
**VILLAGE OF LINCOLNWOOD
TIF REDEVELOPMENT PLAN
LINCOLN-TOUHY TIF DISTRICT**

“Redevelopment plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

Prepared by the Village of Lincolnwood, Illinois

in conjunction with

Kane, McKenna and Associates, Inc.

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I. INTRODUCTION

The Village of Lincolnwood (the “Village”) is located in northern Cook County, Illinois. It is an established community which is contiguous with the northern border of the City of Chicago. The Village also is situated next to the Village of Skokie and City of Evanston.

In this report, the Village proposes a Tax Increment Financing Redevelopment Plan to assist an area in overcoming a number of redevelopment barriers. Kane, McKenna and Associates, Inc. (KMA) has been retained by the Village of Lincolnwood to conduct an analysis of the potential qualification and designation of the area as a Tax Increment Financing (“TIF”) District, and to assist the Village in drafting this TIF Redevelopment Plan.

TIF Plan Requirements. The Village is completing this Plan as required by the Tax Increment Allocation Redevelopment Act, (the “Act”) 65 ILCS 5/11-74.4-3, *et. seq.*, as amended. To establish a TIF district (otherwise known as the Redevelopment Project Area (“RPA”)), Illinois municipalities must adopt several documents, including a TIF Redevelopment Plan and Eligibility Report.

The Act enables Illinois municipalities to establish TIF districts, either to eliminate the presence of blight or to prevent its onset. The Act finds that municipal TIF authority serves a public interest so as to: “promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas” (65 ILCS 5/11-74.4-2(b)).

By definition, a TIF “Redevelopment Plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualify the redevelopment project area as a “blighted area,” “conservation area” (or combination thereof), or “industrial park conservation area,” and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act.

Community Background. The Village of Lincolnwood was established in 1911 (originally incorporated as Tessville). In the post World-War II era, the municipality became a vibrant, fast growing suburban community, reaching a population of nearly 13,000 by 1970. Since then the population has stabilized and was at an estimated 12,400 as of the 2000 U.S. Census.

The Village has a number of important assets that create an economically competitive environment for businesses and desirable location for residents.

Because of its proximity to Chicago and nearby north shore suburbs, it has an excellent location and access to important amenities. Lincoln Avenue, one of the oldest arterial roads in the region, acts as an important gateway to the community. Aside from providing excellent transportation access, Lincoln Avenue acts as an important entry point for welcoming visitors to the Village.

The Village has, in addition to Lincoln Avenue, a number of other transportation assets. Touhy Avenue, is an important east/west arterial and enables access to Interstate 94. In addition the network of roadways, residents and businesses benefit from close proximity to two Metra rail lines as well as a close-by CTA train station. In addition to physical assets, the business environment is supported by a tradition of professional city management and high quality schools.

In summary, the TIF District has a number of important assets:

- Both Lincoln Avenue and Touhy Avenue are major arterial roads and as such have the traffic counts necessary to support commercial and retail uses.
- The Lincoln/Touhy study area is situated in the middle of a network of retailers that would complement any new uses with the study area
- The area is close to the Interstate 94 access ramp;
- The area is potentially “walkable” in terms of facilitating future pedestrian-oriented plans envisioned in the Lincoln Avenue Corridor Study (since residential areas and parks are within walking distance); and
- The RPA has had certain public improvements along Lincoln Avenue, just outside of the study area.

On the latter point, the Village made a number of public investments to improve the function and appearance of Lincoln Avenue pursuant to the Lincoln Avenue Corridor Study. TIF financing would enable the Village to continue and deepen this existing program. Lastly, the area is nearly equidistant between two Metra train lines with stops in Morton Grove and Edgebrook (Chicago) to the west and Evanston to the east, as well as being close to a CTA Yellow Line train stop slated to open in late 2011.

Despite its potential advantages, many parcels in the area are underutilized. The TIF District as a whole suffers from a variety of economic development impediments as identified in the TIF Act, such as excessive vacancies and obsolescence. In comparison to the balance of Village taxable value, the TIF district property valuations have lagged behind the Village’s annual growth rates. The TIF Qualification Report (Section V) identifies other impediments to redevelopment.

The Lincoln-Touhy TIF area has the potential for redevelopment of certain underutilized properties. Such redevelopment would build upon locational advantages and established commercial uses. As such, the Village has identified a number of objectives for redevelopment, with tax increment financing acting as a

tool to achieve them. Please refer to Section III of this report for additional information about the goals, objectives and activities to support redevelopment.

The TIF District. The RPA consists of 8 tax parcels. Most of the TIF District area (in terms of land and building space) is to the northwest of the intersection of Touhy Avenue and Lincoln Avenue, with additional parcels south of Touhy. The dominant land use has been the “Purple Hotel,” one of the largest buildings in the Village since its construction in the 1960s.

Overall, the RPA is heavily commercial, with two commercial end uses immediately adjacent to the Purple Hotel. Two other commercial structures are located south of Touhy Avenue. The TIF District suffers from a variety of economic development impediments, as identified in the TIF Act. For example, it suffers from obsolescence and excessive vacancies. Section V of the *TIF Eligibility Report* (see Appendix 5) report identifies the following impediments to redevelopment:

- Obsolescence
- Excessive vacancies
- Lagging growth in EAV, in comparison to the Village as a whole
- Lack of Community Planning
- Deterioration
- Code Violations
- Inadequate Utilities
- Deleterious Layout.

On balance, the combination of these factors limits the opportunities for private reinvestment within and around the RPA. Such factors potentially suppress the value of future development and weaken the potential for business growth – limiting employment and contributing to the lack of sustained investment in the area.

The RPA may be suitable for new development if there is coordination of uses and redevelopment activity by the Village. Under this TIF Redevelopment Plan and as part of its comprehensive economic development planning, the Village intends to attract and encourage commercial and retail/mixed uses to locate, upgrade, expand and/or modernize their facilities within the Village. Through the establishment of the RPA, the Village would implement a program to redevelop key areas within the Village and in so doing, it would stabilize the area, extend benefits to the community, and assist affected taxing districts over the long run.

Rationale for Redevelopment Plan. The Village recognizes the need for a strategy to revitalize properties and promote development within the boundaries of the RPA. The needed private investment may only be possible if a TIF district is adopted pursuant to the terms of the Act. Incremental property tax revenue

generated by the development will play a decisive role in encouraging private development. Site conditions that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Plan will benefit both the Village and surrounding taxing districts, by virtue of the expected expansion of the tax base.

