

Carson's Anchor Store Redevelopment (Yorktown Reserve)

Zoning Actions and Economic Incentive Request Introduction

May 4, 2023 Village Board Meeting

PC 23-02: YORKTOWN RESERVE PROJECT CONCEPT

Petition by Synergy Development (Joint Tenants in Common) and Pacific Retail Capital Partners (PRCP) – mall owner

- Demolition of former Carson's anchor building
- 621 apartment units within two buildings/phases
- Greenspace commercial plaza, and
- Façade modifications to Yorktown mall building abutting redevelopment area

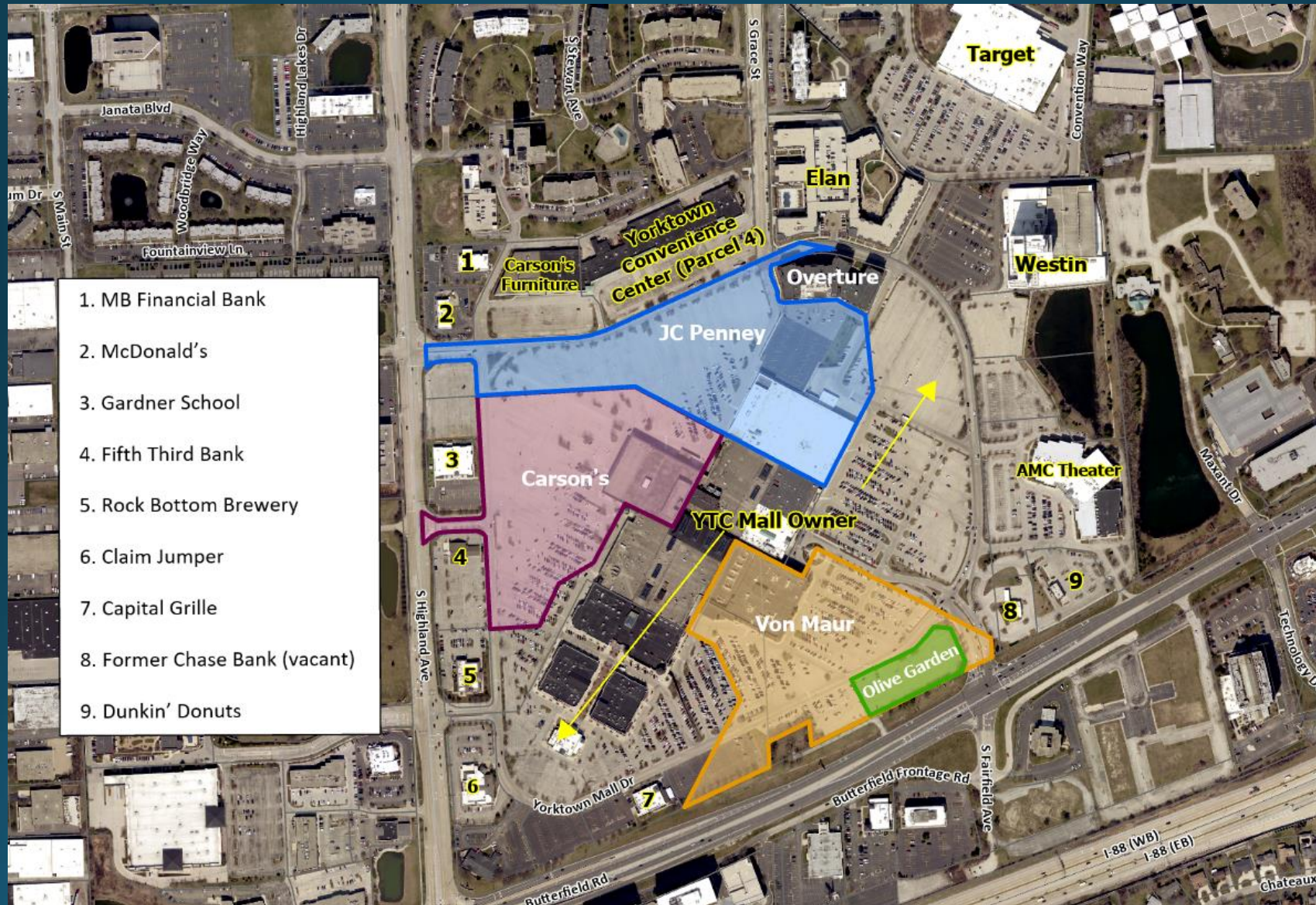
PC 23-02: ZONING ACTION

- Requested zoning actions:
 - Amend Yorktown Shopping Center Planned Development to approve use exception allowing multiple-family residential buildings with dwelling units on the first floor
 - Approve preliminary plat of subdivision with companion variations for lot frontage, lot width, and lot geometry

