

TIF SUCCESS STORIES: FUNDING LOCAL ECONOMIC DEVELOPMENT IN THE CHICAGO REGION



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TIF SUCCESS STORIES:

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Photo courtesy of Village of Glenview, IL

Almost every town has a site that is underutilized and not effectively fulfilling the town’s economic development goals. These sites could be located in obsolete commercial corridors, industrial parks, or underperforming downtowns. Depending on the scale and context of the underutilized site, the lack of economic activity may have a negative influence on adjacent properties, reducing their value and development potential. In many cases there are physical, real estate market and financial barriers that prevent these sites from realizing their full economic potential.

One approach to achieving public policy goals for these sites, as well as the financial objectives of the property owners, is to establish a public-private partnership to facilitate development that unlocks the potential economic value of the sites. Tax Increment Financing (TIF) is one of the most powerful tools for public-private partnerships that can help remedy site development barriers such as environmental contamination, lack of public infrastructure, or other “extraordinary” costs that private developers typically do not undertake on their own or that make a project unfeasible.

This report presents a case study approach to demonstrate best practices and the revitalizing effect of TIF in the Chicago region, including the following five cases:

- 1. **Berwyn Gateway Plaza:** TIF helped catalyze the phased redevelopment of a walkable restaurant and retail corridor along Cermak Road
- 2. **Downtown Palatine:** TIF paid for a public parking structure that freed several acres of Village-owned surface commuter parking for redevelopment, including residential, office, and restaurant uses
- 3. **The Glen:** TIF facilitated the redevelopment of Glenview’s decommissioned U.S. Naval Air Station into The Glen, a 1,100-acre mixed-use development that includes the walkable Glen Town Center, nearly 2,400 residential units, a retail complex, a hotel, 500,000 sq. ft. of Class A office, and a Metra train station
- 4. **Melrose Business Center:** TIF expedited the redevelopment of two vacant obsolete manufacturing facilities and allowed for modern industrial and warehouse redevelopment in Melrose Park
- 5. **The Stockyards:** TIF set the table to transform a portion of the former Union Stockyards livestock processing facilities into a modern, urban infill industrial park

These case studies have been selected to highlight the flexibility and potential broad applicability of TIF. The cases are varied not only in their location within the Chicago region, but also in their project goals, land uses, scale, and surrounding demographics.

The following case study profiles include a description of each project’s need for TIF assistance and identify quantitative and qualitative evidence of the benefits of projects, both at the project level and surrounding areas. For the purposes of the analysis, the terms “Projects” or “Project Area” are defined as areas where TIF funds directly led to development outcomes. “Influence Areas” are defined as surrounding areas where the positive impacts of direct TIF assistance radiated beyond the “Project” to drive additional investment and/or tax base growth.

The five case studies adhered to various TIF best practice principles to achieve TIF-funded project objectives and maximize public benefit. The following section provides a framework for the effective use of the TIF tool in public-private partnerships.

WHAT IS TIF?

TIF allocates increases in property taxes from a designated area, or TIF district, to pay for improvements within that area. In Illinois, a TIF district typically remains in place for up to 23 years. The district's term can be extended for 12 years, via an act of the state legislature.

How TIF works

Normally, property is taxed by several different governmental jurisdictions: the municipality (City or Village), school district, county, park district, etc. The taxes levied are allocated to each taxing body in accordance with its tax rate.

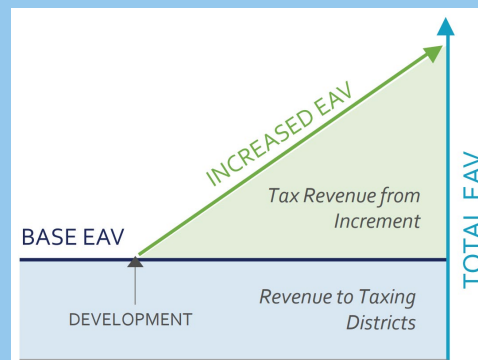
Under TIF, the property taxes resulting from increased value are all allocated to a TIF fund managed by the municipality. Other jurisdictions continue to receive the property taxes generated by the value of properties in the district at the time of designation.

Properties in a TIF district are assessed in the same manner as all other properties and taxed at the same rate. Thus, TIF does not increase taxes. It re-allocates future growth in taxes for use in targeted redevelopment efforts. Increases in property taxes experienced by property owners are due to reassessment and tax rate increases, not TIF.

“But For” Test

In addition to meeting eligibility standards, in order to create a TIF district, a municipality must find that “but for” the use of TIF, the proposed TIF area would not reasonably be anticipated to be developed.

A “gap analysis” can be conducted to right size TIF assistance for a project and confirm the “but for” question. A TIF assistance package should be tied to the specific extraordinary costs and demonstrated need for financial assistance for a given project.



TIF BEST PRACTICES

In each of the five select case studies, municipalities used TIF in the context of a public-private partnership to attract private investment that would not have otherwise occurred. Decision makers had to consider broader policy ramifications such as precedent and potential impact on the rest of the development community. Three significant considerations to help guide the judicious use of TIF are as follows:

- 1. Identifying a compelling development project with public benefit:** Not every development that is infeasible is worthy of public financial support. Projects that produce public benefits should be considered for financial support. Broader community-wide goals, as highlighted in the following case studies, such as revitalizing an underutilized downtown or reinvigorating a vacant industrial park, should help guide the use of public-private partnerships. In the case of Glenview for example, the Village saw a once in a generation opportunity to create a city within a city. The Village worked with a private development partner to create a development framework sensitive to the needs of both existing and future residents, including transit, open space, historic preservation, shopping and dining enhancements and new employment opportunities. In this case a comprehensive development strategy was needed to balance the various community goals while being flexible to allow for market driven private development over time.
- 2. Right-sizing the amount of public assistance:** Once it is clear that a project will generate public benefits potentially worthy of public funding, the next key issue is determining an appropriate level of assistance. Projects should be assisted only to the extent needed to make them feasible. In the following case studies, TIF funds helped pay for the appropriate costs, such as public infrastructure or other “extraordinary costs” – costs that private developers are not typically expected to incur, such as environmental remediation or other major site issues.

In many cases communities conducted “gap analysis” – an analysis technique used to right-size TIF assistance to make sure the developer achieves a market level of return instead of windfall profits. In the case of Palatine, the bulk of the TIF funds were used to pay for a Village-owned parking deck and other public improvements which were required to free other sites for development. The Village focused on setting the frame for development and then let the private sector finance and develop the resulting private projects without any direct financial assistance from the Village.

- 3. Monitoring project performance:** When structuring a deal to provide public funds to a private project, steps are often taken to ensure that those benefits are realized over time. Annual performance checks can be used to mitigate the risk to the municipality of losing the public benefits during the period of financial assistance. In Melrose Park, the redevelopment agreements with the developer required that performance targets be met prior to receiving TIF reimbursements from the Village. Had the projects not been delivered or been delivered in forms materially different from those contemplated in the agreement, the TIF assistance amount could have been modified.

The TIF-funded projects that were undertaken in the following cases considered the best practices and approaches outlined above. Adherence to various best practices, as well as strategic planning, helped to ensure the success of public-private partnerships that achieved both public- and private-sector development objectives. The following sections of this report summarize these successful outcomes.

COMMON TIF CONCERNS

Because TIF funding is the result of the reallocation of incremental property taxes from all of the taxing bodies that would normally receive those revenues, questions are frequently asked about the necessity of the use of the tool, including:

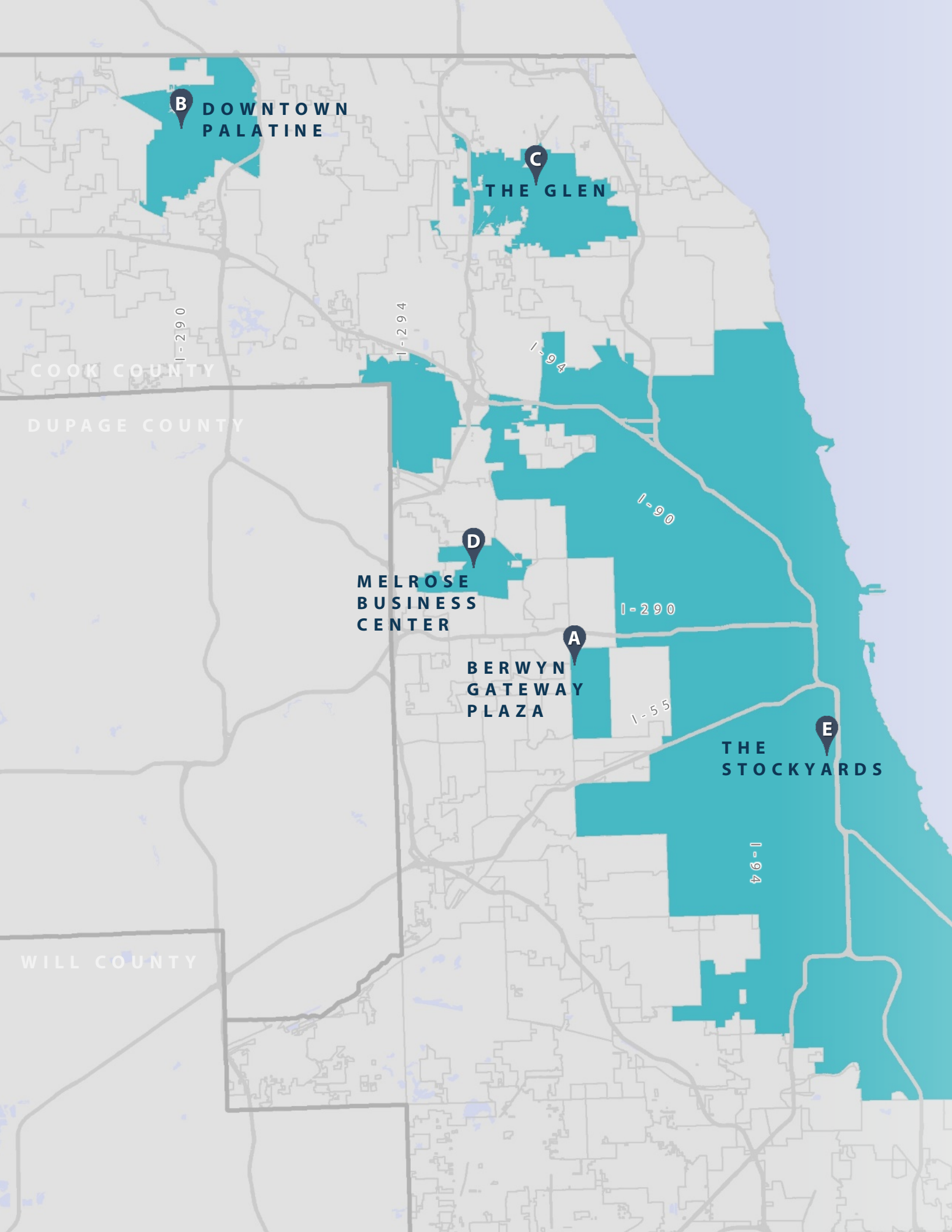
Why is the City/Village getting financially involved in private development?

- First, municipalities are tasked under state law with the responsibility of economic development. Thus, municipalities must be cognizant of the long-term condition of the tax base and overall economic environment.
- Second, municipalities must be careful when getting involved in private development to do so only to the extent required to make a project feasible. Given that there is often a substantial overlap between residents of a municipality and other taxing bodies (school district, park district) at some level all units of local government are accountable to roughly the same people. Thus, using TIF funds only to the extent that they are required to drive a project is crucial to good practice.

The TIF District will take money from the schools.

- Many school districts are tax capped units of government. Thus, assuming that TIF funds are going to projects that would otherwise not occur, other taxing bodies are not missing out on any near term revenues. Strategic investments should, in the long term, strengthen the overall tax base and fiscal foundation of all local taxing bodies.
- Also, to the extent that additional school-aged children reside in a TIF-supported project, state law requires payments from the TIF fund to school districts to help cover the cost of educating those new students.

All taxing bodies (and taxpayers) feel pressured by the demand for resources. The judicious and appropriate use of TIF will help create development outcomes that would otherwise not occur and will grow the tax base and enhance the economic environment and overall quality of life in the districts and surrounding areas.



