

ECONOMIC INCENTIVE POLICY

VILLAGE OF HARRISON

I. Purpose of the Policy

The Village of Harrison finds that sound management principles require that economic development resources be used prudently and that it supports a stable economic base for the Village. To assist in maintaining this stable financial base and to foster a competitive business environment, the Village desires to establish a policy that guides the investment of public funds in the Village's TIF Districts, any future TIF Districts, and other areas involving Village economic incentives.

As a policy document, the Economic Incentive Policy herein (the "Policy") will (a) provide a general framework for Village staff to evaluate proposed uses of tax increment financing and (b) deliver guidance to staff in forming recommendations regarding the use of tax increment financing or other incentives and negotiating any incentive agreements with developers.

II. Goals and Objectives

The overall goal of the Policy is to promote a stable economic base that enables the Village to continue to deliver critical services to the community. This Policy advances the goal of economic development that provides for well designed, compatible, and economically sustainable business, and employment developments.

To further the aforementioned goals, the Village will use incentives to achieve certain commercial and industrial development objectives:

- Increase and diversify the Village's property tax and sales tax base;
- Promote aesthetic improvements and prevent the onset of blight; and
- Invest in new commercial/industrial developments, but for Village assistance, would not otherwise occur.

III. Economic Evaluation and Risk Assessment

A. Proposed uses of tax increment financing or other incentives will be subject to rigorous economic analysis and risk assessment. Specific evaluation activities may be established by staff to perform the evaluation and assessment. Based on the recommendation of the Village Manager or his/her designee, additional reviews may be undertaken for larger projects involving greater public financial assistance.

B. The results of the economic analysis and risk assessment will be presented to the Village Board prior to the request for approval of the proposed use of tax increment financing.

C. The need for public assistance must be demonstrated and documented by the developer to the satisfaction of the Village, pursuant to staff procedures. Staff will identify supporting documentation needed (e.g., application for public financial assistance, "proformas" containing project budgets and cash flow projections, market studies in connection with anticipated land uses, and other financial/market information). The Village will perform an independent analysis of the supporting documentation, including project costs, to ensure that the request for assistance is

credible.

D. The developer must be able to demonstrate the ability to execute the proposed development project, taking into account financial capacity, past experience, general reputation and credit history.

E. When the project is intended as a for-sale development (i.e., office, retail or residential condominiums), the developer must retain ownership of the overall project until final completion; provided, however, that individual condominium units may be sold as they are completed.

F. Developer Equity – The Village will consider the percentage of project costs financed by developer equity, to determine if Village and developer interests are properly aligned. Equity includes cash, unleveraged value in land, or prepaid costs allocated toward the project.

IV. Prohibited Uses

The Village will not provide assistance for the following development types:

- Large scale, high and medium density residential developments, i.e. apartment complexes.
- Single-family residential developments.

It is further understood that any and all development projects that occur within the Village's Tax Increment Finance Districts and other areas within the Village are subject to all Village ordinances, codes or regulations that are currently in effect or that may be amended or modified by the Village.

V. Administrative Responsibilities

The Village Manager or designee shall be responsible for implementing the Economic Incentive Policy, including the development of any procedural manual, guidelines, or applications.