YORKTOWN PLANNED DEVELOPMENTS

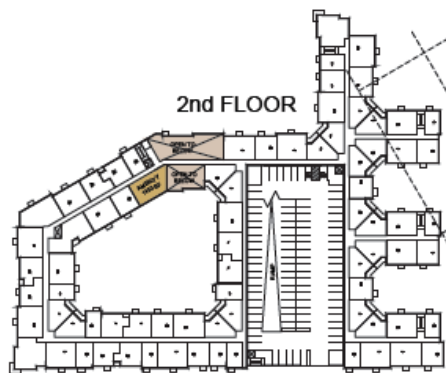


PROPERTY OWNERS/BUSINESSES



YORKTOWN RESERVE SITE PLAN





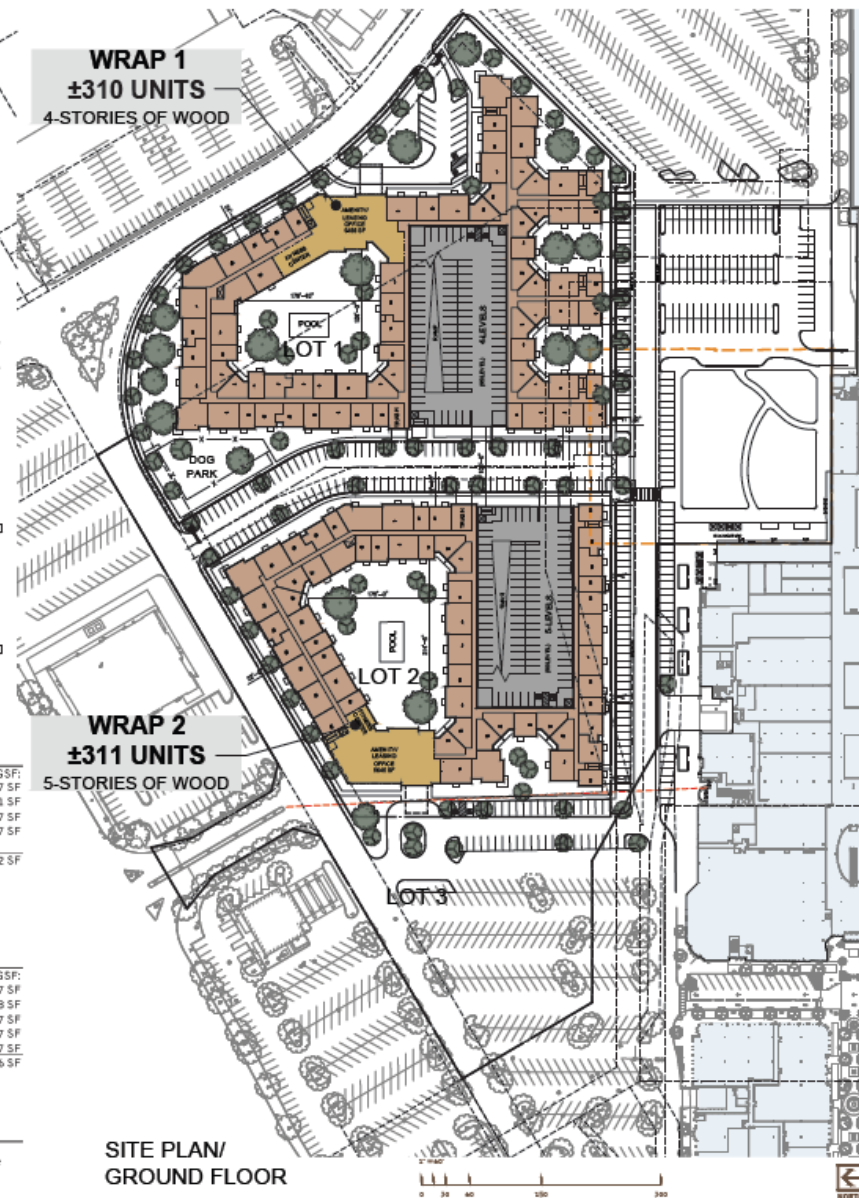
WRAP 1
±310 UNITS —
4-STORIES OF WOOD



WRAP 2
±311 UNITS —
5-STORIES OF WOOD

WRAP 2 - GROSS AREAS:		
	GARAGE GSF:	RESIDENTIAL GSF:
LEVEL 1	30,745 SF	73,097 SF
LEVEL 2	30,745 SF	68,548 SF
LEVEL 3	30,745 SF	73,097 SF
LEVEL 4	30,745 SF	73,097 SF
LEVEL 5	30,745 SF	73,097 SF
TOTAL:	153,725 SF	360,936 SF

GROSS AREA INCLUDES EVERYTHING TO THE OUTER EDGE OF THE BUILDING, NOT INCLUDING BALCONIES OR EXTERIOR STORAGE. ROOF OVERHANGS ARE NOT INCLUDED.



YORKTOWN RESERVE



YORKTOWN RESERVE



YORKTOWN RESERVE



Conceptual Rendering Key Plan

YORKTOWN RESERVE COMMERCIAL OPPORTUNITIES



Approximately 36,000 sq. ft. of retail space to be repositioned

YORKTOWN RESERVE – MALL EXTERIOR

RETAIL CONCEPTUAL ELEVATIONS



PACIFIC
RETAIL