CASE STUDIES

OVERVIEW AND OUTCOMES

In each of the five case studies, TIF helped to overcome barriers to redevelopment and achieve both public and private project goals. A variety of metrics were measured to showcase the impact of the TIF supported case study project as follows:

- Leveraging Public Investment:** In each case study, a thoughtful development strategy balanced various community goals while being flexible enough to allow for market-driven private development over time. Communities successfully leveraged up-front investments, often in the form of “horizontal improvements” (public infrastructure, site prep efforts) in order to attract a private development partner to invest in “vertical improvements” (buildings, housing units).
- Creating Economic Activity:** TIF-funded project-level investments created economic activity that would not have occurred but for the use of TIF. In the following cases, economic value came in the form of new development, new employment opportunities, or an influx of residents to a previously uninhabited site. Often, economic activity continued despite multiple recessionary economic periods that occurred over the life the projects.
- Increasing Tax Base:** Each TIF-funded redevelopment project provided its City or Village with a new source of property and sales tax revenues. As measured by increases in Equalized Assessed Value (EAV), TIF-funded redevelopment projects in the five case studies triggered growth in area EAV that ranged from 1.4% to 38.3%.
- Radiating Benefits:** Ideally, the positive impacts of TIF-funded redevelopment projects will catalyze additional investment and/or tax base growth in nearby Influence Areas. This “radiating benefit” is demonstrated by an increase in Influence Area EAV in each of the cases, ranging from 1.3% to 6.0%.

The table below summarizes TIF-funded project-level outcomes for the five case studies, as well as the growth in EAV in nearby Influence Areas. In the following sections of the report, these four metrics serve as a framework for considering case study outcomes. These indicators illustrate the revitalizing impact of TIF.

CASE STUDY OUTCOME SUMMARY

CASE STUDIES	LEVERAGED PUBLIC INVESTMENT			NEW ECONOMIC ACTIVITY				INCREASED TAX BASE	
	TIF Funded Investment	Private Investment	Private to Public Investment Ratio	New Development (Non-Res SF)	New Development (Units)	Job Creation	Population Increase	Project Area EAV Growth	Influence Area EAV Growth
A Berwyn Gateway Plaza	\$6M	\$15M	2.5	46,400	N/A	173	N/A	15.3%	6.0%
B Downtown Palatine	\$47M	\$269M	5.7	127,000	695	N/A	665	38.3%	2.9%
C The Glen	\$300M	\$1B	3.3	1,900,000	2,400	8,300	4,500	24.3%	4.0%
D Melrose Business Center	\$2.8M	\$41M	14.6	914,000	N/A	650	N/A	6.6%	1.5%
E The Stockyards	\$9M	\$48M	5.3	582,500	N/A	3,250	N/A	1.4%	1.3%

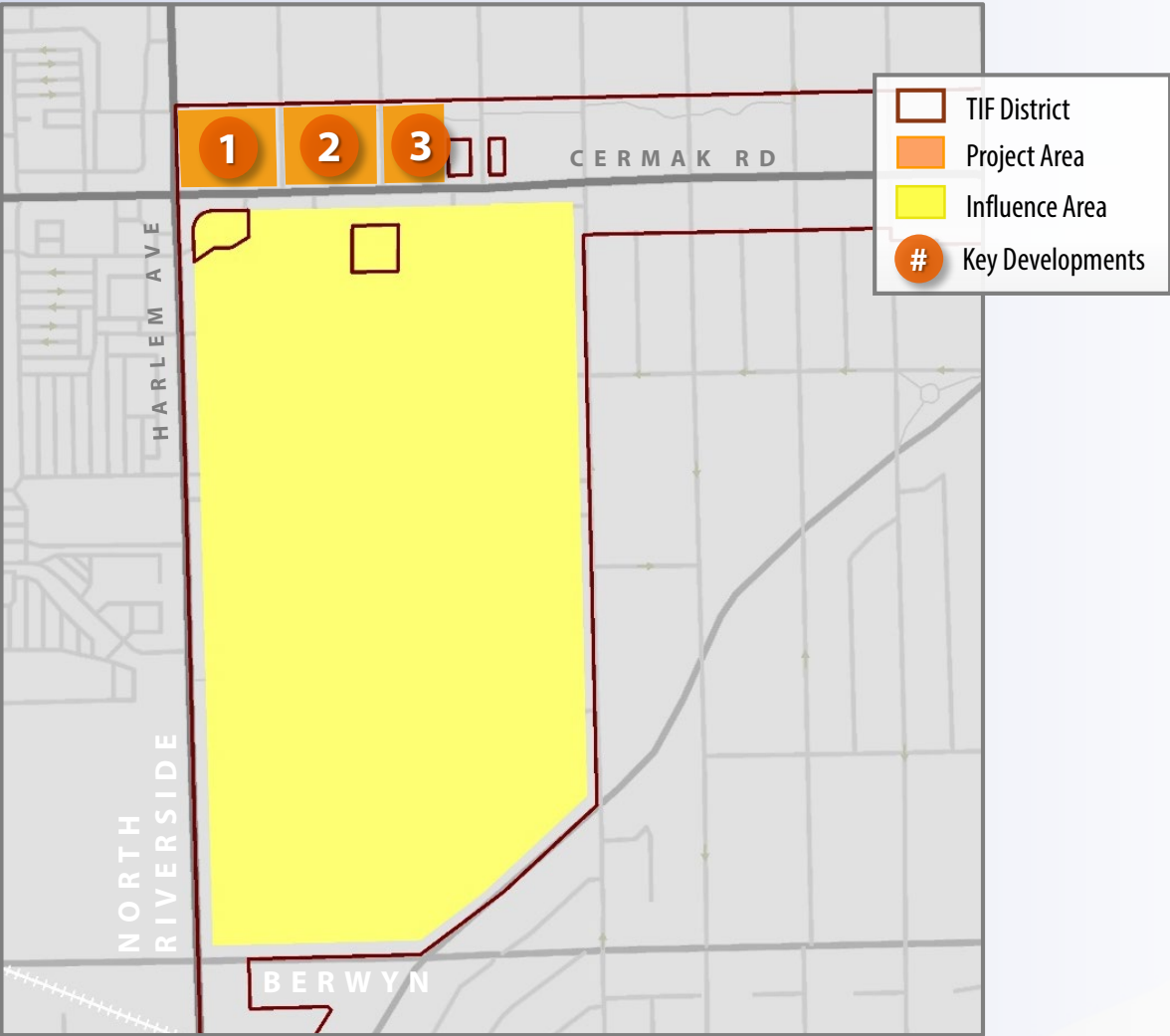
Note: Increase in tax base as measured by compound annual growth rate (CAGR) from project start date to 2016. Best efforts were made to approximate these figures using multiple sources, including redevelopment agreements, interviews, Illinois Comptroller reports, news articles and original data analysis. Source: Census LEHD; Cook County Assessor; CoStar; Illinois Comptroller; SB Friedman

BERWYN GATEWAY PLAZA

OVERVIEW

Berwyn, a moderate-income, inner-ring suburb of Chicago, used TIF to catalyze the redevelopment of Berwyn Gateway Plaza. The City partnered with its economic development arm, Berwyn Development Corporation (BDC), and assembled land to create pad-ready development sites. Phased redevelopment efforts resulted in a more walkable corridor of national credit restaurant and retail offerings along Cermak Road.

BERWYN GATEWAY PLAZA PROJECT/INFLUENCE AREA



Source: Cook County Clerk, Google Earth, SB Friedman

BERWYN GATEWAY PLAZA

PROJECT AREA



PROJECT AREA: Berwyn Gateway Plaza

- 1 Phase I: 18,900 SF of Retail/Restaurant Redevelopment**
 - Completed: 2012
 - Rear Parking: 25 spaces
 - Tenants: Vitamin Shoppe (4,000 SF), Verizon (3,300 SF), Five Guys (3,000 SF), Chipotle (2,400 SF), Buffalo Wild Wings (6,200 SF)
- 2 Phase II: 18,100 SF of Commercial Redevelopment**
 - Completed: 2017
 - Rear Parking: 10 spaces
 - Tenants: Starbucks (1,250 SF), Blaze Pizza (2,400 SF), Sprint (1,500 SF), One Main Financial (3,000 SF), Fifth Third Bank (10,000 SF)
- 3 Phase III: 9,400 SF of Retail/Restaurant Redevelopment**
 - Began late 2017
 - Anticipated Tenant: Panera Bread

INFLUENCE AREA: Cermak Plaza

Including: Renovation of 210,000 SF Shopping Center

- 90,000 SF smaller-format Meijer
- Renovation projects, including 4,500 SF McDonald's
- New Project: 5,000-SF Longhorn Steakhouse

BERWYN GATEWAY PLAZA

OBJECTIVES

In the early 2000s, the 29-acre Cermak Plaza Shopping Center (Influence Area) lost multiple anchor tenants, resulting in 33,000 sq. ft. of vacant retail space. Due to its aging structures, Cermak Plaza struggled with a 60% vacancy rate despite being located on a highly-visible intersection.

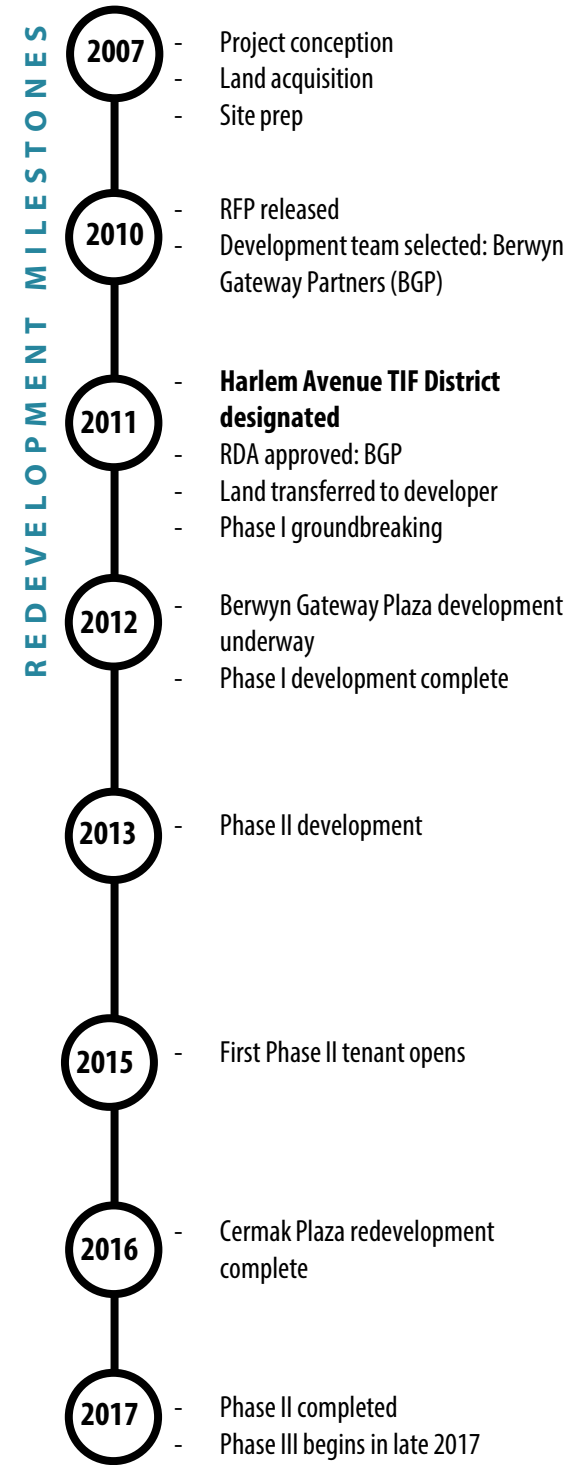
In 2007, the City and BDC viewed these challenges as an opportunity to redevelop Berwyn's largest retail property and the surrounding area into a more walkable mix of retail, commercial and restaurant uses. To help pay for project site improvements, the City designated the Harlem Ave TIF District in 2011.

The Berwyn Gateway Plaza project began in 2011 with redevelopment on the north side of Cermak Road between Harlem and Maple Avenues (Phase I). The multi-phase project involved a three-year land acquisition period, demolition including nearly 40% of Cermak Plaza and environmental remediation. After site preparation efforts were complete, BDC conducted a developer solicitation to identify a private partner to implement its project vision.

Overall, nearly \$5.3 million of TIF funded investment was awarded for the development Phase I and Phase II properties. The City plans to incentivize the developer with a land transfer (parking lot) and up to \$500,000 in five annual installments to help pay for Phase III redevelopment efforts, which began in late 2017.

WHY WAS TIF NECESSARY?

