Fast-growing towns create housing incentives

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By Susan DeMar Lafferty, Staff Writer

Cash back! Low interest loans! Deferred payments!

Communities are resorting to the gimmicks of car salesmen as they struggle to jumpstart their own little economic engines. Each has its own way of coping with these tough times. Some are desperately trying creative ways to ignite a fire under home builders and buyers. Others said it is a national problem and they are allowing the market to take its own course. More established towns are keeping an eye on foreclosures.

In some areas, developers have appealed to village officials for help, and some have responded.

In the first week that Manhattan dangled a $5,000 rebate in front of new home buyers, staff fielded at least two dozen calls, and has a few building permit applications pending. It also has 1,294 residential lots ready to be built on, and a need to attract commercial and retail developers.

In offering this rebate, payable at closing time, they are trying to stimulate commercial growth. "Building homes is part of that equation," Mayor Bill Borgo said.

Additionally, current builders have agreed to help promote Manhattan and its rebate plan.

At a breakfast with its builders last fall, Frankfort officials asked what they could do to help them. They agreed to jointly promote the community, touting its access to Interstate 355, its quality schools, parks and construction, said village administrator Jerry Ducay.

Village staff prepared promotional materials and gave it to builders to use in their marketing programs. The village also has an aggressive property maintenance policy to insure that vacant lots do not become blighted.

Beyond that, Frankfort will let the economy find its own balance.

"We do not necessarily feel it is appropriate to inject public funds into the issue," he said.

Similarly, New Lenox officials do not want to take money out of the village coffers but may be willing to let developers defer their permit fees until final inspection, rather than paying them upfront. One current builder has voiced objections to that plan.

But unlike Manhattan, New Lenox has already attracted commercial interests, with plans to break ground in the near future on two regional shopping malls. On the other hand, it has over 1,000 buildable lots sitting idle. A town that once saw over 300 new homes a year, now hopes to get 100.

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At its peak of development, Mokena issued 350 residential permits in one year.

"Maybe we will never see that kind of growth again," said village administrator John Downs, who is estimating 75 permits this year, a 20-year low.

Mokena's leaders are not discussing any special incentives or programs.

"The market will have to straighten itself out," Downs said. "I'm not sure we could do enough to make a difference."

Eventually, Mokena will be built out and will not be able to rely on building permit revenues. "This is a good opportunity to discipline ourselves for that," he said.

While this is the "most severe" downturn he's witnessed, the village is seeing some good retail growth, which will eventually replace its revenue stream from residential permits.

Another town that continues to see strong commercial growth is Orland Park, while its residential growth mirrors that of its neighbors.

"There's no question commercial follows residential. But Orland is a known market - a good, solid market. Retailers feel comfortable coming to Orland Park," said Karie Friling, director of development services. Last year the village had 23 new commercial buildings and 243 tenant build outs or remodels.

New housing may be down, but there is an increase in home remodeling and additions, she said.

"We're confident housing will turn around. We will ride it out," she said. At the same time, staff is being "vigilant" about foreclosures, but has not seen a lot yet.

Tinley Park Trustee Patrick Rea doesn't know for sure how many homeowners are facing foreclosure or are behind in payments in his town, but his "best guess" is a maximum of 60.

"It's too early to know, but we're not blind to what is going on," he said. He is proposing a short-term property tax mortgage loan to help residents keep their Tinley Park homes and keep property values up. His plan could come to the village board within 90 days.

Rea has been working with local banks, encouraging them to restructure loans for hurting homeowners. For its part, the village would loan residents money to pay their property taxes for one year, at a two percent interest rate, thus reducing the mortgage payment overall by 20 to 30 percent, he figured.

It could cost the village $250,000, and Rea proposed the money come out of its hotel/motel tax.

If a home foreclosed the cost to the town could be greater in terms of lost property taxes and sales tax, he said.

"We're doing our best to be helpful in a modest way. If we help 35 to 40 families, that will be significant," Rea said.

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