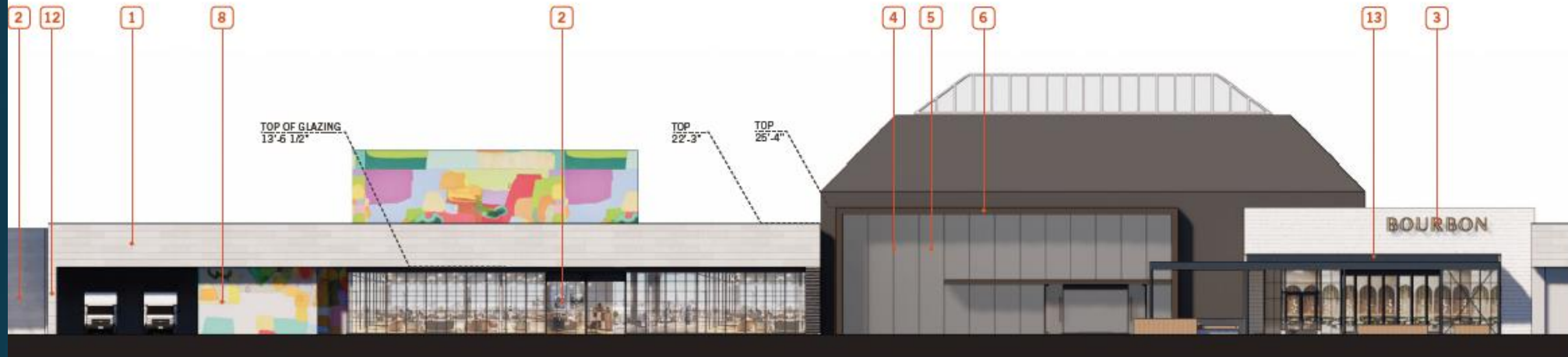
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YORKTOWN RESERVE

YORKTOWN SHOPPING MALL, LOMBARD, IL

01.17.2023



West Conceptual Elevations - N.T.S.



North Conceptual Elevations - N.T.S.

PUBLIC ENGAGEMENT & PC ACTIONS

- March 28 and October 17, 2022: Plan Commission Workshop Sessions
- May 17, 2022: Neighborhood Meeting (**1,000** invitations sent, around 100 attended)
- February 20, 2023: Plan Commission public hearing
- Plan Commission unanimously recommended **approval** of zoning petition, subject to conditions

PROJECTED TIMING & PHASES

- Spring, 2023: Zoning Entitlements
- Summer, 2023: Demolition work commences
- Winter, 2024: Completion of green space areas and exterior mall walls
- 2024 through 2025: Construction of Phase 1 apartment building
- 2024 and ongoing: Interior tenant leasing and space buildout
- TBD: Construction of Phase 2 apartment building