The Village does not anticipate that area as a whole would be developed in a coordinated manner without the adoption of the TIF Redevelopment Plan. The Village, with the assistance of KMA, has therefore commissioned this Plan to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will lay the foundation for the redevelopment of the area with private capital. This in turn will set the stage for future retail, commercial and retail/residential/mixed use opportunities surrounding the area.

The designation of the area as an RPA will allow the Village to pursue the following beneficial strategies:

- Enhancing area appearance through improvements to landscape, streetscape and signage;
- Establishing a pattern of land-use activities that will increase efficiency and economic inter-relationships, especially as such uses complement adjacent current and/or future commercial opportunities and Village redevelopment projects within the RPA and/or surrounding area;
- Coordinating land assembly in order to provide sites for redevelopment;
- Providing infrastructure that supports subsequent redevelopment plans for the RPA; and
- Entering into redevelopment agreements in order to redevelop property and/or to induce new development to locate within the RPA.

Through this Plan, the Village will serve as the central influence for the coordination and assembly of the assets and investments of the private sector and establish a unified, cooperative public-private redevelopment effort. Several benefits are expected to accrue to the area: entry of new businesses; new employment opportunities; and physical and aesthetic improvements. Ultimately, the implementation of the Plan will benefit (a) the Village, (b) the taxing districts serving the RPA, (c) residents and property owners within the RPA, and (d) existing and new businesses.

Village Findings. The Village, through legislative actions as required by the Act, finds:

- That the RPA as a whole has not been subject to growth and development through investment by private enterprise;
- That in order to promote and protect the health, safety, and welfare of the public, certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken;
- To alleviate the adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas;
- That public/private partnerships are determined to be necessary in order to achieve development goals;
- That without the development focus and resources provided for under the Act and as set forth in this Plan, growth and development would not reasonably be expected to be achieved;
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to the taxing districts, because the taxing districts would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment; and
- That the TIF Redevelopment Plan conforms to the Lincolnwood Comprehensive Plan, as detailed in Section III of this report.

It is further found, and certified by the Village, in connection to the process required for the adoption of this Plan pursuant to the Act, that the projected redevelopment of the RPA would not result in the displacement of ten (10) inhabited residential units or more, and that the RPA contains fewer than seventy-five (75) inhabited residential units. Therefore, *this Plan does not include a Housing Impact Study.*

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA. Redevelopment of the RPA area is tenable only if a portion of the improvements and other costs are funded by TIF.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements thereon substantially benefited by the redevelopment project. Also pursuant to the Act, the area in the aggregate is

more than 1½ acres. A boundary map of the RPA is included in Appendix 2 of this Plan.

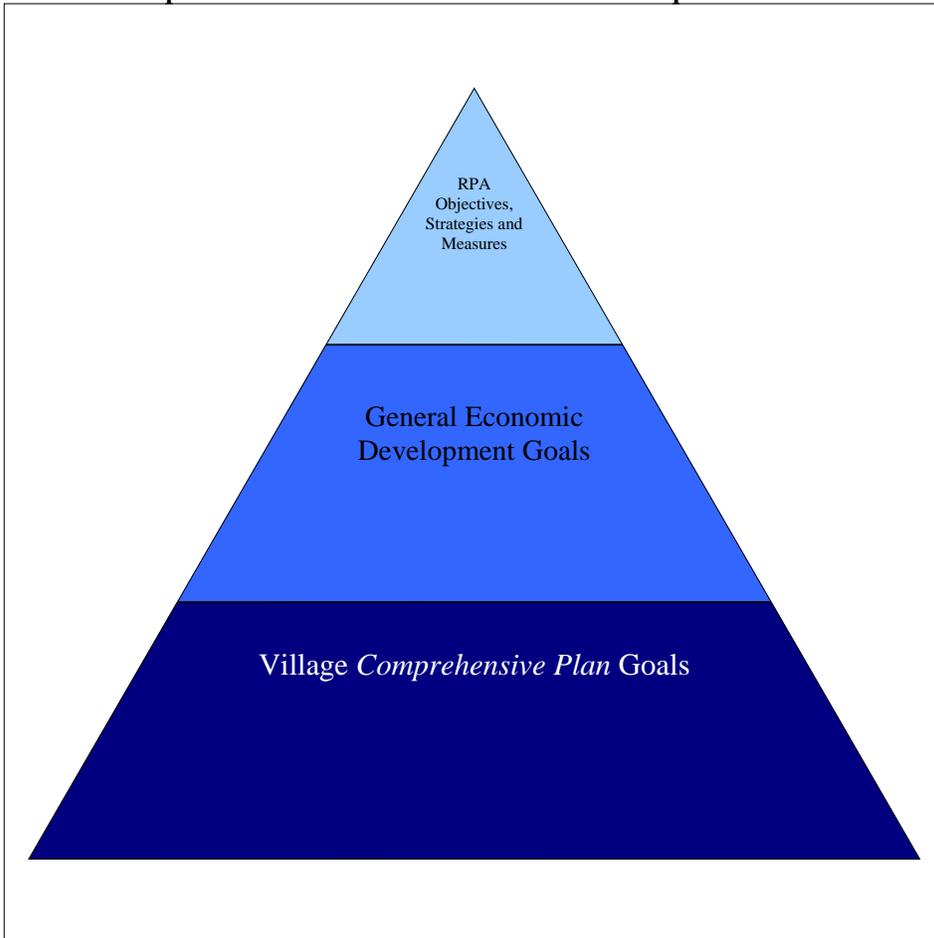
II. RPA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Appendix 1.

III. RPA GOALS AND OBJECTIVES

The Village has established a number of economic development goals, objectives, and strategies which would determine the kinds of activities to be undertaken within the Lincoln-Touhy TIF District. These efforts would conform to and promote the achievement of land use objectives in the Village's *Comprehensive Plan*.

Exhibit 1
Relationship of Land Use and Economic Development Plans



As indicated in the exhibit above, the Village's primary planning document is the *Comprehensive Plan* which describes the overall vision for the Village and is the foundation for Village initiatives such as the Lincoln-Touhy TIF District. This overarching planning document determines future land uses and influences all other Village planning effort such as the TIF planning process.

General Economic Development Goals of the Village. Establishment of the Lincoln-Touhy RPA supports the following Village-wide objectives

enunciated in the *Comprehensive Plan* that would directly determine future economic development activities and influence the parameters of future redevelopment projects.

