



Committee of the Whole Meeting Agenda

Village of Cary

August 15, 2023

Immediately Follows the Village Board Meeting

Cary Municipal Center Board Room

755 Georgetown Drive, Cary, IL 60013

Agenda

I. Call to Order

II. Roll Call

III. Pledge of Allegiance

IV. Public Comments

The public is invited to make an issue-oriented comment on any matter of public concern not otherwise on the agenda.

V. Discussion Items

A. Facade Improvement and Interior Buildout Grant Program Discussion

VI. Adjourn



Agenda Item: **Facade Improvement and Interior Buildout Grant Program Discussion**

Type: **Discussion**

Report From: **Community Development**

Introduction

In 2013, the Village of Cary adopted an Economic Development Incentives Policy intended to target new and expanding businesses within the Village. The policy established general guidelines for the use of any public funds to assist with redevelopment efforts in Cary. Since the adoption of the policy, the Village has entered into various agreements with developers and businesses to encourage investment in the community. Sample agreements have included matching facade grants for businesses downtown, a revolving loan fund program, and a sales tax sharing agreement for public improvements associated with a commercial development. As the Village of Cary considers the creation of the proposed Central Cary Tax Increment Financing District (TIF District #3), this TIF can provide an additional funding source to assist with potential business improvements within its jurisdiction. The purpose of this memo is to provide for discussion purposes the potential parameters of implementing a new facade improvement program within the proposed TIF 3 area.

Staff Analysis

Facade Improvement and Interior Buildout Program

Shortly after the adoption of the incentive policy, the Village of Cary implemented a program that provided matching grants to businesses, which performed improvements within the community. In total, five grants were provided to downtown businesses/property owners. The grants provided a 50/50 funding match with a maximum of \$10,000.00 local contribution for eligible expenses. The program ended in 2017 due to the lack of a dedicated funding source.

The proposed TIF #3 provides an opportunity for the Village of Cary to dedicate a new funding source to reimplement this program. As part of the Central Cary Redevelopment Plan and Project ("TIF Plan") for the proposed TIF #3, the Village anticipated redevelopment project costs within the TIF for rehabilitation/facade improvements. The TIF Plan's initial cost estimates for this program were \$1,000,000 throughout the 23-year life cycle for the TIF, which equates to about \$40,000 per year. However, this amount is contingent upon the TIF producing sufficient increment to cover these potential future expenses and future funding by the Village Board.

Similar to the previous program, staff would recommend a facade grant program be considered that would provide financial assistance in the form of a matching grant (50% of

total project paid by the Village of Cary) up to \$10,000.00 for retail and restaurant uses. In order to qualify for the program, staff would recommend a minimum improvement be made by property owners/lessees of at least \$1,000.00. Depending on the overall scope of a project, staff would recommend flexibility remain in the program for the Village to potentially increase the percentage it may contribute on a case-by-case basis. All final agreements for the program would require Village Board approval.

Potential Targeted Businesses

One of the primary goal's of the Village's Downtown Strategic Plan is to "strengthen Downtown Cary's market position." Specifically, Strategy #3 of this goal desires to maintain an active business development, recruitment, retention and expansion program. The plan recommends targeting certain sectors which are missing from Downtown or in high demand and will help to achieve a diverse land use mix. Per the plan, "*Recruitment of businesses Downtown should be targeted to certain economic sectors focused on food service and drinking places, retail, and arts, culture, and health and wellness establishments. Additionally, health/medical and wellness sectors could bring both added foot traffic and employment to Downtown.*" While TIF #3 expands beyond the limits of the Downtown planning area, these goals also apply to the commercial properties along the Route 14 corridor. Surrounding municipalities have established similar programs with varying criteria for eligible businesses or improvements. Incentives range from offering matching incentives to new and existing businesses alike. Others limit to only new or expanding businesses. Other options also include limiting incentives to only businesses which produce future sales taxes for the community. The previous Village of Cary program did not differentiate between new/existing business or require the generation of sales taxes.