ZONING DISCUSSION

Questions

PENDING ECONOMIC INCENTIVE DISCUSSION

Consideration of a companion economic incentive request associated with the redevelopment proposal

Following base parameters of the Village Economic Incentive Policy and Business Retention Policy for Key Redevelopment Sites

FUNDING SOURCES FOR AGREEMENT

- Butterfield Road Yorktown TIF District
- Butterfield Road Yorktown Business District #2
- No funds of general applicability to the Village

VILLAGE ECONOMIC INCENTIVE POLICY (REGARDLESS OF FUNDING SOURCES)

- Any incentives are **performance based**
- No up-front assistance
- To be set on a “pay as you go” basis.

FINANCIAL COMPONENTS

- Market conditions still favorable (subject to interest rates)
- Incentive period runs to the expiration of the Butterfield Yorktown TIF District in the year 2040 (2041 calendar year),
- ECDC supported policy deviation at previous meetings

FINANCIAL COMPONENTS

- \$200,000,000 estimated project cost
- Phase 1 project costs eligible for a reimbursement of up to \$12,148,004 (NPV), plus interest.
- For Phase 2, the request is \$9,639,372 (NPV), plus interest.
- Project challenges attributed to higher interest rates, construction cost data, and an additional interest carrying year for construction activity.

FINANCIAL COMPONENTS - MODIFICATION

Requested modification supported by ECDC:

- For the first four years of Phase 1 (period in which construction cost activity occurs), staff can justify up to 95% of performance based incremental property taxes, after start of reimbursement period. The remaining years reimbursement will be at the previously supported 75% levels.
- For Phase 2, the projected 65% levels will be held.

FINANCIAL COMPONENTS - MODIFICATION

Requested modification supported by ECDC:

- Given development costs and interest payments, adjustment allows for a greater opportunity to achieve the incentive levels by reducing risk.
- Sets forth a reasonable rate of return and secure financing at terms that will allow the project to proceed.
- Project will still generate significant revenues to the TIF District upon completion.
- Approximate **\$21,787,376** NPV TIF incentive component computes to be **10.9%** of the overall **\$200,000,000** project costs.

Commercial Open Space

(Business District Incentive)

BUSINESS DISTRICTS & PERFORMANCE

- Generated funds in Business Districts must be spent in defined geographical area
- BD #2 incentives are **performance based** (1% collected sales tax generated on site since BD #2 creation in 2019)
- If BD #2 performs well, revenues generated; if sales slow or stop, no revenues generated

KEY PROJECT COST COMPONENTS

- Commercial open space common area to provide active and supportive elements along with companion building modifications to the adjacent existing mall exterior.
- Improvements paid from generated funds and existing reserves created by retail sales business activity within BD #2.

YORKTOWN RESERVE COMMERCIAL OPPORTUNITIES



COMMERCIAL OPEN SPACE

External modifications necessary as part of demolition effort

Rather than replacing with a solid exterior wall, proposal will create external facing tenancies (not unlike Fitness Precinct and Shops on Butterfield)



COMMERCIAL OPEN SPACE

Proposed overall development is intended to provide additional catalyst for future commercial development within Center

Per PRCP, externally oriented tenant spaces and anticipated close-by population will create opportunities and market conditions for:

- Grocery and convenience retail
- Entertainment uses and activities
- Restaurant opportunities
- Other retail and supportive service opportunities

KEY PROJECT COST COMPONENTS – BD #2 REQUEST

Anticipated Costs include:

- Mall demolition site work; concrete wall construction and masonry and maintenance; doors, windows, canopies, electricals/mechanicals adjustment and finishes construction (for impacted area resulting from demolition work);
- Commercial Open Space work including Carson's demolition, asbestos removal, earthwork, fill, asphalt paving and pavers, site utility modifications, concrete, electrical and mechanicals; and
- Soft costs including general contractor, contingencies, design and permit fees.

