



Prospect Heights School District 23 Finance Committee Information Item

Date: April 6, 2021

Subject: Status of Prospect Heights TIF & Lexington Homes Development

Contact: Amy McPartlin, Assistant Superintendent for Finance & Operations

For over the past year, the District has been following the City's plan for redevelopment of the land adjacent to Muir Park and inclusive of the Jolly Fun House Academy. We have attended City meetings and have been in regular contact with City Administration as their plans have progressed. Plans have been approved for a 69 unit townhome community and early projections show an impact of 15 new students for District 23.

We have reviewed the Prospect Pointe/Muir Park Tax Increment Financing Area Plan. The developer, Lexington Homes, is expected to apply for TIF assistance for such project costs as well construction, fire suppression requirements, stormwater management and other factors. Though our attorney, Ares Dalianis, we have articulated some concerns regarding the establishment of the TIF district and requested the following:

- Establishment of impact fees for the benefit of the District (from the Developer to the City to the District)
- Guaranteed payment from the City each year equal to 27% on the incremental property taxes for the townhome parcel
- Developer contribution to the District directly based on a cost per pupil amount
- Duration of the TIF District

Following multiple discussions with all parties and ongoing meetings of the Joint Review Board, we have come to an agreement that both District 23 and 214 feel good about.

- The City and Lexington Homes are proposing to pay an "impact" fee of \$1,185 per unit. This would amount to \$81,795 to be allocated to the Districts, pro rata.
- The automatic payment of 40% of residential EAV from the TIF district would remain – 27% to D23 and 13% to D214. To get an estimate of what 40% of the TIF increment would be worth to the Districts once the 69 townhomes are built and fully assessed, we have relied on the EAV and incremental tax projections from Johnson Research Group. They are estimating in TIF year 4 [assessment year 2024, collection year 2025] that the residential incremental EAV will be

\$6,296,728 and the incremental taxes will be approx. \$669,000. So, 40% of that would be \$267,600. Allocated between the Districts with 27% to D23 and 13% to D214 the distributions would be \$180,630 and \$86,690, respectively. If we go out to TIF year 12 for example, the numbers are \$855,000 in total residential incremental taxes with \$230,850 to D23 and \$111,150 to D214.

- The City will conceptually agree to annually analyze non-committed revenues on an annual basis and consider early termination of the TIF after all of the goals stated in the Redevelopment Plan and obligations have been retired.

The true advantage of the IGA is that regardless of how many students we receive each year, we will not have to petition the City each year and provide reasonable evidence of those students attending our schools. We will receive the full distribution automatically each year.

The City will be presenting the IGA to their Board for review and approval. District 214 will be approving it at their May meeting. I will ask the Board's approval to vote in support of the TIF and subsequent finalized IGA at the next meeting of the JRB on April 20th.