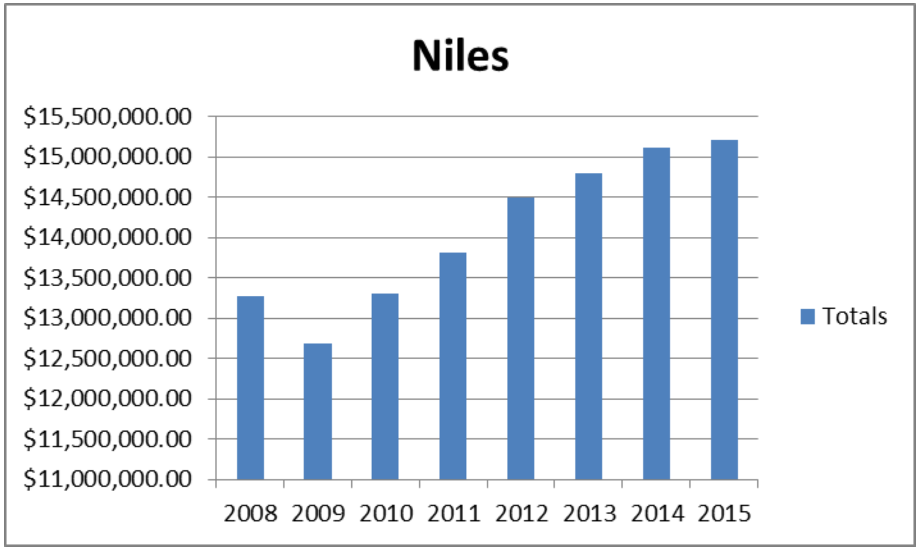
Neighboring Communities

Vacancy rates for the last 10 years

Skokie
Industrial

Skokie
Retail

Sales Tax Collection



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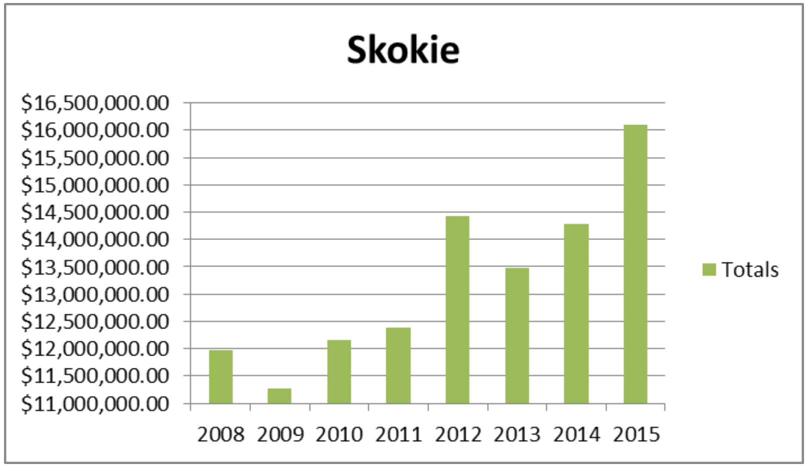

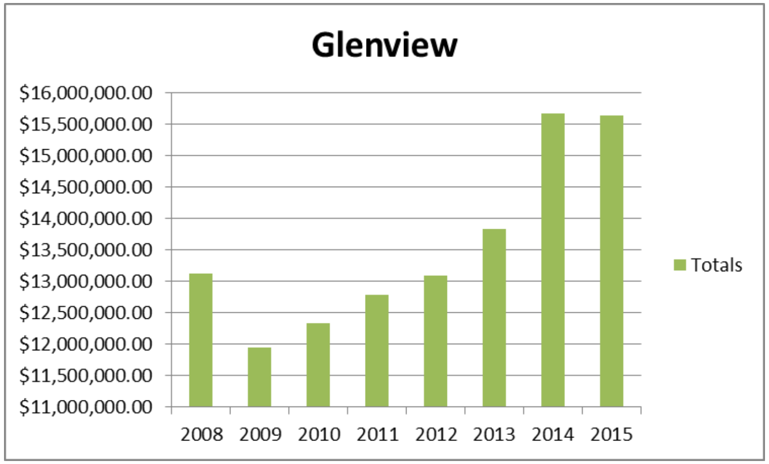

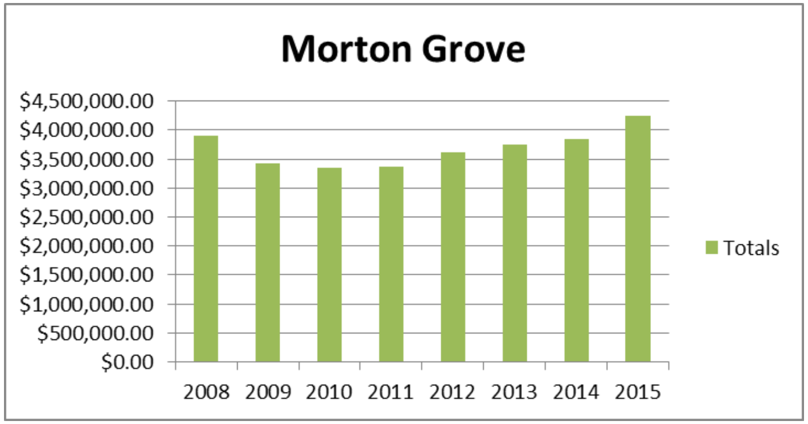

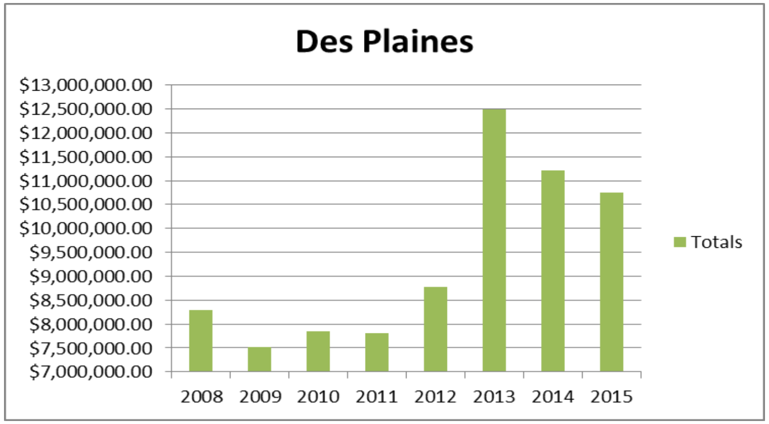

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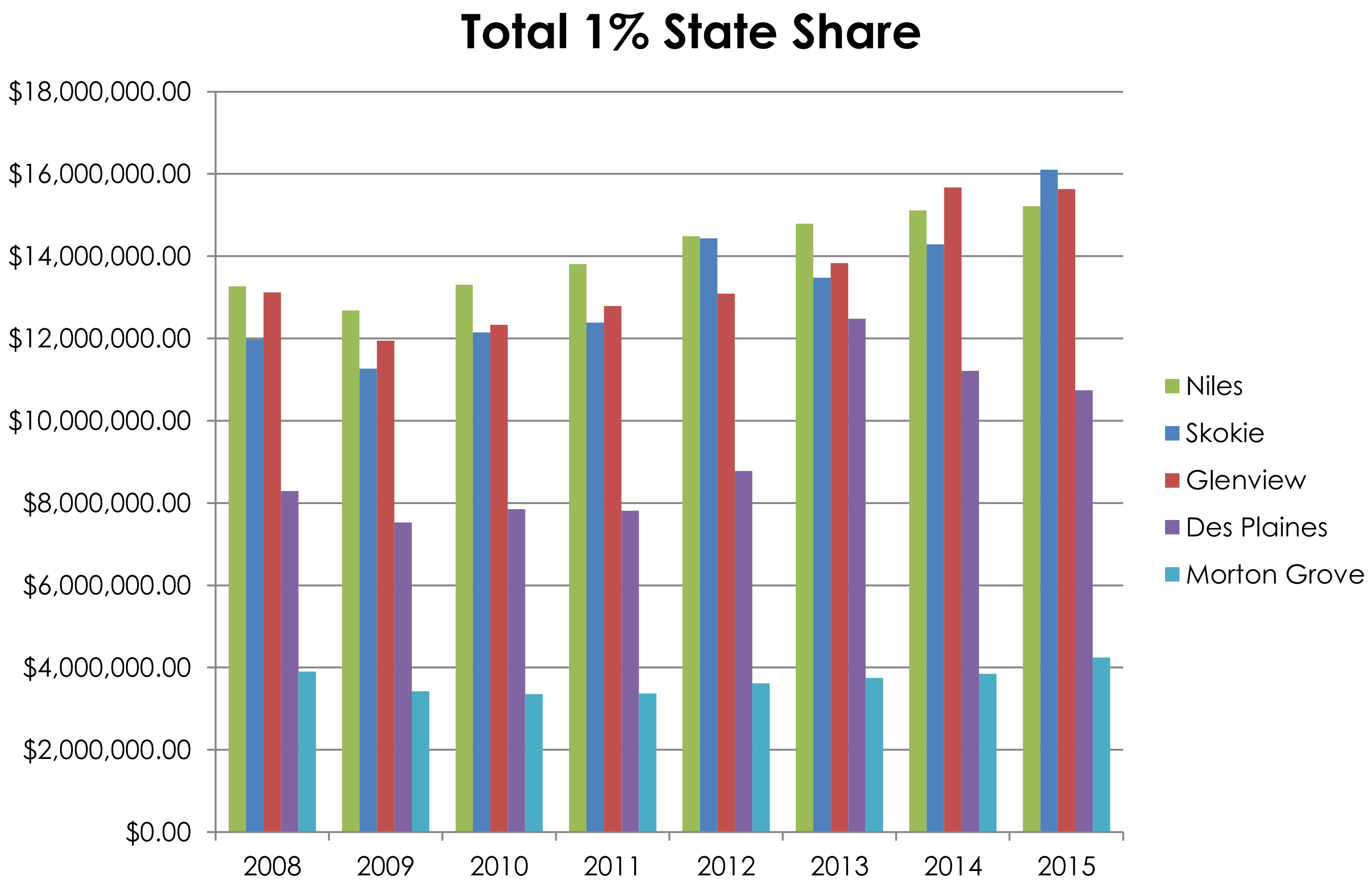

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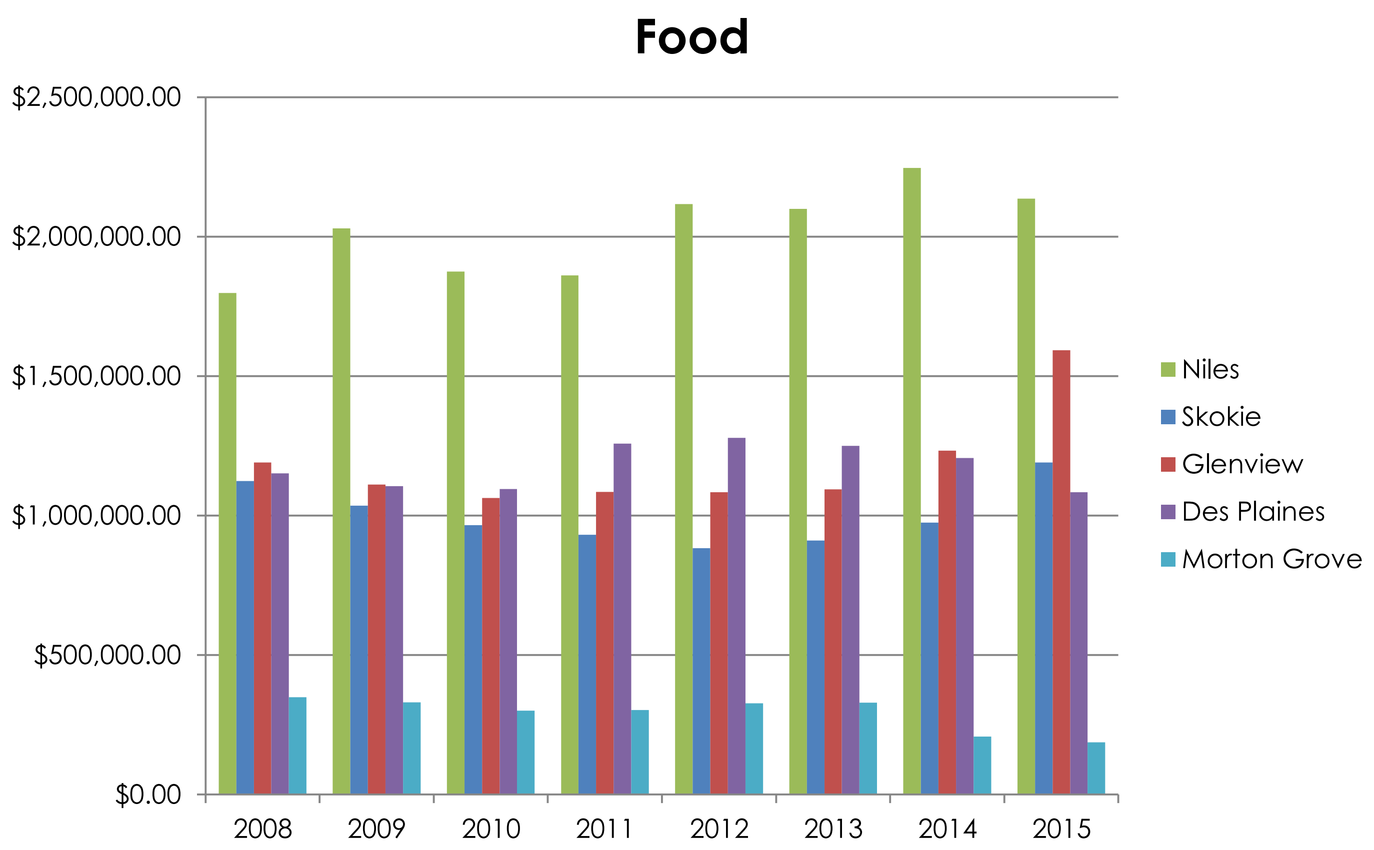

