CITY COUNCIL
STRATEGIC
SESSION

JULY 25, 2016

UPTOWN TIF PROGRAM:
POLICY DISCUSSION UPDATE
**AGENDA:**

1. Review ordinance language and decide on amendments where needed
   - A. Clarification
   - B. Addition
   - C. Deletion
2. Establish priorities
   - A. Code/Structural
   - B. Fire Safety Code
   - C. Aesthetics
3. Add in eligibility of alleys with high levels of visibility
4. Move potential amendments onto the August 22\textsuperscript{nd} City Council agenda

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**PROGRAM INTENT... CURRENTLY**

Authority enabled in ordinance #4203 as amended in 2009

A. The City adopts the procedures herein to be followed in the processing of applications for Tax Increment Financing (TIF) funds. The guidelines are intended to be followed as nearly as practicable given the circumstances of each individual application, and the City reserves the right to depart from the guidelines. Among other considerations, TIF funds shall be granted based on the project’s ability to increase sales tax revenue; increase property tax revenue; create and/or retain jobs; improve value of property; and/or provide for improvement of the local economy and the community.
1. The City adopts the procedures herein to be followed in the processing of applications for Tax Increment Financing (TIF) funds for the Uptown Collinsville District for the specific intent of aiding the economic development and market for this area through gaining substantial code compliance, increasing the life safety, and enhancing the aesthetics of the area. These guidelines requirements are intended to be followed as nearly as practicable given while considering the circumstances of each individual application, and the City reserves the right to depart from these guidelines requirements based on the merits and specific considerations of each individual application. Among other considerations, TIF funds shall be granted, regardless of the level of code compliance, enhanced life safety, and aesthetic improvements, based on the project’s demonstrated ability to:

   A. Increase sales tax revenue;
   B. Increase property tax revenue;
   C. Creation of and/or retain jobs; and/or
   D. Improvement of property values; and/or
   E. Provide for improvement of the local economy and the community.
**Program Intent...Currently**

B. Downtown TIF Program Applications

1. The applicant shall make written application on forms furnished by the City. Applications must include the consent of all property owners to each of the provisions herein.

2. The application shall be forwarded to the Community Development office for processing. The Community Development Director, or his designee, shall review the application; require more information from the applicant if necessary; negotiate with or make suggestions to the applicant; consult with the Downtown Economic Revitalization Commission in all projects over $15,000, projects with façade components or as deemed necessary; and, make a written recommendation to the City Council to approve or disapprove the application in whole or in part, or as modified or amended.

3. The City's Downtown TIF Program shall be limited to the correction of health and safety problems, renovation, rehabilitation, and repair to the inside or outside of existing buildings, structures and/or surrounding property. The maximum disbursement from the City for the total of all projects within the downtown TIF program is $200,000 over a five-year period.

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**Program Intent...Revised**

B. Downtown TIF Program Applications

1. The applicant shall make written application on forms furnished by the City. Applications must include the consent of all property owners to each of the provisions herein, and shall include the required information to support the stated economic goals, increase in code compliance, life safety compliance and aesthetic compliance.

2. The application shall be forwarded to the Community Development City Manager’s office for processing. The Community Development Director, or his designee, shall review the application and make the following finding(s):
   - require more information from the applicant if necessary; or
   - negotiate with or make suggestions to the applicant;

3. All applications shall be forwarded to the Uptown Economic Revitalization Development Commission (UDC) for review for consistency to the program requirements and recommendation to the City Council in all projects over $15,000, projects with façade components or as deemed necessary; and, The UDC shall make a formal written recommendation to the City Council to approve or disapprove the application in whole or in part, or as modified or amended.

4. The maximum disbursement from the City for the total of all projects within the downtown TIF program is $200,000 over a five-year period.
B. Downtown TIF Program Applications

1. The applicant shall make written application on forms furnished by the City. Applications shall include at a minimum the consent of all property owners to each of the provisions herein, and shall include the required information to support the stated economic goals, increase in code compliance, life safety compliance and aesthetic compliance.

2. The application shall be submitted to the City Manager’s office for processing. The City Manager, or his designee, shall review the application and make the following finding(s):
   - require more information from the applicant if necessary; or
   - negotiate with or make suggestions to the applicant;

3. All applications shall be forwarded to the Uptown Development Commission (UDC) for review for consistency to the program requirements and recommendation to the City Council. The UDC shall make a formal written recommendation to the City Council to approve or disapprove the application in whole or in part, or as modified or amended.

4. The maximum disbursement from the City for an individual project, absent a separate development agreement, within the Uptown TIF program is $200,000 over a four-year period.