Exhibit 2

Components of *Comprehensive Plan* Applicable to Lincoln-Touhy RPA

Objective	Policy (Excerpts)
Promote the growth and redevelopment of business and commercial areas.	<ul style="list-style-type: none"> • Encourage the location of new or expanding businesses in existing commercial locations that would benefit from redevelopment. • Provide assistance programs for commercial property owners who rehabilitate their properties. • Consider land assembly to facilitate commercial redevelopment. • Expand the number of off-street parking spaces where needed to serve established business areas. • Promote restoration of parkway landscaping where it has been paved over; require restoration of parkway landscaping as properties are redeveloped. • Consider vacating street segments intersecting with Lincoln Avenue, Devon Avenue and other commercial streets, to create larger redevelopment sites, create safer, more efficient traffic patterns and provide better buffers for residential areas.
Reduce land use conflicts between residential and non-residential uses.	<ul style="list-style-type: none"> • Augment development requirements for buffering and landscaping between residential and non-residential uses. • Encourage creative ways to provide parking and enhance landscaping of private property. • Require on-site provisions for stormwater detention, encouraging underground detention where appropriate, with respect to new commercial and industrial development.
Establish and maintain a positive community identity along arterial streets.	<ul style="list-style-type: none"> • Establish appearance review standards within the Zoning Ordinance for non-residential development. • Amend the property maintenance code as needed to provide effective enforcement power. • Enforce the provisions of the sign ordinance. • Establish landscape requirements for new and existing commercial and industrial developments. • Require businesses to screen private parking lots, preferably with plants. • Encourage consolidation of driveways and parking lot entrances and narrowing their width in order to create a safer pedestrian environment and pleasant image along Lincolnwood's commercial streets. • Develop facade/streetscape improvement programs along major arterials.
Improve the appearance of community gateways and arterial corridors.	<ul style="list-style-type: none"> • Improve the image of Lincolnwood's public rights-of-way through systematic beautification efforts. • Pursue opportunities to provide landscaping at key intersections. • Implement the Beautification Opportunities Plan for landscaping and community identifiers at major entry points to Lincolnwood. • Consider upgrading street lighting along commercial corridors in connection with other right-of-way improvements.

Source: Village of Lincolnwood *Comprehensive Plan*

Specific Objectives and Strategies for the RPA. The general goals for economic development cited above would be supported by specific objectives, strategies and performance measures that would “drive” the redevelopment activities undertaken within the RPA. The Lincoln Avenue Corridor Study identified a number of recommended actions or strategies that would be supported and potentially financed by TIF designation. (See table below.)

Exhibit 3

Components of *Lincoln Avenue Corridor Study* Applicable to Lincoln-Touhy RPA

Component	Recommended Strategies(Excerpts)
Public Streets and Spaces - Improvements in the public right-of-way which can help to create a pedestrian-friendly environment and foster a real sense of place.	<ul style="list-style-type: none"> • Continue and complete median landscaping throughout the corridor. • Diligently pursue parkway restoration whenever possible along • Lincoln Avenue, including tree planting and sidewalk restoration. • Enhance crosswalk markings and designations, including signage. • Create and implement a unified streetscape plan for the corridor. • Side street vacations should be explored and examined at appropriate locations. • Consider creating three public focal points at key corridor locations.
Development Regulations - Regulations on private property and new development in the corridor.	<ul style="list-style-type: none"> • Modify the current land use code to allow for mixed use development and in-fill housing; and, to prohibit expansion of drive-thru operations and auto-oriented uses. • Modify the Village Zoning Code to designate and regulate uses and encourage development in newly established business district hubs. • Prohibit new off-street parking lots in front of buildings along • Lincoln Avenue. Continue to require landscape screening of existing parking areas.

Source: Village of Lincolnwood *Lincoln Avenue Corridor Study*, 2005
(incorporated into the Village Comprehensive Plan)

TIF designation would allow the Village to pursue the following objectives within the RPA:

- Reduce or eliminate blight or other negative factors present within the area;
- Coordinate redevelopment activities within the RPA in order to provide a positive marketplace signal to private investors;
- Accomplish redevelopment over a reasonable time period;
- Create an attractive overall appearance for the area; and
- Further the goals and objectives of the Comprehensive Plan.

Ultimately, the implementation of the Redevelopment Project would contribute to the economic development of the area and provide new employment opportunities for Village residents.

The RPA-specific objectives would be fulfilled by the execution of certain strategies, including but not limited to the following:

- Facilitating the preparation of improved and vacant sites, while assisting private developers who would assemble suitable sites for modern development needs;
- Coordinate site preparation to provide additional land for new development, as appropriate;
- Fostering the replacement, repair, and/or improvement of infrastructure, including (as needed) sidewalks, streets, curbs, gutters and underground water and sanitary systems to facilitate the construction of new development within the RPA;
- Facilitating the provision of adequate on- and off-street parking within the RPA; and/or
- Coordinating development in tandem with any transportation system upgrades to make the area more accessible.

To track success in meeting RPA-specific objectives and strategies, the Village may wish to consider establishing certain performance measures that would help the Village monitor the projects to be undertaken within the RPA. The Government Finance Officers Association recommends that municipalities adopting TIF districts evaluate actual against projected performance (e.g., using metrics such as job creation or tax revenue generation). Exhibit 3 below identifies the types of performance measures the Village may consider to

track the performance of projects within the RPA. (Section VI of this report discusses the types of projects that the Village may pursue within the RPA, with the caveat that specific projects at this point are only conceptual in nature.)

Exhibit 3
Examples of TIF Performance Measures

Measure	Examples
Input	Public investment (\$) Private investment (\$) Acres of land assembled for TIF Bond proceeds
Output/Workload	Jobs created or retained Number of streetscaping fixtures installed Commercial space created (square feet)
Efficiency	Leverage ratio (private investment / public investment) Cost per square foot of commercial space Public subsidies per job created/retained
Effectiveness	% change in assessed value (AV) in TIF versus AV in rest of Village % change in AV within TIF before and after TIF creation Municipal sales taxes before and after TIF creation
Risk	Debt coverage ratio Credit ratings of anchor tenants Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

Source: *An Elected Official's Guide to Tax Increment Financing*, Government Finance Officers Association.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH; FISCAL IMPACT ON TAXING DISTRICTS

Evidence of the Lack of Development and Growth within the RPA. As documented in Appendix 5 of this Plan, the RPA has suffered from the lack of development and would qualify as a blighted area. In recent years, the area has not benefited from sustained private investment and/or development, instead suffering economic decline. Absent intervention by the Village, properties within the RPA would not be likely to gain in value.

The RPA exhibits various conditions which, if not addressed by the Village, would eventually result in blight. For example, structures and public improvements reflect lagging EAV and obsolescence. These various conditions discourage private sector investment in business enterprises.

