

**TO:** Mayor Richard C. Irvin

**FROM:** David Dibo, Executive Director Mayor's Office of Economic Development

**DATE:** February 8, 2018

**SUBJECT:**

A Resolution With Respect to the Potential Reimbursement of Eligible Costs in a Possible Tax Increment Finance District and to Induce Development Interest within Such Area (Yorkshire TIF) (Pacific Square LLC - 18-0113 / NA21/2-17.254-AG/D - DD - Ward 10).

**PURPOSE:**

To facilitate the redevelopment of Yorkshire Plaza, a mostly vacant shopping center in the Route 59 corridor located off New York Street, the City is requesting two inducement resolutions: The establishment of a Business Improvement District and a Tax Increment Finance District (TIF). This second resolution focuses on the establishment of a Tax Increment Finance District (TIF). All incentives being requested are based on incremental increases in the existing sale and property tax base and will require no advancement of funds from the City.

The purpose of this inducement is to incentivize an established and well financed developer to purchase, renovate, and reposition Yorkshire into "the world's largest Asian themed shopping center". This is an effort to reverse a local and national trend of increasing long term vacancies that has stemmed from oversupply, an overhang from the recession and the changes in buying habits of consumers now utilizing more online and delivery options. It is meant to create "a sense of place" that will increase leasing, patronage, sales and property taxes and spur development throughout the corridor.

**BACKGROUND:**

Yorkshire Plaza has been suffering high vacancies and decreasing sales for approximately ten years. There are approximately 365,000 square feet of space in the center which includes a Best Buy that received an earlier sale tax abatement as a measure to keep them in place. The property is under contract with Pacific Square LLC as the contract buyer. The company is controlled by Eddie Ni who owns properties in Carol Stream, Plainfield, New Lenox, Atlanta and various locations internationally. Mr. Ni approached the City and Invest Aurora to discuss their interest in Yorkshire subject to assistance from the City. To mitigate the potential impact on school children with District 204, the City insisted that there could be no TIF pertinent to the existing improved 385,000 square feet of inline retail space. The TIF inducement is for possible future improvements which may include a new office building (a possible corporate headquarters for Mr. Ni) and a residential building within the existing parking lot. Pacific Square LLC is reporting that they have 19 letters of intent that would go a long way to filling vacancies in the existing center.

**DISCUSSION:**

Inducing a Tax Increment Financing District will allow us to evaluate the projections and impact as it relates to a possible expansion of Yorkshire Plaza/Pacific Square to include a new office building in what would be a redevelopment of the existing Mattress Firm and adjacent liquor store (referred to here as "Phase II) and for a multi-story residential apartment building in an area within the existing parking lot for the retail stores (Phase III). The maximum TIF envisioned by this inducement is \$7.7 Million. It will not include any of the existing inline shopping center but would reimburse eligible expenses advanced by ownership for one or two new buildings and related parking within the confines of the existing center. This, together the BID inducement and related sales tax sharing referred to in the prior resolution, will enable the owner to secure its necessary financing. This inducement envisions a "pay as you go TIF" in that the developer will advance all monies required to create these new buildings and associated parking; he will be entitled to seek reimbursement of eligible expenses. The TIF was discussed in terms with District 204 and is but a first step in the evaluation process. We have been advised by ownership that they are first focusing on the repositioning, re-tenanting and re-branding of the existing center and then will turn their attention to the possible Phase II (an office building) and Phase III (the apartments).

There is an understanding between the developer and the City that BID dollars, even beyond the \$7.3 threshold described in the previous memo, may be utilized to replace, on a dollar for dollar's basis, the TIF monies contemplated herein. All things considered, it will be more palatable and less impactful on the City and School District 204, if BID rather than TIF monies are utilized.

Because Phase II and III are in the very early visioning and planning phases, we have discussed with ownership our willingness to review how BID dollars are expended after the 10 years described in the previous memo. That said, at this juncture and with the information currently in hand, we have defined our combined inducements to a maximum of \$15 Million.

**IMPACT STATEMENT:**

The approval of the TIF inducement resolution should enable the developer to close on its purchase, scheduled for the end of February, assure the redevelopment of a distressed shopping center and energize the immediate area around the center (which includes Fox Valley Mall).

**RECOMMENDATIONS:**

That the attached TIF inducement resolution for Yorkshire Plaza be approved.

cc: Alderman O'Connor, Chairman  
Alderman Mesiacos  
Alderman Bugg  
Alderman Mervine, Alternate



CITY OF AURORA, ILLINOIS

RESOLUTION NO. \_\_\_\_\_  
DATE OF PASSAGE \_\_\_\_\_

A Resolution With Respect to the Potential Reimbursement of Eligible Costs in a Possible Tax Increment Finance District and to Induce Development Interest within Such Area (Yorkshire TIF)

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the City hereby finds and determines that the financing intended herein will serve the public purposes of the City; and

WHEREAS, the City has been requested by the contract purchaser Pacific Square, LLC (the "Developer") of certain real property (the "Property"), which is generally described as set forth in Exhibit A, attached hereto and incorporated herein, to consider adopting Tax Increment Financing on the Property; and

WHEREAS, the City and the Developer are currently in negotiations with respect to the creation of a Tax Increment Finance District, and the City and the Developer intend to engage in the negotiation of a Redevelopment Agreement ("RDA"), whereby the City may provide financial incentives to the Developer relating to the redevelopment of the Property (the "Project"); and