Potential Eligible Expenses

The following are examples of expenses staff believes would be eligible for a facade improvement and interior buildout program:

- Facade renovations
- Upgrading/retrofitting mechanical systems
- Building additions
- Lighting
- Windows/Doors
- Signs/Awnings
- Reconfiguration of interior spaces
- Life safety/sprinkler installation and upgrades
- Permanent outdoor dining improvements (excluding furnishings)

Action Requested

Staff is seeking feedback from the Committee of the Whole regarding the potential implementation of a new facade improvement and interior buildout grant program within the Central Cary Tax Increment Financing District (TIF #3), should it be approved by the Village Board. Following this discussion, staff can refine the terms of a program for future consideration by the Village Board prior to implementation.

Exhibits

[A - Economic Incentives Policy](#)

Economic Development Incentives Policy

The Village Board of Cary encourages economic development efforts in order to strengthen the Village's tax base, create jobs and stimulate and promote availability of new areas of commercial development while maintaining a high level of support to existing business. Building upon the recommendations in the Village's Economic Development Plan, this Economic Development Incentive Policy is to outline parameters for which the Village of Cary may provide assistance to achieve its economic development goals.

The intent of the policy is as follows:

1. To develop and implement a strategy for providing incentives
2. To encourage, assist and expand commercial/business development
3. To foster a climate of support for new and existing business in the Village
4. To identify and prioritize highly desirable uses

Guidelines for Economic Incentives

The Village of Cary, at its sole discretion, may approve requests for an economic incentive paid to a specific business. Nothing included in the Policy shall be deemed to require and/or imply a guarantee of economic development funding assistance even if all of the subsequent guidelines are met.

The following guidelines should be referenced in the implementation of this policy:

1. Economic incentives considered by the Village must provide a demonstrable return to the Village for the future investment of tax revenue or job creation/retention and will only be considered if the project would not be possible without this assistance.
2. Incentives shall only be considered for projects which are consistent with the vision for the Village, as well as the goals outlined in the Village's Economic Development Plan.
3. Requests for economic development assistance should be in the form of a written request which shall include, at a minimum: detailed financial information that demonstrates the business/developers projected revenue that the project is expected to generate. The basis for the financial estimates should be included. This information will be regarded as proprietary and will remain confidential.
4. The applicant will demonstrate that but for financial assistance requested from the Village, the project would not otherwise be carried out.
5. Requests for economic incentives will generally be based upon project costs, costs of the development including land, site and public infrastructure, building and site amenity costs necessary to constitute an operating commercial or industrial project. Financial assistance will not include interest on the developer's invested cost that the incentive is being applied to.

6. All project assistance from the Village will be provided based on a negotiated Economic Incentive Agreement between the Village and the private party and adopted by resolution. The agreement will contain a cost recovery process to follow in the event that the assisted project fails prior to the completion of the period covered by the incentive.

Types of Incentives

The Village Board is committed to assisting the commercial and business community in order to encourage an ever growing and diversified development and commercial economic base in the community. In order to reach this end, the Village may consider certain incentives outlined in the Village's Economic Development plan and noted below:

Sales Tax Sharing

The Village of Cary may consider, on a case by case basis, reimbursement of the Village's portion of the retail sales tax generated by a project. The amount of the incentive may be contingent on the incremental sales tax generated by the benefitting party. Targeted uses include:

- Auto Dealerships
- Grocery Stores
- Restaurants
- Entertainment venues
- Retail sales tax generating uses

TIF Districts

The Village of Cary has two Tax Increment Financing (TIF) Districts. TIF Districts offer the opportunity for municipalities to attract private development and new businesses to areas that have not experienced the level of growth or development expected by the municipality. A benefitting property must be located in a designated TIF district in order to receive incentives. The Village may consider certain types of grants to assist with the relocation or expansion of a business.

Fee Reduction

A reduction in certain Village fees may be considered for both commercial and residential projects, provided that the projects meet the goals and objectives of the Comprehensive Plan and Economic Development Plan.

Grants

On a case by case basis, the Village may consider a grant to incentivize a business seeking relocation or expansion that may not generate sales tax but still meets the goals and objectives of the Comprehensive Plan and Economic Development Plan. The proposed business must also demonstrate how it was able to retain or create jobs as part of the project.