




MEMORANDUM

TO: Trustee Anthony Puccio, Chairperson

FROM: William J. Heniff, AICP, Director of Community Development 

MEETING DATE: February 12, 2024

SUBJECT: Economic Incentive Agreements – Winter, 2024 Status Update

The Community Development Department offers a status report of all open economic incentive agreements which were considered by the Economic & Community Development Committee. Each of the referenced agreements met or will meet the applicable performance-based requirements of the Village's Economic Incentive Policy or the Business Retention Economic Incentive Policy.

In addition to the larger incentive agreements, staff also provides an update of the approved and open grants for projects within the former Downtown Lombard TIF District and the existing St. Charles Road TIF 1- West District. There are no open grants for the St. Charles Road TIF 2 - East District at this time.

Project: Bluestone Single Tenant Properties, LLC (Thornton's Fuel Center & Convenience Store)

Location: 515 West North Avenue

Project Description: The project consisted of a wholesale redevelopment of several properties at the southeast corner of North Avenue and Route 53. Included with this project were public roadway improvements along North Avenue and Route 53 and a reconstruction of Broadview Avenue, a residential street abutting the east side of the subject property, as well as cost differentials associated with the vault detention systems.

Economic Incentive Award: The incentive request is \$587,000, to be paid out over a 10-year period and which would be reimbursed in the form of a sales tax rebate generated specifically from the project. In the event the \$587,000 request is distributed prior to the end of the ten-year period, the agreement will terminate. If the \$587,000 request is not generated after a 10-year period, the Village will not have an obligation for further reimbursement.

Status of Project: The redevelopment project was completed in 2018.

Funding Status: With completion of the project, the Village has been making reimbursement payments based upon generated sales tax revenues.

Project: Bradford Lombard 1 LLC (Mariano's Grocery Store Development)

Location: 345 West Roosevelt Road

Project Description: Bradford Lombard 1 LLC sought zoning entitlement approval and a companion economic incentive agreement in order to redevelop the former K-Mart Store on the property. They facilitated the construction of a new 74,000 square foot Mariano's grocery store and ancillary gas station. Project cost was estimated at \$26,000,000.

Economic Incentive Award: Key physical improvements included a new traffic signal at east entrance drive to Roosevelt Road (\$350,000), Roosevelt Road additional turn lanes & driveway modifications (\$150,000) and address existing Finley/Roosevelt deficiencies to turn lanes and signal enhancement (\$500,000). The overall performance-based incentive is capped at \$3,000,000.

The agreement establishes that the Village will retain the first 20% of sales tax generated from the site (to account for market cannibalism) and equally shares (50/50) retail sales tax generated from the project for the 18-year life of the agreement. The agreement also includes an inter-governmental property tax economic incentive component with School District 44 and 87, which captures a portion of the increased property tax valuation generated by the site. The agreement provides for a 50/50 sharing of the additional property tax generation created by the project for the districts for the first ten years of the agreement.

Status of Project: The agreement was approved in 2016 and the store opened in 2017.

Funding Status: With completion of the project, the Village has been making reimbursement payments based upon generated sales tax revenues.

Project: Holladay Properties' Lilac Station Development

Location: 101-109 S. Main Street

Project Description: The project consists of 116 market rate luxury apartment units located in a single building, with a 3,500 square foot first floor restaurant space located at the northwest corner of the apartment building, along with a second retail building of 10,600 square feet in area.

Economic Incentive Award: The project value is approximately \$31,000,000. The agreement provides for a property sale to Holladay for \$1,500,000. Up to \$525,000 in TIF incremental revenues generated by the Subject Property (after the payment of any required new student or new library patron TIF obligations, as required by the State statutes), provided the Developer provides documentation to the Village regarding TIF eligible expenditures of at least \$525,000. The obligation to provide said TIF assistance shall expire upon the Developer's receipt of \$525,000 in TIF incremental revenues, or on December 31, 2024.

