



Laube Consulting Group LLC
200 S. Wacker Dr., Suite 3100
Chicago, Illinois 60606
www.laubecompanies.com

Michael S. Laube
mlaube@laubecompanies.com
Direct (312) 674-4537

May 20, 2021

Mr. Moises Cukierman
President
ILM Homes, Inc.

Dear Moises:

It is a pleasure to present this draft fiscal impact analysis of your proposed residential development in Libertyville, Illinois. This report addresses the following:

- Estimating the total incremental direct revenue sources and costs to the Village of Libertyville, School District 70 and 128 as a result of this project over a 20-year period.

The analysis is dependent on a number of financial and market assumptions that were developed in connection with this report. Since future events are not subject to precise forecasts, some assumptions may not materialize in the exact form presented in this analysis. In addition, other unanticipated events or circumstances may occur which could influence the future outcome and performance of the project. Nonetheless, we believe that the underlying assumptions provide a reasonable basis for this analysis.

We appreciate the opportunity to work with you on this engagement and look forward to discussing the results of the report with you.

Very truly yours,
Laube Consulting Group LLC

DRAFT

By
Michael S. Laube

I. EXECUTIVE SUMMARY

The development program is currently contemplated to be 90 townhomes (single family attached homes). All units are planned to be 3 bedroom units.

We have analyzed the net cost/benefit to the Village, School District 70, and School District 128. The net (cost)/benefit over 20-years for each is as follows:

- Village of Libertyville – Net Benefit of \$1,092,503
- School District 70 – Net Benefit of \$1,223,305
- School District 128 – Net Benefit of \$5,567,238
- Estimated Number of School Children – 23.7

Please see the Appendix for the further detail of these summaries.

II. DEVELOPMENT PROGRAM

The development program for this site is planned to entail the construction of 90 townhomes.

Under the current site plan, the plan will consist of 94 units of market rate housing that will all have 3 bedrooms. The average unit sale price is currently estimated to be approximately \$420,000.

The development site is located on 2 parcels within the Village. Those parcels are:

- 11-09-301-005
- 11-09-301-009

Hereinafter referred to as the “Property”.

III. PROPERTY TAXES

Overview

The assessment process involves several steps. First, the County assessor's office establishes the fair market value ("FMV") of the property. The FMV is the most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to a fair rate. The FMV is determined by any number of factors including, but not limited to: property location, age, type, and condition of facilities and infrastructure.

Second, the "assessed value" is calculated by multiplying the property's FMV by an assessment rate. The assessment rate is determined by county ordinance, in the case of Lake County, wherein this development resides.

Third, the property's assessed value is multiplied by an equalization factor to determine the equalized assessed value ("EAV"). The equalization factor is used to ensure that property is assessed consistently throughout the state. The equalization factor for Lake County is determined by the Illinois Department of Revenue. Finally, the EAV is multiplied by the property tax rate to determine the tax for the property.

Key Assumptions

- We have used the projected values of the of the market rate units by estimating what the sale price to achieve the projected fair market value for purposes of the Lake County Assessor. This results in projected taxes per unit of approximately \$10,800. We believe that this methodology is in line with Lake County assessment practices and is reasonable and conservative.
- We have trended the initial assessed value by a reassessment growth rate of 2.5% annually.

For a complete list of all assumptions used, please see the Appendix.

Collections

(All shown in aggregate dollars over a 20-year period)

- Total Property Tax Collections - \$23.3 million
- Village of Libertyville - \$1.1 million
- School District 70 Collections – \$8.8 million
- School District 128 Collections – \$7.7 million

Please see the Appendix for the annual cash flows and all detail.

IV. INCREMENTAL MUNICIPAL COSTS

Overview

In order to objectively look at the impact to the Village, the incremental cost of this proposed project must also be evaluated. Incremental municipal costs can come in the form of the need for increased fire, police or emergency services. Additionally, there can also be incremental costs of providing water and sewer as well as Village staff time in order to evaluate the proposed plans for construction, the related zoning. This section will provide a discussion of all of them.

Police, Fire and Ambulance Services

These types of developments require very little service from municipal police, fire or emergency. Furthermore, this is an infill site that already exists in the Village and is serviced by police and fire. Additional services will not be needed.

Police

These types of residential developments experience very few incidents. While it is conceivable that the police may need to respond on occasion, these incidents are very rare.

Emergency

Due to the nature of the development, being a small infill residential development, the need for emergency services certainly could occur, but should be very rare.

Village Staff Costs

The time incurred by Village staff to review and work through the zoning and building process is covered by the normal permits and fees paid for a facility like this. Based upon industry averages, the permit fees are approximately 0.75% - 1% (all in) of the hard costs of the project aggregately. At a minimum, this will cover the costs of review and time.

Water and Sewer Costs

This facility will be a user of the municipal water and sewer and will pay the normal and customary charges for this service. Therefore, this use will not have a negative impact on the Village.

V. SCHOOL DISTRICT 70 AND 128 COSTS

Overview

We have looked at the incremental costs of the new student generation to School District 70 and 128 as a result of the proposed 94 unit residential development.