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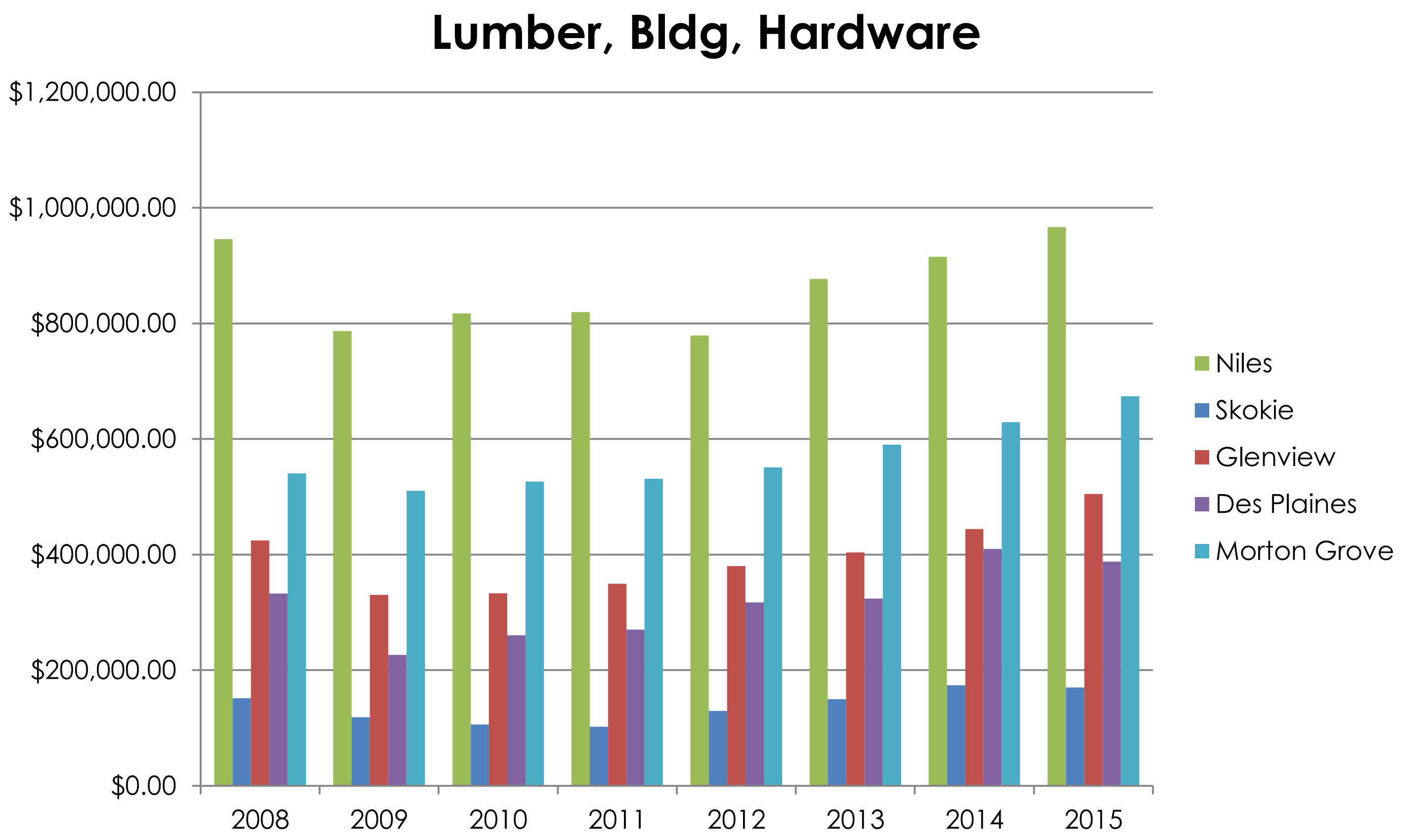

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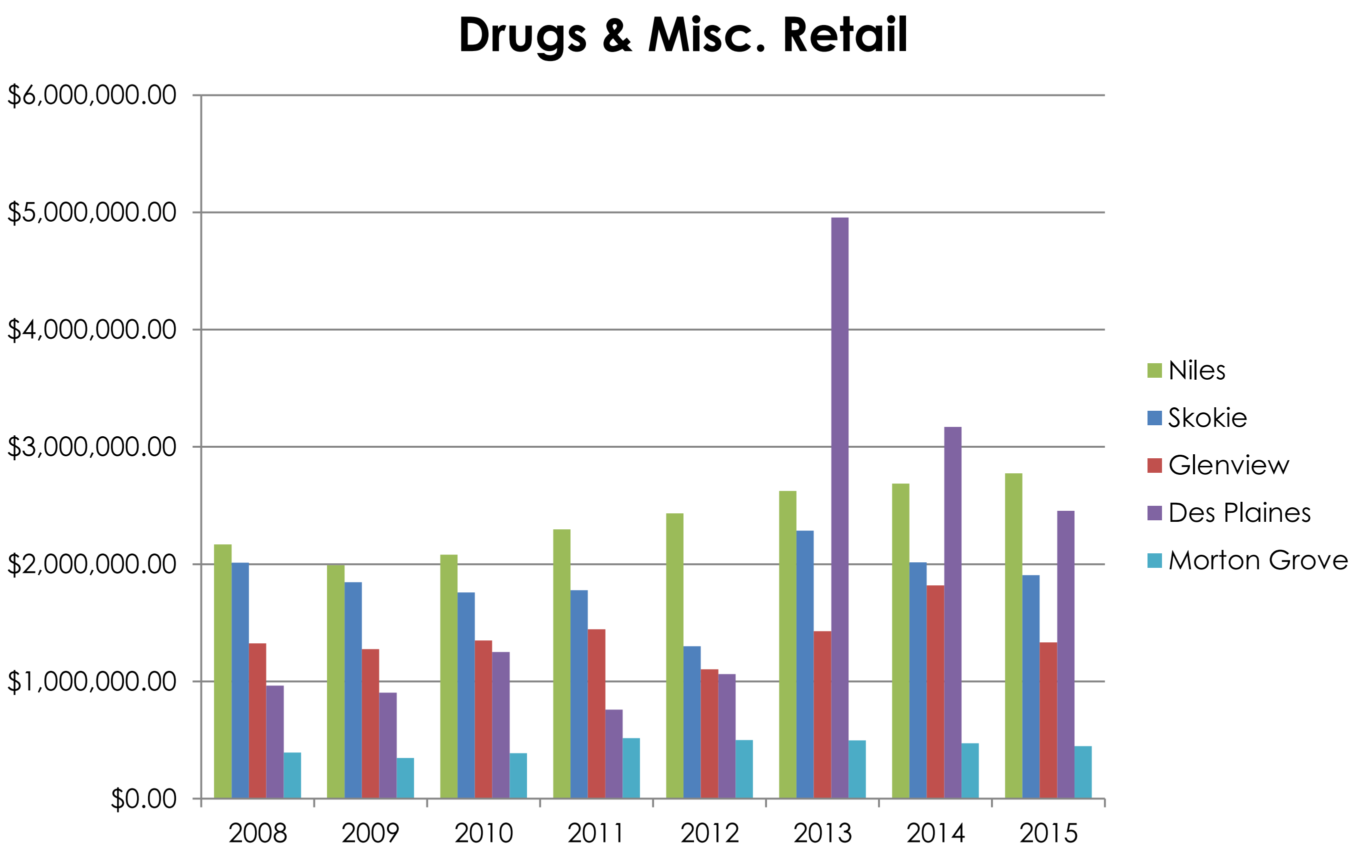

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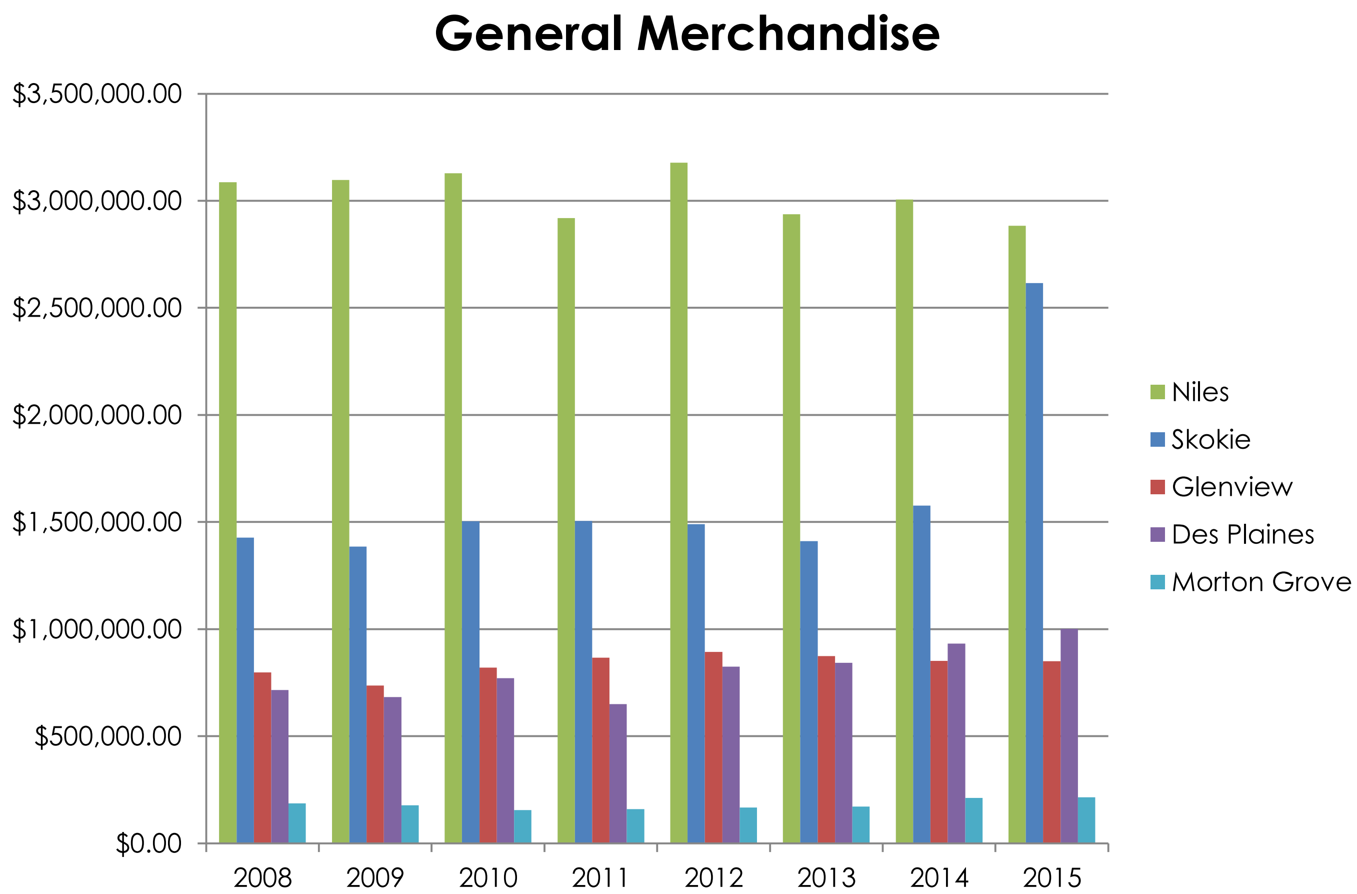

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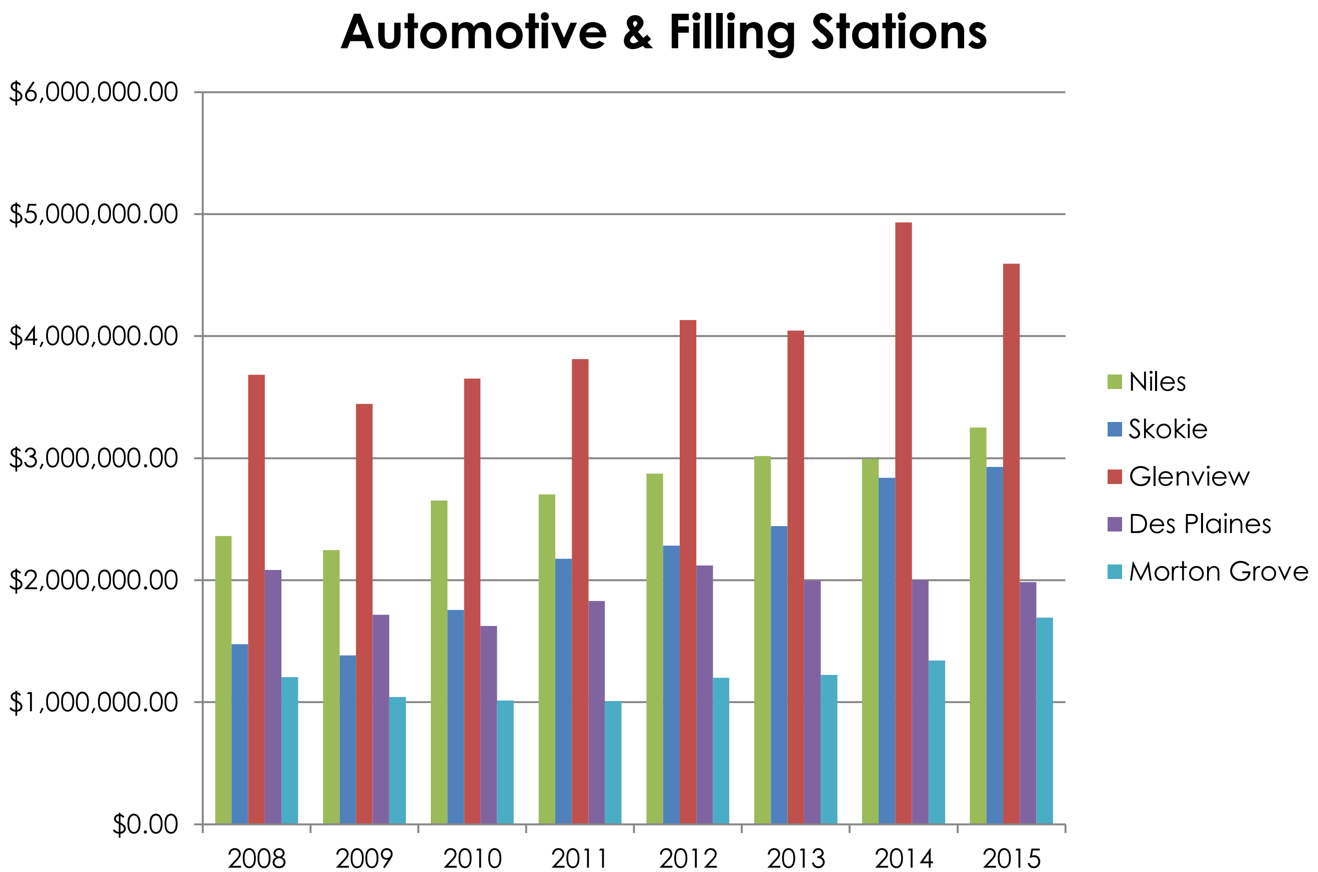