Regarding sales tax reimbursements, up to \$500,000, over a period of not-to-exceed 10 years from the date of the issuance of the first conditional or final Certificate of Occupancy/Zoning Certificate for the retail portion of the project, whichever occurs first. Additional provisions within the agreement limit the incentive eligibility (i.e., at least 50% of the gross floor area of the 109 S. Main Street building must be retail sales tax uses for the incentive to apply.

Status of Project: Residential occupancies began in June, 2023. Within the 109 S. Main Street building, MOTW Coffee and Pastries is now open. The remaining commercial tenant space within the building is available spaces are available for occupancy.

Funding Status: No funds have been released to date.

Project: Hoffmann 600 Lombard LLC (Northern Seminary Redevelopment)

Location: 600-690 East Butterfield Road

Project Description: Hoffmann 600 Lombard LLC, intended to redevelop the former Northern Seminary property with a Golf Social/Moretti's, a fuel center and related ancillary retail/service commercial uses; entitlement rights for up to 400 future multiple-family dwelling units (anticipated to be undertaken by a future developer); and a connection road between Butterfield Road and 22nd Street. A 0.7-acre dedicated parcel (Lot 7) for future Village utility uses (water tower) is also contemplated.

Economic Incentive Award: The estimated development budget is approximately \$159,054,000, with the anticipated vertical development cost of approximately \$119,673,000, of which about two-thirds of the anticipated costs would be from the future apartment phase. Noted costs pertained to land acquisition, eligible onsite improvements, and site preparation (hard costs), offsite roadway Improvements, land development soft costs and financing. Fund sources would be from a combination of the Village share of received and eligible sales taxes (1%) (not to exceed 50%/15 years), Lombard Places for Eating (PFE) Tax (2%) (not to exceed 50%/15 years), Lombard Amusement Tax (5%) (not to exceed 50%/15 years), Business District 2 Revenues (not to exceed 75% of generated revenues during a 16 year agreement period; and Butterfield Yorktown TIF Revenues (not to exceed 75% of generated revenues during a 16 year agreement period; also TIF revenues are subject to school/library payments). The agreement capped the incentive at \$27,500,000 or the end of the TIF District, whichever comes first.

Status of Project: Since the incentive was approved, Hoffmann closed on the property and started demolition of the Seminary buildings. No construction related activity has occurred on the premises since early 2022. The Village and Hoffmann are in the final stages of completion of a real estate sale of a 0.75 acre tract of land to the Village in February, 2024, for the purpose of constructing a public water tower.

Funding Status: The Village has not expended any incentive funds on this project to date.

Project: Heritage Cadillac Business Retention Economic Incentive

Location: 303 West Roosevelt Road

Project Description: Heritage Cadillac, Inc. is making significant capital investments to their existing new and pre-owned vehicle dealership and ancillary vehicle repair facility on their 8.13-acre site. Such capital improvements include, their existing sales building utilized as their vehicle showroom space will be demolished and replaced with a new building showroom, electronic vehicle conversion capital infrastructure improvements, installing electrical charging stations, capital improvements to an existing storm sewer line, and selected parking lot repairs.

Economic Incentive Award: Heritage estimated construction cost between \$5,500,000 and \$7,000,000 and they secured a Business Retention Economic Incentive request of up to fifty percent (50%) of the eligible project costs, payable over a period of up to twenty (20) years, with a demonstrated incentive cap at \$3,500,000. The source of the funding would be the newly created Economic Development Fund. Fund dispersals would be set forth within a performance-tier structure. The agreement was approved in April, 2022.

Status of Project: The project is under construction, with a targeted completion date of Winter/Spring, 2024.

Funding Status: No incentive funds have been released to date.

Project: D.R. Horton (Summit at Yorktown Townhome Redevelopment)

Location: 4-44 Yorktown Shopping Center

Project Description: D.R. Horton acquired the property for a 90-unit townhome project with an estimated project valuation of \$33,000,000. Project components that are subject to an incentive request include site engineering costs, public infrastructure improvements, remediation activities, land acquisition, landscape enhancements, lighting, and financing costs.

