

## Development Incentive Policy

### Introduction

The Village of Park Forest uses various forms of assistance and development incentives for the purpose of attracting new businesses to the Village, helping existing businesses expand, and helping start-up businesses get underway. These incentives are designed to help the Village achieve the long-term goals of expanding the property and sales tax base, providing new jobs to Village residents, and providing for the enhancement of the quality of life in the community, while at the same time meeting the legitimate cost concerns of companies locating or expanding in a specific location.

Incentives are available directly from the Village of Park Forest, as well as from Cook County, Will County, the State of Illinois, and the federal government. When appropriate, the Village will work with a qualified business to assist them in obtaining non-Village incentives. Village incentives are negotiated on a case-by-case basis, with consideration given to the specific type of company and the location within the Village. Incentives may include property tax relief, sale tax refunds, tax increment financing (where available), and infrastructure improvements.

Any business interested in pursuing a development incentive from the Village, or other governmental entity, should seek information about the incentive as early in the planning process as possible. Many of these incentives are granted on a “but for” basis – in other words, the incentive is only granted if the business can demonstrate that “but for” the incentive the project could not proceed. Therefore, in many cases, if any type of work is initiated on the project prior to the approval of an incentive, the property owner may disqualify themselves from that incentive.

### Inventory of Village Incentives

#### Tax Increment Financing

Tax increment financing (TIF) is a redevelopment tool authorized by State Statute to spur the revitalization of certain areas determined to be in a “blighted” condition. The “tax increment” is the difference in the amount of property taxes collected before and after the designation of a TIF district. It is assumed that there will be a positive tax increment resulting from reinvestment in the property by the municipality and private property owners. In Park Forest, two TIF Districts have been designated, including the DownTown Park Forest TIF District and the Norwood Square Redevelopment Project Area TIF District. In both cases, TIF benefits are awarded on a “pay as you go” basis. This means that the private developer must pay for redevelopment costs up-front with the expectation that the tax increment will be sufficient to reimburse them for a portion of those redevelopment costs that are TIF eligible. TIF benefits to property owners within the District are not automatic. Each redevelopment project within the TIF District must be approved for benefits based on a detailed analysis of the investment to be made by the developer and the projected impact on tax increment.

#### DownTown Park Forest TIF District

The DownTown Park Forest TIF District was first created in 1985. At that time the property was known as the “Park Forest Plaza” and it was in private ownership. The Village of Park Forest purchased the Park Forest Plaza in 1995 and began implementation of a master plan to convert the former shopping center to a traditional

downtown. As part of these plans, the original TIF District was dissolved and a new TIF District created in 1997. The current DownTown Park Forest TIF District will dissolve in the year 2020. The Village is working to extend the TIF for an additional 12 years. If this occurs, it will extend the TIF from 2020 to 2032. Interested parties should contact the Village to determine if the DownTown TIF District is still in place.

#### Norwood Square Redevelopment Project Area TIF District.

The Village's second TIF District was created in 2005 (expires in 2028) and encompasses a 14 acre site on Western Avenue. The Project Area has been razed and has a completed Phase 1 and Phase 2, and a Letter of No Further Remediation.

#### Sales Tax Rebates

A sales tax rebate will be considered when a retail operation is projected to generate a significant amount of sales tax to the Village, based on the 1 percent municipal share of the total sales tax generated. The Village will consider sharing a portion of the municipal share of the sales tax with the property owner for a specified number of years based on the type of retailer, the gap it will fill in the Village's inventory of retail, and the total amount of sales tax expected to be generated. It is expected that this rebate will be used to benefit the retailer's Park Forest location, either by reimbursing redevelopment costs, paying for ongoing marketing of the Park Forest store, or other specified means. Sales tax agreements will be non-renewable. The rebate is awarded to the property owner.

#### Property Tax Incentives

Property tax incentives are described in more detail below.

