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Mr. Tom Drake
The Drake Group

Dear Mr. Drake:

It is a pleasure to present this draft fiscal impact analysis of your proposed residential and retail development in Glenview, Illinois. This report addresses the following:

- Estimating the total incremental direct revenue sources and costs to the Village of Glenview, School District 34 and 225 as a result of this project over a 20-year period.

The analysis is dependent on a number of financial and market assumptions that were developed in connection with this report. Since future events are not subject to precise forecasts, some assumptions may not materialize in the exact form presented in this analysis. In addition, other unanticipated events or circumstances may occur which could influence the future outcome and performance of the project. Nonetheless, we believe that the underlying assumptions provide a reasonable basis for this analysis.

The conclusions are presented in the Report.

Very truly yours,
Laube Consulting Group LLC

DRAFT

By
Michael S. Laube

I. EXECUTIVE SUMMARY

The development program is currently contemplated to be 72 rental units and approximately 2,900 square feet of retail.

We have analyzed the net cost/benefit to the Village, School District 34, and School District 225. The net (cost)/benefit over 20-years for each is as follows:

- Village of Glenview – Net Benefit of \$1.4 million
- School District 34 – Net Benefit of \$2.2 million
- School District 225 – Net Benefit of \$1.3 million

Please see the Appendix for the further detail of these summaries.

II. DEVELOPMENT PROGRAM

The development program for this site is planned to entail the construction of 72 rental units and 2,900 square feet of retail. The unit mix is contemplated to be as follows:

Number of Bedrooms	Square Footage	Number of Units
Studio	554	4
1	738	28
1	755	6
1	863	8
1	903	2
1	963	1
2	1,023	8
2	1,147	2
2	1,195	4
2	1,223	3
2	1,328	3
2	1,132	1
3	1,312	2
Total		<u>72</u>

The development site is located at as commonly referred to as the Bess Residential site and is located at 1850 Glenview in the Village.

Hereinafter referred to as the “Property”.

III. PROPERTY TAXES

Overview

The assessment process involves several steps. First, the County assessor's office establishes the fair market value ("FMV") of the property. The FMV is the most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to a fair rate. The FMV is determined by any number of factors including, but not limited to: property location, age, type, and condition of facilities and infrastructure.

Second, the "assessed value" is calculated by multiplying the property's FMV by an assessment rate. The assessment rate is determined by county ordinance, in the case of Cook County, wherein this development resides.

Third, the property's assessed value is multiplied by an equalization factor to determine the equalized assessed value ("EAV"). The equalization factor is used to ensure that property is assessed consistently throughout the state. The equalization factor for Cook County is determined by the Illinois Department of Revenue. Finally, the EAV is multiplied by the property tax rate to determine the tax for the property.

Key Assumptions

- For the residential, we have capitalized the value using a 8% capitalization rate and discounted that value to be in line with the market approach. Using that methodology, we arrive at approximately \$4,000 in taxes per unit, which we believe is conservative and reasonable.
- For the retail, we have capitalized the value using a 9% capitalization rate and discounted that to be in line with the market approach. Using that methodology, we arrive at approximately \$9.80 psf in taxes, which we believe is conservative and reasonable.
- We have trended the initial assessed value by a reassessment growth rate of 2.5% annually, which equates to a 7.69% increase every three years because of the triennial reassessment cycle.

For a complete list of all assumptions used, please see the Appendix.

Collections

(All shown in aggregate dollars over a 20-year period)

- Total Property Tax Collections - \$8.1 million
- Village of Glenview - \$1.4 million
- School District 34 Collections – \$3.0 million
- School District 225 Collections – \$2.3 million

Please see the Appendix for the annual cash flows and all detail.

IV. INCREMENTAL MUNICIPAL COSTS

Overview

In order to objectively look at the impact to the Village, the incremental cost of this proposed project must also be evaluated. Incremental municipal costs can come in the form of the need for increased fire, police or emergency services. Additionally, there can also be incremental costs of providing water and sewer as well as Village staff time in order to evaluate the proposed plans for construction, the related zoning. This section will provide a discussion of all of them.

Police, Fire and Ambulance Services

These types of facilities require very little service from municipal police, fire or emergency. Furthermore, this is an infill site that already exists in the Village and is serviced by police and fire. Additional services will not be needed.

Police

These types of residential developments experience very few incidents. While it is conceivable that the police may need to respond on occasion, these incidents are very rare.

Emergency

Due to the nature of the development, being a small residential development, the need for emergency services certainly could occur, but should be very rare.

Village Staff Costs

The time incurred by Village staff to review and work through the zoning and building process is covered by the normal permits and fees paid for a facility like this. Based upon industry averages, the permit fees are approximately 0.75% - 1% (all in) of the hard costs of the project aggregately. At a minimum, this will cover the costs of review and time.

Water and Sewer Costs

This facility will be a user of the municipal water and sewer and will pay the normal and customary charges for this service. Therefore, this use will not have a negative impact on the Village.

V. SCHOOL DISTRICT 34 AND 225 COSTS

Overview

We have looked at the incremental costs of the new student generation to School District 34 and 225 as a result of the proposed 225 unit residential development.