- **Acquire** land
- **Demolish** structures
- **Conduct** environmental remediation to remove asbestos and contaminated soil
- **Provide** infrastructure to support private development, including sidewalks, a plaza, and streetlights
- **Enhance** appearance through landscape, streetscape and signage improvements



BERWYN GATEWAY PLAZA

BEFORE & AFTER



TOTAL PROJECT AREA INVESTMENT

Private Investment: \$14.6 million

TIF Funded Investment: \$5.8 million

Note: Total private and public investment derived from interviews with BDC staff. This total may not include other public investment needed to prepare the area for development. Source City of Berwyn, Berwyn Development Corporation, Concordia Realty, CoStar, Google Earth, SB Friedman

BERWYN GATEWAY PLAZA

OUTCOME

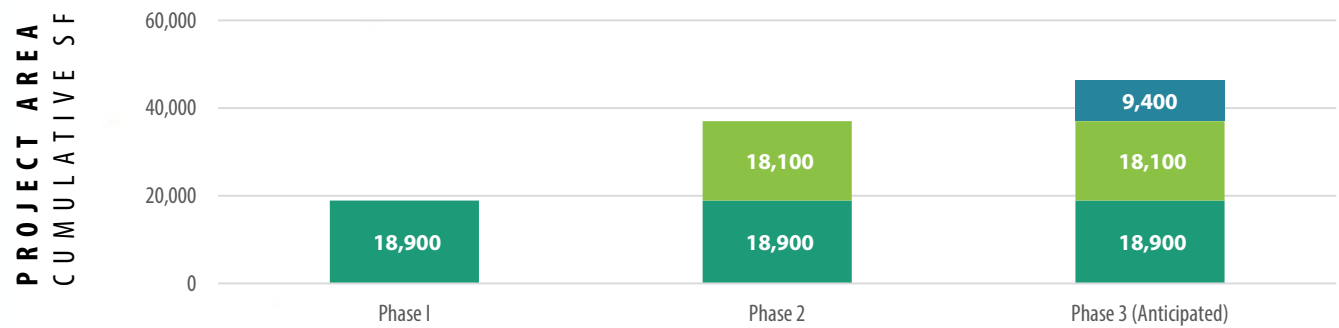
Phased redevelopment of the Berwyn Gateway Plaza has resulted in a substantial enhancement in the tax base, as well as over 46,000 sq. ft. of new retail, restaurant and commercial space on the north side of Cermak Road.

As of April 2017, at full stabilization, Phase I properties generated \$325,000 annually in local property taxes -- the highest property tax per sq. ft. of any commercial property in Berwyn. The Berwyn Gateway Plaza corridor has reached 100% occupancy (2016), an increase from 60% vacancy in 2012. Redevelopment of the corridor also helped to catalyze a 210,000 sq. ft. renovation of Cermak Plaza.

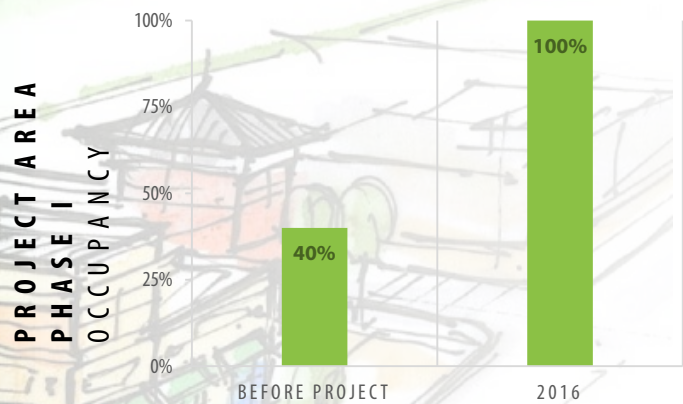
The Project Area, which serves as the City's western "gateway," will continue to develop while generating new sources of property and sales tax revenue for the City, as well as providing various shopping and dining options for residents.

AFTER REDEVELOPMENT:

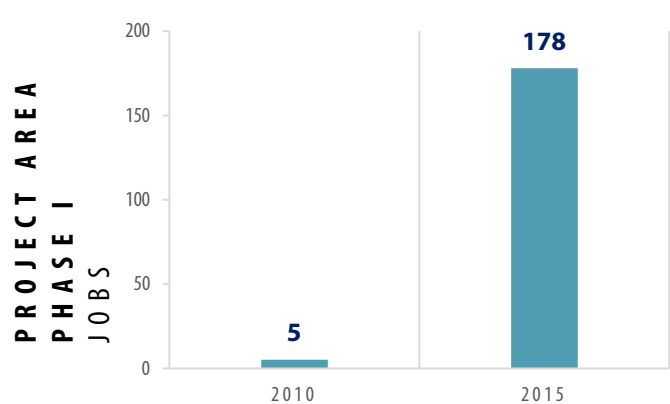
46,400 cumulative SF of retail, restaurant and commercial space added



Corridor achieved 100% occupancy

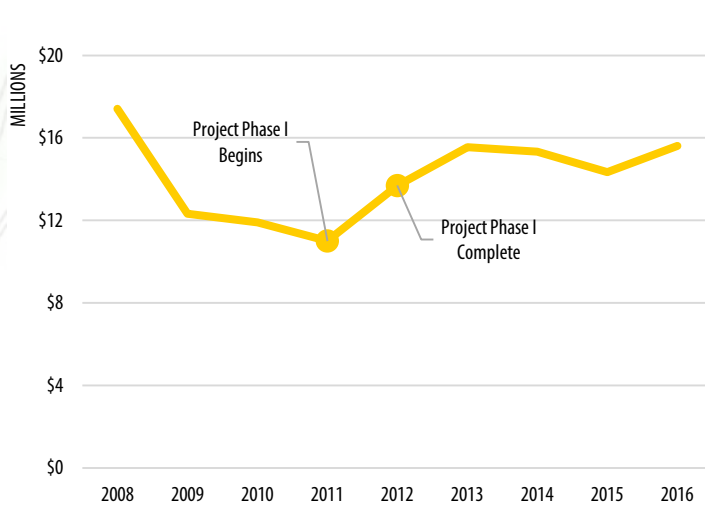
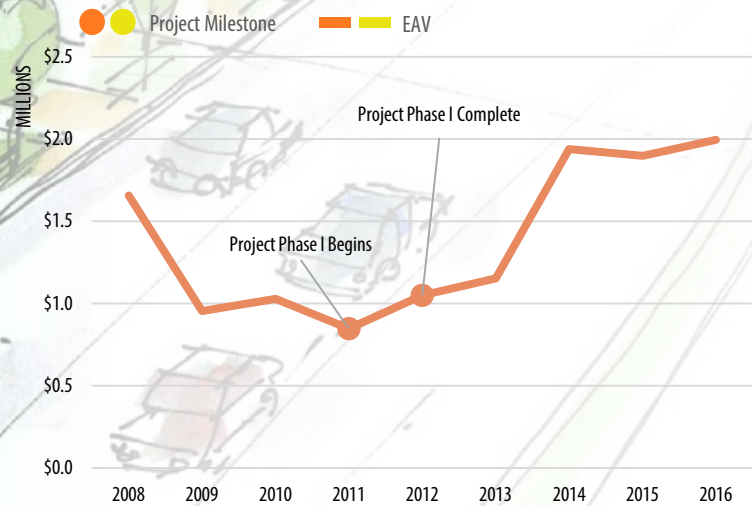


Employment increased by 400%



Project Area: \$1.1M EAV increase since 2011

Influence Area: \$4.6M EAV increase since 2011



Note: Project Area EAV includes fully-assessed Phase I development projects. EAV does not reflect exemptions due to historical data. Source: City of Berwyn; Occupancy: Berwyn Development Corporation; Jobs: Census LEHD; EAV: Cook County Assessor; CoStar, BDC; SB Friedman

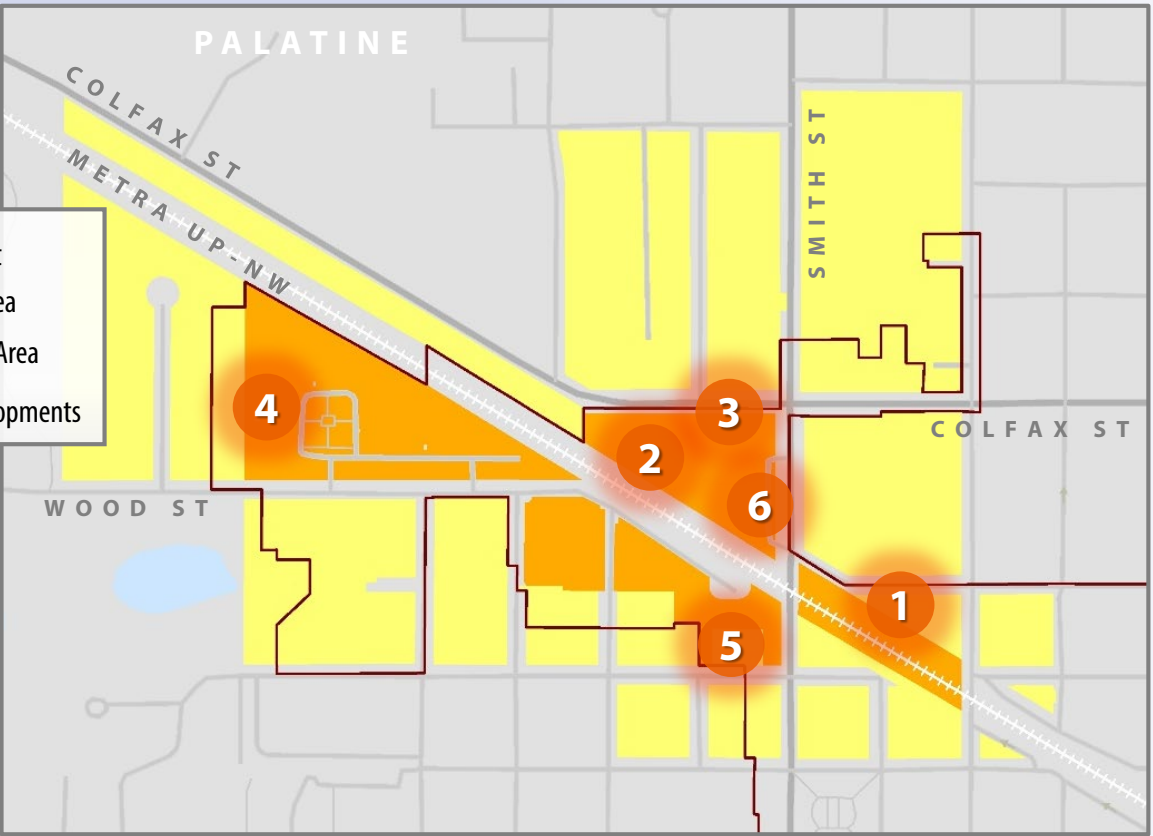
DOWNTOWN PALATINE

OVERVIEW

The Village of Palatine sought to transform and revitalize the portion of its downtown anchored by a Metra train station. The Village used TIF funds to build a public parking structure that freed several acres of Village-owned surface commuter parking for redevelopment. The project helped to energize the downtown into a more walkable area with a mix of uses. New residents and employees contributed to the overall success of the commercial businesses in the area.

DOWNTOWN PALATINE PROJECT/INFLUENCE AREA

- TIF District
- Project Area
- Influence Area
- # Key Developments



Source: Cook County Clerk, Google Earth, SB Friedman

DOWNTOWN PALATINE

PROJECT AREA

PROJECT AREA: DOWNTOWN

- 1 Metra Union Pacific Northwest (UP-NW) Train Station**
 - Station reconstructed and relocated in 2001
 - New Project: 1,250-SF Starbucks (opened 2007)
- 2 Development of Gateway Center Public Parking Structure**
 - Delivered: 2001
 - Five-stories, 1,244 parking spaces
- 3 Development of 102,000-SF Gateway Center Office Building**
 - Delivered: 2002
 - 87,000 SF of office space, including Keypath Education (12,000 SF)
 - 15,000 SF of ground floor retail, including Subway (1,500 SF)
- 4 Development of 575-Unit Groves of Palatine**
 - Product sold out: 2002
 - Townhomes and six-story condominiums
- 5 Development of 120-Unit Palatine Station**
 - Product sold out: 2004
 - Three-story row homes
- 6 Development of 25,000-SF Restaurant/Entertainment Building**
 - Tenant: Dirty Nellie's (opened 2007)
 - 40 surface parking spaces



DOWNTOWN PALATINE OBJECTIVES

In the 1990s, the Village began planning a revitalization effort for an underdeveloped portion of its downtown. To spur development and attract a private developer, the Village designated the Downtown TIF District in 1999.

In 2000, the Village acquired and razed the five-acre Commuters Plaza shopping center site. Nearby commuter surface parking lots were also cleared. The Village expedited redevelopment using quick-take authority, as authorized by the ILCS 30 Eminent Domain Act.

In 2001, Metra funded the demolition and remediation of the old Palatine Metra train station site. The Village used TIF funds to pay for a new \$3-million Metra station, which was relocated east to a more visible site in the Project Area. Ultimately, demolition efforts and the relocation of the train station provided the Village with a nearly 15-acre downtown redevelopment site.

WHY WAS TIF NECESSARY?