#### Village Property Tax Abatements

The Village will consider requests to abate a portion of the municipal share of property taxes for a specified period of time. The abatement is tied to an improvement in the value of the property, either through new construction or substantial rehabilitation of an existing structure which results in increased taxable property value. In addition, property that has been assessed at a vacancy rate for a period of time may also qualify. Because the municipal share of property taxes is typically in the range of 30 percent of the total property tax bill, this incentive is often tied to similar incentives from the appropriate school districts (which must be negotiated separately between the developer and the school district). In this manner, the property tax abatement can achieve a more significant reduction in taxes.

Abatements are available for Cook and Will County properties in the Village of Park Forest. The Village's abatement, if approved, will not exceed the term or rate of the abatement offered by other taxing bodies. A Village of Park Forest Tax Abatement cannot be combined with a Cook County Class 8 or Class 6b Tax Incentive. To qualify for a Village of Park Forest Tax Abatement if the applicant owns other property in Park Forest, the applicant must be current and in compliance with all Village of Park Forest ordinances, regulations and fees. If a lease is involved, it must be attached to the application.

### Cook County Property Tax Incentives

Cook County has created several property tax incentives designed to encourage property owners to undertake new construction, or substantial rehabilitation or reutilization of abandoned buildings for commercial and industrial purposes. See [www.cookcountyassessor.com](http://www.cookcountyassessor.com) for detailed descriptions of the County programs and the applications. The Class 8 incentive is the most versatile of these options because it can be used for either commercial or industrial projects. This incentive assesses qualifying real estate at a reduced assessment level for a period of 12 years from the date that new construction or substantial rehabilitation is completed and initially reassessed or, in the case of abandoned property, from the date of substantial reoccupation. The assessment is reduced from 25 percent (for industrial and commercial property) to 10 percent of market value for the first 10 years, to 15 percent in year 11 and 20 percent in year 12. Cook County regulations allow this incentive to be renewed.

Because Park Forest is located in Rich and Bloom Townships, the only qualifier for the Cook County Class 8 incentive is the support of the municipality. This special allowance is made for the following five townships Bloom, Bremen, Calumet, Rich and Thornton Townships. If the Village supports the requested property tax incentive, the Village Board will be asked to approve a Resolution stating its support for the County incentive. The property owner is then responsible for submitting a formal application to Cook County for this incentive.

### Southland Reactivation Act

The Southland Reactivation Act is a tax abatement incentive to property developers who purchase tax-exempt commercial and industrial property within Bloom, Bremen, Calumet, Rich, Thornton or Worth Townships in Cook County. Qualifying parcels are assessed at 50% of the last known equalized assessed value. For the first year a parcel is certified as a Southland Reactivation property, the aggregate tax bill liability cannot exceed \$100,000. Discounts on the liability would decrease gradually, but continue for a total of 12 years. The incentive is nonrenewable. The Application Tool Kit and Frequently Asked Questions can be found at [Southland Reactivation Act | SSMMA](#)

### Will County Tax Abatement Program

The Will County Tax Abatement Program provides for up to a five-year, 50% real estate property tax abatement for new, newly occupied or expanded facilities. Under Illinois Statutes, each taxing body must enter into a separate tax abatement agreement with the company occupying a facility in Will County. Typically the request is made of the County, municipality and the school districts which, on average, represent about 50% of the property tax bill. In addition to submitting a Village of Park Forest Incentive Application, a Will County Tax Abatement Application must be submitted to the Will County Center for Economic Development to start the process. A Village of Park Forest Tax Abatement can be combined with a Will County Tax Abatement. Information about the Will County Tax Abatement program and application can be found at <http://www.willcountyced.com/businesslocationassist/incentives.aspx>

### Village – Owned Properties

The Village of Park Forest owns a number of properties throughout the community. These properties have the potential for residential, commercial, or industrial development, depending

on location. The Village's goal in acquiring these properties was to ensure that they are put back into productive, tax generating use. The manner in which Village-owned properties are sold will vary based on potential use, location, and other incentives available. The Village will work closely with qualified developers to bring all required entitlements to the process in order to achieve our goals of enhancing the tax base and quality of life in the community.