Key Assumptions

- We have used some data for student generation of these type of urban, high density developments that we believe more accurately reflects actual generation in these types of developments. We believe that these are more appropriate and accurate ratios to estimate the student population for this development.. The rationale for this is that our direct experience tells us that the student generation is much less than standard ratios calculate. This is due to many reasons. Some of those reasons is the aging population wherein some of these units will be marketed to empty nesters. Additionally, student trends are on the decline. . Therefore, we still believe that the ratios we used here for student generation are very conservative and very likely show costs higher than will actually occur.
- We have used the total operational cost per student of \$13,051 for District 34 and \$23,141 for District 225 as published by the Illinois School Report Card for 2013.
- We have used a 5-year average consumer price index as the inflation rate for these costs.

Please see the Appendix for a complete list of assumptions.

Costs

- Over a 20-year period the incremental cost to School District 34 is about \$800,000
- Over a 20-year period, the incremental cost to School District 225 is about \$1 million.

Please see in the Appendix for the annual cash flow summary.

VI. MUNICIPAL SALES TAXES

Overview

Illinois statute imposes a Retailers' Occupation Tax ("ROT") of 6.25%. This ROT rate is allocated as follows: 5% to the State of Illinois, 1.25% to the Cook County, and 1% to the municipality, in this case Glenview allows home-rule municipalities to impose an additional home rule sales tax. The Village has an additional 0.75% home rule sales tax. The home rule sales tax is not imposed on food and drug not ready for immediate consumption.

Key Assumptions

- Approximately 2,900 square feet of retail will be developed.
- We are assuming \$550 in sale per square foot in sales.

Please see the Appendix for a complete list of all assumptions used.

Over a 20-year period, we are projecting that the Village will collect the following:

- Local Distributive Share – \$385,000
- Home Rule Share - \$290,000

VII. NET COST BENEFIT CALCULATIONS OVER 20-YEARS

Village of Glenview

- Total Revenues Collected - \$1.3 million
- Incremental Costs - \$0
- **Net (Cost)/Benefit to the Village - \$1.3 million**

Village 5-Year Cash Flow

Year	Village of Glenview Property Taxes	Local Distributive Share Sales Tax	Home Rule Sales Tax	Incremental Village Costs	Benefit/(Cost)
Year 1	\$ 0	\$ 11,963	\$ 8,972	\$ 0	\$ 20,934
Year 2	\$ 28,812	\$ 16,198	\$ 12,148	\$ 0	\$ 57,158
Year 3	\$ 28,812	\$ 16,533	\$ 12,400	\$ 0	\$ 57,745
Year 4	\$ 28,812	\$ 16,875	\$ 11,656	\$ 0	\$ 58,344
Year 5	\$ 31,028	\$ 17,224	\$ 12,918	\$ 0	\$ 61,171

School District 34

- Total Revenues Collected - \$3.0 million
- Incremental Costs - \$800,000
- **Net (Cost)/Benefit to SD 34 - \$2.2 million**

School District 34 5-Year Cash Flow

Year	School District 34 Property Taxes	School District 34 Incremental Student Costs	Benefit/(Cost)
Year 1	\$ 0	\$ 32,416	\$ (32,416)
Year 2	\$ 128,262	\$ 33,087	\$ 95,175
Year 3	\$ 128,262	\$ 33,772	\$ 94,490
Year 4	\$ 128,262	\$ 34,471	\$ 93,791
Year 5	\$ 138,124	\$ 35,184	\$ 102,940

School District 225

- Total Revenues Collected - \$2.3 million
- Incremental Costs - \$1 million

Net (Cost)/Benefit to SD 225 - \$1.3 million

School District 225 5-Year Cash Flow

Year	School District 225 Property Taxes	School District 225 Incremental Student Costs	Benefit/(Cost)
Year 1	\$ 0	\$ 39,965	\$ (39,965)
Year 2	\$ 98,077	\$ 40,792	\$ 57,286
Year 3	\$ 98,077	\$ 41,636	\$ 56,441
Year 4	\$ 98,077	\$ 42,498	\$ 55,580
Year 5	\$ 105,619	\$ 43,377	\$ 62,241

APPENDIX

The Appendix is an integral part of this Report. The written narrative is meant to provide an overview of key assumptions and conclusions.

Table 1 – Executive Summary

Table 2 – Village Summary

Table 3 – School District 34 Summary

Table 4 – School District 225 Summary

Table 5 – Fair Market Value - Residential

Table 6 – Property Tax Assumptions

Table 7 – Total Property Tax Projections

Table 8 – Village Property Tax Projections

Table 9 – School District 34 Property Tax Projections

Table 10 – School District 225 Property Tax Projections

Table 11 – School District 34 Cost Assumptions

Table 12 – School District 225 Cost Assumptions

Table 13 – School District 34 Cost Projections

Table 14 – School District 225 Cost Projections

Table 15 – School Cash Payments

Table 16 – Sales Tax Assumptions

Table 17 – Local Distributive Share Projections

Table 18 – Home Rule Sales Tax Projections