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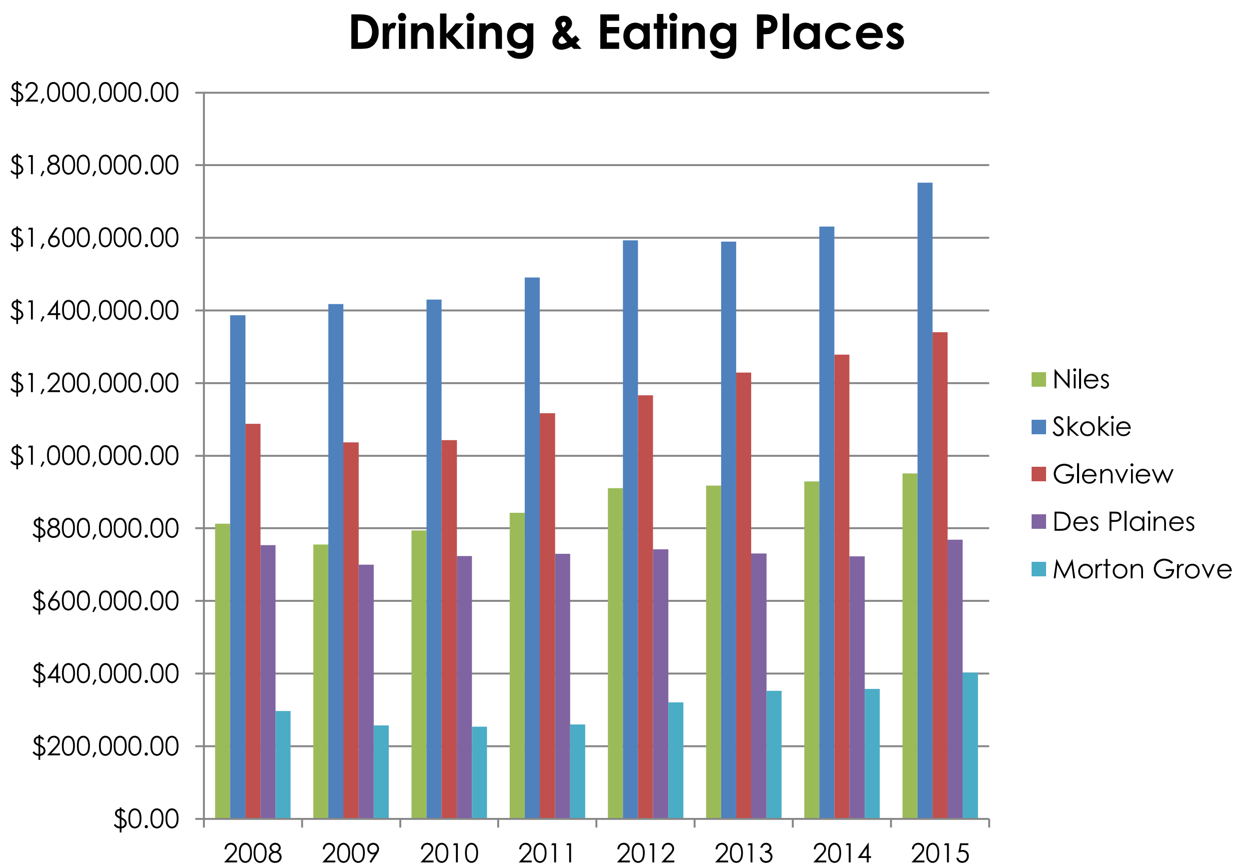

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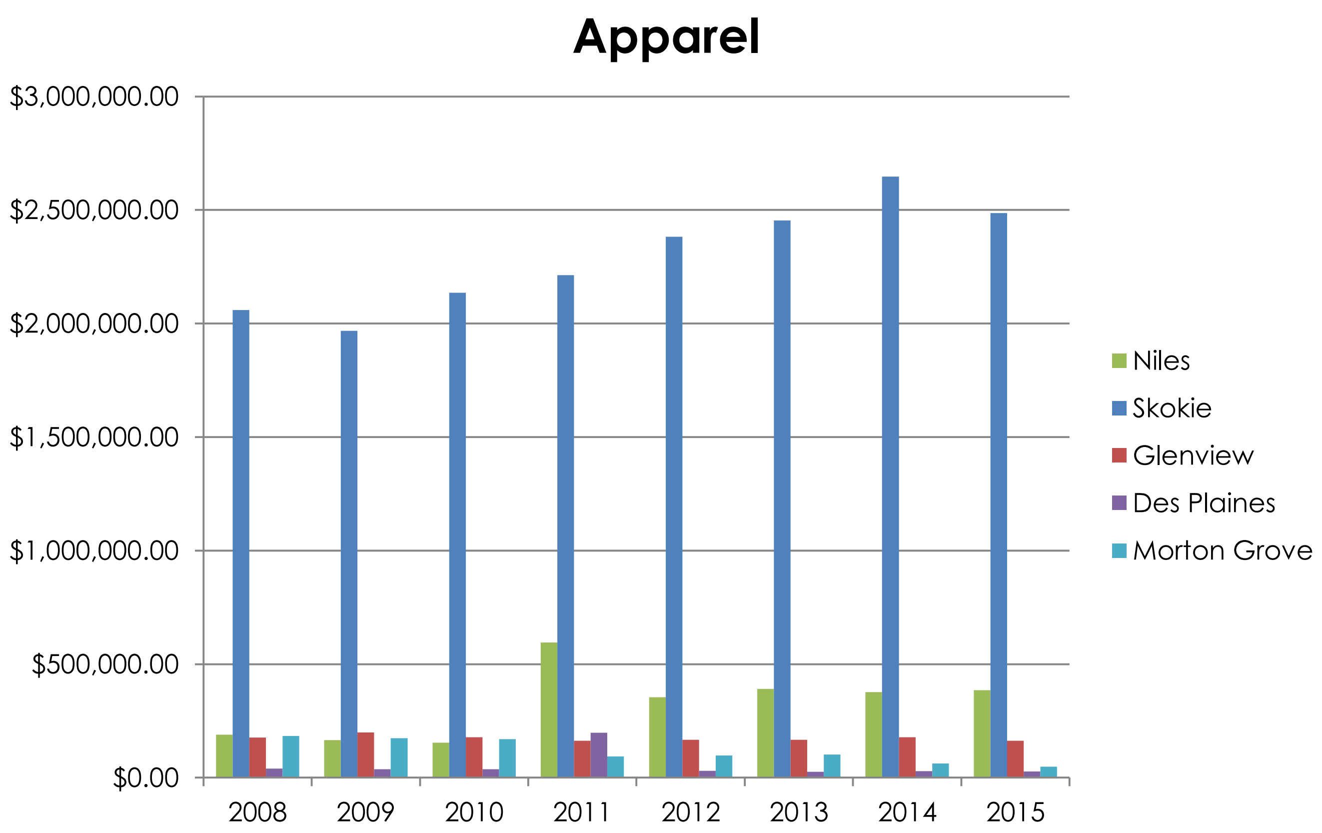

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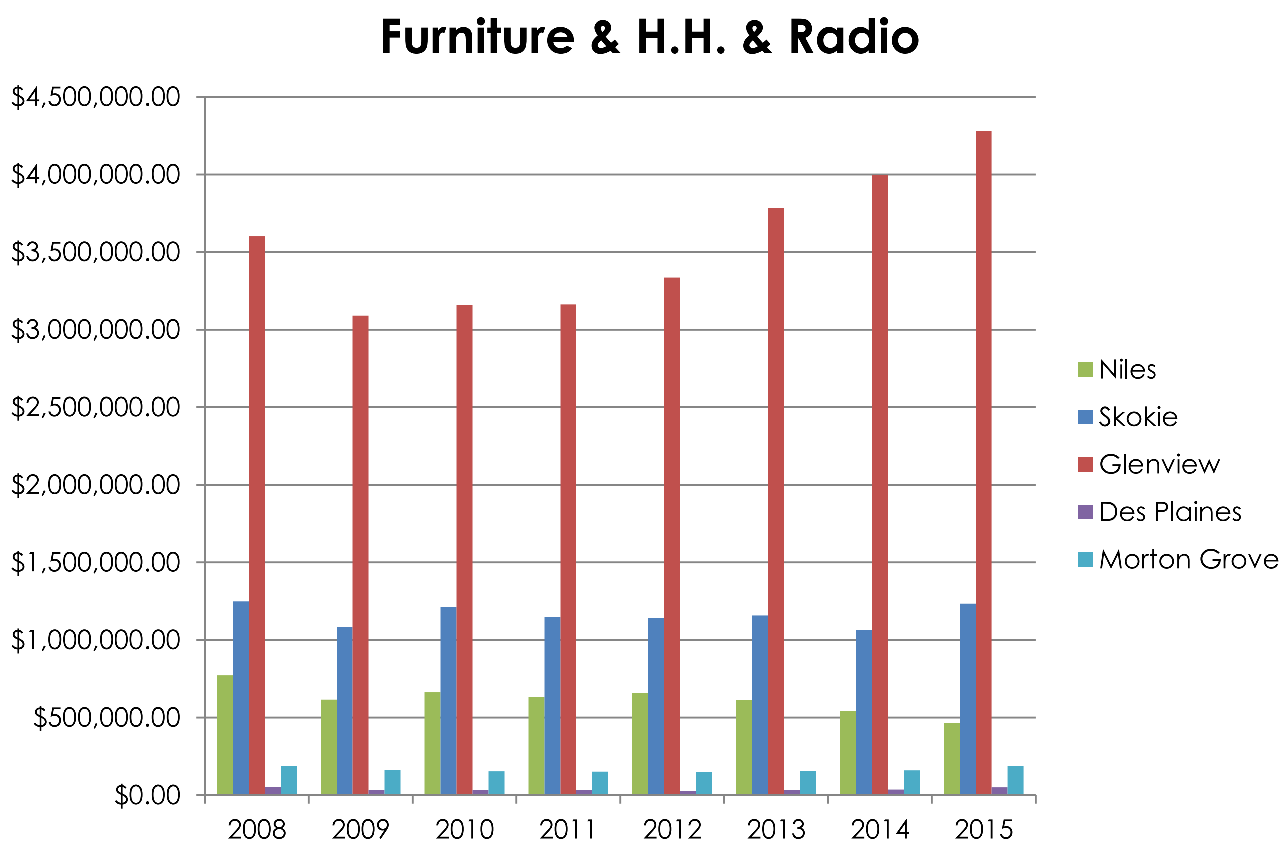

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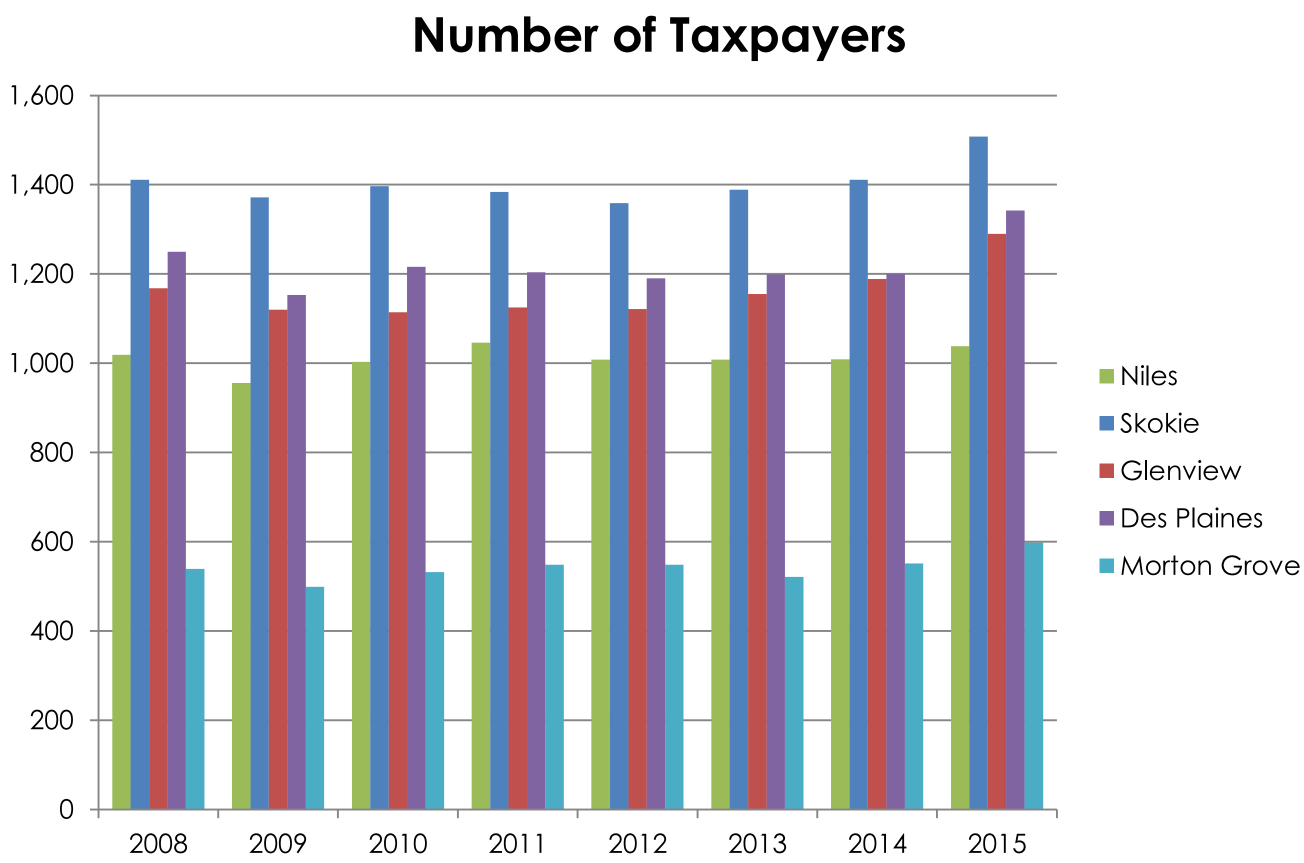