WHEREAS, the Mayor of the City (the "Mayor") and the Aldermen of the City Council (the "City Council," and with the Mayor, the "Corporate Authorities") acknowledge that the Developer will not be able to complete the Project without economic assistance from the City; and

WHEREAS, the City desires to have the Property improved and redeveloped, and believes that it is not economically feasible to do so without public intervention, given the impediments to development which characterize the Property; and

WHEREAS, in reliance upon the City's commitment to explore the issue of creating a Tax Increment Finance District, the Developer is expending money with respect to the following expenses, including, but not limited to, engineering, legal, design, remediation, property acquisition and other expenses which could be reimbursed if a Tax Increment Finance District is created and as permitted by the Act (the "Developer's Potential Eligible Costs"); and

WHEREAS, the Developer's Potential Eligible Costs shall not exceed Fifteen Million U.S. Dollars (\$15,000,000.00) (the "Maximum Reimbursement Amount") and the City shall not reimburse the Developer for any expenditures in excess of the Maximum Reimbursement Amount; and

WHEREAS, the City will also expend funds in the investigation of a potential Tax Increment Financing District, including, but not limited to, legal, engineering, planning and other consultants which would be eligible to be paid as eligible redevelopment project costs in the event the Tax Increment Finance District is created and as permitted by the Act (the "City's Potential Eligible Costs"); and

WHEREAS, this Resolution does not obligate the City to create a Tax Increment Finance District on the Property, or any portion thereof, nor shall it obligate the City to enter into an RDA with the Developer, but rather, it is intended to induce the Developer to pursue plans for redevelopment and to provide for the potential reimbursement of the City's Potential Eligible Costs and the Developer's Potential Eligible Costs in the event such a Tax Increment Finance District is created, the costs are legally permitted to be reimbursed, and the City agrees to reimburse such costs in an amount not to exceed the Maximum Reimbursement Amount; and

WHEREAS, after the adoption of this Resolution, the City agrees to consider providing municipal and/or other governmental economic assistance including, but not limited to, tax increment financing, through the establishment and/or expansion of a redevelopment project area, to the extent that such assistance may lawfully and practically be available and in the best interests of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Aurora, Illinois, as follows:

Section One: Incorporation of Recitals

The recitals set forth above are incorporated into this Section as if fully set forth herein.

Section Two: Property Review

That City staff have examined the Property and its condition and circumstances and, at this time, the Corporate Authorities conclude that it is reasonable to believe that a tax increment financing plan can be adopted for said Property and expenditures of

development costs in furtherance of the plan and potential development should be allowable "redevelopment project costs" under the plan, provided however, that this resolution is not a guarantee that any such plan will be adopted, but rather, is an expression of the intent of the City at this time.

#### Section Three: Inducement

That this Resolution is adopted for purposes of inducing the City and the Developer to proceed with the potential redevelopment of the Property and to incur costs pending the possible approval of the TIF and an RDA.

#### Section Four: Reimbursement

In the event a Tax Increment Finance District is created over some or all of the Property, the City may make reimbursement for the Developer's Potential Eligible Costs, not to exceed the Maximum Reimbursement Amount, and the City's Potential Eligible Costs to the extent approved by the City and authorized by law. In the event that no Tax Increment Finance District is created over some or all of the Property, the City shall in no way be obligated to reimburse the Developer for any of its costs or expenses.

#### Section Five: Authorization

That the Corporate Authorities hereby approve of and authorize the reimbursement to the Developer for the Developer's Potential Eligible Costs in an amount not to exceed the Maximum Reimbursement Amount in relation to the Project at the Property, subject to the limitations provided in this Resolution. That the Corporate Authorities hereby authorize and direct the Mayor or his designee to draft and execute all necessary documents and perform all necessary tasks to effectuate the intent of this Resolution. That the Mayor or his designee, and the Corporation Counsel, or his designee, as may be required, are hereby authorized and directed to draft, execute, and complete any and all documents deemed necessary, to effectuate the intent of this Resolution, whether or not such other documents are attached hereto. That the City Clerk is hereby authorized and directed to attest to, countersign, and affix the seal of the City to all such documents as are deemed necessary.

#### Section Six: Other Actions Authorized

The officers and employees of the City shall take all actions reasonably required or necessary to carry out and give effect to the intent of this Resolution and otherwise take all actions necessary in conformity therewith including, without limitation, the execution and delivery of all documents required to be delivered in connection with the actions contemplated herein.

#### Section Seven: Acts Of City Officials

RESOLUTION NO. \_\_\_\_\_  
DATE OF PASSAGE \_\_\_\_\_

That all past, present, and future acts and doings of the officials of the City that are in conformity with the purpose and intent of this Resolution are hereby, in all respects, ratified, approved, authorized, and confirmed.

Section Eight: Severability

This Resolution and every provision thereof shall be considered severable, and the invalidity of any section, clause, paragraph, sentence or provision of this Resolution shall not affect the validity of any other portion of this Resolution.

Section Nine: Repealer

All resolutions, ordinances or parts of resolutions conflicting with any provision of this resolution, are hereby repealed.

Section Ten: Effective Date

This Resolution shall be in full force and effect after its passage, approval and publication in accordance with applicable law.

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