Assessment of Fiscal Impact on Affected Taxing Districts. It is not anticipated that the implementation of this Plan will have a negative financial impact on the affected taxing districts. Instead, action taken by the Village to stabilize and cause growth of its tax base through the implementation of this Plan will have a *positive impact* on the affected taxing districts by arresting the potential decline or lag in property values, as measured by assessed valuations (AV). In short, the establishment of a TIF district would protect other taxing districts from the potential downside risk of falling AV.

Should the Village achieve success in attracting private investment which results in the need for documented increased services from any taxing districts, the Village will consider the declaration of “surplus funds,” as defined under the Act. Such funds which are neither expended nor obligated for TIF-related purposes can be used to assist affected taxing districts in paying the costs for increased services.

Any surplus Special Tax Allocation Funds (to the extent any surplus exists) will be shared in proportion to the various tax rates imposed by the taxing districts, including the Village. Any such sharing would be undertaken after all TIF-eligible costs – either expended or incurred as an obligation by the Village – have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the Village as provided by the Act.

An exception to the tax-sharing provision relates to the Village’s utilization of TIF funding to mitigate the impact of residential redevelopment upon school and library districts. In such cases, the Village will provide funds to offset the costs incurred by eligible school and the library district in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act. (Refer to Section VI of this Report, which describes allowable TIF project costs.)

V. TIF QUALIFICATION FACTORS PRESENT IN THE RPA

Findings. The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF district under the Act. Refer to the TIF Qualification Report, attached as Appendix 5 in this Plan.

Eligibility Survey. Representatives of KMA and Village staff evaluated the RPA from May 2010 to the date of this Plan. Analysis was aided by certain reports obtained from the Village, reports from Village engineering consultants, on-site due diligence, and other sources. In KMA's evaluation, only information was recorded which would help assess the eligibility of the area as a TIF District.

VI. REDEVELOPMENT PROJECT

Redevelopment Plan and Project Objectives. As indicated in Section III of this Report, the Village has established a planning process which guides economic development and land use activities throughout the Village. Consistent with the established planning process, the Village proposes to achieve economic development goals and objectives through the redevelopment of the Lincoln-Touhy RPA, pursuit of projects within the RPA, and the promotion of private investment via public financing techniques (including but not limited to tax increment financing).

The project-specific objectives envisioned for the Lincoln-Touhy RPA are as follows:

- 1) Implementing a plan that provides for the attraction of users to redevelop underutilized land and buildings that are available within the RPA.
- 2) Constructing public improvements which may include (if necessary):
 - Street and sidewalk improvements (including new street construction and widening of current streets; any street widening would conform with Village standards for context-sensitive design);
 - Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation);
 - Signalization, traffic control and lighting;
 - Off-street parking and public parking facilities; and
 - Landscaping and beautification.
- 3) Entering into Redevelopment Agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of an interest rate subsidy as allowed under the Act.
- 4) Providing for site preparation, clearance, environmental remediation, and demolition, including grading and excavation (any demolition activities would conform to Village criteria for allowing demolition).
- 5) Exploration and review of job training programs in coordination with any Village, federal, state, and county programs.

Redevelopment Activities. Pursuant to the project objectives cited above, the Village will implement a coordinated program of actions. These include, but are not limited to, acquisition, site preparation, clearance, demolition, provision of public infrastructure and related public improvements, and rehabilitation of structures, if necessary. Such activities conform to the provision of the TIF Act that define the scope of permissible redevelopment activities.

Site Preparation, Clearance, and Demolition

Property within the RPA may be acquired and improved through the use of site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment.

Land Assembly

Certain properties in the RPA (or the entire RPA) may be acquired, assembled and reconfigured into appropriate redevelopment sites. It is expected that the Village would facilitate private acquisition through reimbursement or write-down of related costs, including the acquisition of land needed for construction of public improvements. Relocation may also be required and the Village would conform to the provisions of the Act.

Public Improvements

The Village may, but is not required to, provide public improvements in the RPA to enhance the immediate area and support the Plan. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including extension of water mains as well as sanitary and storm sewer systems, roadways, and traffic-related improvements;
- Parking facilities (on grade and parking structures); and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation/Taxing District Capital Costs

The Village may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to Village code provisions. Improvements may include exterior and facade-related work as well as interior-related work. Certain taxing district capital costs may also be funded pursuant to the Act, if necessary, and as provided for in the Act.

Interest Rate Write-Down

The Village may enter into agreements with for-profit or non-profit owners/developers whereby a portion of the interest cost for construction, renovation or rehabilitation projects are paid for out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

The Village may assist facilities and enterprises located within the RPA in obtaining job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to:

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs; and
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

School and Library District Costs

The Village may provide for payment of school district and library district costs as provided for in the Act relating to residential components assisted through TIF funding.

General Land Use Plan. As noted in Section I of this report, the RPA currently contains primarily commercial uses.

Existing land uses are shown in Appendix 3 attached hereto and made a part of this Plan. Appendix 4 designates intended land uses in the Redevelopment Project Area. Future land uses will conform to the Zoning Ordinance and the *Comprehensive Plan* as either may be amended from time to time.

Additional Design and Control Standards. The appropriate design standards (including any Planned Unit Developments) as set forth in the Village's Zoning Ordinance and/or *Comprehensive Plan* shall apply to the RPA.

Eligible Redevelopment Project Costs. Under the TIF statute, redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred as well as any such costs incidental to the Plan. (Private investments, which supplement “Redevelopment Project Costs,” are expected to substantially exceed such redevelopment project costs.) Eligible costs permitted by the Act and pertaining to this Plan include:

- (1) *Professional Service Costs* – Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999 (the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;
 - The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
 - Annual administrative costs shall *not* include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;
 - In addition, redevelopment project costs shall *not* include lobbying expenses;
- (2) *Property Assembly Costs* – Costs including but not limited to acquisition of land and other property (real or personal) or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

- (3) *Improvements to Public or Private Buildings* – Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- (4) *Public Works* – Costs of the construction of public works or improvements, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- (5) *Job Training* – Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- (6) *Financing Costs* – Costs including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including (a) interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and (b) reasonable reserves related thereto;
- (7) *Capital Costs* – To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
- (8) *School-Related Costs* – For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1,

1999, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually.¹ Certain library district costs may also be paid as provided for in the Act.