C. The City’s Downtown TIF Program shall include the following two program types:

1. **Structural Rehabilitation and Façade Program:** For permanent improvements, except as provided herein, the City may fund a project for no more than forty percent (40%) of the total project cost. Such funding shall not exceed Two Hundred Thousand Dollars ($200,000.00), unless otherwise agreed to by the City Council. The City’s participation may be in the form of a loan, grant or a combination thereof. Building rehabilitation loans may be amortized up to 10 years with an interest rate up to 5%, but all loans must be paid in full by December 2020. Owners/contractors must adhere to strict prevailing wage requirements and must disclose this mandate on all construction-related contracts to be eligible for TIF funds.
C. The City’s Downtown Uptown TIF Program shall include the following two program types:

1. Structural Rehabilitation and Façade Improvement Program:
   A. For permanent improvements, except as provided herein, the City may fund a project for no more than forty percent (40%) of the total eligible project costs.
   B. Such funding shall not exceed Two Hundred Thousand Dollars ($200,000.00), for items eligible under and qualifying for the Structural Rehabilitation and Façade Improvement Program unless otherwise agreed to by the City Council.
   C. The City’s participation may be in the form of a loan, grant or a combination thereof as determined appropriate by the City.
   D. Building rehabilitation loans may be amortized up to 10 years with an interest rate up to 5%, but all loans must be paid in full by December 31, 2021.
   E. Owners/contractors must adhere to strict prevailing wage requirements and must disclose this mandate on all construction-related contracts to be eligible for TIF funds reimbursement.
**Program Type & Eligible Items...Currently**

Permanent improvements are based upon the building rather than the particular business and shall include but not limited to:

- a. Electrical Upgrades;
- b. Alarm system installations;
- c. Structural and other repairs;
- d. Second story rehabilitations;
- e. Building exterior lighting;
- f. ADA compliance;
- g. Roof and other building repairs;
- h. Awning installation or repair;
- i. Sign replacement or removal;
- j. Tuckpointing;
- k. Window trim painting or repair;
- l. Storefront/façade rehabilitation or restoration
- m. Removal of false façade;
- n. General painting or paint removal; and
- o. Architectural services.

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**Program Type & Eligible Items...Revised**

E. Eligible projects costs are generally classified as Permanent improvements are based upon the building/structure rather than the particular business and shall include but not be limited solely to:

- a. Electrical Upgrades;
- b. Alarm system installations;
- c. Structural and other repairs;
- d. Second story rehabilitations;
- e. Building exterior lighting;
- f. ADA compliance;
- g. Roof and other building repairs;
- h. Awning/canopy installation or repair;
- i. Sign replacement or removal;
- j. Tuckpointing;
- k. Structural Window trim painting or repair;
- l. Storefront/façade rehabilitation or restoration
- m. Removal of false façade;
- n. Façade improvements (hereby referring to any façade, including the front, side, or rear façade, that impacts the public viewsheild);
- o. General painting or paint removal; and
- p. Architectural services (provided this is deemed by the City Council as a qualifying and eligible expense as related to a specific project).
F. Eligible projects costs are generally classified as Permanent improvements based upon the building/structure and shall include but not be limited solely to:

a. Electrical Upgrades;
b. Structural repairs;
c. Second story rehabilitations;
d. ADA compliance;
e. Roof repairs;
f. Awning/canopy installation or repair;
g. Tuckpointing;
h. Structural Window repair;
i. Façade improvements (hereby referring to any façade, including the front, side, or rear façade, that impacts the public viewshed).
j. Architectural services (provided this is deemed by the City Council as a qualifying and eligible expense as related to a specific project).

Program Type & Eligible Items...Currently

1. Fire Safety Code Assistance Program: For permanent improvements to be made for compliance with the City’s Fire Safety codes by the installation of a fire safety system that is the most cost-effective means to meet compliance, the City may fund a project for no more than ninety percent (90%). Such funding shall not exceed Ninety Thousand Dollars ($90,000), unless otherwise agreed to by the City Council.
1.2. Fire Safety Code Assistance Program:
For permanent improvements to be made for compliance with the City’s Fire
Safety codes (primarily the Life Safety Code) by the installation of a fire
safety system, items directly related to increasing the Life and Fire Safety
Code compliance of the building, and required thereby by said codes, that is
the most cost-effective means to meet compliance, the City may fund a
project for no more than ninety percent (90%) of the total code eligible items
and such funding shall not exceed Ninety Thousand Dollars ($90,000),
unless otherwise agreed to by the City Council in the form of a development
agreement.

