

# Establishing East Gateway Business District

Presented to:  
Planning & Development Committee  
October 10, 2011



# **Business District Development and Redevelopment Law**

**Designation Authorized by Illinois State Law  
65 ILCS 5/11-74.3-1 (“The Business District Act”)**

**Purpose of District Designation:**

**“To strengthen the tax base of the subject district, to assure opportunities for district development or redevelopment, and to attract sound and stable commercial growth within the district”.**





# How is a Business District Established?

## 1. Eligibility

Eligibility Study must show:

- **Contiguous Commercial Area**
- **Existing Conditions (example criteria):**
  - Defective or Inadequate Street Layout**
  - Unsafe Conditions (Endangering Life or Prop.)**
  - Deterioration of Site Improvements**
  - Improper Subdivision/Obsolete Platting**



# How is a Business District Established?

## 2. Redevelopment Plan

### Plan Components Include:

1. Boundary Map
2. General Description/Location of Projects
3. Estimated Cost of Proposed Projects
4. Method and Terms of Financing
5. BD Tax Rate Imposed
6. Period of Time Tax Imposed (23 year-max)



# How is a Business District Established?

## 3. Findings

### Must Find the Following:

1. Meets at least one eligibility factor
2. Proposed BD has “not been subject to growth and development through private investment” (or growth/development is not reasonably expected without adoption of Plan)
3. District contiguous and parcels will directly and substantially benefit from Plan adoption
4. BD Plan must conform to City’s Comp Plan



# What can the City do once BD has been formally designated?

1. Buy, manage and lease real estate
2. Borrow money/issue bonds
3. Make public improvements
4. Enter into contracts w/private property owners and developers (assist in property assembly, bldg/site rehab, sales tax reimbursements, etc.)
5. Renovate, rehab, reconstruct, relocate existing buildings & structures
6. Apply for and accept Federal and State grants



# What can the City do once BD has been formally designated (cont.)?

7. Impose a retailers occupation tax and a service occupation tax in the BD to pay for plan implementation and eligible project costs
8. Impose hotel operator's occupation tax in the BD to pay for project costs (C & T activities).
9. Employ/retain people for BD planning, admin., marketing & other prof. services



# Financing Project Costs

**State Act authorizes City to impose certain taxes to pay for project costs:**

Retailer's Occupation Tax (up to one cent)

Service Occupation Tax (up to one cent)

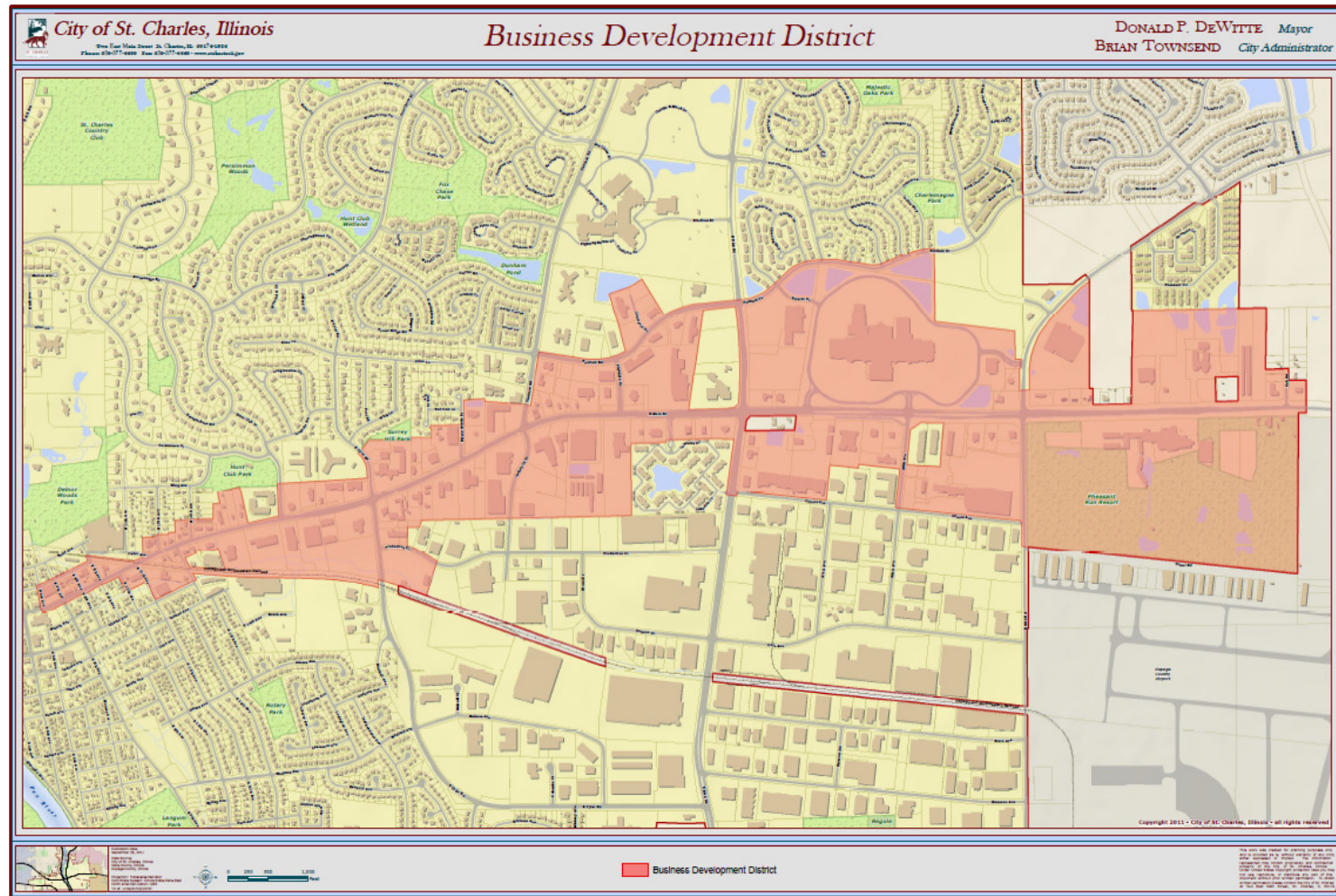
Hotel Operator's Occupation Tax (up to one cent)

## **BD tax-funded versus TIF-funded**

Other taxing bodies can benefit early on from growth in the Business District from building/site improvements and increased building occupancy rates, as these will result in higher property value assessments and tax revenues.



# Questions?



**Proposed East Main Street Business District**