Economic Incentive Award: The agreement was approved in November, 2022 with a minor amendment approved in January, 2023. The project costs eligible for a reimbursement are capped at \$1,900,000, subject to prove up provisions and based upon newly generated TIF increment from the development.

Status of Project: Demolition of the former shopping center is complete, utilities are installed, and the first four townhome buildings are under construction. Two other buildings have poured foundations. A model unit opened in January, 2024. Some perimeter landscaping has been installed.

Funding Status: No incentive funds have been released to date.

Project: Synergy Construction Yorktown Reserve (Carson's Anchor Store Redevelopment)

Location: 230 Yorktown Shopping Center

Project Description: Synergy intends to demolish the existing Carson's building, relocation and installation of all new private infrastructure and utilities and construct two multiple-family dwelling buildings (approximately 571 units), each with an interior parking deck, to be constructed in two phases. They will also construct an open space / greenspace area, and to make certain peripheral building modifications to the exterior façade of the Yorktown Center. The overall project development cost is approximately \$200,000,000.

Economic Incentive Award: The TIF economic incentive is to offset an anticipated funding gap for the Phase 1 Project in the amount of \$16,000,000 in Net Present Value and for the Phase 2 Project in the amount of \$9,639,372 in Net Present Value, which in total is \$25,639,372. For the first four years of Phase 1 (generally the period in which construction cost activity and lease up period occurs), up to 95% of performance based incremental property taxes (IPT). The remaining year's reimbursement will be at 75% levels. For Phase 2, the Village's Economic Incentive Policy cap of 50% of generated IPT levels would apply. The total TIF increment generated over the life of the TIF from the Phase I building amounts to \$26,135,835 and the developer is projected to receive \$20,686,792 in TIF payments, which reflects the NPV value plus agreed interest payments. Actual Phase 2 increment would be a function of the construction costs, timeline, and future assessments.

Synergy will receive a BD#2 incentive for the Greenscape Improvements Project, estimated to be \$9,198,010. The previously generated in the Village's BD#2 Sales Tax Account which is estimated to be \$4,000,000; as well as a remaining balance from BD#2 sales taxes will be made available. Upon meeting prove-up provisions, the Village will reimburse the applicable parties with previously collected BD #2 funds since its inception in 2020. The gap between the verified costs and the available reserves will also be reimbursable based upon future BD#2 collected funds, until the final applicable construction cost cap and NPV component is met.


Status of Project: Synergy is in the process of securing financing. To facilitate this effort, the Village approved a First Amendment to the Economic Incentive Agreement in December, 2023 which extended selected entitlement timelines. Synergy anticipates construction start this year, beginning with the Carson's building demolition in early Spring, 2024.

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Economic Incentive Award: The agreement was approved in November, 2022 with a minor amendment approved in January, 2023. The project costs eligible for a reimbursement are capped at \$1,900,000, subject to prove up provisions and based upon newly generated TIF increment from the development.

Status of Project: Demolition of the former shopping center is complete, utilities are installed, and the first four townhome buildings are under construction. Two other buildings have poured foundations. A model unit opened in January, 2024. Some perimeter landscaping has been installed.

Funding Status: No incentive funds have been released to date.

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Project Description: Synergy intends to demolish the existing Carson's building, relocation and installation of all new private infrastructure and utilities and construct two multiple-family dwelling buildings (approximately 571 units), each with an interior parking deck, to be constructed in two phases. They will also construct an open space / greenspace area, and to make certain peripheral building modifications to the exterior façade of the Yorktown Center. The overall project development cost is approximately \$200,000,000.

Economic Incentive Award: The TIF economic incentive is to offset an anticipated funding gap for the Phase 1 Project in the amount of \$16,000,000 in Net Present Value and for the Phase 2 Project in the amount of \$9,639,372 in Net Present Value, which in total is \$25,639,372. For the first four years of Phase 1 (generally the period in which construction cost activity and lease up period occurs), up to 95% of performance based incremental property taxes (IPT). The remaining year's reimbursement will be at 75% levels. For Phase 2, the Village's Economic Incentive Policy cap of 50% of generated IPT levels would apply. The total TIF increment generated over the life of the TIF from the Phase I building amounts to \$26,135,835 and the developer is projected to receive \$20,686,792 in TIF payments, which reflects the NPV value plus agreed interest payments. Actual Phase 2 increment would be a function of the construction costs, timeline, and future assessments.