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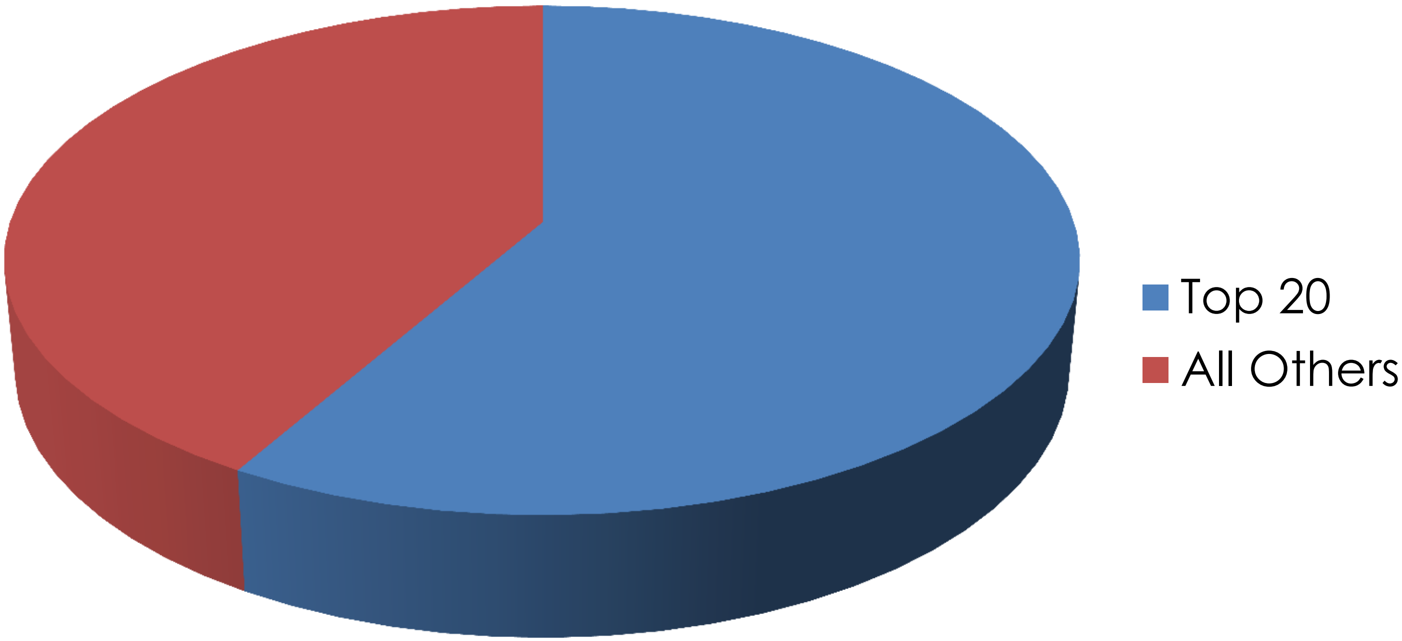
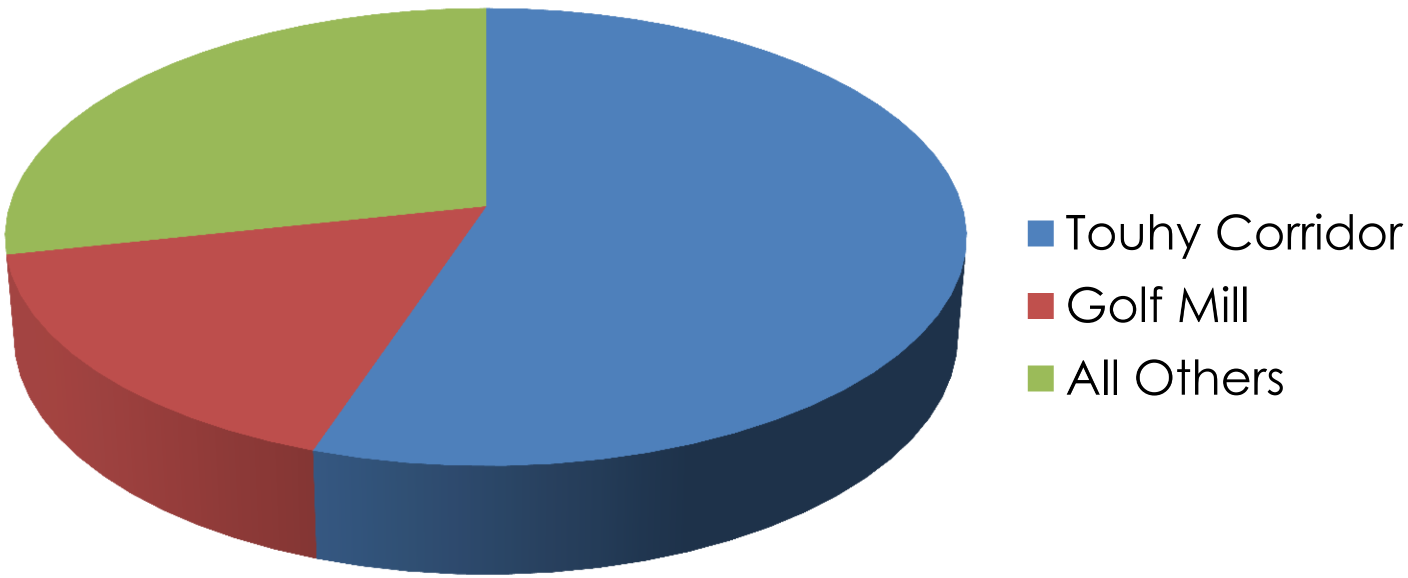


Niles top 20 Sales Tax Producers account for over 58% of all sales taxes collected in Niles per year.

Sales Tax Collection



Touhy Corridor accounts for over 55% of all sales taxes collected in Niles per year.

Golf Mill accounts for over 16% of all sales taxes collected in Niles per year.

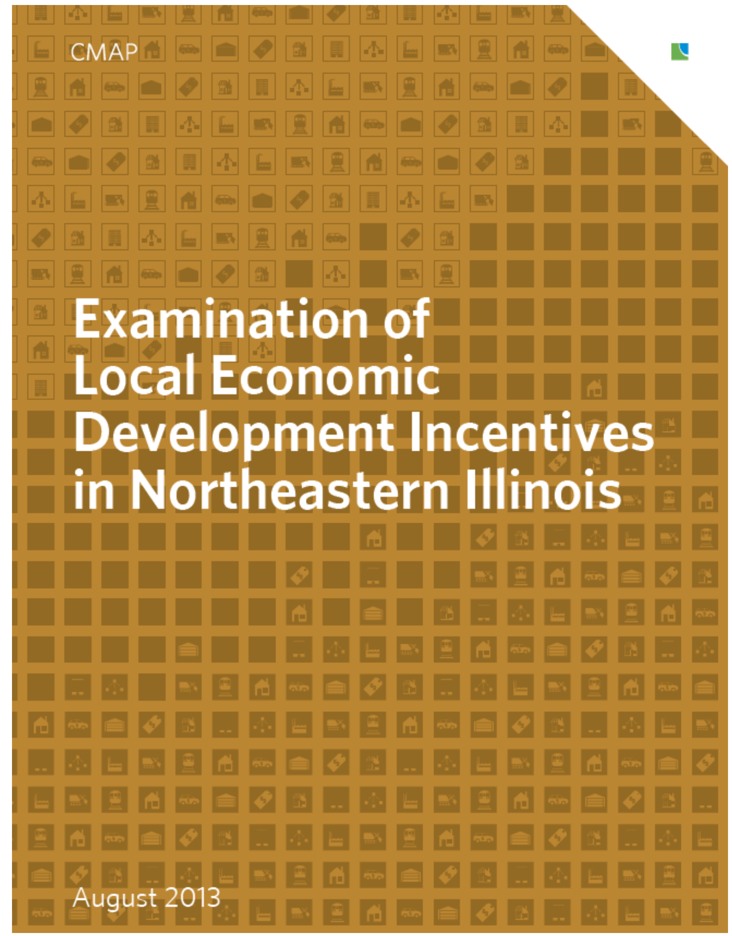
Incentive Tools

There are 4 primary economic development tools available to local municipalities. They are:

- Tax Increment Financing (TIF)
- Sales Tax Rebates
- Property Tax Abatements
- Cook County Property Tax Incentive Classes

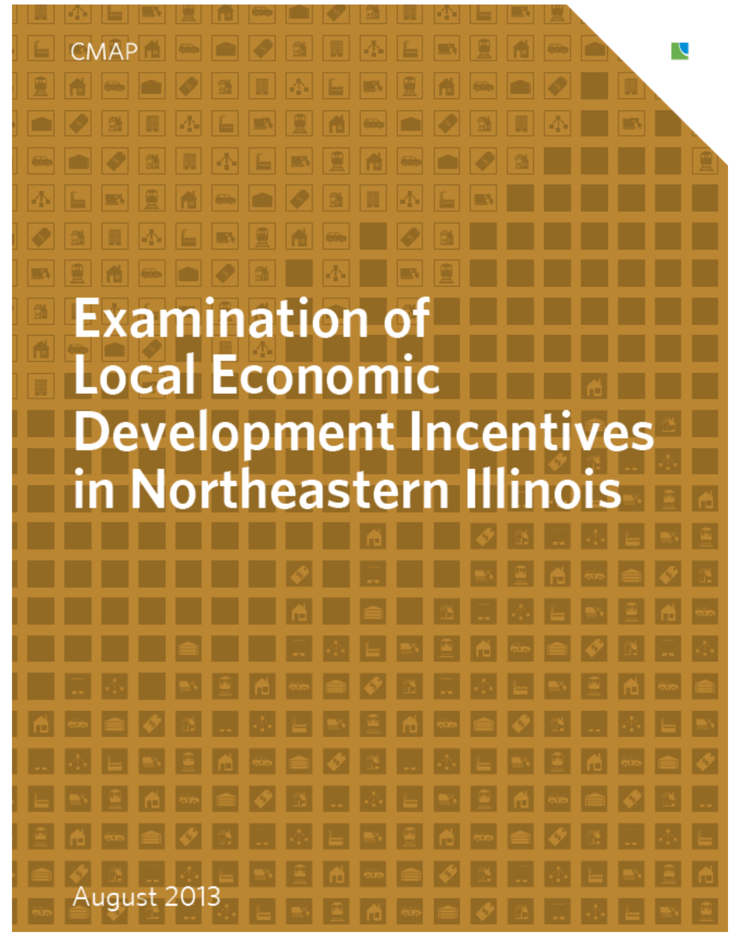
Incentive Tools

- In 2013 the Chicago Metropolitan Agency for Planning (CMAP) issued a report titled "Examination of Local Economic Development Incentives in Northeastern Illinois".
- This report states that of the 284 municipalities in the Chicago Metro Region 202 have deployed at lease one of the 4 primary incentive tools in recent years.



Incentive Tools

- 157 municipalities currently have at least one TIF district
- 137 municipalities have utilized a sales tax rebate since 1996.
- In Cook County in 2011 5.8 % of estimated commercial or industrial market value was designated with an incentive class.



Incentive Tools

The State of Illinois has also been examining the application of incentives and in January 2104 the House Revenue/State Government Administration Committee presented their findings.


Presented to:

HOUSE REVENUE/STATE GOVERNMENT ADMINISTRATION COMMITTEE

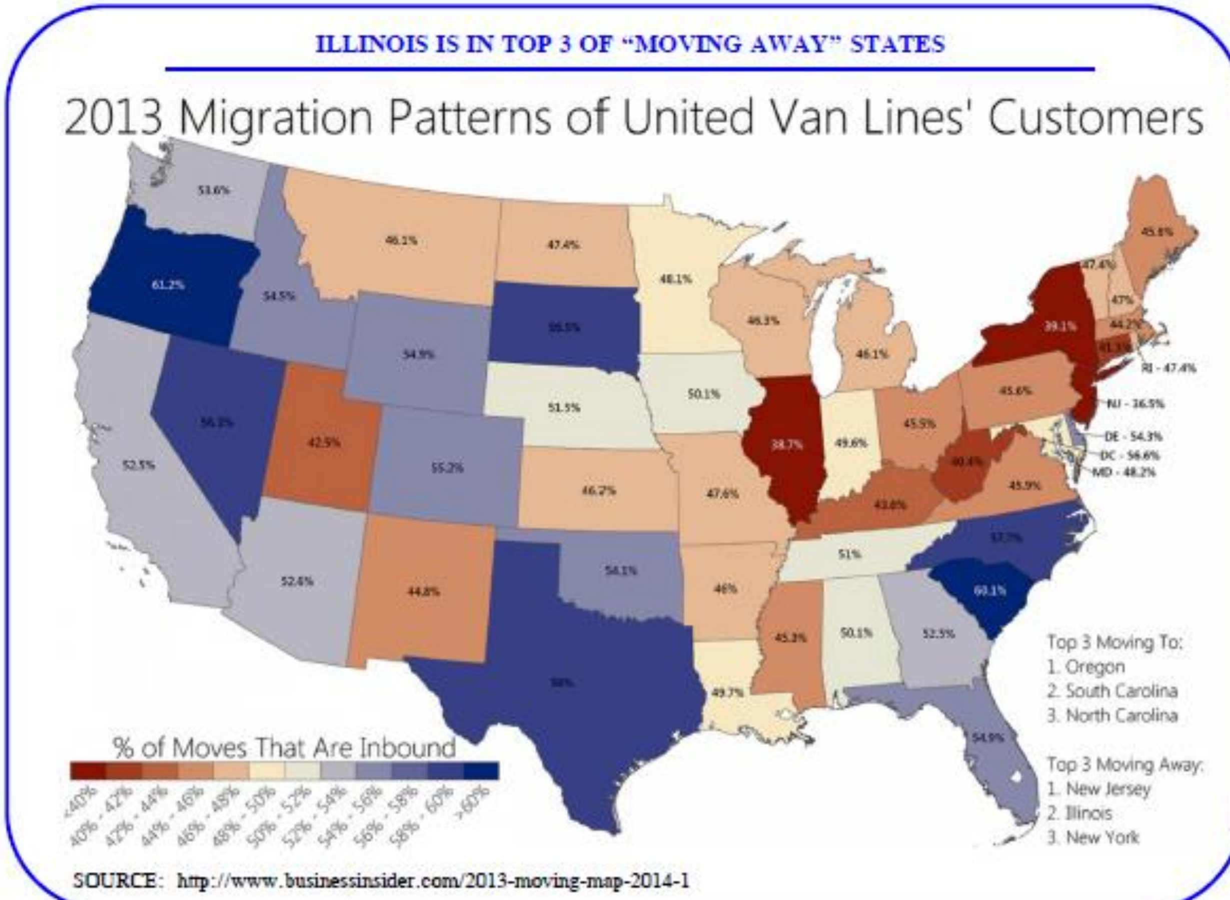
Tax Incentives in Illinois

Presented by:
Commission on Government Forecasting and Accountability
703 Stratton Office Building; Springfield, Illinois 62706

January 17, 2014

Incentive Tools

Illinois has its challenges

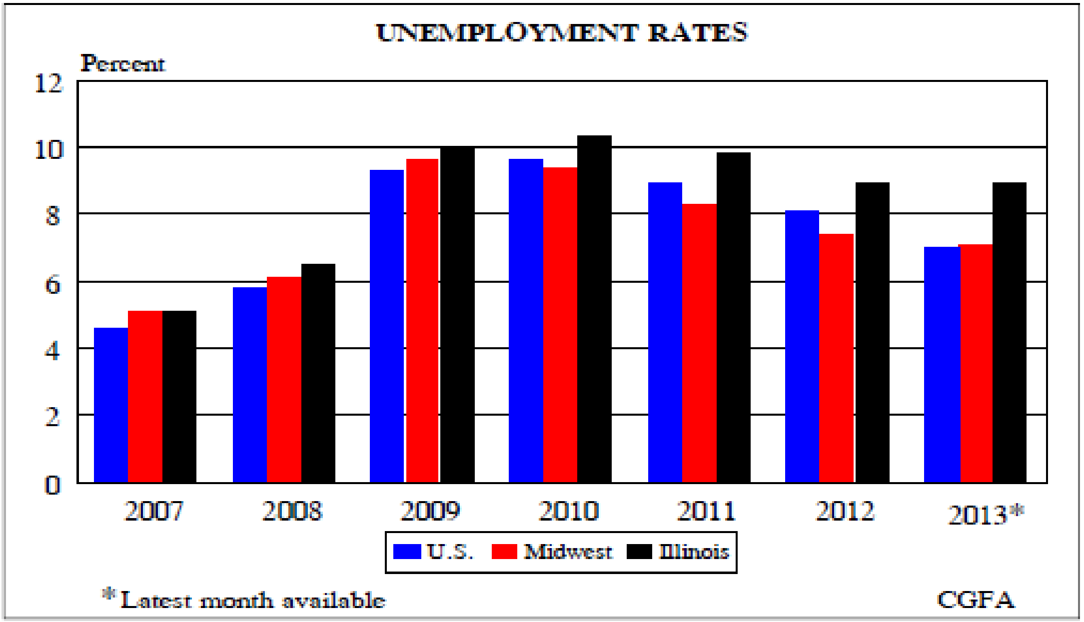


Incentive Tools

Illinois has its challenges

ILLINOIS EMPLOYMENT DATA

Illinois' latest unemployment rate of 8.7% is well above the national rate of 7.0% (November 2013, seasonally adjusted). Currently, only three states (Michigan at 8.8%, Rhode Island at 9.0%, and Nevada at 9.0%) have a higher unemployment rate than Illinois.

