

## **Broadway East TIF & BD Application Guidelines and Regulations**

The City of Mattoon offers several forms of assistance and incentives for business within its Broadway East Tax Increment Financing (TIF) District and Business District (BD). TIF & BD incentives are applicable within a specific geographic region, and a property must be within the borders of the TIF and/or BD district to be eligible for funding assistance (see attached map). Also, the expenditure of TIF and/or BD revenues is limited to certain specified types of “Redevelopment Project Costs”, as defined in state statute, the Broadway East Re-development Plans and Projects. Applications for assistance can be obtained from the City Administrator, City Hall, 208 North 19<sup>th</sup> Street, Mattoon, Illinois, 61938 or by calling 217-235-5511.

### ELIGIBLE PROJECT COSTS

The TIF program was created by state statute (65 ILCS 5/11-74.4 et seq.) and the BD program was created by state statute (65 ILCS 5/11-74.3 et seq.) As such, the City is bound by the limitations and provisions contained in the statutes. TIF & BD funds are only to be used for “Redevelopment Project Costs” (RPC’s) as defined by the statute. RPC’s mean and include all reasonable or necessary cost incurred or estimated to be incurred incidental to a Redevelopment Plan and Redevelopment Project. Examples of such costs are:

1. Costs of studies, surveys, professional fees for architectural, engineering, legal, or financial services rendered incidental to the redevelopment project.
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, demolition of buildings, and the clearing and grading of land.
3. Cost of rehabilitation, reconstruction, or repair or remodeling of existing public or private buildings and fixtures.
4. Cost of construction of public works or improvements.
5. Cost of job training and retraining projects.
6. All or a portion of a taxing district’s capital costs resulting from the redevelopment project incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City, by written agreement accepts and approves such costs.
7. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of redevelopment project provided that such subsidy does not exceed 30% of the annual interest cost incurred by the TIF project redeveloper.

TIF funds are specifically excluded in the cost of construction of new, privately owned buildings, as they are not and eligible RPC. It is further not the intent of TIF to be used for inventory, general operating or maintenance costs of a business.

TOTAL PROJECT COST may include both TIF & BD eligible and non TIF & BD eligible redevelopment project cost.

#### TYPES OF ASSISTANCE

##### GRANTS:

The City of Mattoon offers TIF & BD grants for certain projects as defined below. These grants are generally paid on a reimbursement basis or directly to a vendor or contractor for products or services already delivered. As such, grants are not generally given to a redeveloper in advance, but rather on a reimbursable basis. The funds are not subject to repayment in most instances, unless it is otherwise provided for in the redevelopment agreement negotiated between the developer and City. Recipients of grants funds are required to enter into a redevelopment grant agreement with the City, which provides for terms and covenants.

##### ARCHITECTURAL ASSISTANCE:

The City may provide assistance in the form of an initial architectural or structural analysis of a proposed redevelopment project for the purpose of determining general or structural feasibility, developing a preliminary scope of work and cost estimates.

##### NOTES:

The City may issue a grant in the form of a Promissory Note to provide up to 100% of eligible redevelopment project costs payable solely through incremental property tax revenue generated from the redevelopment project, which grant would be paid to the developer through annual reimbursement payments, following the annual distribution of property tax from the County Treasurer's Office and/or monthly collection and distribution of BD Sales Taxes. As a general rule, Notes issued by the City shall be for a term of ten years, beginning with the year the first incremental revenues from the Redevelopment project is received.

A grant through a Note will generally be used for projects commencing prior to December 15, 2007 because it takes about three years before the increased Equalized Assessed Value (EAV) of an improvement will be reported for the extension and distribution of property tax increment revenues by the County.

##### INTEREST SUBSIDIES:

The City of Mattoon may use TIF funds to defray a portion of the interest expense on commercial financing for eligible projects. These subsidies are limited to 30% of the annual interest expense for a period not to exceed ten years. Subsidies are paid only after certification by the commercial lender of the actual interest paid by the redeveloper.