Synergy will receive a BD#2 incentive for the Greenscape Improvements Project, estimated to be \$9,198,010. The previously generated in the Village's BD#2 Sales Tax Account which is estimated to be \$4,000,000; as well as a remaining balance from BD#2 sales taxes will be made available. Upon meeting prove-up provisions, the Village will reimburse the applicable parties with previously collected BD #2 funds since its inception in 2020. The gap between the verified costs and the available reserves will also be reimbursable based upon future BD#2 collected funds, until the final applicable construction cost cap and NPV component is met.

Status of Project: Synergy is in the process of securing financing. To facilitate this effort, the Village approved a First Amendment to the Economic Incentive Agreement in December, 2023 which extended selected entitlement timelines. Synergy anticipates construction start this year, beginning with the Carson's building demolition in early Spring, 2024.

Funding Status: No Village funds have been released to date.

Project: Prairie Food Co-op (PFC) Tenancy

Location: 837 S. Westmore-Meyers Road (Eastgate Shopping Center)

Project Description: PFC seeks to make significant capital investments to the interior and exterior tenant space and adjacent outside sidewalk, seating areas and landscape islands. Such improvements will provide for the development and operation of a co-op retail grocery store. Some improvements will also bring the tenant space up to current building codes.

Economic Incentive: PFC indicated that their tenant improvement and start-up costs are anticipated to be about \$4,400,000. PFC secured grant funding through the Federal government (\$750,000) and the State of Illinois (\$807,000) to assist in their funding effort. Supplementing existing PFC funding reserves, landlord contributions (tenant allowances), share sales and companion bank loan and private commitments, PFC is also seeking assistance to cover up to \$50,000 in eligible exterior signage, façade work and rooftop screening improvements; Village building permit fee costs; and a performance-based retail sales tax incentive for up to a period of up to ten years, or until the requested \$300,000 generated sales tax performance cap is reached, whichever comes first. The dispersals would be in a waterfall approach, in which higher percentages of reimbursement are made available at the start the reimbursement period (to address initial start-up costs) and with declining percentages for each subsequent year.

Status of Project: The ECDC expressed its support and recommendation of approval of the incentive concept at their April, 2023 meeting. PFC is still working through the provisions of their previously committed federal and state grant processes. The draft economic incentive agreement review has not been completed to date. Upon completion, it will be forwarded to the Village Board for consideration and approval. Additional tenant construction activity is slated to occur beginning in February/March, 2024.

Funding Status: No Village funds have been expended to date on this project.

Project: 10-12 S. Park Avenue Exterior Façade Reconstruction

Location: 10-12 S. Park Avenue

Project Description: Property owner UMJK Holdings LLC/Usman “Sid” Siddiqui is being requested as part of an overall rehabilitation of the existing building on the premises, which is estimated to be about \$460,000. The grant would be applied toward a major reconstruction of the commercial building exterior. This is being done in concert with other major interior improvements that will bring it up to code compliance and be able to be leased to future commercial tenants.

Grant Incentive: On September 21, 2023, the Village Board approved a Downtown Lombard TIF Renovation & Improvement Grant of up to \$50,000 associated with the proposed exterior modifications.

Status of Project: The exterior improvements are ongoing.

Funding Status: No Village funds have been expended to date on this project.

Project: Grove Tavern Restaurant

Location: 2-8 W. St. Charles Road

Project Description: The project pertains to three adjoining properties. The redevelopment proposal is to create a dinner restaurant on the premises to supplement the existing Egg House breakfast/lunch activity, and includes:

- a complete renovation of the 6 W. St. Charles Road building to accommodate the dinner restaurant component;
- connecting the building to the adjacent 2 W. St. Charles building via a to be created access/egress door to allow for additional seating, access to reconfigured restrooms and use of the existing Egg House Kitchen food preparation infrastructure by their staff; and
- Proving for an outdoor patio/seating area, along with an extended/covered dining area with full seasonal closure options.