- (9) *Relocation Costs* – To the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n) of the Act;
- (10) *Payment in lieu of taxes*;
- (11) *Other Job Training* – Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education

¹ The calculation is as follows: (A) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (B) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition Charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (C) For any school district in a municipality with a population in excess of 1,000,000, additional provisions apply.

programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;

- (12) *Developer Interest Cost* – Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
- (A) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - (B) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - (C) if there are not sufficient funds available in the special tax allocation fund to make the payment then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - (D) the total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;
 - (E) the cost limits set forth in subparagraphs (B) and (D) of paragraph shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act. The percentage of 75% shall be substituted for 30% in subparagraphs (B) and (D).
 - (F) Instead of the eligible costs provided by subparagraphs (B) and (D), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under the Act or other constitutional or statutory authority or from other sources of

municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (F) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (F).²

The TIF Act prohibits certain costs. Unless explicitly stated herein the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost. In addition, the statute prohibits costs related to retail development that results in the closing of nearby facilities of the same retailers. Specifically, none of the redevelopment project costs enumerated in the Act shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality.³

Projected Redevelopment Project Costs. Estimated project costs are shown in Exhibit 4 below. Adjustments to estimated line-item costs below are expected and may be made without amendment to the Redevelopment Plan. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act.

Further, the projected cost of an individual line-item as set forth below is not intended to place a limit on the described line-item expenditure. Adjustments may be made in line-items, either increasing or decreasing line-item costs for redevelopment. The specific items listed below are not intended to preclude

² The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (F) of paragraph (11) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

³ Termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the *total amount* of payment for eligible redevelopment project costs (the “Total Estimated TIF Budget” in Exhibit 4) shall not exceed the amount set forth below, as adjusted pursuant to the Act.

As explained in the following sub-section, incremental property tax revenues from any contiguous RPA may used to pay eligible costs for the Lincoln-Touhy RPA.

**Exhibit 4
RPA Project Cost Estimates**

Program Actions/Improvements	Estimated Costs
Land Acquisition and Relocation	\$2,500,000
Site Preparation, Including Environmental Remediation, Demolition, and Site Grading	6,000,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements)	8,500,000
Public Improvements/Facilities and Parking Structures	8,000,000
Rehabilitation of Existing Structures	2,500,000
Interest Costs Pursuant to the Act	3,000,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	2,000,000
Job Training	500,000
Statutory School and Library District Payments	2,000,000
TOTAL ESTIMATED TIF BUDGET	\$35,000,000

Notes:

- (1) All project cost estimates are in 2011 dollars. Costs may be adjusted for inflation per the TIF Act.
- (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
- (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of the line-items set forth above are not intended to place a total limit on the described expenditures, as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection the redevelopment of the RPA – provided the total amount of payment for eligible redevelopment project costs shall not exceed the overall budget amount outlined above.

Sources of Funds to Pay Redevelopment Project Costs. Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from incremental property tax revenues, proceeds from municipal obligations to be retired primarily with such revenues, and interest earned on resources available but not immediately needed for the Plan. In addition, pursuant to the TIF Act and this Plan, the Village may utilize net incremental property tax revenues received from other contiguous RPAs to pay eligible redevelopment project costs or obligations issued to pay such costs in contiguous project areas. This would include contiguous TIFs that the Village may establish in the future. (Conversely, incremental revenues from the Lincoln-Touhy TIF may be allocated to any contiguous TIF Districts.)

Redevelopment project costs as identified in Exhibit 4 specifically authorize those eligible costs set forth in the Act and do not address the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed. TIF or other public sources are to be used, subject to approval by the Village Council, only to leverage and commit private redevelopment activity.

The incremental tax revenues which will be used to pay debt service on the municipal obligations (if any) and to directly pay redevelopment project costs shall be the incremental increase in property taxes. The property tax increment would be attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA – over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2009 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the Village may from time to time deem appropriate.

Nature and Term of Obligations to Be Issued. The Village may issue obligations secured by the Special Tax Allocation Fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the Village by virtue of its power pursuant to the Illinois State Constitution.

Any and all obligations issued by the Village pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the RPA, or as such a later time permitted pursuant to the Act and to the extent such obligations are reliant upon the collection of incremental property tax revenues from the completion of the twenty-third year of the TIF, with taxes collected in the twenty-fourth year. However, the final

maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance.

One or more series of obligations may be issued from time to time in order to implement this Plan. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year. The total principal and interest may be payable from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

Certain revenues may be declared as surplus funds if not required for: principal and interest payments, required reserves, bond sinking funds, redevelopment project costs, early retirement of outstanding securities, or facilitating the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan. Such surplus funds shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

Securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds. Further, the securities may be offered on such terms as the Village may determine, with or without the following features: capitalized interest; deferred principal retirement; interest rate limits (except as limited by law); and redemption provisions. Additionally, such securities may be issued with either fixed rate or floating interest rates.

Most Recent Equalized Assessed Valuation for the RPA. The most recent equalized assessed valuation for the RPA is based on the 2008 EAV, and is estimated to be approximately \$9,517,980. It is anticipated the estimated Base EAV for establishment of the RPA will be the 2009 EAV and the EAV estimate will be updated once the State equalizer and values are certified. Currently, the 2009 EAV is estimated to be \$7,510,079.

Anticipated Equalized Assessed Valuation for the RPA. Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property within the RPA would increase to approximately \$52,000,000 to \$75,000,000 depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

Redevelopment Project. The Village will implement a strategy with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses conform to Village zoning and planning requirements, or if the Village undertakes redevelopment activities pursuant to this Plan. Depending upon the scope of the development as well as the actual uses, the following activities may be undertaken by the Village:

- Land Assembly and Relocation: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site, with relocation costs undertaken as provided by the Act. It is expected that the Village would facilitate private acquisition through reimbursement or write-down of related costs, including the acquisition of land needed for construction of public improvements.
- Demolition and Site Preparation: The existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition of certain parcels may be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements including environmental remediation necessary to prepare the site for desired redevelopment projects.
- Rehabilitation: The Village may assist in the rehabilitation of buildings or site improvements located within the RPA.
- Landscaping/Buffering/Streetscaping: The Village may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.
- Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The Village may also undertake the provision of necessary detention or retention ponds.
- Roadway/Street/Parking Improvements: The Village may widen and/or vacate existing roads. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be

available to the public. Utility services may also be provided or relocated in order to accommodate redevelopment activities.

- **Traffic Control/Signalization:** Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.
- **Public Safety-Related Infrastructure:** Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.
- **School District and Library District Costs:** Provide for the payment of such costs pursuant to the requirements of the TIF Act.
- **Interest Costs Coverage:** The Village may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.
- **Professional Services:** The Village may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The Village may reimburse itself from annual tax increment revenue if available.