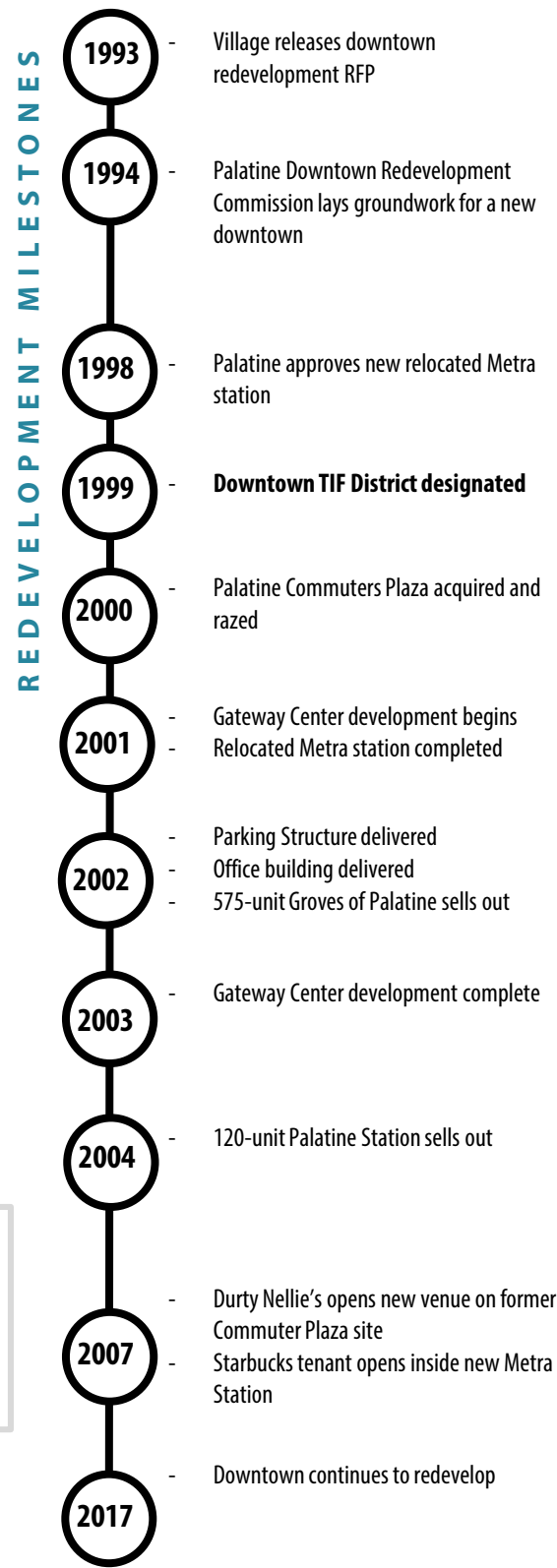
- **Assemble** land to provide sites for redevelopment
- **Demolish** obsolete structures
- **Conduct** environmental remediation
- **Develop** a public parking structure and new Metra train station

TOTAL PROJECT AREA INVESTMENT

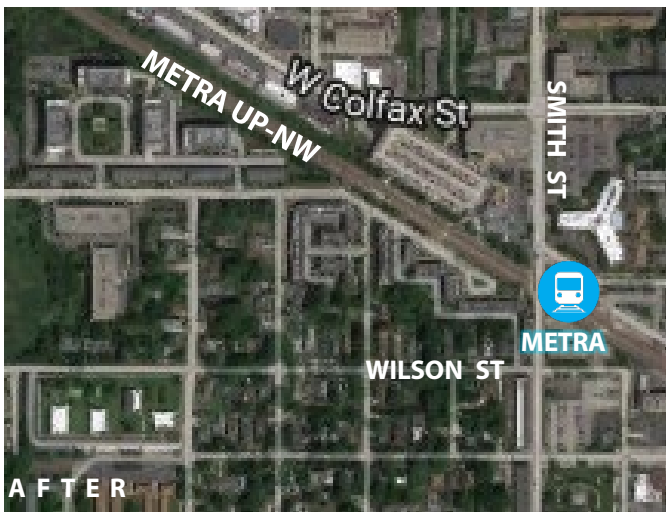
Private Investment: \$269 million

TIF Funded Investment: \$47 million

Note: Total private and public investment derived from Comptroller reports for projects in defined Project Area. Public and private investment totals were confirmed based on interviews with Village staff. Source: SF and site area: CoStar; Chicago Tribune archives; Metra; SB Friedman white paper prepared for CMAP, 2009; SB Friedman; State of Illinois Comptroller reports FY13; Interviews with Village of Palatine staff



DOWNTOWN PALATINE BEFORE & AFTER



Source: CoStar; Google Earth; Historicaerials.com; SB Friedman; Village of Palatine

DOWNTOWN PALATINE OUTCOME

TIF funding helped to make the strategic redevelopment of prime downtown parcels possible, reinvigorating the northwest portion of Downtown Palatine. Redevelopment efforts helped to create a more transit-oriented downtown by attracting restaurants and office space, and increasing housing options within walking distance to transit.

In 2001, the former Commuters Plaza shopping center site was redeveloped into a 1,244-space public parking structure, funded by approximately \$15 million in TIF funds. The parking structure serves a dual purpose as a commuter parking facility and an engineered barrier isolating an environmental contaminant from a former dry cleaner tenant.

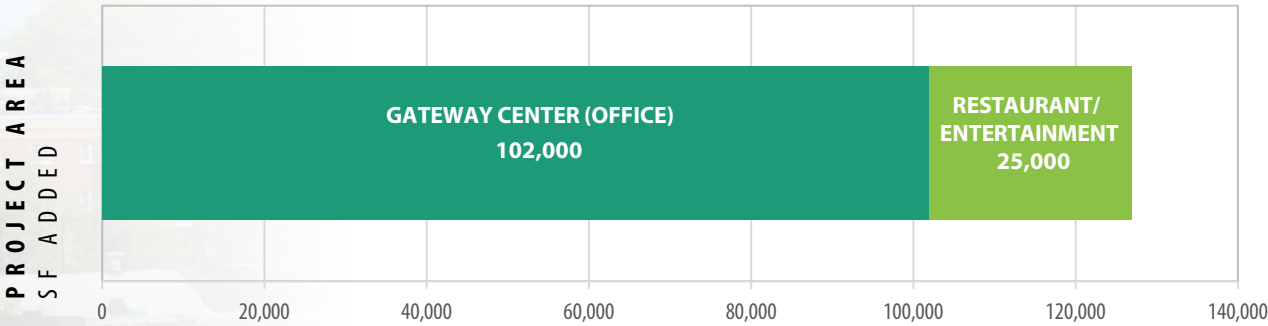
The redevelopment also yielded nearly 100,000 sq. ft. of Class A office space – the first Class A office developed in the Village’s central business district in decades. A relocated restaurant and entertainment venue opened on the shopping center site in 2007.

South of the Metra tracks, the six-acre Groves of Palatine development featuring 575 units of condominiums and townhomes sold out in 2002. The five-acre Palatine Station development featuring 120 units of row homes sold out in 2004.

The relocated Metra station serves over 2,000 passengers each morning – the fifth busiest outlying station in the regional commuter rail system as of 2016. The train station attracted a 1,250 sq. ft. Starbucks in 2007.

AFTER REDEVELOPMENT:

127,000 cumulative SF of office and restaurant space added



PROJECT AREA
HOUSING UNITS
BY TYPE

Residential Condominium:
575
New Units Added

Rental Apartments:
120
New Units Added

Project Area: **\$25.7M** EAV increase since 2001 Influence Area: **\$39.7M** EAV increase since 2001

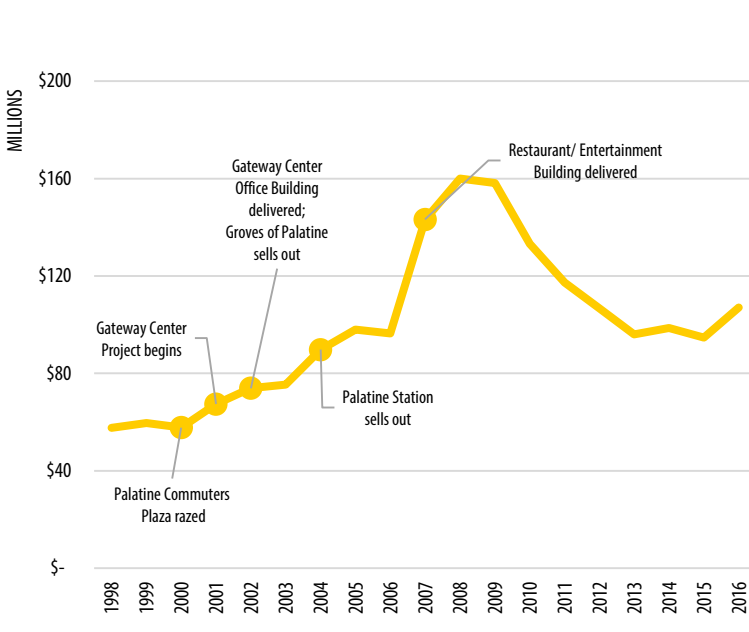
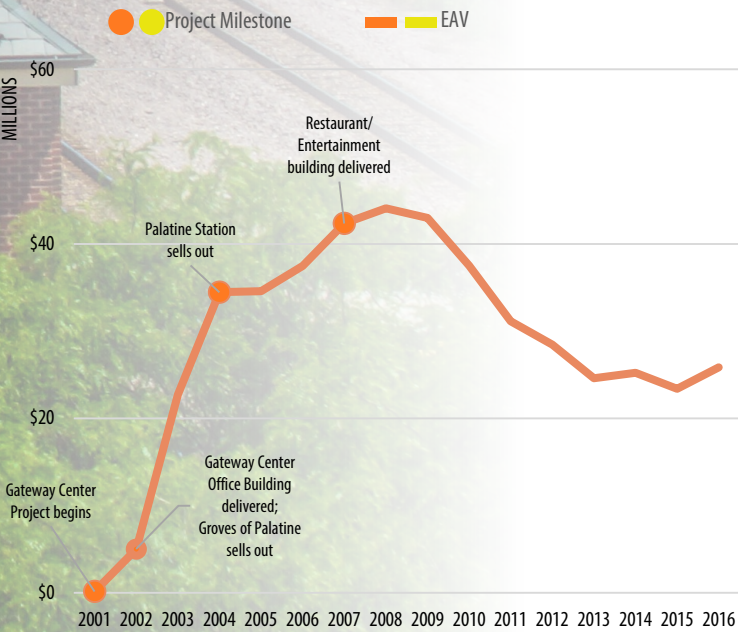


Photo courtesy of Village of Palatine, IL

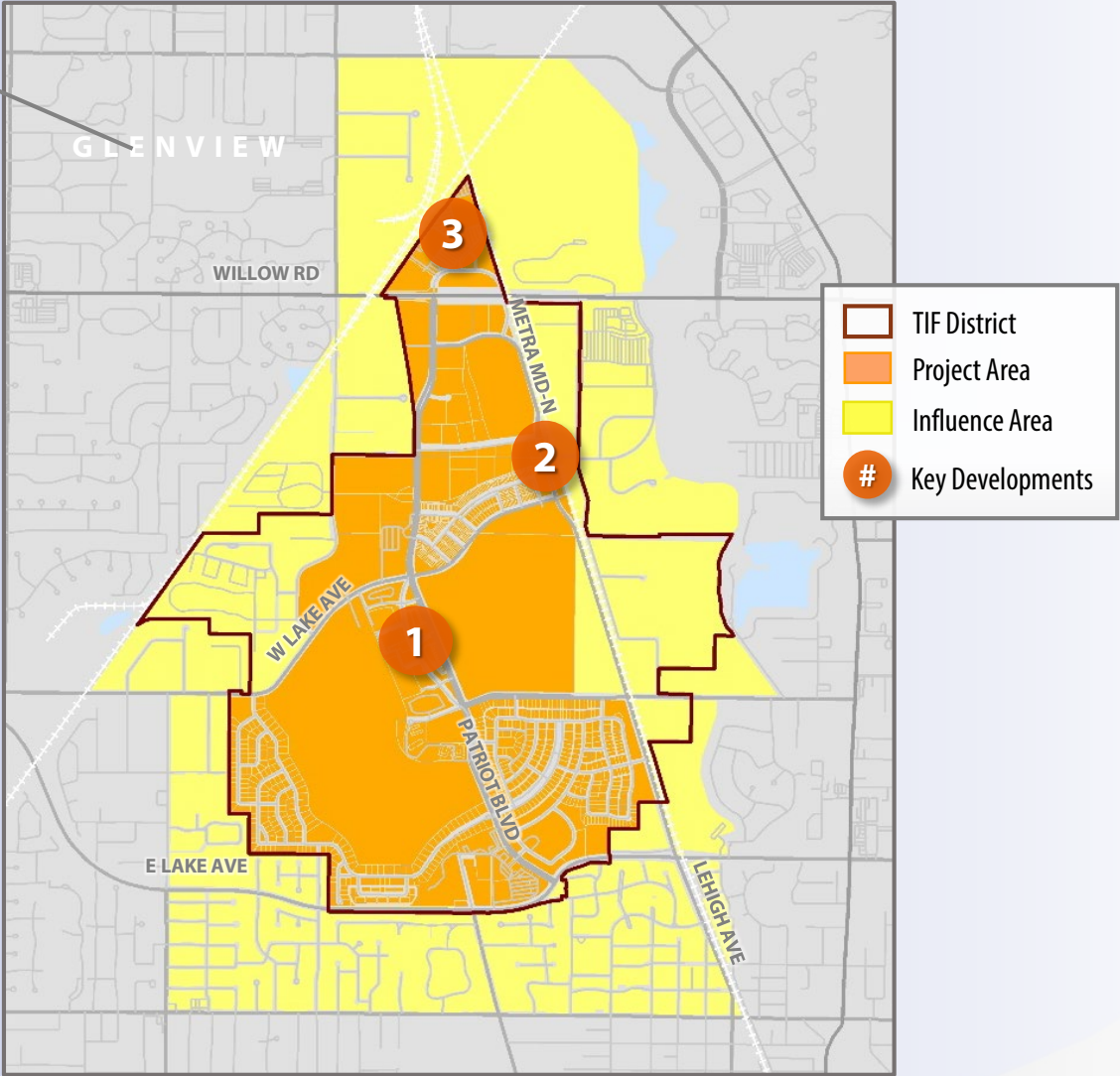
Note: EAV does not reflect exemptions due to historical data. Source: Census; Chicago Tribune; EAV: Cook County Assessor; SF and site area: CoStar; Metra; SB Friedman; Village of Palatine

