



POLICY STATEMENT TITLE: - VILLAGE OF SCHAUMBURG, COOK COUNTY, CLASS 7 TAX CLASSIFICATION POLICY

COW Approval: July 28,2020

VB Approval Date: July 28, 2020

Statement: The following criteria will be used when considering requests for Cook County Class 7 Real Estate Tax Classifications ("Class 7 Classification"). The purpose of this incentive is to help the Village compete with other Cook County municipalities that offer the Class 7 Classification, and to compete with surrounding counties that have lower real estate tax rates, to encourage occupancy of vacant commercial space and attract new investment.

1. Class 7 Classification requests are required to pay a non-refundable application fee of \$500.00. This fee covers the cost of publication, notification and administrative costs of the Village. Additional fees may be required if the Village's Director of Economic Development determines that it will be necessary to employ third party, non-Village employee consultants to review and analyze the application, and/or prepare reports or draft documents relative to the application or the approval thereof.
2. Class 7 Classification requests can only be considered for commercial uses which involve real estate used primarily for the buying and selling of goods and services, or for otherwise providing goods and services, including any real estate used for hotel, restaurant, or office purposes.
3. Class 7 Classification requests seeking to reoccupy a vacant or abandoned property can only be considered for projects that have been vacant for a minimum of 2 years, or a minimum of 1 year with "special circumstances".
4. Class 7 Classification requests can only be considered for the aforementioned commercial uses locating in Schaumburg or moving within Schaumburg, in an area(s) determined to be "in need of commercial development" as required by Section 74-65(a) of the Cook County Ordinance. The five eligibility requirements mandated by the Ordinance require that the project (1) be in a designated area in need of redevelopment; (2) complete a real estate tax analysis to determine that taxes in the project have declined or remained stagnant; (3) be viable and completed in a timely manner; (4) be necessary and unable to move forward without the incentive; and (5) ultimately result in an increase in real property tax revenue and employment opportunities within the area.
5. Class 7 Classification requests can only be considered for commercial uses that have not received other forms of inducement from Schaumburg for the same project such as Tax Increment Financing.
6. Class 7 Classification requests will be reviewed on a case-by-case basis and will only be considered if the applicant can demonstrate:
 - a. Significant employment and business growth through the creation of additional jobs at the facility and within Schaumburg during the life of the Class 7 Classification incentive and/or planned growth for the upcoming years.
 - b. Substantial capital expenditures at the facility which improves the building and raises the Equalized Assessed Value (EAV) of the property. Examples include the expansion of the facility or substantial renovations to the property.
 1. For Class 7a applications, the total development costs, exclusive of land, must exceed one million dollars but must not exceed two million dollars.

2. For Class 7b applications, the total development costs, exclusive of land, must exceed two million dollars.
 3. For Class 7c applications, the total development costs, exclusive of land, must exceed one millions dollars.
 - c. Ongoing community involvement and financial support for the time period during which the Class 7 Classification is applicable, provided to agencies including but not limited to the Schaumburg Business Association, Schaumburg Township Library District, Al Larson Prairie Center for the Arts, Next Level Northwest, Schaumburg Park District, Harper College, School District 54 and School District 211.
 - d. Evidence that the project would not be economically feasible without the Class 7 incentive.
7. Class 7 Classification requests for real estate located in a TIF District will be required to demonstrate the fulfillment of the following criteria in addition to the criteria in section 4:
 - a. Improvements to the property and/or building(s), at a value that shall result in an increase in the EAV of the property that is equal to or greater than 25% of the current EAV of the property within two years of the Class 7 Classification approval. These improvements may include items such as build out of space and additions. Equipment and other investments that do not add to the EAV will not be included as part of the minimum requirement.
 - b. The EAV of the property after the completion of the proposed improvements shall be equal to or higher than the base EAV when the TIF District was established.
 - c. A minimum of 1 employee per 400 square feet of building space is required with an average salary equal to or greater than the Bureau of Labor Statistics current index for Cook County for the position the employee will hold.
8. Class 7 Classification requests approved by the Schaumburg Village Board will be subject to a Development Agreement, which will be used to document the agreed upon capital expenditures, total number of employees and community involvement in order to receive continued support for the Class 7 incentive. The Development Agreement will also provide for the reimbursement of reasonable costs incurred by the Village of Schaumburg in processing the Class 7 Classification request, and provide limitation on the applicant's ability to challenge the EAV of the property during the time period which the Class 7 incentive is applicable.
9. In the event of failure to meet any of the employment, capital expenditure, community involvement requirements, or EAV challenge limitations; the Village of Schaumburg may impose penalties including the termination of the Class 7 Classification for the property and monetary repayments of previously received property tax savings.