The overall project cost is approximately \$725,000.

Grant Incentive: The Village Board approved three grants associated with the project using Downtown Lombard TIF funds:

- a. Renovation & Improvement Grant of up to \$50,000 associated with the proposed exterior modifications.
- b. Restaurant Forgivable Loan of up to \$100,000 for the proposed and applicable exterior and interior building modifications.
- c. Retail Business Grant of up to \$20,000 for the applicable interior building modifications.

Status of Project: The property owner is facilitating the building permit effort, with the effort to have work started this Spring.

Funding Status: No Village funds have been expended to date on this project.

Project: Performance Real Estate Advisors

Location: 118 W. St. Charles Road

Project Description: Performance Real Estate Advisors LLC (PREA) purchased the property in 2023 and are undertaking improvements to their new building in order to give them expanded office space. While the grant request was made as part of their overall office interior build-out activities, the grant would only cover applicable exterior façade modifications to the existing building.

Grant Incentive: On November 16, 2023, the Village Board approved a Downtown Lombard TIF Renovation & Improvement Grant of up to \$49,618 associated with the proposed exterior modifications.

Status of Project: Office tenant construction is underway on the interior improvements. Exterior work will be completed as weather conditions dictate.

Funding Status: No Village funds have been expended to date on this project.

Project: Lombard Veterinary Hospital

Location: 244-376 E. St. Charles Road

Project Description: LVH has operated at 244 E. St. Charles Road since the late 1950s. The existing building sustained significant damage during a 2020 storm. In addition to 244 E. St. Charles, LVH also acquired the property at 300-376 E. St. Charles Road (former icehouse building) in 2022. The applicant is redeveloping the property with an expanded veterinary hospital plus a second 2,400 square-foot building for future commercial use. In 2023, LVH received zoning entitlements. The site redevelopment includes removing utility distribution lines for ComEd, AT&T and Comcast) and installing underground lines. Lombard Vet has applied for a Downtown Improvement and Renovation Grant to cover part of the cost of this site improvement.

Grant Incentive: The Village Board approved a St. Charles Road TIF 1-West \$50,000 Renovation & Improvement Grant. The funds are intended to cover a portion of the costs associated with the relocation of an existing public utility pole bisecting the property.

Status of Project: The former Veterinary Hospital and Ice House building were razed and construction continues on the new Veterinary Hospital.

Funding Status: No Village funds have been expended to date on this project.

Project: Kyo Restaurant

Location: 108 W. St. Charles Road

Project Description: The new owner Mingli Dai acquired the subject property in August, 2023 from the previous owner/operator of Lom Ling Restaurant. The owner/applicant has been working with Village staff and the DuPage County Health Department on the plan enhancements. Through this effort, the applicant has filed for building permits for the interior of the restaurant and the south exterior façade. The remodel effort will also bring the tenant space up to code.

Grant Incentive: On December 21, 2023, the Village Board approved two grants associated with the project using Downtown Lombard TIF funds:

1. A Downtown Renovation and Improvement Grant (Façade Grant) for the proposed façade modifications and related eligible components. The overall bid quote for this component is \$37,681 and 50% of the eligible cost would be \$18,841, plus eligible Village permit fees.
2. A Restaurant Forgivable Loan for the proposed interior buildout modifications to the currently vacant building. The overall bid quote for this component is \$249,590 and 33.3% of the eligible grant cost would be \$83,196, plus eligible Village permit fees.

Status of Project: The applicant has applied for building permits for the project. Interior construction is slated to start in the early-Spring, 2024.

Funding Status: No Village funds have been expended to date on this project.

Project: Punky's

Location: 16 S. Park Avenue

Project Description:

Grant Incentive: The Village Board approved a Downtown Lombard TIF Renovation & Improvement Grant of up to \$50,000 associated with the proposed exterior modifications.

Status of Project: Final building permit plans have not been submitted to the Village to date.

Funding Status: No Village funds have been expended to date on this project.