THE GLEN

OVERVIEW

The Village of Glenview (a northern suburb) redeveloped a decommissioned U.S. Naval Air Station into The Glen, a 1,100-acre mixed-use development. The 45-acre Glen Town Center, a shopping, dining and residential district, serves as The Glen’s walkable downtown. The Glen features more than 2,400 residential units, a retail complex, corporate campus, a hotel, and a Metra train station that serves the area’s residents.

THE GLEN PROJECT/INFLUENCE AREA



Source: Cook County Clerk, Google Earth, SB Friedman

THE GLEN

PROJECT AREA

PROJECT AREA: The Glen

1 Development of 617,000-SF Glen Town Center

- Developed: 2003-2004
- 414,000 SF of retail including anchor Von Maur (160,000 SF)

Development of Nearly 2,400 Residential Units

- Nine neighborhoods with a mix of single-family, multifamily, and senior-living units
- Includes the 181-unit Aloft at the Glen Tower Center apartments (Delivered 2004)

Source: CoStar; SB Friedman



THE GLEN

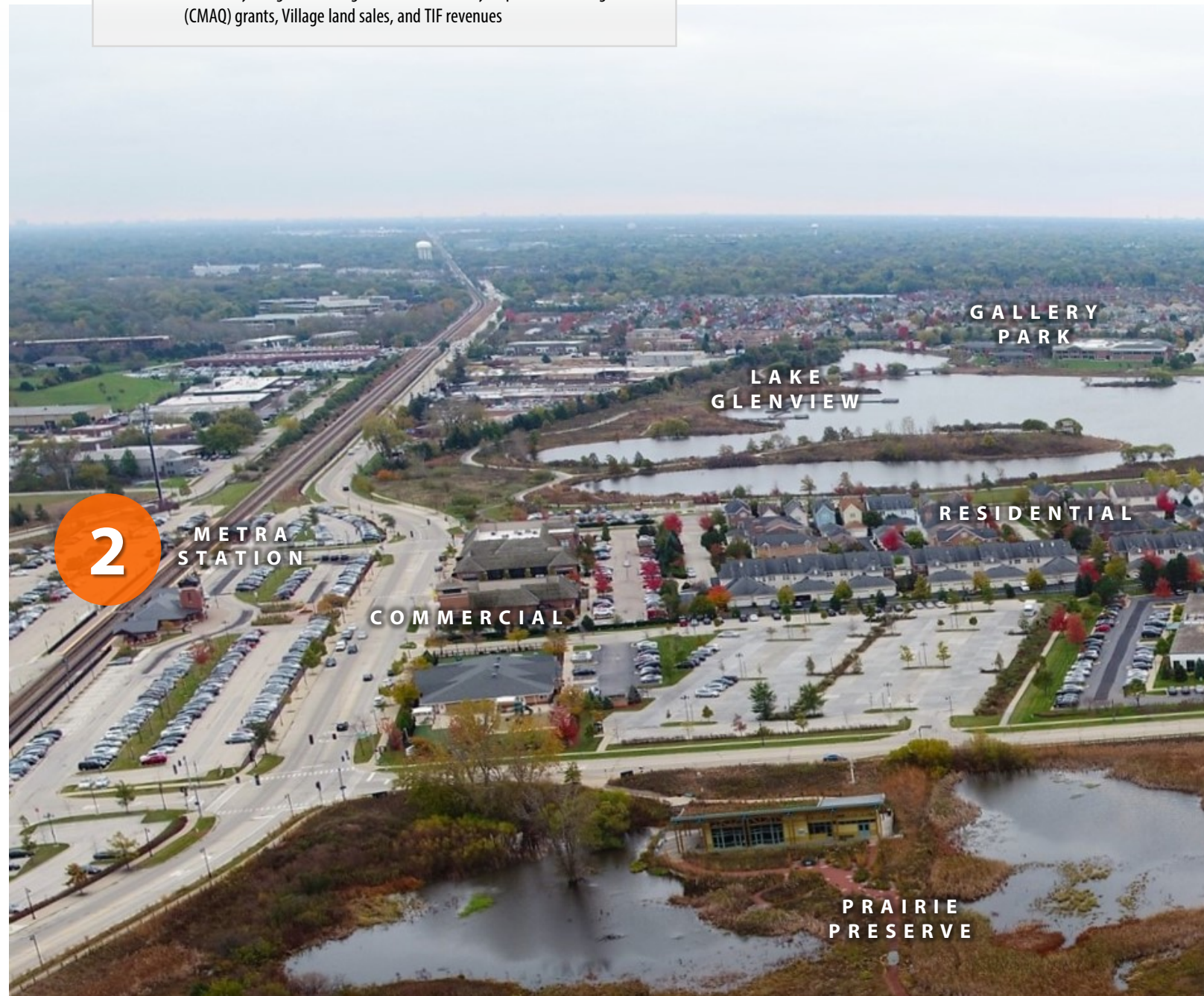
PROJECT AREA

PROJECT AREA: The Glen

2

Development of Glen/North Glenview Metra Station

- Opened: 2004
- Funded by Congestion Mitigation and Air Quality Improvement Program (CMAQ) grants, Village land sales, and TIF revenues



Source: CoStar; SB Friedman

PROJECT AREA: The Glen

3

Development of 543,000-SF Patriot Marketplace Retail Center

- Developed: 2002-2005
- Current Tenants: Costco (137,000 SF), Harley Davidson (110,000 SF), Home Depot (80,000 SF), Auto Dealership (6,000 SF)
- Nearly 2,000 parking spaces



Source: CoStar; SB Friedman

THE GLEN

OBJECTIVES

In the mid-1990s, the Village began to plan The Glen development in order to integrate a decommissioned Naval Air Station site into the rest of Glenview. Upon its closure, the Air Station comprised 15% of Glenview's land area. In May 1998, the Village established the Naval Air Station TIF District to serve as a major funding source for redevelopment efforts.

Annexation of the 1,100-acre site prior to the Air Station's closure afforded the Village with automatic and single-jurisdiction control to act as its own Redevelopment Authority and Master Developer. This foresight aided the Village with master plan implementation and helped to maximize project value during the redevelopment process.

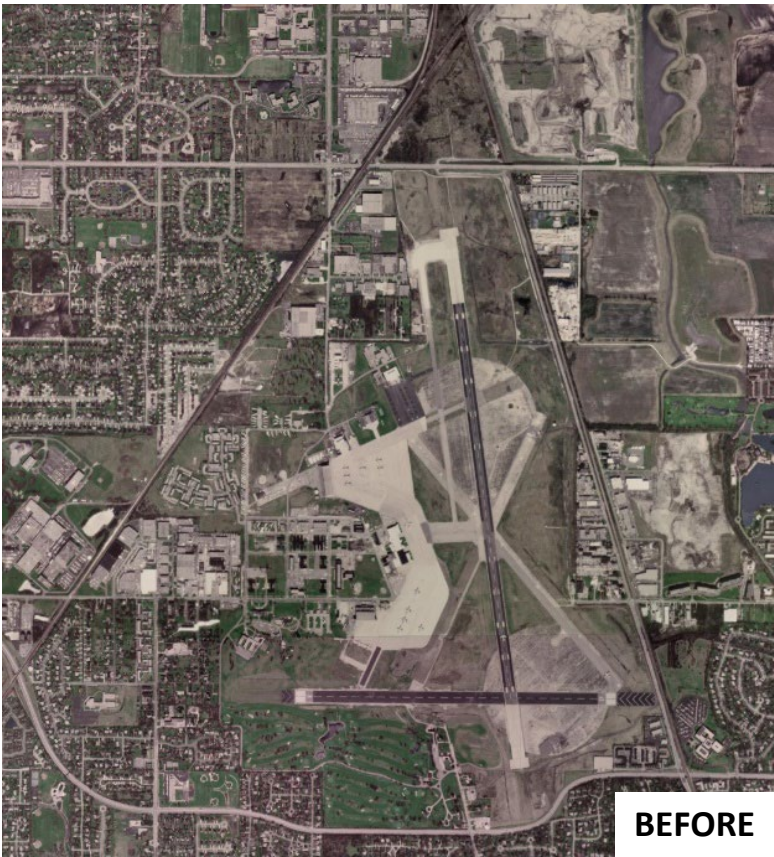
Ultimately, the Naval Air Station TIF District is expected to generate over \$800 million in revenue including \$20 million from federal grants, \$560 million from property and sales taxes, and \$220 million from the sale of nearly 600 land acres to private developers – most of which was transferred from the federal government at no cost. These revenues have funded approximately \$183 million of infrastructure, roads and stormwater costs, \$70 million in interest costs, \$40 million in developer fees, and nearly \$300 million of “make whole payments” to relevant taxing bodies.

WHY WAS TIF NECESSARY?

- **Demolish** remaining Naval Air Station structures, including 1.5 miles of runway and more than 100 Navy buildings
- Environmental remediation to **clean** contaminated soils, underground fuel storage tanks and dumping sites
- **Build** stormwater detention near Patriot Marketplace Retail Center
- **Construct** public improvements, including public parking structures, parks, sidewalks and streets

REDEVELOPMENT MILESTONES

- 1995** - Naval Air Station closes
- 1997** - Decommissioned Naval Air Station base transferred to Village for redevelopment
Updated Glen Master Plan adopted
- 1998** - **Naval Air Station TIF District designated**
- Village assumes role of Redevelopment Authority and Master Developer
- The Glen development plan released
- Site demolition and cleanup; development of roadways and utilities
- Village prepares land for sale
- 222-unit Glenview Navy Great Lakes apartments delivered
- 2002** - Ongoing land sales to developers
- Site clean-up complete; cleaned properties transferred to Village
- 2004** - Metra station opens
- Glen Town Center fully developed
- 181-unit Aloft at the Glen Tower Center apartments delivered
- 2005** - Patriot Marketplace Retail Center delivered
- 2006** - 14-unit condominium delivered
- 144-unit Thomas Place apartments delivered
- 2017** - Single-family home sales continue
- 2021** - **Anticipated closure of Naval Air Station TIF District**



BEFORE



AFTER

Source: Google Earth; HistoricAerials.com; SB Friedman

TOTAL PROJECT AREA INVESTMENT

Private Investment: Over \$1 billion

TIF Funded Investment: \$300 million

Note: Total private and public investment derived from interviews with Village staff. Source: Chicago Tribune archives; Crain's Chicago Business archives; CoStar; SB Friedman; US EPA; Village of Glenview

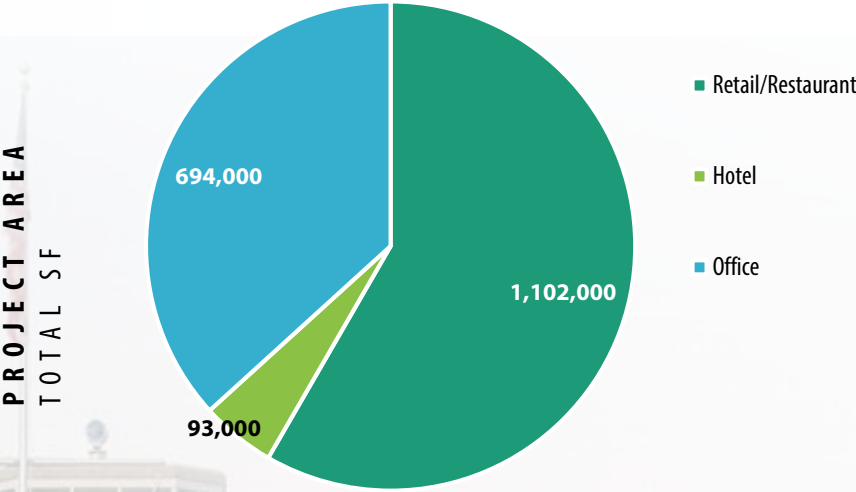
THE GLEN OUTCOME

The Village's redevelopment efforts resulted in The Glen, a 1,100-acre development. The Glen Town Center, a walkable, mixed-use district, serves as the development's "downtown." The centrally located Town Center features nearly 20 eating and drinking options and a 10-screen ArcLight Cinema. Nearly 2,400 residential units, a retail complex, a hotel, the Kohl Children's Museum, and a corporate campus, featuring 500,000+ sq. ft. of Class A office and three corporate headquarters, surround the Town Center.

