

VILLAGE OF EAST DUNDEE
JOINT BOARD REVIEW
PENNY AVENUE DEVELOPMENT PROJECT AREA MINUTES
July 10, 2017
4:00 pm

Village Attorney Kathleen Field Orr calls the meeting to order at 4:00 pm.

Members present at Roll Call: Village Administrator Jennifer Johnsen, Village Clerk Katherine Holt, Village Attorney Kathleen Field Orr, School District 300 Susan Harkin and Dr. David Scarpino, Dundee Township Park District Dave Peterson, Fox River Valley Public Library Director Roxane Bennett, Dundee Township Supervisor Trish Glee, Kane County Assessment Mark Armstrong and Public Member Kathleen Mahony.

Kathleen Mahony was reappointed as the Public Member.

Administrator Johnsen was appointed as Chairperson.

Attorney Orr explained that 201 Penny Avenue has been vacant for seven years. She said the use of the building as office space is obsolete. She advised that the Village has changed its comprehensive plan and zoning, and as part of this process, this particular site has been studied. The study found that the building was no longer of a commercial use. She said that the property has declined by 34 percent since 2010 and continues to decline in its value. She advised that the intention of this project is to address something that has been blighted. She explained that this is a two parcel TIF established primarily to address the structure that is too good to be torn down but too bad to be continued in the use that it was initially constructed.

Mark Armstrong asked if the TIF statute provides any minimum area for a TIF district. Orr responded that it provides for 1 ½ acres and the combined two parcels meets the statutory minimum area. Dr. Scarpino stated that of the seven TIF districts, six are currently in the negative. He asked why the Village would want to create another TIF. Orr responded that the TIFs are overlaid with the BDDs. She said the Village has imposed an additional ¾ percent sales tax and has undertaken home rule sales tax. She stated that the Village has been able to incentivize by borrowing from the general fund, BDD taxes and sales taxes.

Susan Harkin stated that she wanted to go on record that the Village did not use a land use planner to evaluate and make these recommendations. She said the decline in the EAV and her concern is that the Village already has a negative fund balance in relationship to the TIFs and sees this project as a no winner in a financial aspect. Administrator Johnsen responded that there have been substantial policy changes in the way the Village is funding projects. She said the Village will not be fronting any money for projects and has eliminated all façade grant programs. She said there is no risk at this point because reimbursement will only be given on a percentage of what is generated. She said the only way to bring any health to this is to use the existing TIFs and continue to do projects where increment will be generated. Trish Glee stated that her sticking point is that she feels the taxpayers of Dundee Township will shoulder most of burden.

Roxane Bennett asked if there were plans for development for 210 Penny Avenue. Johnsen responded that the owner purchased the property with the intent to do some redevelopment on it. She advised that she is working with him at this time. She said the problem was that when the Route 68 West TIF was created, the EAV was so high that there was no chance of redevelopment

improvement of the property to generate any increment. She advised that with the creation of this new TIF, the EAV will fall in half.

Dr. David Scarpino asked if it is possible to have a TIF less than 23 years. Attorney Orr said it is possible. He asked if it was possible to try the TIF for 5 years and then come back and revisit it. Attorney Orr said that the expense to do this all over again would likely be more than the increment generated. She said it is doubtful to get an interested developer for 5 years because that is not enough time for reimbursement.

Mark Armstrong explained that the role of the Joint Review Board is to review the eligibility report and decide whether the Board agrees with the findings that are presented. He said at this moment, he is not persuaded that the correct conclusion is that both properties have fallen into disuse and are ill-suited for the original use in which they were constructed. He asked how many units are in the building at 201 Penny Avenue and how long has the property been vacant. Developer Joe Billitteri replied that there are 8 units of variable sizes. Attorney Orr added that the property has been 100 percent vacant since 2014. Armstrong asked what year the rezoning took place. Orr replied that the property was rezoned in late 2016. In response to Armstrong's question of vacancy history at 210 Penny Avenue, Administrator Johnsen stated that Units A and B were vacant from 2010 until 2016; Unit C is not currently used and was last occupied in 2013; Unit D was vacant from 2013 until 2014, Units E and F have been occupied consistently; Units G and H were vacant from 2012 until 2015 and Unit I has been vacant since 2012.

Armstrong stated that the report indicated that 210 Penny Avenue has had two owners since 2013. He asked when did the property sell each time and what were the sales prices. He also asked what the construction date was on 201 Penny. Billitteri replied that construction was done in the 1980s. Armstrong said that the report's statement that "structures have become ill-suited for the original use" is not the same as the original use is no longer in demand. He said he has not been persuaded by the report's conclusion of obsolescence. Attorney Orr said because of the excessive vacancies and the building being originally constructed for office space, an alternative use must be found as it is not working and has not for years. Johnsen added that the developer that purchased this property was aware of this which is why he had plans to redevelop the property. The owner was unable to do so because there was no increment generated because of where the EAV was. In response to Armstrong's question of the sale dates and prices of 210 Penny, Johnsen responded that she does not have the prices but the dates of sale were 2015 for the current owner and 2008 for the previous owner.

PUBLIC COMMENT:

Joe Billitteri, developer for 201 Penny Avenue

Mr. Billitteri, addressing the developer's risk for this project, stated that he lost everything in 2008. He said he has started over and has made it all back. He said he is borrowing the funds from the bank and will not be receiving reimbursement on the project until later.

Attorney Orr advised that a Public Hearing will be held on July 17 at 7 pm.

Motion to recommend the Village Board to proceed with the creation of the Penny Avenue TIF by Mahony/Johnsen.

Ayes – 2 – Johnsen and Mahony. Nays – 5 – Peterson, Bennett, Glees, Harkin and Armstrong.

Attorney Orr advised that with a negative vote and recommendation, this will require more than a simple majority on the part of the Village Board. She said she will advise of their decision.

The Joint Review Board meeting adjourns at 5:00 pm by unanimous vote.