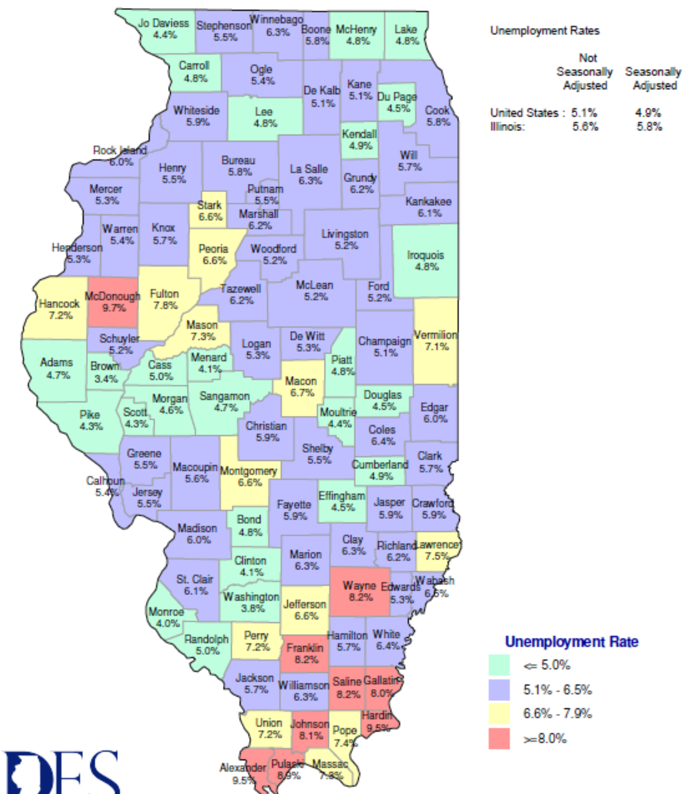


SOURCE: Bureau of Labor Statistics

Incentive Tools

Illinois has its challenges

Illinois Unemployment Rate by County
July, 2016 - Not Seasonally Adjusted
IL Dept. of Employment Security, Economic Information & Analysis Division



IDES
ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY
www.ides.illinois.gov

Incentive Tools

Illinois has its challenges

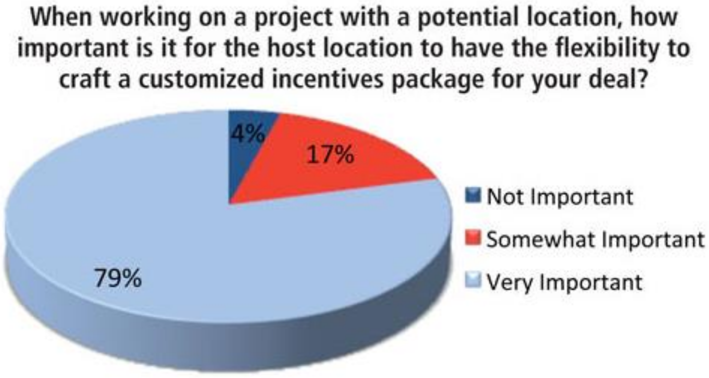
EXPECTED JOB GROWTH IN 2014

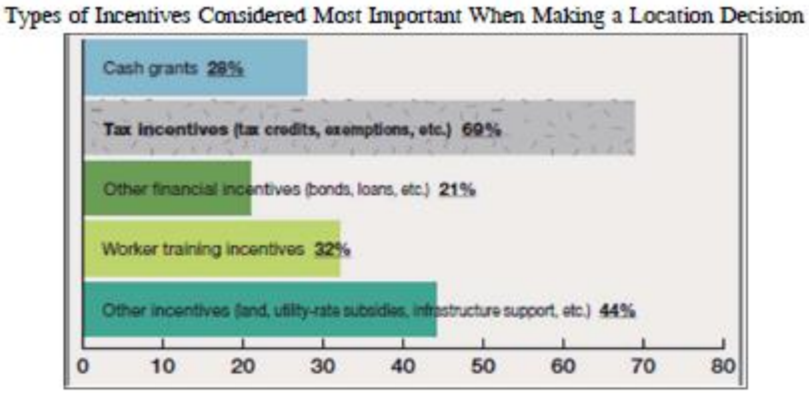
- Fastest Job Growth in 2014:
  - 1) North Dakota, 3.57%
  - 2) Arizona, 3.08%
  - 3) Texas, 2.75%
  - 4) Colorado, 2.67%
  - 5) Florida, 2.34%
- Bottom States for Job Growth in 2014:
  - 46) Alaska, 1.15%
  - 47) New York, 1.12%
  - 48) Vermont, 1.11%
  - 49) Maine, 1.02%
  - **50) Illinois, 0.98%**

SOURCE: Moody's Analytics
http://www.pewstates.org/projects/stateline/headlines/which-states-will-generate-jobs-in-2014-85899531072

Incentive Tools

Which can make incentives all that more important…





SOURCE: siteselection.com

Incentive Tools

…and put businesses in an advantageous position.

Businesses generally don't need to be in a specific town just an area. Therefore, they may have several sites to choose from, and puts communities in the difficult position of competing against each other.

Neighboring Communities

- ## Glenview
  - rebates 50% of annual sales tax generated at ABT until 2029.
  - The Glenn was and continues to develop under a TIF Agreement with major incentives offered to developers and retailers.
  - Chestnut Court is a Business Improvement District that imposes an additional 1% sales tax that is split with the developer of the complex.
  - For 15 years expiring in 2027 the Village splits sales tax revenue with the Fields Auto Group for all dealerships located on their property on Patriot Blvd at a 30/70 or 40/60% split developer/village depending upon sales volume.
  - Supports 6b applications

- ## Morton Grove
  - Rebates to McGrath (Audi of Morton Grove) 75% off all sales tax generated for the first 10 years and 25% for the 10 years after that.
  - 65% rebate of all sales and food and beverage taxes generated by Moretti's for a 15 year period with an amount not to exceed $1,670,000. Additionally, Morton Grove gave the developer the land as part of a TIF Incentive.
  - Supports 6b applications

Neighboring Communities

- Des Plaines
  - Will rebate 50% of all sales taxes collected from the New Mariano's under construction at the corner of Golf and Mt. Prospect Road until a reimbursement amount is met.
  - Rebates 50% of all sales taxes collected by Warehouse Direct until 2023 after a base amount is collected each year.
  - Offers TIF assistance in Multiple Districts throughout the City. Recently agreed on a $2million TIF Inducement for a proposed hotel at Manheim and Higgins. In addition the City is selling the land to the Developer at a reduced rate and the deal also includes $5.5 million in revenue sharing.
  - Supports 6b applications

- Park Ridge
  - Rebates a portion of sales tax back to Bredemann Chevy and Toyota each year until 2019 up to a maximum of $4,920,000
  - Uptown TIF District is widely known.

Question

- Are we on the right Track?
  - Do we have the proper plans and community vision in place

Incentive Policies

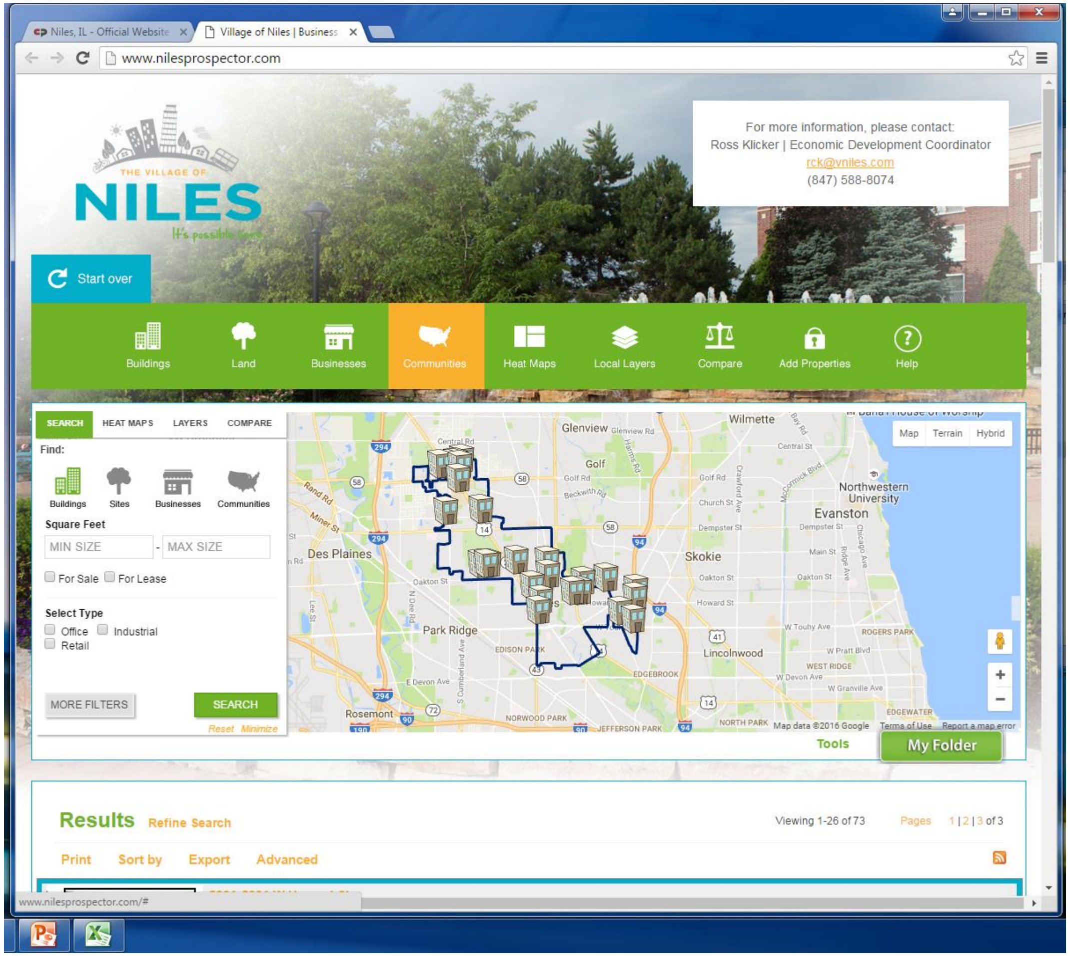
- 6b and 7b
  - Do we need to revise current policies?
- TIF Assistance
  - Major Projects
  - Minor Projects
  - Other Assistance
- Façade Grants
  - Is current level of Assistance adequate?

Incentive Policies

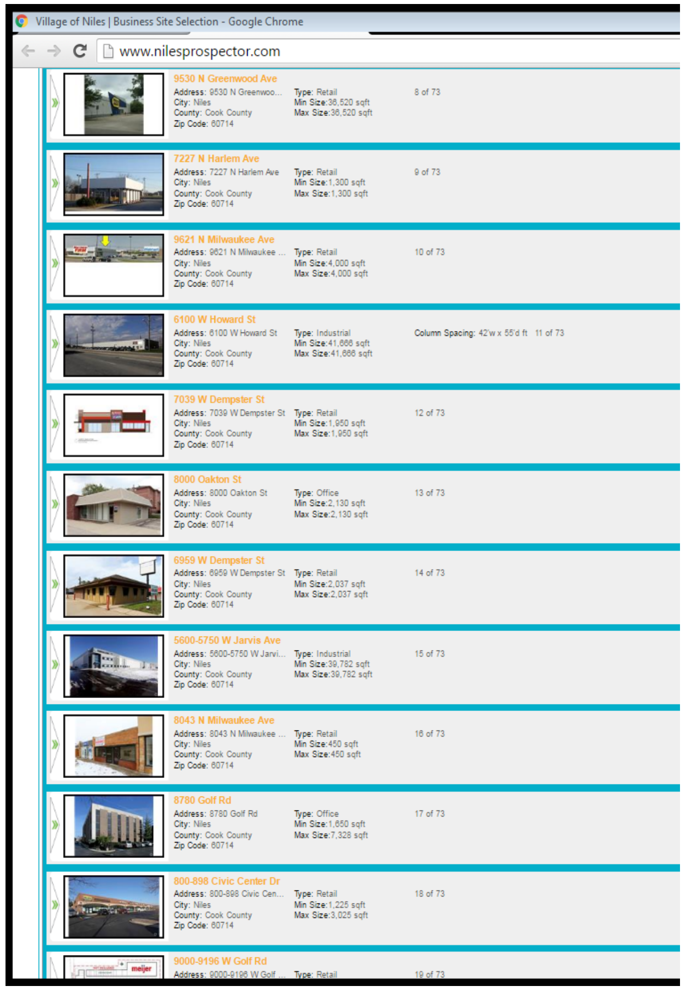
- Revenue Sharing
  - Case by Case, or Formal Policy?

