



Mayor & Village Board

Standard Operating Procedure – No. 007

Date Adopted: January 22, 2013

Date(s) Revised:

Mayor and Village Board Standard Operating Procedure No. 007, having been first adopted by the Mayor and Village Board on January 22, 2013, shall:

1. Be updated on at least an annual basis;
2. Be administered by the Mayor and Village Manager; and
3. Serve as the Village of Homer Glen's Economic Development Incentive Policy.

Signed:

Date: January 29, 2015

VILLAGE OF HOMER GLEN SALES TAX ECONOMIC DEVELOPMENT INCENTIVE POLICY.

Homer Glen welcomes opportunities for business growth and economic development. Businesses and developers are encouraged to contact the Village's Economic Development Department staff for assistance regarding their interest to locate/build in or expand within the Village of Homer Glen. The Village's Economic Development Department staff can help provide guidance regarding initiating consideration for an economic incentive.

The following SOP shall establish a sales tax economic development incentive (hereinafter "economic incentive") policy for the Village of Homer Glen. The policy shall express the intent of the Village regarding entering into economic incentive agreements

with business entities proposing to open sales tax generating businesses in Homer Glen.

Requests for economic incentives will be considered, on a case-by-case basis, based on the merits of the individual proposal. This policy provides a framework to ensure consistency and fairness in the consideration of economic incentive proposals. The Village's intention will be to provide a minimum amount of assistance needed to realize desirable economic growth in light of long term value and community impacts.

Village Goal

The primary goal for the use of economic incentives is to realize quality projects which will generate substantial new sales tax revenues for the Village. Typically, said projects would not occur without the Village's economic incentive.

Objectives

The Village's goal will be addressed by the following objectives:

- Benefiting the Village of Homer Glen financially by increasing sales tax revenues;
- Attracting businesses/developers to high priority sites;
- Attracting high priority and unique businesses which improve the overall mix of uses in Homer Glen;
- Providing higher quality exterior appearance in developments, than the market currently will bear, to improve the appeal of Homer Glen commercial corridors and areas;
- Improving properties which have been vacant for a long period of time; and
- Encouraging high quality commercial development of Homer Glen's primary business corridors as identified in the Comprehensive Plan.
- Creating commerce within Homer Glen for the benefit of the community at large.

Eligible Projects

- Business attraction.
- Business retention, expansion or modernization.

Type of Incentive

Sales tax rebate as a portion of new revenue to be generated by the proposed project from the 1% Local Sales Tax.

Review Criteria

The level of assistance given to a developer should be the minimum amount needed to provide the developer a reasonable rate of return, while providing a significant level of return for the Village of Homer Glen.

The following criteria will be used to evaluate requests for an economic incentive:

1. Compatibility with the Comprehensive Plan;
2. The positive impact of the project on the growth or stabilization of Village sales tax revenues;
3. Attraction of targeted business niches or targeted firms;
4. Remedy for an underserved business sector;
5. Diversification of the business mix;
6. Probability to improve Homer Glen's economic base by enhancing the profitability and marketability of existing businesses, or business corridor areas, in the community;
7. Use of vacant or underutilized commercially-zoned property;
8. Improvement of public infrastructure, such as extension of water and sewer lines, street improvements, traffic control, traffic circulation and streetscape, or public facilities, such as a park or other recreational amenities and trails;
9. Creation of more marketable commercial space;

10. Quality appearance beyond code and design requirements;
11. The impact of the project on employment within the Village;
12. Any other benefits to the Village, as defined by the Village Board;
13. Extraordinary costs such as prohibitive expense for public infrastructure and environmental remediation;
14. Ability to construct and complete the proposed project based upon past experience, reputation and credit history;
15. Probability for economic success of the proposed project; and
16. The applicant, in all cases, should demonstrate that the project would not otherwise take place "but for" the economic incentive.

Submittal Requirements

Applicants should be prepared to provide full financial disclosure for evaluation by the Village. Providing the information below will assist the Village in evaluating the likely success of a proposed project, the public benefits, and the financial necessity for assistance in consideration of entering into an economic incentive agreement.

1. Project Details

- a. Full contact information for Applicant, Agent(s), and/or Attorney(s).
- b. Complete list of investors identifying individual ownership interest.
- c. Proof of ownership.
- d. Summary description of proposed development.
- e. Benefits to the Village, including how the project specifically addresses the objectives and review criteria provided in this policy guidance.
- f. Area of property.
- g. Square footage of uses by type.
- h. Purchase price of property.
- i. Current equalized assessed value of the property.
- j. Current property appraisal.
- k. Estimated construction cost.
- l. Proposed construction timeframe.
- m. Estimated number of permanent employees.
- n. Projected annual sales over 10 years.

2. Market study for proposed uses.
3. Pro forma of the project with gap analysis.
4. Description of incentive being requested.
 - a. Dollar amount and proposed structure of incentive.
 - b. Description and amount of extraordinary costs related to development.
5. Any other relevant information requested by the Village and necessary to evaluate the request.
6. Financial guarantees to ensure project completion will eventually be required for any assistance to be approved.

Review Process

Applicants should submit three copies of the incentive request packet to:

Economic Development Department
Village of Homer Glen
14933 S. Founders Crossing
Homer Glen, IL 60491

Review will not begin until all requested information from the applicant is received by the Village's Economic Development Department.

As deemed necessary by the Village, the applicant may be required to deposit an amount into an escrow account for legal and financial consultant costs associated with the Village's review of the incentive request. Evaluation of an incentive request will include the following steps:

- Analysis by the Village Economic Development Department (and possibly consultants as desired by the Village);
- Review by the Community and Economic Development Committee and recommendation to the Village Board;

- Consideration by the Village Board and finding as to whether it is in the best interest of the community to provide a public economic development incentive; and
- If applicable following approval in concept by the Village Board, an economic incentive agreement will be drafted for subsequent consideration and final Village Board approval.

The Village Board's decision to consider and approve economic incentive agreements is and will remain as a "case by case" review of each application and offered only upon a clear demonstration of substantial and significant public benefit. The Village of Homer Glen will remain under no obligation to approve any requested incentive and will reserve the right to deviate from the policies and criteria contained in this SOP under its sole discretion, when deemed to be in the best interest of the Village.

General Guidelines For Structuring Incentive Agreements In Homer Glen

Economic incentive agreements should address the provisions shown below:

- Dollar Amount: The amount of new 1% Local Sales Tax dollars generated by the proposed project and shared under an economic incentive agreement should not exceed the amount retained by the Village of Homer Glen in any given year.
- Term: The maximum term of an economic incentive agreement shall be ten (10) years.
- "But For" Standard: A finding of financial necessity in that the applicant would not build the proposed project without ("but for") such incentive.
- Ownership: The developer must retain ownership of the overall project until final completion.
- Milestone Schedule: The agreement may identify a timetable for construction completion and phased occupancy, as appropriate to a given project.
- Business Commitment: A commitment for business occupancy equal to or beyond the term of the incentive.
- Ineligible Project Costs: Expenses incurred prior to approval of the project and soft costs such as legal, architectural or engineering consultant fees are not considered eligible project costs for use of an economic incentive.

- Claw-Back: Provision for the Village to receive reimbursement of a pro-rated share of the incentive based on specified time periods should a business associated with an economic incentive cease to operate during the term of the incentive.

Final Authority

The Village Board has final authority to negotiate the terms of any economic incentive or to deny approval of an incentive request. The preceding guidelines do not limit Village Board action.