



Legislation Details (With Text)

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Title: Adopt the resolution expressing the City of Naperville's intent to consider a Business District designation and impose appropriate Business District sales taxes on portions of the Westridge Court Shopping Center and Heritage Square properties

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution Expressing Intent to Consider a Business District for the Block 59 Project, 2. Exhibit B to the Resolution

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|---------|--------|
| 9/20/2022 | 1 | City Council | adopted | Pass |

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Adopt the resolution expressing the City of Naperville's intent to consider a Business District designation and impose appropriate Business District sales taxes on portions of the Westridge Court Shopping Center and Heritage Square properties

DEPARTMENT: Transportation, Engineering and Development

SUBMITTED BY: William J. Novack, Director/City Engineer

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

Business District Law

Illinois law, namely the Business District Development and Redevelopment Law, 65 ILCS 5/11-74.3-1 *et seq.*, (Business District Law) allows municipalities to designate business districts to encourage opportunities for development or redevelopment of property and to attract sound and stable commercial growth by establishing a levy for additional sales and/or hotel tax.

Big-box Retailers

These two shopping plazas, at the corner of Route 59 and Aurora Avenue, were built during the big-box era of the 1980's. With the growth of online shopping over the last decade, the number of big-box retailers has diminished considerably. Nearly all retail centers, including Fox Valley Mall across from this site, have struggled and are looking for new ways to drive traffic to their locations. Research has shown that unless the anchor is a grocer with a large footprint, the 1980's model of a large anchor with smaller in-line retailers is no longer working.

Brixmor owns both Westridge Court and Heritage Square have been assessing major changes to the sites. Their current plan seeks to capitalize on their location by removing many of the existing buildings and re-orienting the site with a central core surrounded by outlots along the roadways. This will require complete removal and relocation of the infrastructure that serves these centers, including the water, wastewater, electric, private utilities, parking lots and drives.

Brixmor Request

Brixmor is seeking City Council approval for the formation of a Business District. If approved, the City would be able to levy additional sales tax on the property for up to 23 years to help finance the relocation of the infrastructure and roadways within the development.

DISCUSSION:

The property does appear that it may qualify as a blighted area within the definition of the Business District due to the outdated layout and infrastructure. Brixmor has retained Kane McKenna and Associates (KMA) to 1) assess whether the site meets the qualifications for a Business District and 2) to provide the City with data and a plan regarding the eligibility.

The resolution currently before the City Council in no way obligates the City to form the proposed Business District or to pay any developer expenses. Even if a Business District is formed the City will not be funding any part of the District; any payments to the developer would be generated solely by the imposition of additional sales tax (up to 1%) by the businesses within the district.

The sole purpose of the resolution before the City Council is to acknowledge the City's interest in considering establishing the proposed Business District. If a Business District is formed, then eligible expenses incurred by the developer may be reimbursed.

If, after receiving the report and proposed business plan from KMA, the City finds that the property qualifies for a Business District, and that it is in the best interest of the City to assist with its revitalization and improvements, then an ordinance will be brought to the City Council setting a public hearing date to establish the Business District.

FISCAL IMPACT:

N/A