## PROJECT CATEGORIES AND GUIDELINES

### NEW BUSINESS CONSTRUCTION:

The City of Mattoon may enter into negotiations with a developer constructing a new business. The cost of construction of new, privately owned buildings is not eligible for TIF assistance. However, certain other elements of the project may be eligible for funding, including grants, loans and interest subsidies. The City will consider each project individually, and may enter into a redevelopment agreement at the City's option. Types and amounts of assistance granted, if any, will vary from project to project.

### BUSINESS RELOCATION/EXPANSION/REHABILITATION:

These projects may include interior remodeling, parking lot construction or reconstruction, exterior upgrades, architectural signage, purchase of real estate and personal property such as equipment, furniture and fixtures to be used by the business. An interest subsidy may be approved by the City for up to 30% of the annual interest cost for commercial financing of eligible RPC's.

### FAÇADE RESTORATION GRANTS:

These projects involve exterior improvements. Priority will be given to façade restoration plans that involve adjacent structures. Persons who receive façade restoration grants will be required to maintain the original historic character of the subject buildings in their restoration plans.

### EMERGENCY STRUCTURAL REPAIR GRANTS:

These projects involve buildings that are experiencing of structural defect that could potentially result in the destruction of the buildings. These defects must be verified by a structural engineer or architect, and the repairs must be designed by a structural engineer or architect. Examples of Emergency Structural Repairs would include a collapsing roof or exterior wall, a severely settling foundation, or crumbling/falling exterior masonry.

### CODE COMPLIANCE GRANTS:

This category includes repairs and remodeling to bring an existing building into compliance with electrical or fire prevention codes, accessibility and other life safety codes. Examples would include a new electrical service, the installation of ADA compliant restrooms and entrances, elevators, or the installation of new exterior doors if done to provide an approved additional means of egress.

GRANT TERMS:

A Promissory Note will generally be issued by the City for TIF and/or BD grants awarded prior to December 15, 2007 or until the sufficient property tax increment revenues have been received to capitalize a grant program. The note will be in the form of annual reimbursement payments to the developer, payable strictly from the incremental property tax generated from the redevelopment project, which Note will generally be issued for a period not to exceed ten years from the first year incremental tax revenue is received from the project. The Note term may be extended if it is determined that the estimated time frame for collecting an amount equal to the grant amount approved for the cost of improvements will require a term of more than ten years. The corporate authorities of the City of Mattoon has established a business district, by ordinance, imposed a Business District Retailers' Occupation Tax upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of the City of Mattoon, at retail in the business district at a rate not to exceed 1% of the gross receipts from the sales made in the course of such business. The tax may not be imposed on food for human consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption), prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use. There is also a 1% service occupation tax imposed in the City of Mattoon and a 1% tax on all amounts generated by the hotel operators' occupation tax.

TAXING DISTRICT CAPITAL COSTS:

The City Council may from time to time, approve funding of eligible costs as outlined hereinbefore to Taxing Districts who levy taxes within the South Route 45 TIF District in accordance with the South Route 45 TIF Redevelopment Plan and Project.

REQUIREMENTS FOR BIDDING AND PAYMENT OF PREVAILING WAGES

A redevelopment incentive agreement will contain terms and conditions for public bidding, the determination and payment of prevailing wages where the redeveloper will construct public streets, sidewalks, streetscape, water, sewer, and other infrastructure that will be dedicated to the City for operation and maintenance.

RECAPTURE OF INVESTMENT IN TIF INCENTIVE

A redevelopment incentive agreement may contain terms to recover the City's investment in real estate benefited by a TIF and/or BD grant, if the Grantee sells the real estate prior to an amortization term.