- Other
  - Fee Waivers

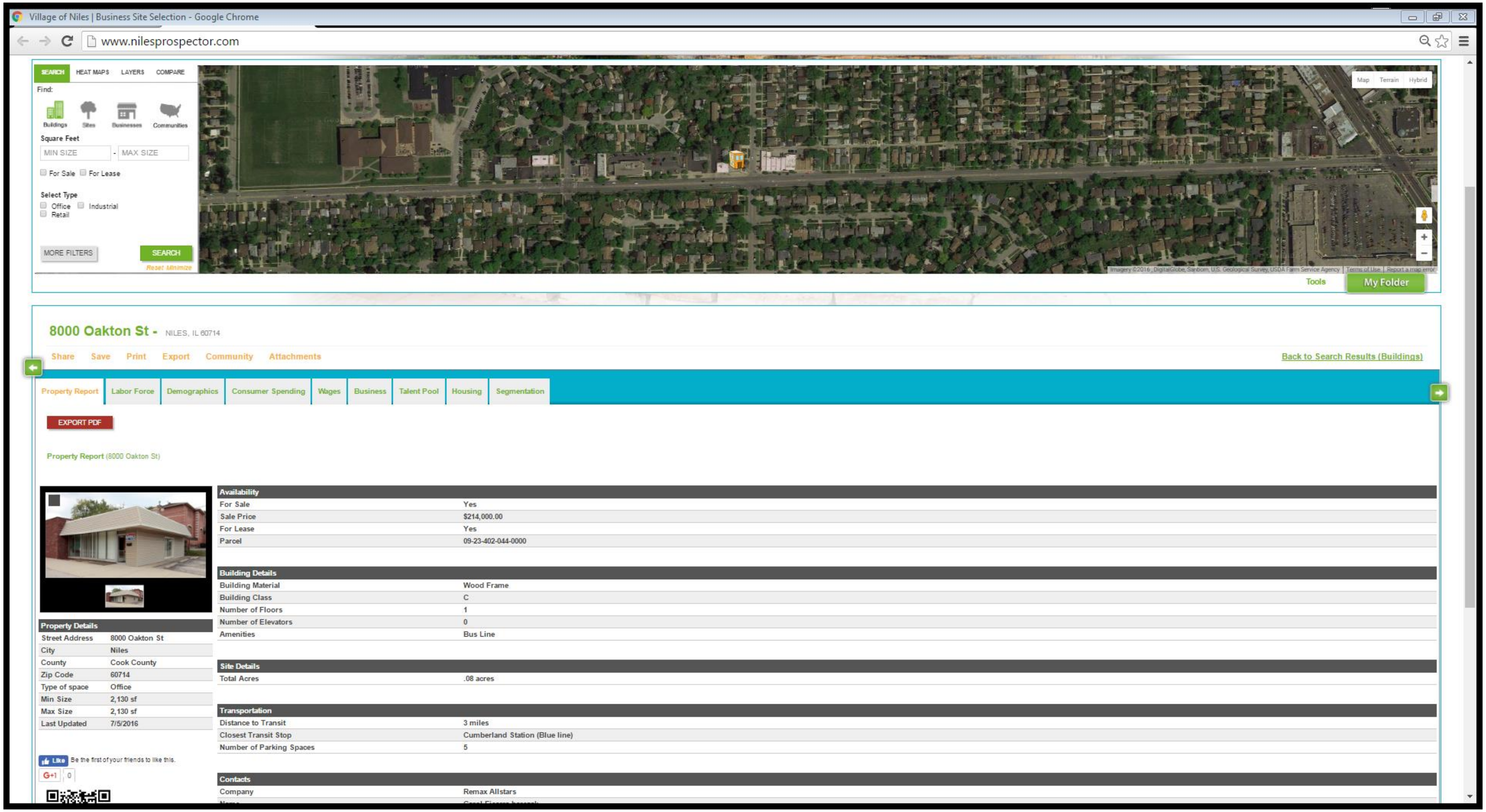
Promotion of Properties



Promotion of Properties



Promotion of Properties



Niles

Categories	2008	2009	2010	2011	2012	2013	2014	2015	% Change	
General Merchandise	$3,086,121.75	$3,096,767.53	$3,129,197.15	$2,919,571.00	$3,177,354.71	$2,936,569.80	$3,006,081.98	$2,883,003.65	-7.05%	
Food	$1,798,365.51	$2,030,027.20	$1,874,316.06	$1,860,709.23	$2,116,955.36	$2,099,443.14	$2,246,724.61	$2,135,795.03	15.80%	
Drinking & Eating Places	$812,654.03	$755,387.82	$793,917.25	$842,533.65	$910,447.56	$917,589.51	$929,443.11	$951,457.53	14.59%	
Apparel	$189,153.00	$164,959.87	$154,291.00	$595,768.69	$354,269.61	$390,621.06	$376,401.31	$384,598.47	50.82%	
Furniture & H.H. & Radio	$772,274.67	$616,585.60	$662,755.24	$631,359.85	$657,713.17	$613,679.02	$543,842.08	$465,910.19	-65.76%	
Lumber, Bldg, Hardware	$946,006.25	$786,650.27	$817,372.09	$819,243.96	$778,807.62	$877,161.53	$915,209.95	$966,833.41	2.15%	
Automotive & Filling Stations	$2,360,682.09	$2,247,282.26	$2,653,202.86	$2,703,483.74	$2,873,189.89	$3,016,647.57	$2,994,916.66	$3,251,097.80	27.39%	
Drugs & Misc. Retail	$2,168,640.62	$1,991,308.20	$2,082,639.97	$2,296,849.96	$2,432,530.98	$2,625,820.64	$2,686,080.19	$2,775,725.12	21.87%	
Agriculture & All Others	$1,049,011.15	$909,867.27	$1,052,689.49	$1,052,446.69	$1,123,620.27	$1,240,525.42	$1,345,365.21	$1,325,069.00	20.83%	
Manufacturers	$86,294.58	$85,601.39	$88,871.84	$86,424.60	$65,154.51	$73,672.84	$69,439.46	$75,115.81	-14.88%	
Totals	$13,269,203.65	$12,684,437.41	$13,309,252.95	$13,808,391.37	$14,490,043.68	$14,791,730.53	$15,113,504.56	$15,214,606.01	12.79%	1.60% Per Year
Number of Taxpayers	1,019	956	1,003	1,046	1,008	1,008	1,009	1,038	1.83%	

Skokie

Categories	2008	2009	2010	2011	2012	2013	2014	2015	% Change	
General Merchandise	$1,427,714.44	$1,385,467.90	$1,503,619.36	$1,505,072.57	$1,490,727.31	$1,410,346.39	$1,576,918.71	$2,615,991.82	45.42%	
Food	$1,123,702.83	$1,035,999.10	$965,487.77	$931,369.02	$882,600.17	$910,571.81	$974,366.03	$1,189,943.91	5.57%	
Drinking & Eating Places	$1,386,845.96	$1,417,597.25	$1,429,668.28	$1,490,935.28	$1,593,285.89	$1,589,777.73	$1,630,723.92	$1,752,046.49	20.84%	
Apparel	$2,059,463.34	$1,967,907.20	$2,135,634.94	$2,213,590.38	$2,382,765.02	$2,453,558.06	$2,647,017.36	$2,486,908.77	17.19%	
Furniture & H.H. & Radio	$1,248,476.59	$1,084,164.28	$1,213,369.37	$1,148,386.41	$1,140,820.32	$1,158,643.99	$1,063,335.33	$1,235,058.87	-1.09%	
Lumber, Bldg, Hardware	$151,369.03	$118,384.81	$105,795.78	$102,455.67	$129,785.41	$149,944.05	$174,118.66	$170,131.39	11.03%	
Automotive & Filling Stations	$1,476,298.83	$1,383,271.56	$1,755,651.20	$2,176,810.21	$2,283,177.50	$2,443,502.25	$2,839,251.00	$2,928,065.43	49.58%	
Drugs & Misc. Retail	$2,013,301.63	$1,847,479.09	$1,759,154.52	$1,779,079.76	$1,301,748.89	$2,286,230.42	$2,016,508.45	$1,905,891.72	-5.64%	
Agriculture & All Others	$926,772.81	$875,307.72	$1,109,307.88	$850,008.64	$2,991,745.78	$765,004.55	$1,019,573.99	$1,489,060.83	37.76%	
Manufacturers	$166,527.71	$154,687.90	$173,281.89	$187,459.31	$239,153.64	$308,508.54	$343,518.02	$330,003.48	49.54%	
Totals	$11,980,473.17	$11,270,266.81	$12,150,970.99	$12,385,167.25	$14,435,809.93	$13,476,087.79	$14,285,331.47	$16,103,102.71	25.60%	3.20% Per Year
Number of Taxpayers	1,411	1,372	1,397	1,384	1,359	1,389	1,411	1,508	6.43%	

Glenview

Categories	2008	2009	2010	2011	2012	2013	2014	2015	% Change	
General Merchandise	$798,021.28	$736,771.38	$820,527.84	$867,035.79	$894,046.97	$873,598.26	$852,132.63	$850,142.43	6.13%	
Food	$1,189,919.57	$1,111,452.95	$1,062,813.53	$1,085,102.90	$1,083,333.87	$1,094,077.99	$1,233,033.16	$1,592,304.69	25.27%	
Drinking & Eating Places	$1,087,866.75	$1,036,324.49	$1,043,090.44	$1,117,112.96	$1,166,599.44	$1,229,184.42	$1,278,735.84	$1,339,984.86	18.81%	
Apparel	$177,131.10	$199,167.45	$177,612.46	$162,922.34	$167,491.17	$166,427.07	$178,678.60	$162,406.46	-9.07%	
Furniture & H.H. & Radio	$3,601,391.88	$3,090,805.51	$3,158,355.57	$3,162,123.42	$3,336,735.58	$3,783,492.93	$3,996,341.64	$4,280,322.75	15.86%	
Lumber, Bldg, Hardware	$424,240.03	$330,186.20	$333,242.08	$349,641.59	$380,046.68	$403,861.46	$444,260.58	$504,947.71	15.98%	
Automotive & Filling Stations	$3,683,579.48	$3,444,120.22	$3,651,050.17	$3,811,064.05	$4,133,143.34	$4,044,396.97	$4,931,834.78	$4,592,996.78	19.80%	
Drugs & Misc. Retail	$1,325,458.11	$1,274,999.18	$1,350,853.13	$1,445,496.08	$1,104,627.20	$1,429,483.66	$1,818,470.29	$1,332,965.59	0.56%	
Agriculture & All Others	$677,123.52	$641,674.39	$687,910.52	$729,391.62	$786,619.25	$765,734.47	$848,373.85	$883,636.41	23.37%	
Manufacturers	$153,358.28	$78,131.69	$50,897.67	$62,254.20	$38,574.78	$43,440.23	$90,505.16	$96,005.95	-59.74%	
Totals	$13,118,090.00	$11,943,633.46	$12,336,353.41	$12,792,144.95	$13,091,218.28	$13,833,697.46	$15,672,366.53	$15,635,713.63	16.10%	2.01% Per Year
Number of Taxpayers	1,168	1,120	1,114	1,125	1,121	1,155	1,189	1,290	9.46%	

Morton Grove

Categories	2008	2009	2010	2011	2012	2013	2014	2015	% Change	
General Merchandise	$186,055.90	$177,990.81	$154,641.82	$160,182.81	$166,764.71	$171,753.00	$212,595.34	$215,218.40	13.55%	
Food	$348,802.98	$330,585.67	$300,853.35	$303,063.49	$327,007.92	$329,020.09	$208,370.75	$186,996.37	-86.53%	
Drinking & Eating Places	$296,515.56	$257,035.30	$253,565.17	$259,558.92	$320,323.22	$352,708.78	$357,741.72	$402,604.54	26.35%	
Apparel	$183,933.29	$174,367.91	$169,276.59	$93,241.04	$97,495.95	$101,283.14	$62,658.79	$48,722.73	-277.51%	
Furniture & H.H. & Radio	$185,831.91	$160,890.30	$154,047.05	$150,559.08	$150,432.73	$155,382.39	$159,604.55	$185,607.96	-0.12%	
Lumber, Bldg, Hardware	$540,626.62	$510,171.64	$526,365.02	$530,996.82	$550,925.99	$590,176.82	$629,269.18	$673,925.60	19.78%	
Automotive & Filling Stations	$1,206,516.87	$1,043,572.26	$1,014,133.01	$1,009,669.00	$1,199,300.43	$1,223,430.46	$1,340,642.80	$1,693,833.49	28.77%	
Drugs & Misc. Retail	$393,283.39	$348,714.65	$388,209.51	$516,902.03	$499,607.84	$497,475.20	$472,015.48	$449,874.49	12.58%	
Agriculture & All Others	$416,829.37	$312,484.21	$307,601.38	$276,332.90	$246,312.21	$268,321.64	$312,986.45	$320,474.77	-30.07%	
Manufacturers	$144,809.43	$107,565.18	$89,208.61	$69,118.72	$57,159.35	$60,809.10	$91,103.43	$64,716.85	-123.76%	
Totals	$3,903,205.32	$3,423,377.93	$3,357,901.51	$3,369,624.81	$3,615,330.35	$3,750,360.62	$3,846,988.49	$4,241,975.20	7.99%	1.00% Per Year
Number of Taxpayers	539	499	532	548	548	521	551	598	9.87%	

Des Plaines

Categories	2008	2009	2010	2011	2012	2013	2014	2015	% Change	
General Merchandise	$715,069.04	$682,451.97	$771,335.57	$650,390.75	$824,517.94	$843,123.07	$932,756.06	$1,000,990.51	28.56%	
Food	$1,151,844.30	$1,105,958.06	$1,095,458.34	$1,257,448.51	$1,278,061.51	$1,249,968.98	$1,206,140.55	$1,083,215.47	-6.34%	
Drinking & Eating Places	$754,029.95	$699,527.73	$724,124.92	$729,853.55	$741,941.21	$730,377.30	$723,256.51	$769,097.80	1.96%	
Apparel	$40,608.54	$36,674.63	$36,512.01	$198,196.20	$29,966.74	$26,423.96	$28,625.60	$27,163.60	-49.50%	
Furniture & H.H. & Radio	$52,031.17	$33,094.20	$31,404.07	$32,581.86	$26,321.02	$32,239.92	$36,019.35	$49,733.66	-4.62%	
Lumber, Bldg, Hardware	$332,720.81	$226,395.78	$260,545.53	$269,915.64	$317,474.75	$323,560.25	$409,608.23	$388,006.44	14.25%	
Automotive & Filling Stations	$2,084,533.78	$1,717,752.63	$1,625,738.91	$1,828,790.50	$2,119,680.95	$1,996,562.47	$2,001,087.21	$1,983,722.35	-5.08%	
Drugs & Misc. Retail	$963,536.52	$905,165.52	$1,251,284.14	$761,143.93	$1,062,002.48	$4,956,257.97	$3,169,734.32	$2,454,092.42	60.74%	
Agriculture & All Others	$1,349,980.89	$1,424,028.54	$1,437,306.83	$1,616,740.22	$2,137,504.96	$2,240,236.28	$2,363,685.75	$2,693,558.14	49.88%	
Manufacturers	$849,533.41	$694,860.89	$616,290.63	$469,636.12	$239,562.83	$82,321.22	$343,093.75	$295,073.85	-187.91%	
Totals	$8,293,888.41	$7,525,909.95	$7,850,000.95	$7,814,697.28	$8,777,034.39	$12,481,071.42	$11,214,007.33	$10,744,654.24	22.81%	2.85% Per Year
Number of Taxpayers	1,250	1,153	1,216	1,204	1,190	1,199	1,200	1,342	6.86%	

Chicago suburbs give away a half billion in tax rebates. Why?