KEY PROJECT COST COMPONENTS – BD #2 REQUEST

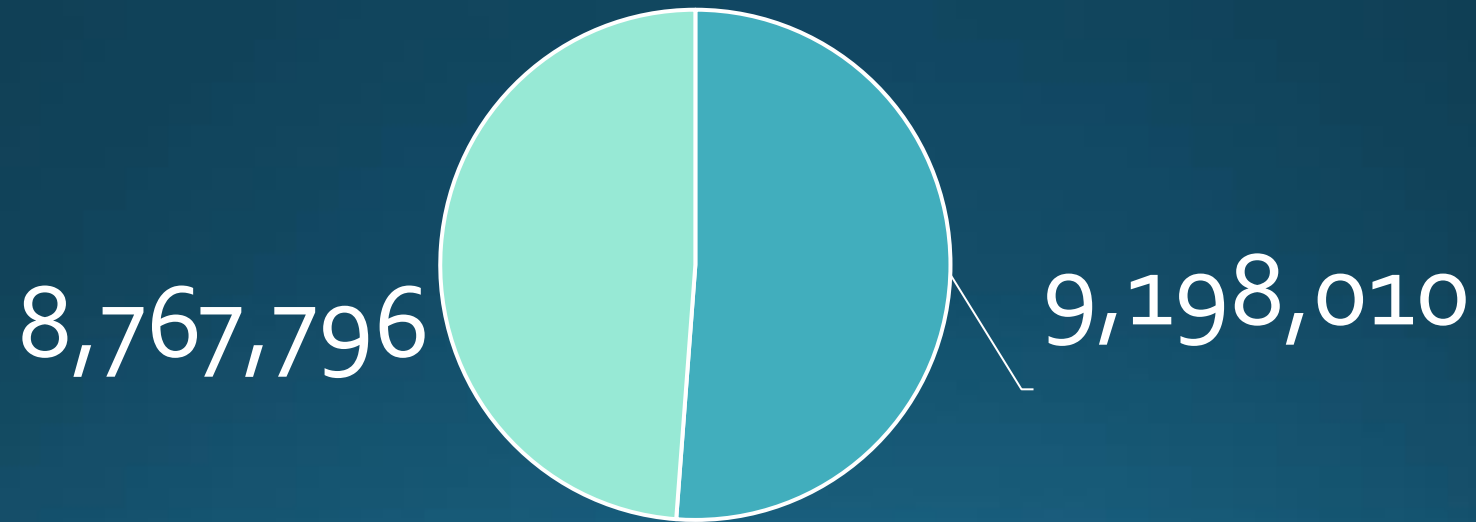
- Incorporated leasing, design and construction components.
- Included detailed information pertaining to past construction/demolition issues and refinements to the concept building exterior plans.
- \$9,198,010 construction cost estimate
- Building and engineering staff reviewed utility engineering, demolition, and construction figures and find they are generally reasonable. These costs would be subject to prove-up provisions.

KEY PROJECT COST COMPONENTS – BD #2 REQUEST

- Upon completion of demolition & construction prove-ups, reimburse with previously collected BD #2 funds since its inception in 2020. This figure is estimated to be in the \$4,400,000 to \$5,000,000 range.
- Any additional BD #2 generated funds will be based upon future BD #2 collected funds until such time that the final applicable construction cost figure is achieved.

KEY PROJECT COST COMPONENTS – BD #2 REQUEST

Projected BD #2 Allocation



■ Amount to Synergy ■ Amount Unallocated

KEY PROJECT COST COMPONENTS – BD #2 REQUEST

- Improvements paid from both past generated funds created by BD #2.
- The Village could transfer eligible costs from the BD #2 to TIF Fund, if the costs meet statutory and policy provisions.
- May also be a valuable incentive tool should an additional project in the BD #2 geography materialize that warrants incentive participation.
- Staff conservatively estimates that approximately \$7,500,000 of the \$9,198,010 figure could potentially be TIF eligible expenses – future Finance Department/Committee authority.

ECDC ACTIONS

- May 23, 2022: Introduction pertaining to an economic incentive funding request.
- September 12, 2022: Further discussion of a potential economic incentive framework.
- March 13, 2023: Refinements to pending incentive.
- After each presentation, ECDC unanimously offered their concurrence and directed staff to continue working with relevant parties on an agreement.

TIMING

Synergy closed on Carson's anchor property in September 2022

Contract for portion of JCPenney lot – closing in 2023

Zoning Entitlement:

May 4: Village Board consideration – first reading

May 18: Village Board consideration – final reading

Economic Incentive:

April/ongoing: Crafting of Incentive Agreement

May/June: Village Board consideration of Incentive Agreement

QUESTIONS & DISCUSSION