Key Assumptions

- We have used some data for student generation of these types of urban, high density developments that we believe more accurately reflects actual generation in these types of developments. This data came from ISCS. We then adjust these ratios by 25% to reflect the actual trends in suburban townhome purchasing. The demographic generally dwelling in these units are near nester or empty nesters with very few school age children. We believe that these are more appropriate and accurate ratios to estimate the student population for this development. The rationale for this is that our direct experience tells us that the student generation is much less than standard ratios calculate. Additionally, student trends are on the decline. This is corroborated by the Developer's direct experience and market based trends in developing these types of attached single family homes in in-fill locations. Therefore, our final ratios as adjusted are very conservative and will likely show higher costs to the schools than will actually occur.
- We have used the total operational cost per student of \$16,112 for District 70 and \$22,621 for District 128 as published by the Illinois School Report Card.
- We have used a 5-year average consumer price index as the inflation rate for these costs.

Please see the Appendix for a complete list of assumptions.

Costs

- Over a 20-year period the incremental cost to School District 70 is about \$7.6 million
- Over a 20-year period, the incremental cost to School District 128 is about \$2.2 million

Please see in the Appendix for the annual cash flow summary.

VI. SCHOOL IMPACT FEES

Overview

Village code requires that any residential development provide impact payments to the schools as part of the approval process.

Key Assumptions

- The rates for District 70 are \$1,040 for a 3 bedroom unit.
- The rates for District 128 are \$318 for a 3 bedroom unit.

Payments to Schools

- Up-front payment to School District 70 - \$93,600
- Up-front payment to School District 128 - \$28,620

VII. NET COST BENEFIT CALCULATIONS OVER 20-YEARS

Village of Libertyville

- Total Revenues Collected - \$1,092,503
- Incremental Costs - \$0

- **Net (Cost)/Benefit to the Village - \$1,092,503**

Village 5-Year Cash Flow

Year	Collections	Costs	Net (Cost)/Benefit
Year 1	\$ 0	\$0	\$ 0
Year 2	\$ 45,624	\$0	\$ 45,624
Year 3	\$ 46,764	\$0	\$ 46,764
Year 4	\$ 47,933	\$0	\$ 47,933
Year 5	\$ 49,132	\$0	\$ 49,132

School District 70

- Total Revenues Collected - \$8,803,843
- Incremental Costs - \$7,580,538

- **Net (Cost)/Benefit to SD 70 - \$1,223,205**

School District 70 5-Year Cash Flow

Year	Collections	Costs	Net (Cost)/Benefit
Year 1	\$ 93,600	\$317,568	\$ (223,968)
Year 2	\$ 363,745	\$323,353	\$ 40,392
Year 3	\$ 372,839	\$329,243	\$ 43,596
Year 4	\$ 382,160	\$335,241	\$ 46,919
Year 5	\$ 391,714	\$341,348	\$ 50,366

School District 128

- Total Revenues Collected - \$7,717,699
- Incremental Costs - \$2,150,461

Net (Cost)/Benefit to SD 128 - \$5,567,238

School District 128 5-Year Cash Flow

Year	Collections	Costs	Net (Cost)/Benefit
Year 1	\$ 28,620	\$90,088	\$ (61,468)
Year 2	\$ 321,101	\$91,729	\$ 229,371
Year 3	\$ 329,128	\$93,400	\$ 235,728
Year 4	\$ 337,356	\$95,102	\$ 242,255
Year 5	\$ 345,790	\$96,834	\$ 248,956

VIII. QUALITATIVE BENEFITS

- Create a catalyst for the community in which the additional residents will generate additional spending at local restaurants, shops, hospitality assets, and therefore create more sales tax revenues for the community.
- The proposed development will allow the creation of additional, legal parking spaces for the Wildberry restaurant, thereby assuring the continual success and viability of the very popular Wildberry restaurant.
- The proposed development includes the construction of a new public road that creates access to commercial sites long sought after by the Village.
- Reactivate a vacant site burdened by extraordinary physical constraints.
- Provide a high-quality construction, with environmentally sustainable elements.
- Provide a much-needed type of residential home for the Village.
- Facilitate a major capital investment in the community.
- Further the Village's goals as stated in their long-term comprehensive plan for the growth of the community.

APPENDIX

The Appendix is an integral part of this Report. The written narrative is meant to provide an overview of key assumptions and conclusions.

Table 1 – Executive Summary

Table 2 – Village Summary

Table 3 – School District 70 Summary

Table 4 – School District 128 Summary

Table 5 – Fair Market Value - Residential

Table 6 – Property Tax Assumptions

Table 7 – Total Property Tax Projections

Table 8 – Village Property Tax Projections

Table 9 – School District 70 Property Tax Projections

Table 10 – School District 128 Property Tax Projections

Table 11 – School District 70 Cost Assumptions

Table 12 – School District 128 Cost Assumptions

Table 13 – School District 70 Cost Projections

Table 14 – School District 128 Cost Projections

Table 15 – School Cash Payments