2. Fire Safety Code Assistance Program:
For permanent improvements to be made for compliance with the City’s Fire
Safety codes (primarily the Life Safety Code) by the installation of items
directly related to increasing the Life and Fire Safety Code compliance of the
building, and required thereby by said codes, that is the most cost-effective
means to meet compliance, the City may fund a project for no more than
ninety percent (90%) of the total code eligible items and such funding shall
not exceed Ninety Thousand Dollars ($90,000), unless otherwise agreed to by
the City Council in the form of a development agreement.
**Program Eligibility Evaluation Criteria...Proposed**

D. **Funding by the City shall be in consideration of the following criteria associated with the project:**

1. **Annual sales tax increase;**
2. **Annual property tax increase;**
3. **Jobs created;**
4. **Wages/salaries of jobs created;**
5. **Development impact on the Uptown area;**
6. **Residential units created; and**
7. **Square footage of the project.**

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<tr>
<th>Evaluation Criteria</th>
<th>Total Points</th>
<th>Maximum TIF Award</th>
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<tbody>
<tr>
<td><strong>TIF Awards Criteria</strong></td>
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<tr>
<td>Anticipated annual sales tax</td>
<td>$25,000</td>
<td>$50,000 to $75,000</td>
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<tr>
<td>Anticipated annual property tax</td>
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<td>Total square footage offered</td>
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<tr>
<td>Total commercial facilities completed</td>
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<td>2</td>
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<tr>
<td>Total residential units completed</td>
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<td>2</td>
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<td>Anticipated annual sales tax and wages</td>
<td>$75,000</td>
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<td>Construction costs</td>
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<td>$165,000 to $210,000</td>
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<td>Some change</td>
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<td>Mostly removed</td>
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<th>Rule potential for neighborhood change</th>
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<tr>
<td>Minimal change</td>
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<td>$12,000</td>
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<td>Will improve current conditions</td>
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<td>Will improve future conditions</td>
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<tr>
<td>Will eliminate existing conditions</td>
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| TOTAL | | |
|-------| | |
| 5 | $60,000 |
| 10 | $120,000 |
| 15 | $180,000 |
| 20 | $240,000 |
| 25 | $300,000 |
| 30 | $360,000 |
| 35 | $420,000 |
| 40 | $480,000 |
| 45 | $540,000 |
| 50 | $600,000 |
| 55 | $660,000 |
| 60 | $720,000 |
| 65 | $780,000 |
| 70 | $840,000 |

**TIF Awards Scale**
D. Funding by the City shall be made upon proof of completion of the project with the schedule of payments for improvements being subject to the approval of the City Council. Completion shall be effective only upon: (i) written certification by the applicant to the City, and (ii) by delivery of lien waivers from any persons providing materials, labor, or services for the improvement project.

**Program Payment Details...Currently**

D. Funding by the City shall be made upon proof of completion of the project with the schedule of payments for improvements being subject to the approval of the City Council. Completion shall be effective only upon: (i) written certification by the applicant to the City, and (ii) by delivery of lien waivers from any persons providing materials, labor, or services for the improvement project.

**Program Payment Details...Revised**

D. Funding by the City shall be made contingently, based on the following:

1. The City Council shall approve the award prior to the commencement of any on-site improvements or construction activities;

2. The applicant shall be required to demonstrate compliance with all relevant City codes and ordinances;

3. The applicant shall be required to complete and submit to the City the “Substantial Completion” form for the project; and

4. All receipts shall be required for all items identified in the award, and the actual amount reimbursed must be consistent with the submitted receipts for the project.

5. Upon proof of completion of the project with the schedule of payments for improvements being subject to the approval of the City Council, completion shall be effective only upon: (i) written certification by the applicant to the City, and (ii) by delivery of lien waivers from any persons providing materials, labor, or services for the improvement project.
**Program Payment Details... Revisited**

D. Funding by the City shall be made contingently, based on the following:

1. The City Council shall approve the award prior to the commencement of any on-site improvements or construction activities;

2. The applicant shall be required to demonstrate compliance with all relevant City codes and ordinances;

3. The applicant shall be required to complete and submit to the City the “Substantial Completion” form for the project; and

4. All receipts shall be required for all items identified in the award, and the actual amount reimbursed must be consistent with the submitted receipts for the project.