The Glen's public amenities include the \$20 million, 152,000 sq. ft. Attea Middle School and the 165,000 sq. ft. Park Center, a \$25 million community and arts center that includes a health and fitness club. Nearly 40% of the development's total land area was reserved as open space for recreation and other public amenities, including the 140-acre Gallery Park, two golf courses, six miles of trails, and the manmade 45-acre Lake Glenview. A new Glen/North Glenview Metra station (Milwaukee District North line) was opened in 2004 to serve area residents.

Ultimately, nearly 1.9 million sq. ft. of retail/restaurant, hotel, and office space was developed within the Project Area. The Glen development is currently valued at over \$1 billion.

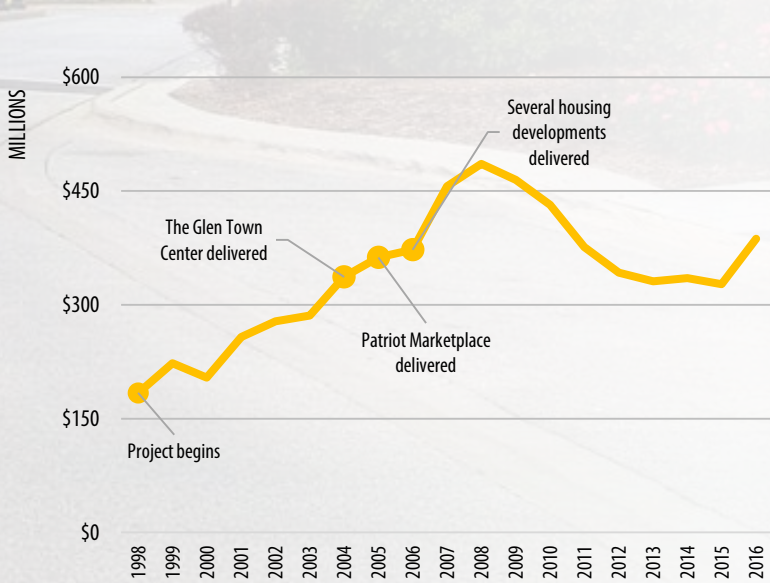
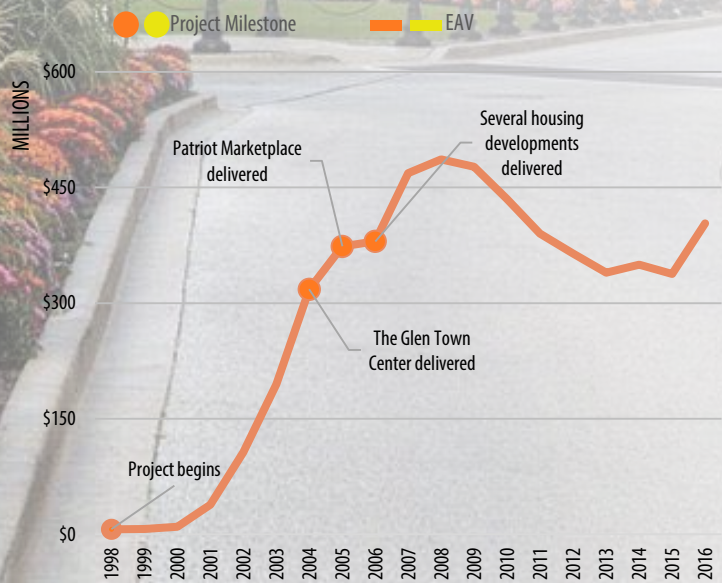
AFTER REDEVELOPMENT:



Nearly **1.9 million SF** of retail, restaurant, hotel and office ^[1] space added



Project Area: **\$397M** EAV increase since 1998 Influence Area: **\$203M** EAV increase since 1998



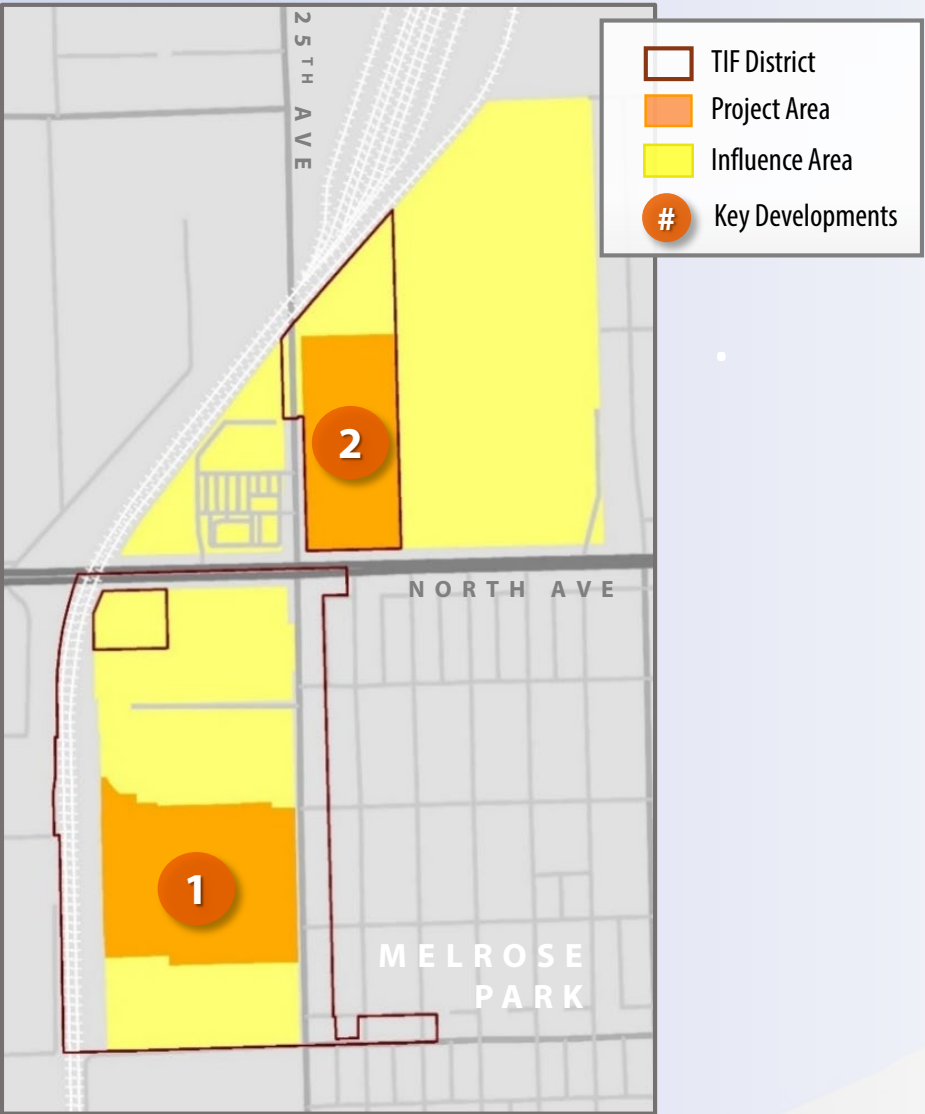
Note: 694,000-SF of office includes all office classes, including 300,000-SF of Class A space. EAV does not reflect exemptions due to historical data. Source: SF and site area: CoStar; Population: US Census; Employment: US Census LEHD; EAV: Cook County Assessor; Metra; SB Friedman; Photo and interviews: Village of Glenview

MELROSE BUSINESS CENTER

OVERVIEW

The Village of Melrose Park expedited the redevelopment of two vacant, obsolete manufacturing facilities – former sites of Pitt-Des Moines Steel and Zenith Electronics - to allow for 914,000 sq. ft. of modern industrial and warehouse redevelopment.

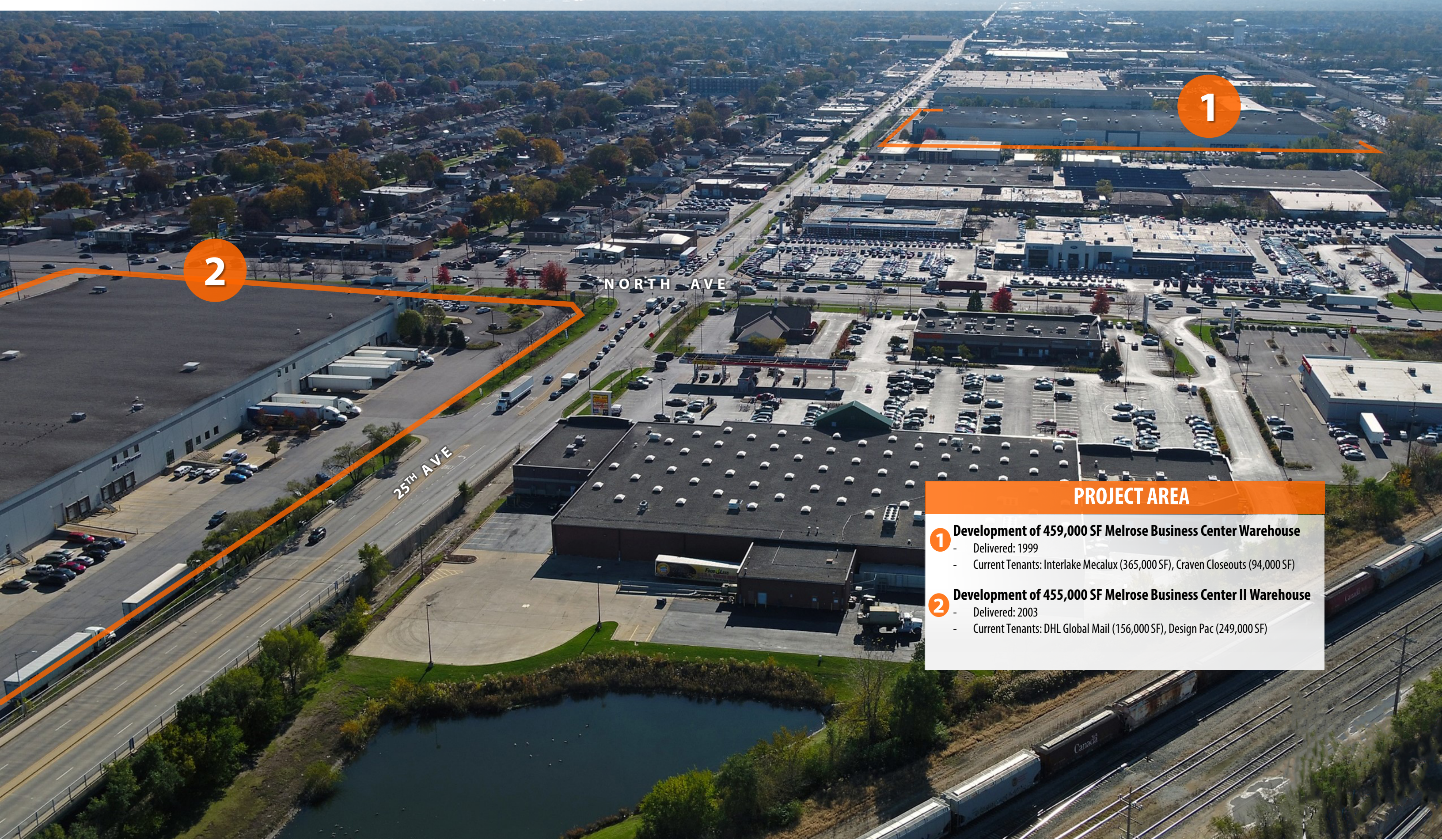
MELROSE BUSINESS CENTER PROJECT/INFLUENCE AREA



Source: Cook County Clerk, Google Earth, SB Friedman

MELROSE BUSINESS CENTER

PROJECT AREA



PROJECT AREA

- 1 Development of 459,000 SF Melrose Business Center Warehouse**
 - Delivered: 1999
 - Current Tenants: Interlake Mecalux (365,000 SF), Craven Closeouts (94,000 SF)
- 2 Development of 455,000 SF Melrose Business Center II Warehouse**
 - Delivered: 2003
 - Current Tenants: DHL Global Mail (156,000 SF), Design Pac (249,000 SF)

MELROSE BUSINESS CENTER

OBJECTIVES

After the closure of the fabricated metals manufacturer Pitt-Des Moines Steel Company in 1997, the Village of Melrose Park was left with a vacant factory with limited re-use potential. After several years on the market, the Village decided to expedite the redevelopment of the 24-acre site through the TIF tool. TIF helped to address demolition, environmental remediation, stormwater detention, and utility upgrades, including new water mains that also benefited the surrounding area.