Commitment to Fair Employment Practices and Affirmative Action.

As part of any Redevelopment Agreement entered into by the Village and any private developers, both parties will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the Village. The program will conform to the most recent Village policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs, and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and compliance with applicable state and federal regulations.

The Village and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities

will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs. This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) years after the adoption of an ordinance designating the Redevelopment Project Area. The actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the ordinance approving the RPA is adopted.

VIII. PROVISIONS FOR AMENDING THE TIF PLAN AND PROJECT

This Plan may be amended pursuant to the provisions of the Act.

APPENDIX 1

Legal Description of Project Area

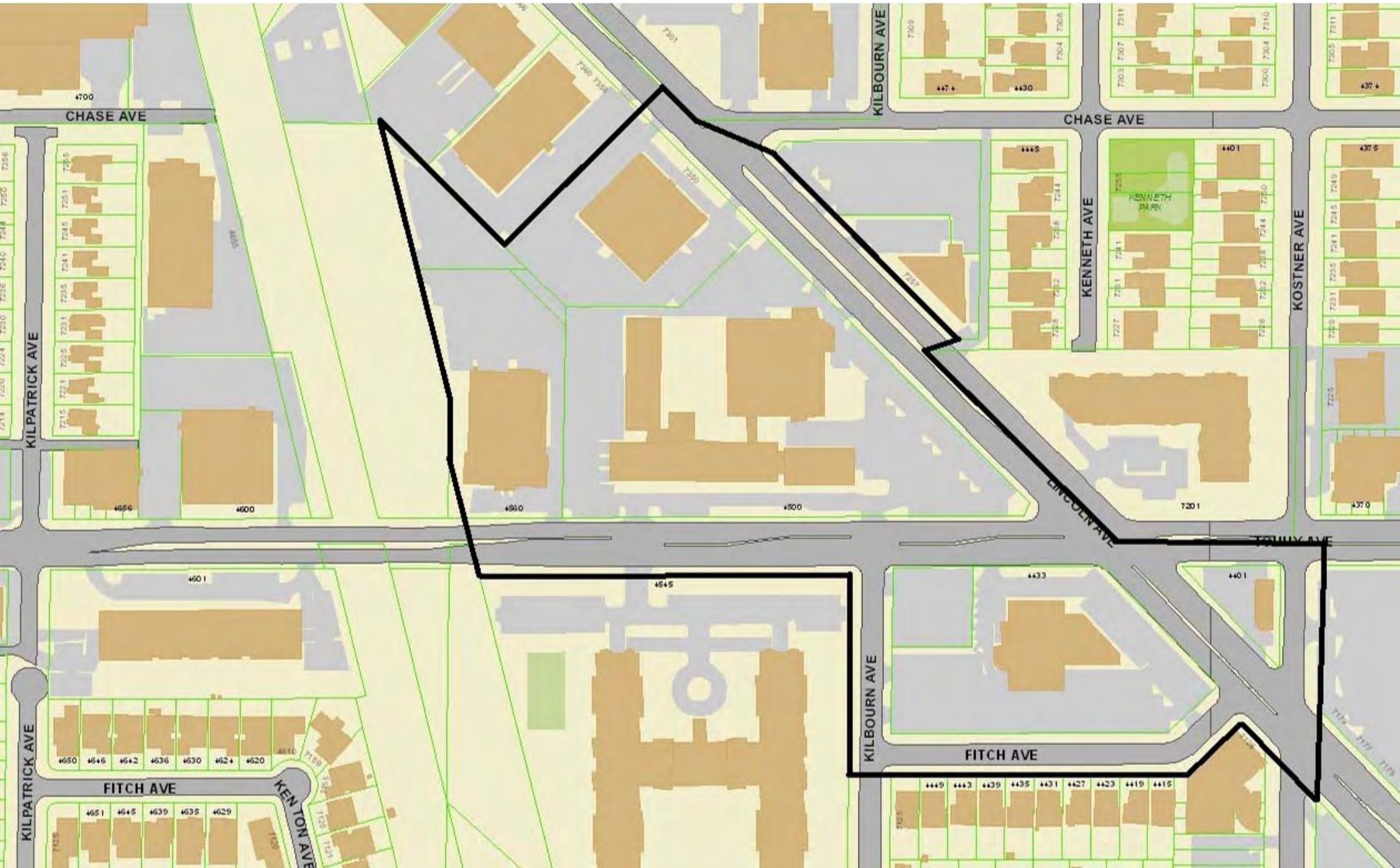
TIF District - Legal Description

Lots 5 through 10, both inclusive, in Lincoln Touhy Addition to Lincolnwood, being a Subdivision in the Southwest Quarter of Section 27, Township 41 North, Range 13 East of the Third Principal Meridian, recorded April 1, 1960 as Document No. 17819591, along with all the land bounded and described as follows: Beginning at the Southwest corner of Lot 7 in said Subdivision; thence Southerly along the Southerly extension of the Westerly line of Lot 7, to the South line of Touhy Avenue; thence East along the South line of Touhy Avenue to the West line of Kilbourn Avenue; thence South along the West line of Kilbourn Avenue to the intersection with the Westerly extension of the South line of Fitch Avenue; thence East along said last described line to an angle point in the South line of said Fitch Avenue; thence Northeasterly along the Southeasterly line of Fitch Avenue to the Southwesterly line of Lincoln Avenue; thence Southeasterly along the Southwesterly line of Lincoln Avenue to the East line of Kostner Avenue; thence North along the East line of Kostner Avenue to the centerline of Touhy Avenue; thence West along the centerline of Touhy Avenue to the centerline of Lincoln Avenue; thence Northwesterly along the centerline of Lincoln Avenue to the North line of the Hampton Place Condominiums, recorded June 11, 1980 as Document No. 25483680; thence Northeasterly to the Southwesterly corner of Lot 33 in Lincoln-Chase-Kostner Subdivision recorded March 31, 1926 as Document No. 9224770; thence Northwesterly along the Southwesterly line of said Subdivision to the most Westerly corner of Lot 45 in said Subdivision; thence Northwesterly to the intersection of the centerline of Lincoln Avenue with the centerline of Chase Avenue; thence Northwesterly along the centerline of Lincoln Avenue to a point 50.00 feet Northeasterly of and perpendicular to the most Northerly corner of Lot 5 in said Lincoln Touhy Addition to Lincolnwood Subdivision; thence Southwesterly at right angles to the Southwesterly line of Lincoln Avenue 50.00 feet to the most Northerly corner of said Lot 5; thence Southeasterly along the Southwesterly line of Lincoln Avenue, 865 ± feet to a point 29.00 feet Northwesterly of the intersection with the North line of Touhy Avenue; thence Southwesterly to a point on the North line of Touhy Avenue being 29.00 feet West of the intersection with the Southwesterly line of Lincoln Avenue; thence West along the North line of Touhy Avenue, 871 ± feet to the point of beginning, in Cook County, Illinois.