By Greg Hinz May 19, 2016

You might call it the $500 million giveaway. And it's your money.

According to a **new study**, $500 million—$495.5 million, to be exact—is the amount that Chicago suburbs are collectively on the hook to give back to retailers, auto dealers and other merchants in the form of sales tax rebates. And despite lots of claims of poverty by municipal officials out there, the figure is rising.

Here are the numbers, as compiled by the Chicago Metropolitan Agency for Planning, which serves as the gatekeeper for federal transit and other funds here.

In 2013, municipalities in the six-county region had struck 343 deals with merchants to locate in their town in exchange for the village or city rebating all or a portion of its share of the sales tax back to the seller. Those were worth up to $433 million, money that would be paid over a couple of years to—in some cases—a couple of decades, depending on the specific deal.

By November 2015, the figure had jumped to 359 deals worth $495.5 million. And that total is not complete. Notes CMAP, "This analysis does not include sales tax-sharing agreements between local governments or other types of tax rebates, such as business district sales taxes."

Municipal officials often argue that such deals are needed to make sure that the new store or auto dealer locates in town and that, overall, they still come out ahead.

But the report underlines the fact that such arrangements tend to occur on or near borders, where wily vendors can play off one municipality against another.

Says the report, "These jurisdictions may not experience a net fiscal benefit if revenues do not support the costs of infrastructure for these developments or if a cumulative volume of new development generates the need for accelerated expansion and replacement of existing facilities."

Adds CMAP Senior Policy Analyst Lindsay Hollander in an interview, "Most of these outlets would be located (somewhere) in the region regardless" of incentives. But exactly where they locate depends on how many cherries there are to pick—my expression, not CMAP's.

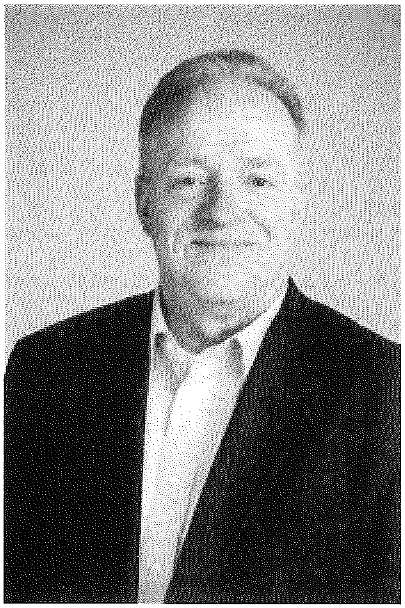
Anyhow, next time you get your property tax bill and want to know why it's so high, remember this report.

And for those who were wondering, Chicago has no such deals, according to CMAP. But it does have tax increment financing districts that many suburbs have, too.

(http://www.retailstrategies.com/the-retailers-desk-aug/)

The Retailers’ Desk: Municipal Incentives

The Retailer's Desk is a quarterly article by Joe Kucharski, *Business Development* for Retail Strategies. August, 2016



(http://www.retailstrategies.com/our-team/joe-kucharski-2/)

Joe Kucharski

Business Development

jkucharski@retailstrategies.com (mailto:jkucharski@retailstrategies.com;)

I have over 25 years of experience doing real estate deals for retailers. Here at Retail Strategies, I get an opportunity to share with communities what I have learned from these many years of experience. Speaking with leaders of different communities, I get asked many questions about retail, retail development and attracting new businesses to a market. I would like to share my perspective on some of the more frequent questions I receive. I hope my answers provide you with more insight into retailers and the retail development business. I also hope my perspectives generate other questions. My goal is to keep things brief in these newsletters. If you'd like more "in depth" details or have questions, please drop me a line and I will be glad to answer them.

Joe...

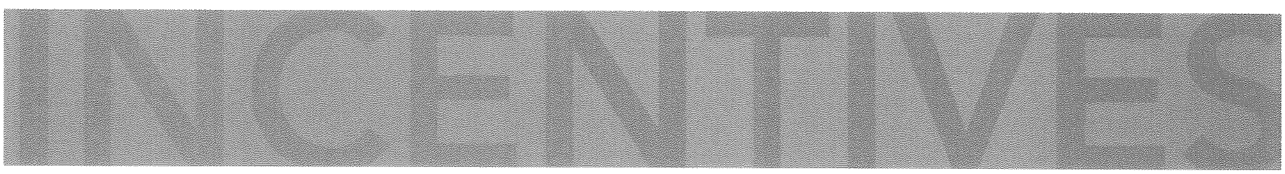
Are municipal incentives necessary to attract retailers to our community?

Over the past few months, the question of ***Municipal Incentives*** as a tool to attract retailers has been posed to me more and more frequently. To understand what is necessary to attract a retailer, the Municipality needs to understand what motivates a retailer to approve a new site in a new market. The primary decider for retailers in selecting new locations is ***Return On Investment*** (ROI). In other words, what is the percentage of profit to be made on the amount of capital required to open a new location.

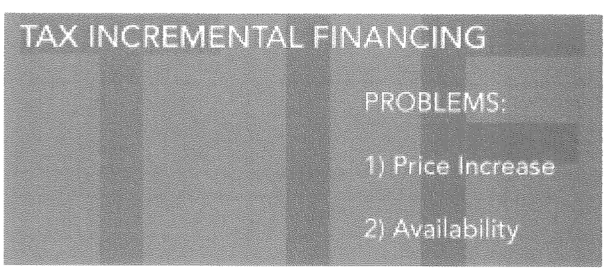
There are 3 basic components which make up the ROI: (1) sales (profits) from the location, (2) occupancy costs, and (3) operating costs. The retailer will run a sales forecast to determine projected sales and profits. Occupancy costs consist of what the retailer will pay in rent, taxes, insurance, and the maintenance expenses on the new store. Operating costs include all of the costs required to operate the location (labor, utilities, warehouse transportation, security, etc.). Increasing profits, reducing the costs of development (which equates to a lower rent), or reducing occupancy costs will increase the Return on Investment.

Also understand that every retailer has a limited budget as to how many new locations they can open each year. Since there is a finite number of new locations each retailer can afford to open annually, there is a level of competition amongst markets, as to where the retailer will deploy their resources. *Typically, the capital is invested in those markets which will achieve the highest Returns on Investment.*

The challenge for municipalities is to make their market a more attractive opportunity to the retailer than the other markets the retailer is considering. One way to do this is to offer incentives. Reducing costs to the retailer, or providing tax rebates which increase profit margins, will increase the retailers' ROI.



There are many different types of incentives which you may offer and what you are available to do will vary from state to state due to state laws and regulations.



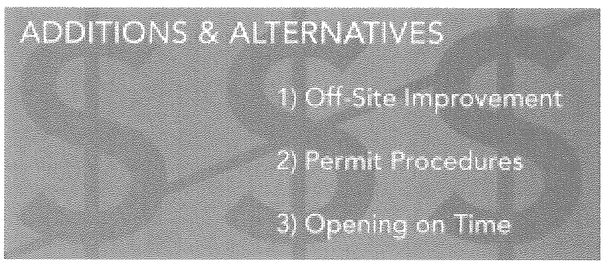
The most frequently used financial incentive is the Tax Increment Financing program (TIF or TID). As you all know, a TIF or TID program rebates a portion of the tax increment over a predefined period of time. While this program is successful in increasing the ROI to the retailer by reducing the occupancy costs for the period of the TIF, there are some challenges to this program, as well. The most common problem I have seen is when communities predefine and enact "TIF Districts" in their markets. I have seen *two concerns* with the predefined TIF Districts: 1) land within TIF Districts increases in price, partially negating the incentive to the retailer, and 2) the pre-designated TIF is typically available to any retailer who locates in a TIF district.

By putting developable land in a TIF District, municipalities add a "financial amenity" to the land in the district (land in the district has access to incentives). This *increases the land selling price* which, in turn, increases the cost of the land to the developer and the end-user retailer. Higher land prices increase development costs which increases the rent the retailer pays. This reduces the effective amount of the TIF that ends up going to the retailer in that the savings from the rebate of the TIF property tax is offset by a higher rent.

The second challenge with a pre-established TIF District is that the TIF is typically available to any retailer interested in locating within the district. Maybe the interested retailer isn't the one that's most desirable. Maybe, the retailer doesn't require the incentive to locate there. Either way, the municipality loses some control over who is incentivized and by how much.

An *alternative* which I have seen used to alleviate these problems is to complete the background administrative work required to approve a TIF program within your municipality, but do not finalize a TIF district until a retailer is identified and a TIF is warranted. Meetings with the retailer after the retailer has the land under option, but prior to the retailer closing on the property, enables the retailer to "lock in" a land price prior to the land price increasing because the land is in a TIF district. The retailer will derive all of the benefit of the TIF.

There are a number of other financial incentive programs which can be motivators to retailers. Sales tax rebate programs, Personal Property Tax waivers, etc., are all beneficial where permissible under state and local ordinance. All will help the retailer achieve a higher ROI, and all will make your market more attractive to a retailer.



In addition to financial incentives, there are a number of other ways municipalities may incentivize the development of property within their communities without direct payment to retailers. Many developments require some sort of off-site improvements. Street work, utilities, storm water, etc., are all improvements which a municipality can participate in for the development which will, in turn, lower the development costs, lower the retailers' rent, and increase the ROI. Depending on what your municipal goals are for the area where you are incentivizing development, infrastructure improvements may be an investment that will be a benefit to multiple new retail and non-retail developments, or may benefit the targeted development while alleviating a separate municipal concern.

Lastly, there is another way municipalities can better attract retailers and it doesn't require spending money or impacting budgets – have approval and permitting procedures in place so that retailers can clearly understand development requirements and approval timelines.

In addition to a satisfactory ROI, a significant concern for retailers is that the proposed new location opens on the date the store is slotted to open. Many retailers are buying inventory for new locations 6-9 months prior to the store opening. The retailers' financial forecasters are counting on having sales from these new locations on a certain date. Employees must be hired and trained. Missing an opening date is expensive for a retailer.

Because of the need for retailers to open on time, municipalities can "incentivize" or make their community more attractive to retail development by providing comprehensive information on the development requirements, the approval process, and the timeline for this approval. Having clear, established guidelines for buildings, site criteria and zoning requirements is essential for the retailer to put together a development budget and a project timeline. Municipalities need to establish and meet timelines for plan review and permit approval. From my own personal experience, I can tell you that retailers will "walk away" from markets where the approval process is overly arbitrary or the timeline is unmet.

Please note that in the above, I am not saying that municipalities need to reduce or relax any standards, building, or site requirements. I am suggesting that you make clear what those requirements are, communicate that to the retailer and honor the design criteria and quoted timelines necessary to obtain all approvals.

In conclusion, yes, incentives will make your community more attractive to a retailer. However, be selective in implementing and offering these incentives so you can incentivize the retailers you want to bring to your community. Make sure the process you use gets the incentives to the entity who most needs to benefit from them – the retailer – and make sure that the retailer needs the incentive to come to your market. Review your internal approval processes to ensure they are comprehensive in information to the retailer and that you are meeting stated timelines.

Communication is vital between your planning departments and the retailers.

Joe…

Joe Kucharski
Business Development
jkucharski@retailstrategies.com
cell 920.664.9580 I fax 205.313.3677

Why Corporate America Is Leaving the Suburbs for the City

3 / 29

The New York Times
By NELSON D. SCHWARTZ

WILMINGTON, Del. — For decades, many of the nation's biggest companies staked their futures far from the fraying downtowns of aging East Coast and Midwestern cities. One after another, they decamped for sprawling campuses in the suburbs and exurbs.

Now, corporate America is moving in the other direction.

In June, McDonald's joined a long list of companies that are returning to downtown Chicago from suburbs like Oak Brook, Northfield and Schaumburg.

Later this month, the top executive team at General Electric — whose 70-acre wooded campus in Fairfield, Conn., has embodied the quintessential suburban corporate office park since it opened in 1974 — will move to downtown Boston. When the move is completed in 2018, the renovated red brick warehouses that will form part of G.E.'s new headquarters won't even have a parking lot, let alone a spot reserved for the chief executive.

But even as they establish new urban beachheads, business giants like G.E. are also changing the nature of their headquarters, staffing them with a few top white-collar employees and a smattering of digital talent, rather than recreating the endless Dilbert-like pods they once built in the 'burbs.

"Part of it is that cities are more attractive places to live than they were 30 years ago and are more willing to provide tax incentives, and young people want to be there," said David J. Collis, who teaches corporate strategy at Harvard Business School.

"But the trend also represents the deconstruction and disaggregation of the traditional corporate headquarters," he explained. "The executive suite might be downtown, but you could have the back office and administrative functions in Colorado, the finance guys in Switzerland and the tax team in the U.K."

Reinforcing the trend, Chemours plans to announce on Tuesday that it is staying here in Wilmington after considering suburban locations, most likely in the century-old headquarters it inherited from DuPont when the chemical giant spun out Chemours last year.

Unlike Chicago and Boston, Wilmington's urban renaissance remains a work in progress, and Chemours was very close to moving to a new home in southern New Jersey or suburban Philadelphia, despite the DuPont family's deep roots in Wilmington and the state of Delaware.

But the company's chief executive, Mark Vergnano, ultimately came to the same conclusion that leaders of bigger and better-known firms did: To attract younger workers, it helps to be in the city.

"We are going through a change in our work force, and we wanted to be where we could attract millennials," Mr. Vergnano said. "This is a group that likes to be in an urban setting, with access to public transportation. They don't want to be confined to a building with a cafeteria or be next door to a shopping center."

To be sure, cash from the State of Delaware and other incentives played an important role in the decision as well.

In addition to providing Chemours, which produces a range of industrial chemical products, with a $7.9 million package of grants, Delaware overhauled its corporate tax code, sacrificing revenue and easing the company's tax burden as an added lure to stay put.

For Wilmington, where the unemployment rate of 5.7 percent is above both the national average and Delaware's overall 4.2 percent level of joblessness, keeping Chemours's 800 headquarters jobs in the city counts as a major win.

"In a more perfect world, states would be competing on the quality of schools, infrastructure, work force and so forth," said Gov. Jack A. Markell of Delaware. "We live in a world that's not perfect, so if other states are competing on the basis of these dollar incentives, we need to be in the same arena."

In an era of relentless cost-cutting, many corporate moves these days coincide with downsizing. Kraft Heinz, for example, had 2,200 workers when the company was based in Northfield; it has 1,500 now in downtown Chicago.

With advanced communications tools making it easier than ever to separate headquarters from other corporate operations, location is increasingly being driven by function.

The first 175 members of G.E.'s management team, including Jeffrey R. Immelt, the chief executive, will move to Boston's Fort Point section on Aug. 22. Even after the move is completed, about 800 G.E. employees will be based there. Hundreds of other workers in back-office functions like human resources, legal and finance will be scattered among G.E's existing locations in Cincinnati, Norwalk, Conn., and Schenectady, N.Y.