The Village provided the developer, The Opus Group, with approximately \$1 million to cover extraordinary site and infrastructure costs related to the site's redevelopment. To become more competitive with developments in neighboring counties, where land costs, industrial rents and taxes are often lower, the Opus Group received a Cook County 6B special assessment classification, which reduced the development's property tax assessment for up to ten years.

After the bankruptcy of Zenith Electronics in 1998, the Village was left with a vacant, obsolete 21-acre factory site. Private redevelopment of the site seemed highly unlikely due to extraordinary redevelopment costs. Similar to the Pitt-Des Moines Steel project, Opus received nearly \$1.8 million in TIF funds to help fund redevelopment of the site. A Cook County 6B special assessment classification helped to keep rents competitive with neighboring counties.

WHY WAS TIF NECESSARY?

- **Demolish** structures to prepare sites for redevelopment
- **Remove** contaminated soil through environmental remediation
- **Improve** streets
- **Increase** utility capacity:
 - Upgrade water and sanitary sewer
 - Improve storm water detention
 - Down-step electrical power supply for modern uses

TOTAL PROJECT AREA INVESTMENT

Private Investment: \$41 million

TIF Funded Investment: \$2.8 million

Note: Total private and public investment derived from executed redevelopment agreements from projects in defined Project Area. Public investment is defined as amount awarded in project redevelopment agreement. This total may not include other public investment needed to prepare the area for development. Source: SF, photo, and site area: CoStar; Chicago Tribune archives; Crain's Chicago Business; SB Friedman; Securities and Exchange Commission; Village of Melrose Park

REDEVELOPMENT MILESTONES

1997

- Pitt-Des Moines Steel Company closes

1998

- Zenith Electronics bankruptcy
North Avenue/25th Avenue TIF District designated
Opus Group redevelops the former Pitt Des Moines Steel site

1999

- 459,000-SF Melrose Business Center delivered

2001

- **Business Development Park TIF District designated**

Opus Group redevelops the former Zenith Electronics site

2003

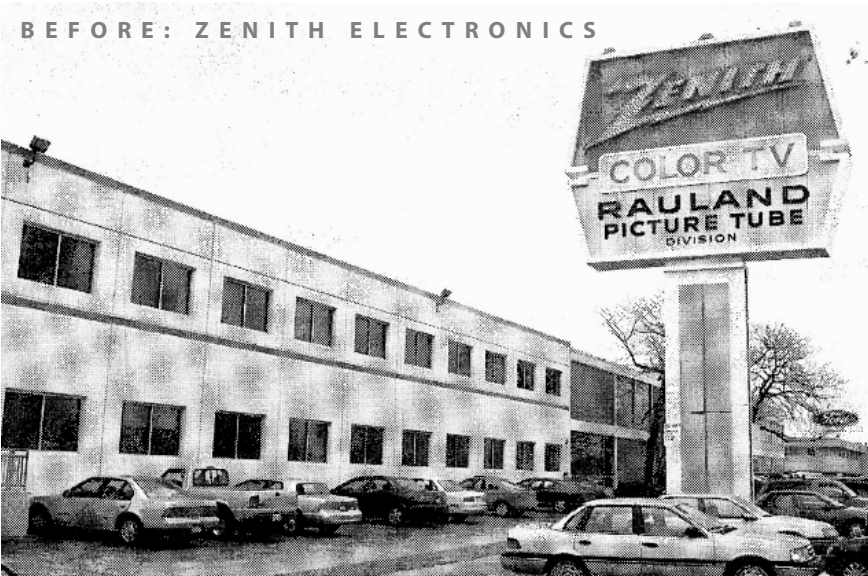
- 455,000-SF Melrose Business Center II delivered

2006

- 85,000-SF Melrose Park Shopping Center delivered

MELROSE BUSINESS CENTER

BEFORE & AFTER



Source: Chicago Tribune Archives



MELROSE BUSINESS CENTER

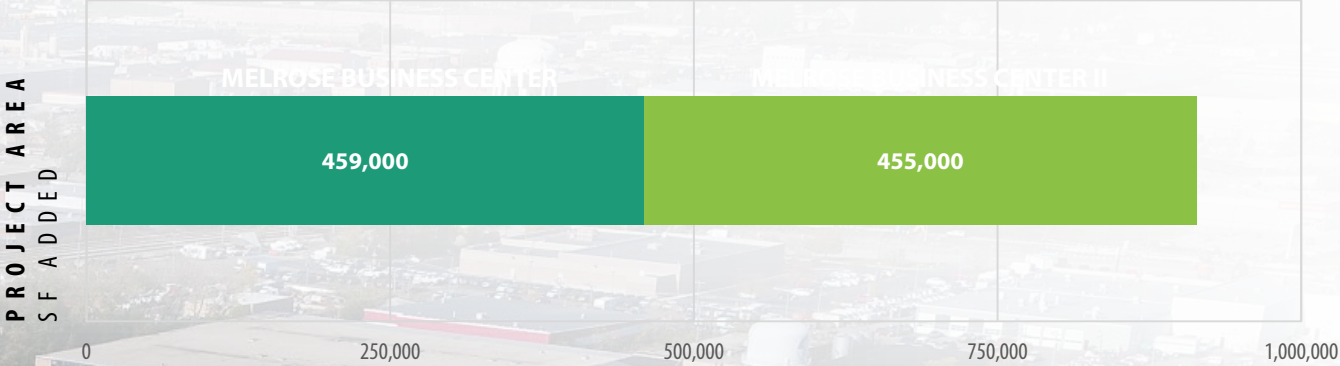
OUTCOME

In 1999, the 459,000 sq. ft. Melrose Business Center replaced the former Pitt-Des Moines Steel facility. As of 2017, racking system manufacturer Interlake Mecalux occupied 365,000 sq. ft. of industrial space in the warehouse development. The former Zenith Electronics factory was replaced with the 455,000 sq. ft. Melrose Business Center II in 2003. Current tenants include 249,000 sq. ft. Design Pac and 156,000 sq. ft. DHL Global Mail.

The Village addressed two key redevelopment hurdles with the use of TIF: timing and competitiveness. The Village's decision to accelerate redevelopment set the table for modern manufacturing and warehouse developments, spurring broader redevelopment in the surrounding area. TIF also helped to "level the playing field" by assisting with extraordinary development costs associated with "horizontal improvements" (e.g. leveling structures, building roads, and bringing sewer, water and power to the site).

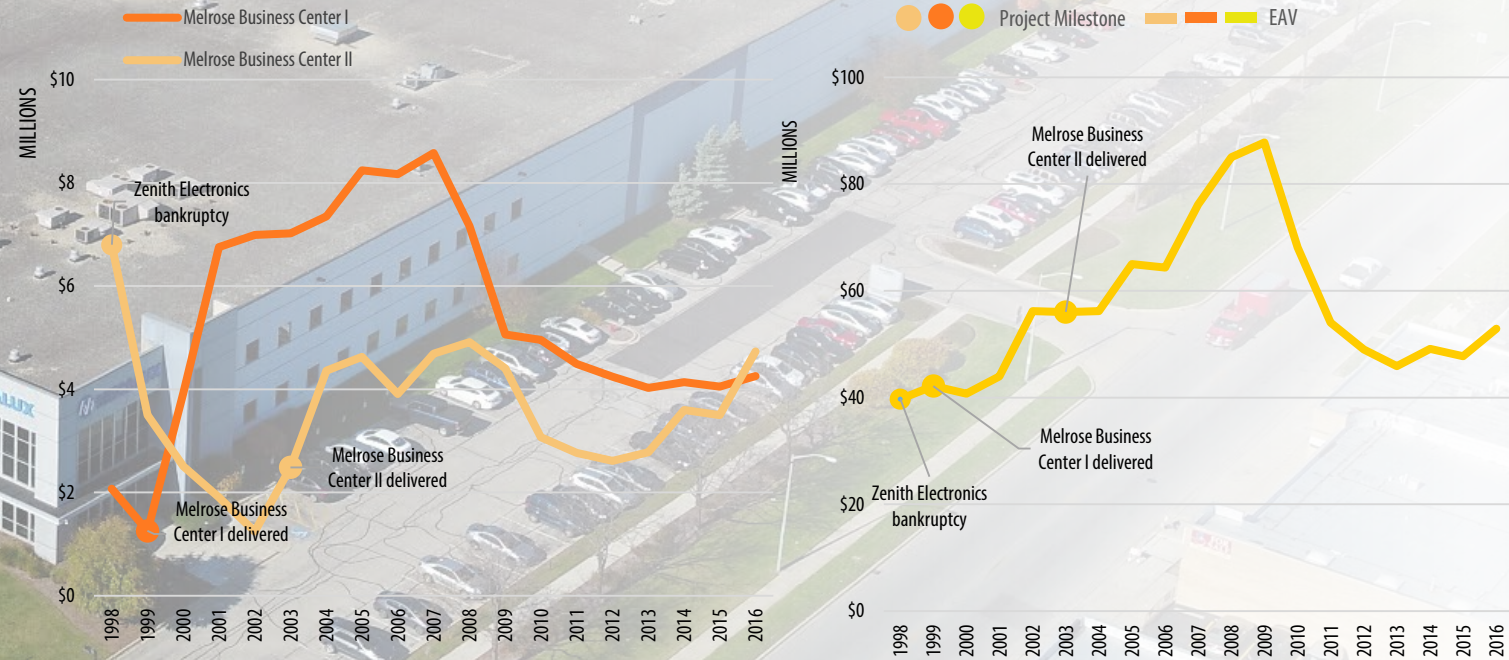
AFTER REDEVELOPMENT:

Nearly **914,000** cumulative SF of industrial space added



Nearly **650** Jobs Added in Project Area

Project Area: **\$5.7M** EAV increase since 1998 Influence Area: **\$13.2M** EAV increase since 1998

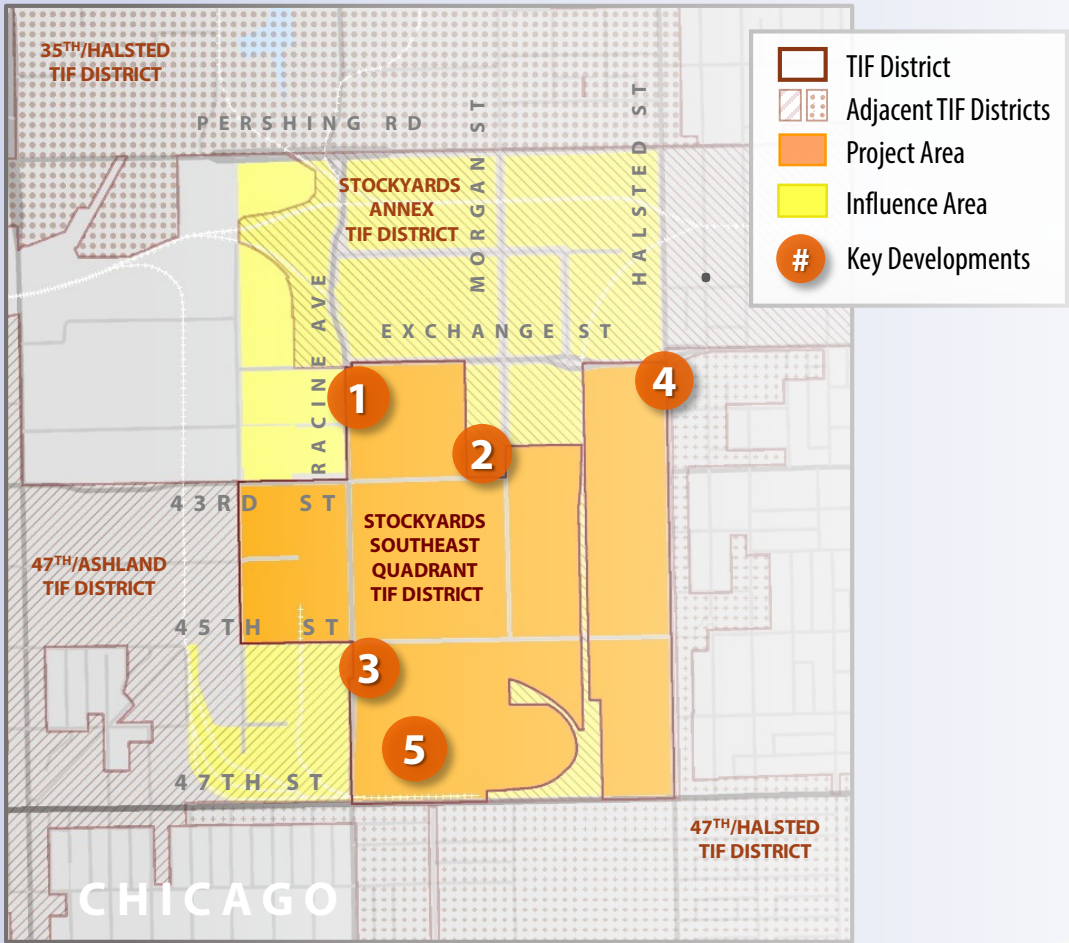


Note: EAV does not reflect exemptions due to historical data. Source: SF, occupancy, site area: CoStar; Employment: US Census LEHD; EAV: Cook County Assessor; SB Friedman

THE STOCKYARDS OVERVIEW

A modern, urban infill industrial park was built on a portion of the former Union Stockyards on the City of Chicago's near south side. The Stockyards had been the capital of livestock processing and shipping as recently as the 1970s but had fallen into disuse as processing moved elsewhere. The Stockyards industrial corridor is now characterized by cleared, remediated sites and industrial uses.