Note: As of 10/11/10

APPENDIX 2

Boundary Map of RPA

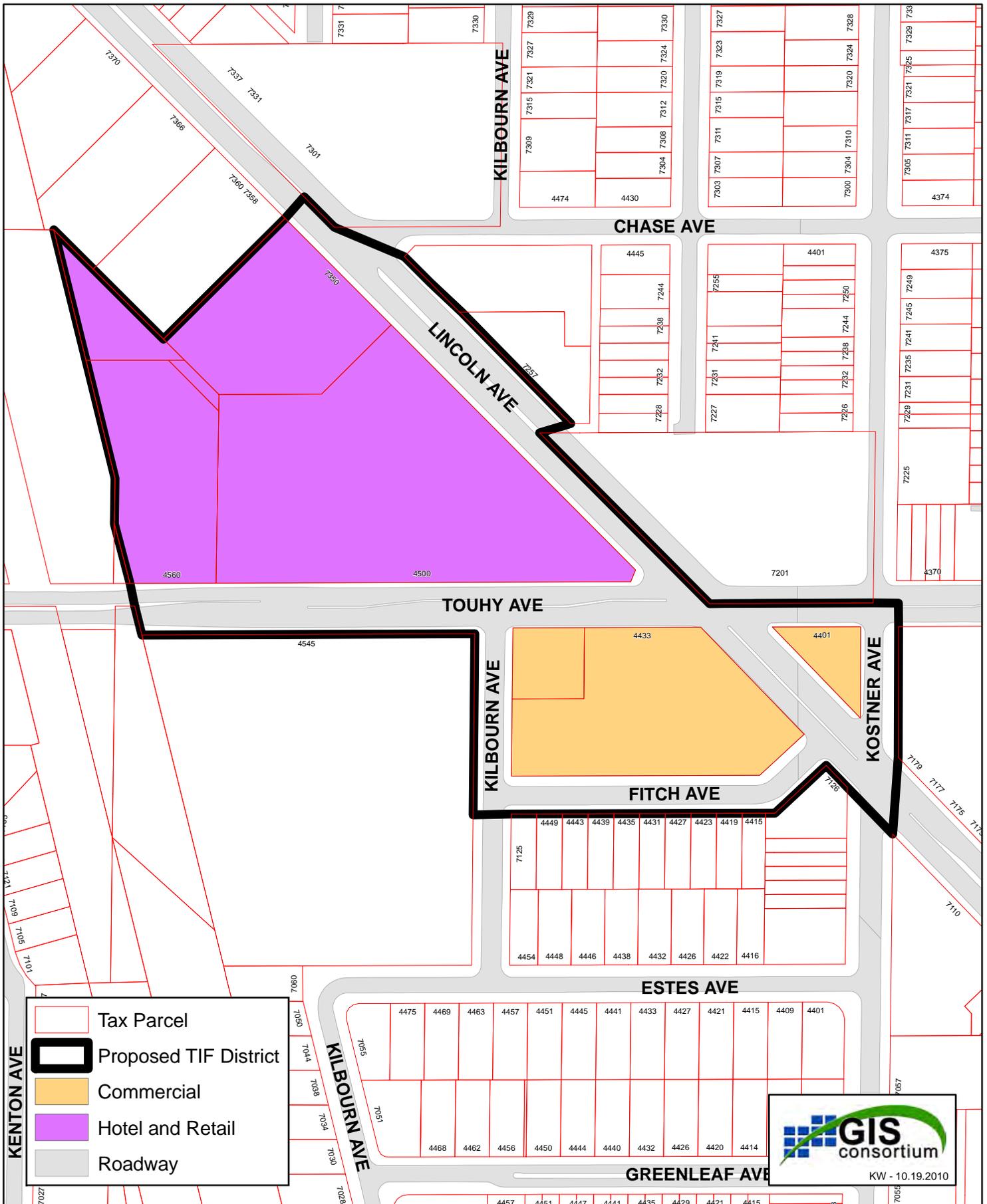


APPENDIX 3

Existing Land Use Map of RPA



Lincoln - Touhy Proposed TIF District Existing Land Use

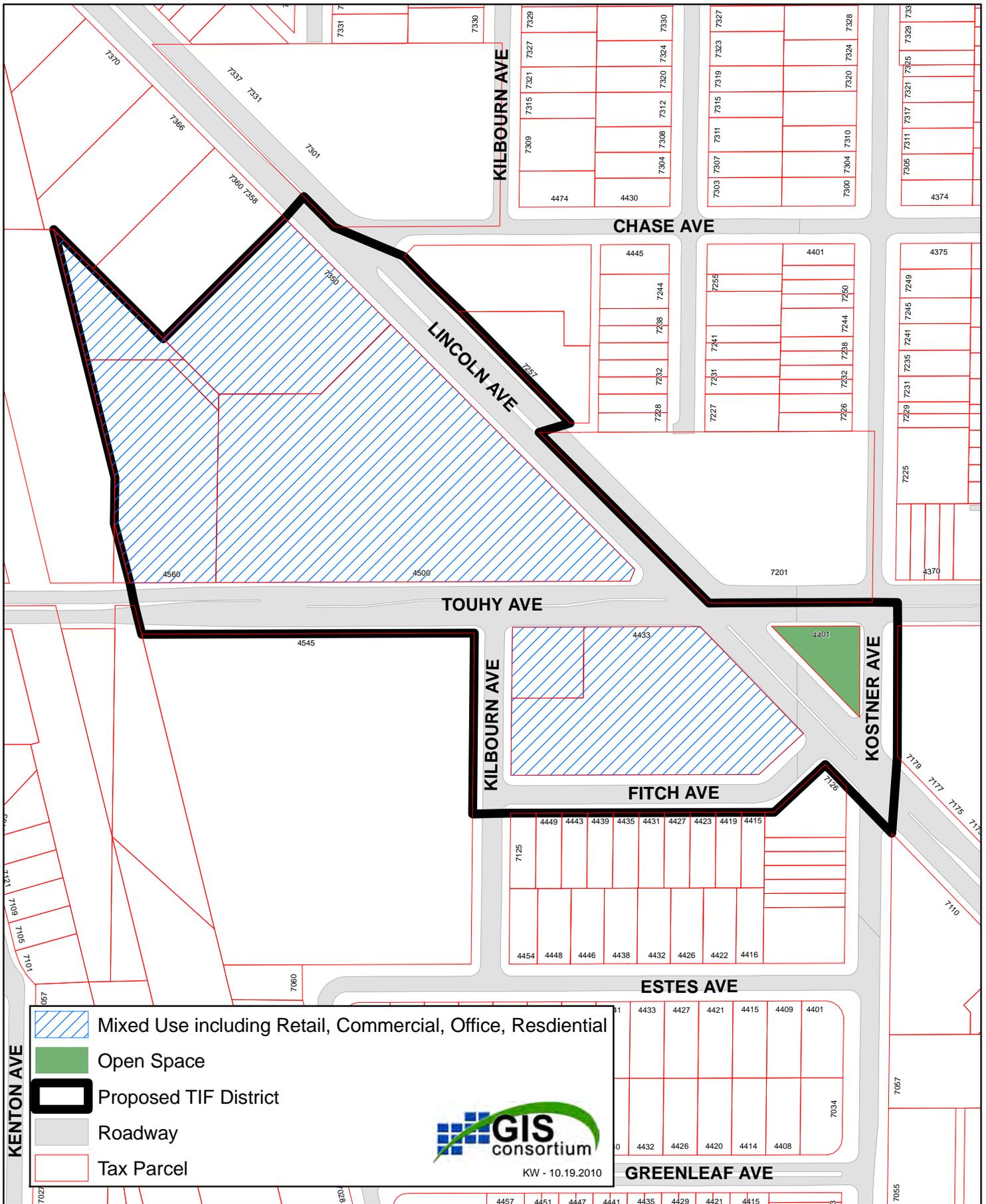


APPENDIX 4

Future Land Use Map of RPA



Lincoln - Touhy Proposed TIF District Proposed Land Use



APPENDIX 5

TIF Qualification Report

Prepared by Kane, McKenna and Associates

DATED 2/18/11

**VILLAGE OF LINCOLNWOOD
TIF ELIGIBILITY REPORT
LINCOLN-TOUHY TIF DISTRICT**

A study to determine whether all or a portion of an area located in the Village of Lincolnwood qualifies as a blighted area as set forth in the definitions in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

**Prepared for:
The Village of Lincolnwood, Illinois**

**Prepared Jointly by:
The Village of Lincolnwood, Illinois
And
Kane, McKenna and Associates, Inc.**

February 2011

**VILLAGE OF LINCOLNWOOD
TIF ELIGIBILITY REPORT
LINCOLN-TOUHY TIF DISTRICT**

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (“KMA”) has been retained by the Village of Lincolnwood (the “Village”) to conduct an analysis of the qualification of an area that would result in the establishment of the Lincoln-Touhy Tax Increment Finance (TIF) District. The Village is pursuing the creation of the TIF District as part of its strategy to promote the revitalization of key under-utilized properties located within the Village.

The Village has two principle aims in pursuing the potential TIF district. The first goal is to promote redevelopment of certain parcels that have experienced certain impediments such as obsolescence, excessive vacancies, deterioration, code violations, and lagging equalized assessed values (EAV). The TIF District formation would enable the Village to address area-wide impediments such as inadequate utilities, as well as the impediments above.

Secondly, TIF establishment would address the limited opportunities the Village has to encourage new commercial growth and mixed uses within a “land-locked” community. Because the Village (a) is a mature community that can no longer grow through annexation, (b) has few parcels of undeveloped land remain within Village limits, and (c) has few groupings of properties served by major roadways, the targeted redevelopment area provides a rare opportunity to undertake major new reinvestment projects. By so doing, it would support the Village’s strategy for the encouragement of growth through the reuse and redevelopment of older or under-utilized properties.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the qualification of the TIF District:

1) *Improved land within the TIF District qualifies as a “blighted area” pursuant to the Act* – The TIF District qualifies as a blighted area under the Illinois Tax Increment Allocation Redevelopment Act (ILCS 5/11-74.4-1 et. seq., as amended; hereinafter referred to as the “TIF Act” or “Act”). This condition prevents, or threatens to prevent, the healthy economic and physical development of properties in a manner that the community deems essential to its overall economic health.