## GENERAL REQUIREMENTS AND RESTRICTIONS

1. Applications will be considered on a first come, first served basis, but limited by these incentive policies and criteria.
2. The project must be consistent with the Broadway East TIF & BD Redevelopment Plans and City's Zoning Ordinance.
3. Priority will be given to projects that will generate property tax incremental revenues and BD Sales Taxes.
4. The projects will help diversify and supplement the existing business mix within the Broadway East Redevelopment Area.
5. Housing is not viewed as an initial priority within the Broadway East Redevelopment Area, and therefore, neither TIF and/or BD funds will be used to assist redevelopment projects that are primarily residential in nature.
6. The project will meet all applicable building, life safety, zoning and property maintenance codes upon project completion.
7. At the time of application, all taxes, applicable fees or other debts owed the City by the applicant or building owner are paid up-to-date.
8. Application for TIF and/or BD funding may only be made by a person or persons having an actual interest in the subject property. This includes the owner of record, beneficial owner of a trust, or a person having made an offer, which offer has been accepted, to purchase the subject real estate.
9. If the applicant for TIF and/or BD funding assistance does not own the property, but is a tenant of the property, then the tenant/applicant must have the permission of the property owner. If the applicant does not own the property but is a prospective purchaser of the property, then the purchaser/application must submit either a fully executed contract to purchase the subject property or an option contract.
10. The project applicant must have and be able to show adequate bank or other financing for that portion of the project not being financed by TIF and/or BD.
11. The City of Mattoon reserves the right to require an appraisal of any subject property of a TIF application, which appraisal shall be provided at the applicant's expense.
12. All applicants for TIF and/or BD assistance must complete a consent form, which authorizes the City of Mattoon to conduct investigations into the creditworthiness of the applicant.

13. Applications for TIF and/or BD assistance are normally considered by the City Council within 45 days of application. If approved, and funds are available, TIF funds will normally be the following Real Estate Tax Year, BD funds are generally available 90 days after the business remits sales taxes to the IDOR

### EVALUATION CRITERIA

Applications for TIF and/or BD assistance are first considered at the staff level. The City Administrator will review the application to ensure that it is complete, and that it adheres to these guidelines for TIF and/or BD assistance.

A TIF/BD Incentive Review Committee will next review the application, and forward a recommendation for approval or disapproval to the City Council. The TIF/BD Incentive Review Committee consists of the Mayor, Chair of the Planning Commission, CEO of the Mattoon Chamber of Commerce, City Attorney, City Treasurer, Community Development Coordinator and Public Works Director.

The City Council will make all final determinations regarding applications approvals. The following criteria will be used to evaluate each TIF and/or BD assistance application:

1. Return on Investment: The City will calculate and consider any additional amounts of local sales tax, BD sales tax, or property tax anticipated to be generated by the project, along with interest earned on a low-interest loan, as the City's return on investment. *Inasmuch as there is a clear history of decline in both tax revenues and property conditions in the Midtown area, the value of restoring the tax base and addressing the blighting influence of deteriorating property conditions, shall also serve as a legitimate form or return on investment.* The City's benchmark or desired goal for return on investment for projects shall be 50% over a term of ten years. These are desired criteria that will be used in the absence of other compelling reasons or benefits for the Redevelopment Area. Any special factors which justify investment by the City, where said investment is not likely to yield a return on investment as calculated above, shall be disclosed to the City Council when it is asked to approve said project. This may be of particular importance during the first several years of the Broadway East Redevelopment Project.
2. Job Creation/Retention: The potential for a redevelopment project to create new jobs and retain existing jobs within the community is viewed as a priority, and applications will be judged, at least in part on that basis.
3. Private Investment: the applicant through cash investment, equity position, and/or commercial financing must supply the balance of funding not secured by a grants or loan for the total project cost. The City may consider the value

of “sweat equity” invested into the project by the applicant when reviewing applications.

4. Is a incentive needed? TIF and/or BD funds may only be used to “trigger” projects that would not otherwise occur given prevailing market conditions and the applicant’s convincing information that the use of a TIF and/or BD incentive is essential the project and the project would not commence “but for” the incentive?
5. City Budget: TIF and/or BD revenues and expenditures are programmed on a annual basis according to the annual budget for the Broadway East Special Revenue Fund. Funding may be limited or denied based on these constraints.
6. Financial: The applicant must provide documentation of the financing for the project, as well as individual or corporate financial information, as requested by the City. Grant or loan incentives for a start-up business require a business plan from the applicant to be approved by the city staff and the participating lender prior to the submission of an application. The City reserves the right to obtain outside evaluations of relevant financial information to evaluate the financial soundness of a project or applicant.
7. Zoning: Is the project harmonious with the surrounding properties and uses, and is it allowable under current zoning codes?
8. Diversity of Services: TIF and/or BD funds are intended to be used to diversify and supplement the existing business mix within the Broadway East Redevelopment area to the extent possible. TIF and/or BD funds will also be used as a tool of the City to achieve the goals of any subsequent visioning plans approved by the City Council. Does the applicant’s business offer goods and services deemed desirable and appropriate within the Midtown Area?
9. Security: Is sufficient collateral and/or personal banking available to reasonably ensure that the City will at least recover its principal in the even of a default? Will the property be protected by sufficient commercial property insurance to protect the City’s principal?