THE STOCKYARDS PROJECT/INFLUENCE AREA



Source: Cook County Clerk, Google Earth, SB Friedman

THE STOCKYARDS

PROJECT AREA



EXCHANGE AVE

43RD ST

45TH ST

RACINE AVE

MORGAN ST

1

2

3

4

5

PROJECT AREA: STOCKYARDS

- 1 Development of 170,000-SF Luster Products facility**
 - Entered RDA with City in 1992 to assist with acquisition costs
- 2 Development of 36,000-SF Marina Cartage facility**
 - Entered RDA with City in 1995 to assist with acquisition costs
- 3 Renovation of 104,500-SF OSI Industries facility, including 20,000-SF addition**
 - Entered RDA with City in 1996 to assist with acquisition, renovation, and other costs
- 4 Development of 161,000-SF Aramark Uniform Services facility**
 - Delivered 2004
 - Largest Aramark facility in the U.S.
- 5 Development 91,000-SF Testa Produce Distribution Building**
 - Delivered 2011
 - First LEED-Platinum refrigerated food service facility in the U.S.
 - 750-kilowatt wind turbine and solar panels produce nearly 35% of the building's energy needs

THE STOCKYARDS

OBJECTIVES

After global economic restructuring led to the decline of traditional meatpacking and butchering industries, Chicago's Union Stockyards closed in 1970. Largely characterized by abandoned railyards, obsolete buildings and garbage dumps, the vacant commercial and industrial parcels that remained were often inadequately sized and not conducive to attracting modern land uses. Lingering site-level issues, such as unstable and contaminated soils and lack of public roads and infrastructure, also hindered redevelopment. These factors made privately-funded, large-scale industrial redevelopment highly unlikely.

In 1989, the City of Chicago designated the Stockyards Industrial/Commercial TIF District, the first of several contiguous TIF districts that would be designated to support the redevelopment of hundreds of acres in Chicago's Back of the Yards area. In 1992, the City designated the Stockyards Southeast Quadrant TIF District (Project Area) to make nearly 70 acres of land developer ready for modern industrial uses.

WHY WAS TIF NECESSARY?

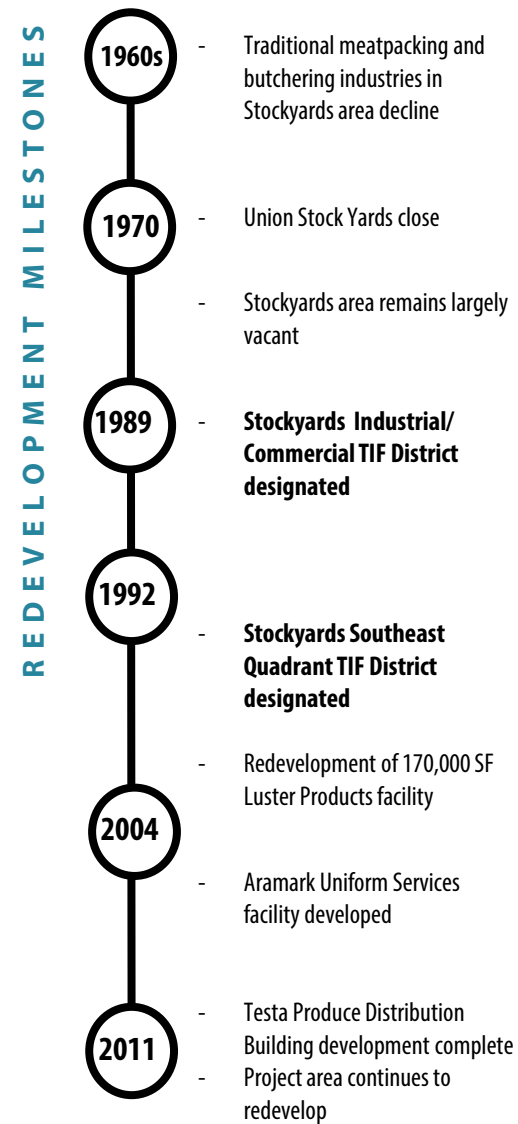
- **Demolish** structures
- **Assemble** land to provide sites for redevelopment
- **Remediate** contaminated soil
- **Upgrade** utilities and public works, including an interior street system and the construction of Packers Street
- **Fund** an industrial park entrance sign

TOTAL PROJECT AREA INVESTMENT

Private Investment: \$48 million

TIF Funded Investment: \$9 million

Note: Total private and public investment derived from executed redevelopment agreements from projects in defined Project Area. Public investment is defined as amount awarded in project redevelopment agreement. This total does not include other public investment needed to prepare the area for development. Source: RDAs, interviews, and other financial documents: City of Chicago; SF, photo, and site area: CoStar; Chicago Tribune archives; Crain's Chicago Business; SB Friedman



THE STOCKYARDS

BEFORE & AFTER



Source: CoStar

THE STOCKYARDS

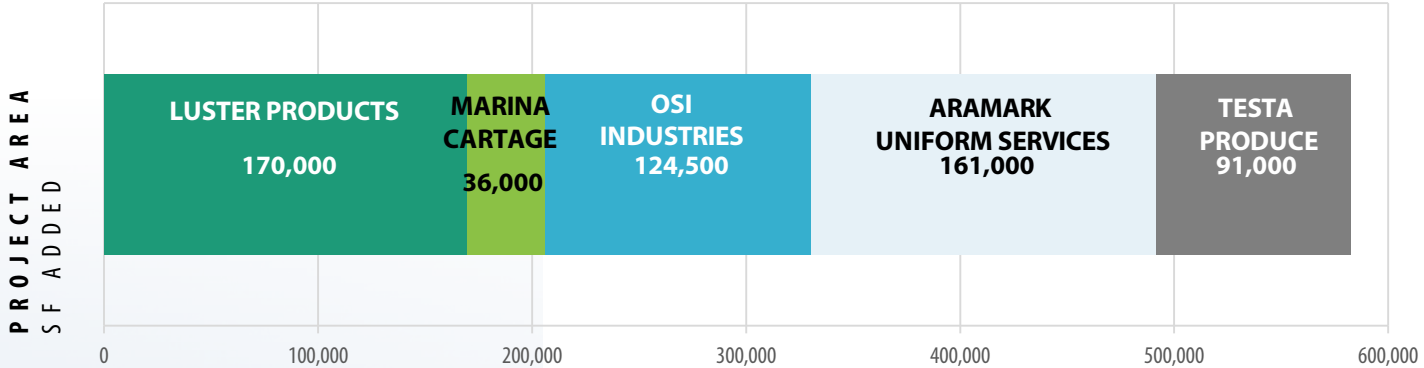
OUTCOME

With the aid of TIF, the City leveraged the Stockyard area's built-in advantages, including its transportation connections and labor pool, to redevelop a well-situated industrial corridor and concentrate industrial land uses. Today, modern industrial facilities including Testa Produce (the first LEED-Platinum refrigerated food service facility in the U.S.) and the 104,000-SF Halsted Pershing Business Center^[1] (delivered in 2008) have replaced abandoned factories and livestock pens.

The City's use of TIF funds to retain and attract urban industrial land uses was unprecedented in its magnitude. Designed to replicate suburban-style industrial park developments that offer tenants larger parcels and allow for a coordinated mix of uses, the former meatpacking capital area was reinvented as a modern example of urban industrial infill redevelopment.

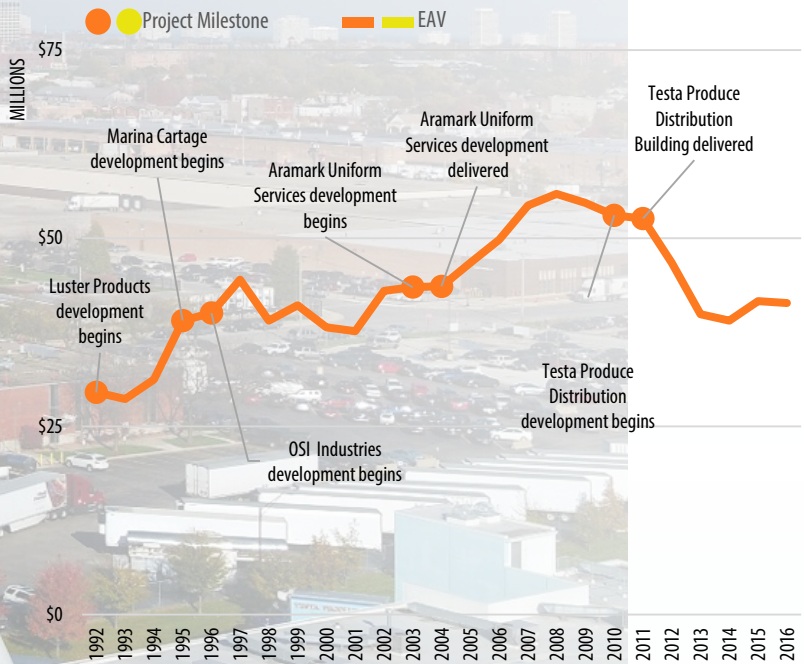
AFTER REDEVELOPMENT:

Nearly 583,000 cumulative SF of industrial space added

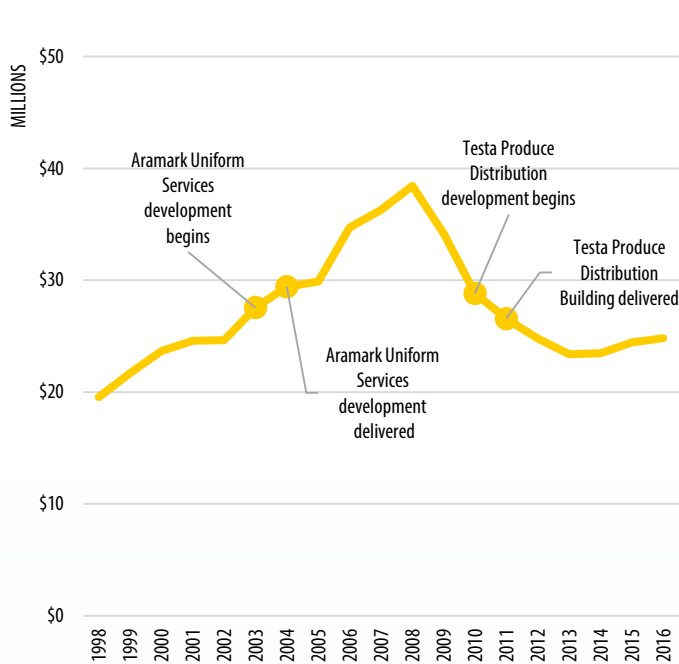


Nearly 3,250 Jobs Added in Project Area

Project Area: \$11.9M EAV increase since 1992



Influence Area: \$5.2M EAV increase since 1998



[1] Located within Influence Area. Note: Project Area EAV data before 1998 derived from Cook County Paid Indicator Report data. EAV does not reflect exemptions due to historical data. Source: SF, rent, site area: CoStar; Employment: US Census LEHD; EAV: Cook County Assessor; SB Friedman; Photo: SPACECO, City of Chicago