**Applications Exceeding $15,000... Currently**

E. Applicants who apply for TIF funds totaling more than $15,000 must:

1. Sign a waiver for the City to obtain all financial information from banking institutions, credit check and police background check;

2. Submit a completed business plan to the City;

3. Submit architectural renderings of proposed building/site changes; and

4. Agree to submit the following no later than March 31 each year for a minimum of 7 years after the year of award:
   a. Tenant lease rates.
   b. Occupancy rate.
   c. Annual sales tax amount for all businesses located in the building.
   d. Real estate tax.
   e. Other revenues as applicable.
E. Applicants who apply for TIF funds totaling more than $15,000 must:

1. Sign a waiver for the City to obtain all financial information from banking institutions, credit check, and police background check;
2. Submit a completed business plan to the City;
3. Submit architectural renderings of major proposed building/site changes; and
4. Agree to submit the following no later than March 31 each year for a minimum of 7 years after the year of award:
   a. Employment data.
   b. Tenant lease rates.
   c. Occupancy rate.
   d. Annual sales tax amount for all businesses located in the building.
   e. Real estate tax.
   f. Other revenues and financial information as deemed applicable.

E. Applicants who apply for TIF funds totaling more than $10,000 must:

1. Submit all financial information from banking institutions, credit check, and police background check;
2. Submit a completed business plan to the City;
3. Submit architectural renderings of major proposed building/site changes; and
4. Agree to submit the following no later than March 31 each year for a minimum of 7 years after the year of award:
   a. Employment data.
   b. Tenant lease rates.
   c. Occupancy rate.
   d. Annual sales tax amount for all businesses located in the building.
   e. Real estate tax.
   f. Other revenues and financial information as deemed applicable.
**Property Ownership Term Requirement & Lien...Currently**

F. The applicant and property owner must agree to retain ownership of the property for which TIF funds are granted for a period of four (4) years after completion of the project. If the property is sold before the completion of four (4) years, the applicant or owner shall reimburse to the City twenty-five percent (25%) of the funds granted by the City for each partial or full year of the agreement that the owner did not retain ownership after completion of the project.

G. Application and receipt of any TIF funds from the City shall be deemed as consent to the City's recording a lien on the real estate upon which the improvements are made. For a TIF grant, the lien shall be limited to the amount of the TIF funds provided by the City for a period of four (4) years after completion of the project. For a TIF loan, the lien shall be limited to the balance owed on the loan.

H. Violation of this ordinance by the applicant or property owner may be grounds for the City to foreclose its lien as provided for in “Article XV of the Illinois Code of Civil Procedure”

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**Property Ownership Term Requirement & Lien...Revised**

F. The applicant and property owner (if different) must agree to retain ownership of the property for which TIF funds are awarded for a period of four (4) years after the date of reimbursement by the City completion of the project. If the property is sold before the completion of the required four (4) years, the applicant or owner shall reimburse to the City twenty-five percent (25%) of the funds granted by the City for each partial or full year of the agreement that the owner did not retain ownership after completion of the project.

G. Application and receipt of any TIF funds from the City shall be deemed as consent to the City's recording a lien on the real estate upon which the improvements are made. For a TIF grant, the lien shall be limited to the amount of the TIF funds provided by the City for a period of four (4) years after completion of the project. Upon the payment of any TIF award the City shall record a lien in the amount of the TIF award on the property. For a TIF loan, the lien shall be limited to the balance owed on the loan.

H. Violation of this ordinance by the applicant or property owner may be grounds for the City to foreclose its lien as provided for in “Article XV of the Illinois Code of Civil Procedure”
**Property Ownership Term Requirement & Lien...Revised**

*F.* The applicant and property owner (if different) must agree to retain ownership of the property for which TIF funds are awarded for a period of four (4) years after the date of reimbursement by the City. If the property is sold before the completion of the required four (4) years, the applicant or owner shall reimburse to the City twenty-five percent (25%) of the funds granted by the City for each partial or full year of the agreement that the owner did not retain ownership after completion of the project.

*G.* Upon the payment of any TIF award the City shall record a lien in the amount of the TIF award on the property. For a TIF loan, the lien shall be limited to the balance owed on the loan.

*H.* Violation of this ordinance by the applicant or property owner may be grounds for the City to foreclose its lien as provided for in “Article XV of the Illinois Code of Civil Procedure”

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**Summary, Recommendations, & Next Steps**

1. Revise language and provide a draft ordinance for the review of each board and commission (UDC, PC) and provide input to the City Council.

2. Draft ordinance amendment for TENTATIVE discussion under “New Business” at the August 22nd meeting.
   - Any issues will be discussed and incorporated into a revised amendment to appear on the September 12th City Council meeting under “Old Business”.

3. Changes in program effective 30 days after ordinance passage.

4. Implement changes on effective date.