#### Abandoned Properties Acquisition Program

When there are abandoned commercial and industrial properties, an applicant can request that the Village use its authority as provided by Section 11-31-1(d) of the Illinois Municipal Code, 65 ILCS 5-1-1-1 et seq., to petition the circuit court to have property declared abandoned and may thereafter petition for a judicial deed to property. The APAP program commits the Village to undertaking the abandonment on behalf of an approved applicant. The approved applicant assumes some risk by establishing an escrow account for legal expenses up to \$10,000. If any funds remain in escrow at time of deed and transfer of title, and negotiated redevelopment agreement, those funds become the purchase price for the property.

#### Sign Grants

For businesses located in DownTown Park Forest, the DownTown Management office offers a sign grant program, which will pay one-half (1/2) the cost of a building sign, up to a maximum of \$1,000.00. For businesses located elsewhere in the Village, a similar program is administered by the Economic Development and Planning Department. It is a first applied, first received program. This incentive will pay for one-half (1/2) the cost of the building sign, up to a maximum of \$1,000.00.

#### Enterprise Zone

The Village of Park Forest participates in the Will Cook Enterprise Zone. Applications are submitted to Village Staff and reviewed by the Zone Administrator. Visit [www.willcookezone.org](http://www.willcookezone.org) for the map showing the eligible locations, policy and application. Enterprise Zone benefits include a certificate waiving sales tax on construction materials purchased in Illinois.

#### Sustainability and Green Initiatives

In May 2012, the Village Board adopted the *Growing Green: Park Forest Sustainability Plan*. Subsequently, the Village Board has adopted two companion plans, the *Bicycle and Pedestrian Plan* (December 2014) and the *Climate Action and Resilience Plan* (February 2019). Many of the strategies outlined in each of these Plans require capital investments to meet the goals of the plans. This incentive encourages businesses to participate in ComEd or Nicor energy efficient upgrade programs. Similar to the sign grant program, the Village offers a reimbursement of one-half the cost of the improvements, up to a total of \$1,000. The business would have to provide proof that the improvements are completed and paid for, and provide annual reporting to the Village on energy costs and usage, for five years. This incentive will reduce the business' direct costs for the improvements, and reduce the payback period because implementation of these improvements also reduces the business' energy costs.

#### Best Management Practices Incentive

Redevelopment and new development of multifamily, commercial, industrial projects will have to comply with the Village's adopted stormwater management ordinance to minimize flooding throughout the community. It is important to also consider how existing development, both in the single family neighborhoods and in the multifamily, commercial, and industrial areas can use

green infrastructure to minimize flooding. This incentive will off-set a portion of the costs of green infrastructure in order to encourage multifamily, commercial, and industrial property owners to install rain gardens and other small scale best management practices. The incentive is up to \$5,000 per project.

## **Policies**

The following policies will be applied when development incentive requests are considered within the Village of Park Forest:

- A.** Certain areas within the Village have priority relative to receipt of incentives. The priority areas are as follows (in no specific order):
  - a. Norwood Square Redevelopment Project Area
  - b. DownTown Park Forest
  - c. Neighborhood Shopping Redevelopment Sites along Sauk Trail
  - d. Business Park
  - e. 211<sup>th</sup> Street transit-oriented development area
  - f. Village-owned properties under contract to private developers
- B.** Village support of incentive requests is generally limited to projects that involve new construction, significant rehabilitation that increases property value, reoccupancy of vacant commercial or industrial properties, or the sale of Village-owned properties.
- C.** If a development agreement is required, the incentive package shall be contained within the development agreement.
- D.** Whenever appropriate, incentives will be performance-based with established performance criteria.
- E.** If performance goals are not met, all or a portion of the incentive funding shall be required to be returned to the Village.
- F.** The individual or firm receiving incentives shall be responsible for the Village's attorney fees required to prepare and negotiate the development agreement.
- G.** The Village will not consider any requests for waiver of the following fees or charges: construction permit fees, utility rates, development impact fees, recapture fees, property transfer fees, and other fees required by Village ordinances, unless the project is in the Enterprise Zone.

## **Procedures**

Specific procedures have been put in place to help guide the decisions on incentive requests. These procedures are detailed below and should be followed for any individuals or firms interested in applying for development incentives with the Village of Park Forest.