#### LOAN/GRANT APPLICATION PROCESS

The following procedures represent the general sequence of activities that can be expected when filing an application for funding assistance through the Broadway East Redevelopment Program.

1. Meet with the City Administrator to determine whether the TIF and/or BD loan/grant program is applicable to your project. This meeting will specifically focus on whether or not the project meets the minimum requirements listed herein.

2. Turn in your completed application with all required supporting documentation to the City Administrator. Include 8 ½ inch X 11 inch copies of all drawings and/or an architectural rendering (if applicable), which are needed to secure a building permit from the City. Applicants should also include a letter from their Banker stating that the Applicant has the financial capacity to complete the project as described in the application.
3. The Application will be reviewed by city staff to determine if application is complete. Once the application is deemed complete, it will be referred to the TIF & BD Incentive Review Committee to determine eligibility of the project and the amount of assistance allowed. The Committee shall formulate these determinations within 30 days of the submission of all required information. If additional information is required, the City Administrator will advise applicant of the information being requested, and upon receipt, refer to the TIF & BD Incentive Review Committee for final review. The additional information, if requested must be submitted within thirty days, or the application will be to be completely resubmitted.
4. If no additional information is needed, the TIF & BD Incentive Review Committee will estimate the project grant or loan amount and contact you to schedule a tour of the project site and building. The City's building; plumbing and electrical inspection staff should be expected to come on the tour of the building.
5. After all project information has been turned in, the project location tour has been completed, the application has been recommended for approval by the Incentive Committee and formal approval by the City Council has been given for the grant or loan amount, the City Administrator will contact you to come to City Hall and sign the redevelopment agreement and note, if applicable, and any other appropriate program documents. Following execution of all appropriate program documents, you may begin the project, subject, however, to any terms or limitations set forth in the redevelopment agreement.
6. Upon project completion, schedule a follow-up building tour and submit actual project cost information, including copies of itemized invoices, receipts, certified payrolls and such other documentation as may be required by the redevelopment agreement and/or promissory note in order to allow the City to confirm that any such project cost was so incurred and qualifies as an Redevelopment Project Cost.
7. Upon receipt of evidence documenting actual projects cost, the City shall have 30 days to confirm that such project costs were so incurred. Within 30 days after all requirements set for above are met, the City Administrator shall certify the eligible amount of the reimbursement to be provided by the City for cost incurred, up the amount awarded by the City Council as set forth in



the grant or loan documents. In the instance where the project has been established as a “construction” loan or grant with periodic payments through the construction process, the previous process will precede issuance of each progress payment. In the instance where a Promissory Note is utilized, the provisions contained in these guidelines shall also apply.

#### MISCELLANEOUS PROVISIONS

In addition to the policies set forth above, the following miscellaneous provisions should be noted by any applicant/developer seeking economic development financial assistance from the City of Mattoon. The adoption of these policies by the City Council should not be construed to mean that the provision of financial incentives using TIF and/or BD revenues is inherently approved for any applicant and/or project which may be able to comply with the policies as set forth herein.

The City of Mattoon reserves rights as follows:

1. To amend, modify, or withdraw these policies as it determines necessary and appropriate.
2. To require additional statements, sworn affidavits as to the “but for” provisions of these policies or other information as may be deemed necessary, from any applicant/developer.
3. To waive any nonconformity with these policies by action of the City Council.
4. To waive any timelines established by resolution or motion.

The City may exercise the foregoing rights at any time without notice and without liability to any applicant, developer and/or project or any other party for expenses incurred in the preparation of an application for economic development assistance. The preparation of any such application and any costs related thereto shall be the sole responsibility of the applicant/developer.