The headquarters of Motorola Solutions will start moving to downtown Chicago on Aug. 15, though more workers will stay in suburban Schaumburg than move to the new offices near Union Station. But for the first time in half a century, top executives from the company will again be in downtown Chicago.

"Where you work really matters," said Greg Brown, the chief executive of Motorola Solutions. "No disrespect to Schaumburg, but customers and new hires didn't want to come to the suburbs an hour outside of Chicago. We wanted energy, vibrancy and diversity, and to accelerate a change in our culture by moving downtown."

Mr. Brown and most of the executive team will be in the city, along with data scientists and design engineers; workaday functions like procurement, training and supply chain management will stay in Schaumburg.

Over all, Motorola Solutions will have 1,100 employees in downtown Chicago, and 1,600 still in Schaumburg. Unlike many other corporate migrants, the company did not receive any financial incentives to move, Mr. Brown said.

"This was the right thing in terms of strategy," he said. "Millennials want the access and vibrancy of downtown. When we post jobs downtown, we get four or five times the response."

As for G.E., executives were focused on moving to a city from the beginning of its search for a new headquarters, said Ann R. Klee, director of Boston operations and development for the company.

Along with eliminating the parking lot (workers are being encouraged to use public transit) G.E. wanted to do away with security gates and the sense of isolation that characterizes many corporate campuses.

"This is going to be the exact opposite," Ms. Klee said. "We want it to be open and to bring the public in with a museum and exhibits of technology like 3-D printers."

Besides blue-chip icons like G.E., McDonald's and Kraft Heinz, venture capital investors and start-ups are increasingly looking to urban centers, particularly on the West Coast, said Richard Florida, an urban theorist and professor at the University of Toronto.

"The period of companies moving to suburbs and edge cities has ebbed, but I had thought that start-ups would continue to locate in so-called nerdistans, like office parks," he said. But a recent study by Mr. Florida showed more than half of new venture capital flowing into urban neighborhoods, with two San Francisco ZIP codes garnering more than $1 billion each, he said.

The return of a top echelon of executives to American cities reflects — and may well reinforce — disparities driven by widening inequality, underscoring how jobs are disappearing in other locales.

Over all, there has been a slight pickup in employment and population in the central core of big cities, said Joel Kotkin, an author and urban geographer at Chapman University in California. But many close-in suburbs and neighborhoods are withering, particularly in the Northeast. More distant suburbs and exurbs are still thriving, especially in the Sun Belt.

“The elite functions are going downtown,” Mr. Kotkin said. “But at the same time, middle-management jobs are moving to the suburbs in places like Dallas, if they’re not leaving the country entirely.”

In Wilmington, local shopkeepers were elated that Chemours decided not to follow its former corporate parent, DuPont, to the suburbs. “Anybody who has a business in downtown Wilmington doesn’t want to lose Chemours,” said Leonard Simon, whose family-owned men’s clothing store, Wright & Simon, has been around the corner from Chemours since 1952. “I’m thrilled.”

Jeffrey C. Flynn, director of economic development for Wilmington, said that the advantages of city life ultimately proved to be a compelling selling point.

“We’re not Philadelphia,” Mr. Flynn said, “but we do have an urban atmosphere.”

"It Takes a Village"

the Relationship of Government & the Commercial Real Estate Market Economy

Northern Illinois Real Estate Magazine discussed with Paul L. Rogers, President of Inland Real Estate Brokerage & Consulting, the relationship between government and commercial real estate. Inland Real Estate Brokerage & Consulting, a member of The Inland Real Estate Group of Companies, is a boutique brokerage, appraisal and consulting firm. Thirty-year industry veteran, Paul Rogers, joined Inland in 2001. Following are some of his insights:

Rogers

How do municipalities work with the business and real estate marketplaces to attract new businesses, development and to encourage revitalization?

"It takes a village" is a perfect descriptor for the synergy of government and the real estate marketplace. Government at every level, especially local municipalities, plays a vital role in the types of businesses, investment and development the city attracts. Let's assume for the moment that all municipalities under consideration for a new business or development offer similar infrastructure, access to major thoroughfares, demographics and so on. What often makes the difference for the real estate deal and the influx of business can be as simplistic as city council mindset and most importantly, realistic expectations that come from real market indicators as they present themselves; i.e., purchase offers, zoning variance requests, and tax abatements. In other words, be attentive to the voice of the market as the market is almost always correct. Knowing the market economies that businesses use in determining site selection allows the municipality to set realistic goals and expectations for a particular site or area within their jurisdiction.

How do municipalities sell themselves and attract new, and suitable, business?

How progressive the municipality is often shapes the investment, development, and revitalization of a particular community. Third-party consultants and commercial real estate brokers can play a major role in assisting local officials with the marketing, not only of the available real estate in their jurisdiction, but the promotion of the municipality itself. Providing access to those markets, having the contacts and knowing the market players, the industry, retailers and developers, in conjunction with effective positioning of the available assets, will produce the desired objectives. Often we are engaged in a dual capacity wherein we broker the available real estate but also serve as a consultant-contractor to promote the municipality and work in concert with the economic development team.

What are the biggest challenges municipalities face and how do they manage them?

The municipality has its vision and a plan often developed by city council members, perhaps an urban planner and economic development team whose task it is to implement the vision of the government. The planner's task is technical and answers to the administration, whereas the government's objective is purely political; they are elected officials and therefore responsible to the constituents to achieve growth, maintain good schools, provide services, and collect a reasonable tax base that supports the infrastructure, making the municipality a desirable place to live and work.

To be effective, these functions must work in concert with knowledge of and respect for the market economic forces. Budget constraints are a major challenge for most municipalities to allocate the appropriate resources to administer and meet those objectives. Fiscal planning and discipline are key to the proper administration.

Planning should include a one-year, five-year and ten-year development/growth plan. Engaging outside experts and professionals who can educate the municipal officials and effectively market and promote can be a cost effective solution and should be part of the strategy and plan.

The role the municipality plays is vital in allowing a real estate market economy to work well. Government should have realistic objectives with real business and market knowledge to establish realizable strategies and goals.

To accomplish their objectives, municipalities should engage the CRE professionals, drawing upon their knowledge and access to the marketplace to bring desired development to the municipality along with the accompanying new sources of revenue.

Local Focus

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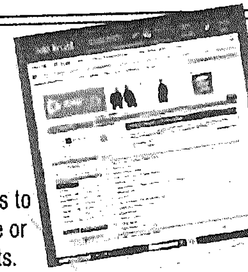
Use the Daily Herald's online calendar to find suburban events — from plays to sporting events to concerts and much more — on your smartphone or your desktop. Plus, it's easy to submit your events. **Visit www.dailyherald.com/calendar.**



JAKE **GRIFFIN**

SUBURBAN TAX WATCHDOG

Jake is on assignment.

Des Plaines says no to dropping land parcel price

Developer wanted to pay only $1.2M in exchange for smaller incentive

By Christopher Placek
cplacek@dailyherald.com

Des Plaines aldermen rejected a developer's request on a 4-3 vote Tuesday to drop the sale price of a piece of city-owned property intended for a hotel, restaurant and gas station.

Pearlshire/Bask Development Group sought to buy the nine acres of city-owned land on the northeast corner of Mannheim and Higgins roads for $1.2 million, instead of the originally proposed $1.8 million.

In exchange, the developer would have gotten a smaller economic incentive than originally agreed upon. It would have been eligible to receive up to $1.4 million worth of tax increment financing dollars over 20 years, instead of the previously proposed $2 million.

The extra money on the front end would have allowed the developer to pay for anticipated higher wintertime construction costs.

The Orchards at O'Hare — which includes a proposed five-story, 130-room Holiday Inn Express & Suites hotel, free-standing restaurant, gas station, car wash and convenience store — was previously estimated to cost $28 million to build.

But it was also supposed to have broken ground last month.

The project has incurred delays as the developer gets necessary approvals from the Illinois Department of Transportation and Metropolitan Water Reclamation District, and as the city assembled various parcels of property controlled by different entities into one big development, officials said.

Alderman Dick Sayad, one of the four alderman to vote against changing the agreement with Pearlshire/Bask, said it concerns him the developer sought the extra $600,000 to get the project started.

"I want to go back to the deal that was sent to us by them," Sayad said. "Everybody has to put their big boy pants on here and do your job. That's what I thought they were going to do."

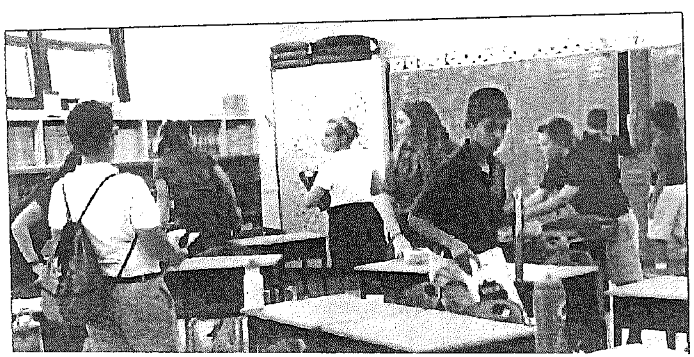
Mayor Matt Bogusz favored changing the deal, though only votes in the case of a tie. That couldn't have happened Tuesday since seven of the city's eight aldermen were present.

"This is a show of good faith to a developer who is tackling a very complicated project, unlike any other we have going on in the city right now," Bogusz said.

City Manager Mike Bartholomew said should the financials not work out, the developer has a few weeks to decide if it wants to stay on the project, as part of its due diligence period.

CHRISTOPHER PLACEK/cplacek@dailyherald.com

A nine-acre piece of city of Des Plaines property at the northeast corner of Mannheim and Higgins roads sits empty, while a developer waits for the necessary approvals to break ground on a hotel, restaurant and gas station.



Middle school students find their way around their classroom Tuesday at St. Theresa School in Palatine as they returned from summer break to a newly renovated building.

Man struck, killed in Bartlett after fleeing earlier hit-and-run

Daily Herald report

A man was struck Tuesday morning on Lake Street near Park Avenue in Bartlett after abandoning his vehicle, which had been involved in an earlier hit-and-run crash, Bartlett police said in a news release.

The 40-year-old man, [illegible]

Police said a black 1991 GMC 1500 was headed east on Lake Street near Oak Avenue about 6:20 a.m. when it was involved in a three-vehicle crash.

The driver left the scene and headed on Lake Street before he parked his vehicle on the median near Park Avenue, [illegible]

when he attempted to flee north across the westbound lanes of Lake Street, police said. The man driving the Ford was not injured.

The westbound lanes of Lake Street were closed between Park Avenue and Roma Jean Parkway for approximately three hours

Daily Herald

Business updated: 9/2/2016 4:12 PM

Big Des Plaines hotel, restaurant, gas station project delayed

A 9-acre piece of city of Des Plaines property at the northeast corner of Mannheim and Higgins roads sits empty, while a developer waits for the necessary approvals to break ground on a hotel, gas station and restaurant.

Christopher Placek | Staff Photographer

Christopher Placek

The long-awaited redevelopment of city of Des Plaines-owned property at the northeast corner of Mannheim and Higgins roads will take a little longer, with the project now not likely to break ground until the winter, city officials said.

The developer of The Orchards at O'Hare -- which includes a proposed five-story, 130-room Holiday Inn Express & Suites hotel, free-standing restaurant, gas station, car wash and convenience store -- sought to start construction by mid-August.

But assembling various parcels of property controlled by different entities into one big development, while trying to obtain the necessary project approvals from the Illinois Department of Transportation and Metropolitan Water Reclamation District, has taken longer than expected, City Manager Mike Bartholomew said.

"We're getting closer every day, but we're also getting closer to winter construction, which is something we didn't want to do," Bartholomew said.

Now the adjusted timetable calls for shovels to be in the ground as early as November, with the development completed a year later.

As a result of the anticipated winter construction, the project is expected to cost more than the previously estimated $28 million.

An amended redevelopment agreement to be considered by the city council Tuesday calls for the sale price for the nine acres of city land to drop to $1.2 million from $1.8 million.

In exchange, developer Pearlshire/Bask Development Group will get a smaller economic incentive. It will be eligible to receive up to $1.4 million worth of tax increment financing dollars over 20 years, instead of the previously proposed $2 million.

TIF dollars come when, as redevelopment boosts property values, the extra tax revenue that otherwise would go to schools and others taxing bodies goes into a special fund that can be used to pay for improvements to the area.

All other parts of the agreement, including $5.5 million in rebates for sales and hotel tax revenues, remain the same.

Also Tuesday, the council is expected to consider contracts for reconstruction of Orchard Place, the street that will lead to the development from Higgins. The $1.5 million project includes new pavement, curbs, gutters, sidewalks, water main and replacement of the bridge that goes over Willow-Higgins Creek.

That work is expected to be complete by the end of the year.

Daily Herald

Business posted: 9/7/2016 5:42 AM

East Dundee gives tax incentives to auto dealer

The Cucci Ford automobile dealership at 800 Dundee Ave., East Dundee, will receive tax incentives from the village for a roughly $1.8 million renovation project, trustees decided Tuesday.

Rick West | Staff Photographer

Lauren Rohr

After undergoing a $1.8 million renovation, the Cucci Ford automobile dealership in East Dundee will receive some financial assistance from the village.

Cucci Auto Group, LLC, which owns and operates the dealership at 800 Dundee Ave., was required to upgrade its facility to meet new Ford Motor Co. standards, Village Administrator Bob Skurla said. The recently completed project included expanding the building and improving its facade, service center and show rooms.

The village board voted unanimously Tuesday to approve a redevelopment agreement with the dealership to help offset the cost of such enhancements. Using a pay-as-you-earn model, East Dundee agreed to reimburse Cucci for $527,839 of the overall project costs from tax increment financing funds and business development taxes.

The agreement fulfills a two-year-old inducement deal in which the village promised tax incentives if the dealership redeveloped its property. At the time, Skurla said, the dealership was considering moving to another municipality.

"If we wanted to maintain the dealership here in town, they had to upgrade," Skurla said. "Knowing they are a very valuable retail contributor for us, we wanted to make sure they were happy."

The dealership is within the village's Dundee Crossing TIF district, which covers parts of Routes 72 and 25. In a TIF district, property taxes that go to local governments are frozen for 23 years at a certain level, set on a base assessed property value. Any taxes generated above that level can go back into redevelopment.

As part of the redevelopment agreement, the village will give Cucci 90 percent of all incremental property taxes generated from the dealership site.

East Dundee also will reimburse Cucci the full 0.75 percent incremental sales tax it charges customers within a business development district.

The village will distribute those funds annually until its financial obligation is paid off.

That payout is dependent on the dealership's success, Trustee Rob Gorman said, meaning the project is essentially paying for itself.

"That's the beauty of these kinds of agreements. If they don't get enough increment, it doesn't get paid out," he said. "This is the way we should be doing redevelopment agreements."

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