To qualify for consideration, all individuals and firms requesting incentives shall provide the following information as part of their application package:

- A.** Completed Development Incentives Application form, including all required attachments (see attached).
- B.** Non-refundable application fee, a check for \$250 payable to the Village of Park Forest.
- C.** Detailed development pro forma, including but not limited to such information as the projected amount of investment to be made in the project; the projected assessed and equalized assessed value of the property over the life of the requested incentive; the projected sales tax revenue to be generated, if any, from the project.

- D. Description of the requested incentive, including the requested amount of incentive, term of the requested incentive, and a description of why this is required to fill a funding gap, to address an economic hardship or to meet criteria for a renewal. This should also be demonstrated in the detailed development pro forma or in the marketing or business plan.
- E. Description of the tangible benefits to the Village, including number of potential jobs, ability to fill a gap in the current business market, potential property and sales taxes generated, and other intangible benefits, such as participation in or sponsorship of community events, workforce training, hiring locally, purchasing locally, participation in regional initiatives, agencies or collaboratives, such as South Suburban Mayors and Managers Association, Will County Economic Development Network, Chicago Southland Chamber of Commerce, Chicago Southland Economic Development Corporation, and attending Village of Park Forest business events, for example.
- F. Documentation of the individual or firm's financial stability and ability to complete and/or maintain a successful project, which may include a detailed business plan, a personal financial statement and the immediately prior two years of income taxes if a start-up, a published annual report, and/or three to five years of audited annual financial reports for an existing business.

Upon the receipt of a complete application package, all requests for incentives shall be analyzed by the Economic Development Advisory Group (EDAG) and staff. The EDAG, may make a recommendation to the Mayor and Board of Trustees, who have the final approval on any request for development incentives.

### **Evaluation Criteria**

All development proposals or requests for financial incentives shall be submitted in a format that addresses the above-mentioned Policies and Procedures. In addition, each submittal shall be evaluated based upon the following criteria:

- A. The potential for receiving development incentives is available to private businesses based upon the following criteria:
  - a. Location of development.
  - b. Types and number of jobs created.
  - c. Tax benefits (property and/or sales) to the Village.
  - d. Consistency with preferred concepts
  - e. Community benefits such as sponsorship of local and/or regional events, attending and /or participating in Village sponsored business events; supporting workforce development goals of the region, and hiring locally,
- B. The development must be something that is of a public benefit (see footnote 1) to the Village.
- C. The impact of a proposed development on existing businesses in the Village shall be evaluated when considering the use of incentives for the new development.
- D. The assisted business must have the potential to grow or expand and/or the potential of attracting other related positive development.
- E. It is the Village's preference that incentive funding be directed toward public improvements whenever possible. (See footnote 2.)
- F. The amount of the incentive must be recaptured within a reasonable time period based upon the industry.

## Summary

It is the intent of the Village's Development Incentive Policy to establish a framework by which requests for development incentives submitted to the Village of Park Forest can be reviewed and evaluated in an objective fashion. This Policy provides developers, individuals, and others wishing to conduct business with the Village with a clearly-defined set of development principles, policies and evaluation criteria for proposals to be submitted to the Village for review. The Policy also provides the Village with a clearly-defined set of guidelines that will direct its review and evaluation of proposals.

## Footnotes

- (1) Public benefit means that a proposed development will result in increased tax revenue, desired additional employment or have an identifiable effect of stimulating further and additional desired economic development which outweighs the proposed incentive to be provided by the Village.
- (2) Public Improvements means Village owned and maintained water mains, hydrants and other necessary works and appurtenances for providing water service; sanitary sewers or other instrumentalities or appurtenances for providing sanitary sewer service; sidewalks, curbs, gutters, streets, off-street parking lots, culverts, bridges, or viaducts; drains, sewers and appurtenances for providing storm water drainage; traffic signs, signals, lights and lighting; poles, posts, wires, conduits, lamps and other appurtenances providing for street lighting; parks, parkways and recreational paths; and acquisition of any and all property, easements and rights of way which may be necessary to accommodate such improvements.

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