2) *Current conditions impede redevelopment* – The existence of certain conditions found within the TIF District present impediments to the area’s successful redevelopment. This is because the factors negatively impact coordinated and substantial private sector investment in the overall TIF District. Without the use of Village planning and economic development resources to mitigate such factors, potential redevelopment projects (along with other activities that require private sector investment) are not likely to be economically feasible.

3) *Viable redevelopment sites could produce incremental revenue* – Within the TIF District, there are parcels which potentially could be redeveloped or rehabilitated and thereby produce incremental property tax revenue. Such revenue, used in combination with other Village resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.

4) *TIF designation recommended* – To mitigate redevelopment area conditions, promote private sector investment, and foster the economic viability of the TIF District, KMA recommends that the Village proceed with the formal TIF designation process for the entire area.

Because the Village will not be considering the redevelopment of residential parcels, and it will certify that it will not dislocate 10 or more residential units within the TIF district, the Village will not conduct a housing impact study pursuant to the TIF Act.

I. INTRODUCTION AND BACKGROUND

In the context of planning for the establishment of the Lincoln-Touhy Tax Increment Financing District, the Village of Lincolnwood has evaluated certain parcels in the vicinity of Touhy and Lincoln Avenue to determine whether they qualify under the TIF Act for inclusion in the district. Kane, McKenna and Associates, Inc. agreed to undertake the study of the RPA on the Village's behalf.

Economic Development Goals.

The Village's general economic development goals are to enhance business, commercial, industrial, and mixed use opportunities while at the same time advancing certain other goals identified in the Village's *Comprehensive Plan* (e.g., improving the appearance of arterial roads). Given the Village's goals as well as the conditions described in this Report, the Village has made a determination that it is highly desirable to promote the redevelopment of the Lincoln-Touhy Tax Increment Financing District (the "TIF District," "Redevelopment Project Area" or "RPA"). Absent an implementation plan for redevelopment, Village officials believe adverse conditions will worsen. The Village intends to create and implement such a plan in order to restore, stabilize, and increase the economic base associated with the TIF District, which will not only benefit the community as a whole but also generate additional tax revenues to support municipal improvements.

Because of the conditions observed in the TIF District and the required coordination for future land uses, the Village is favorably disposed toward supporting redevelopment efforts. The Village has determined that redevelopment should take place through the benefit and guidance of comprehensive economic planning by the Village. Through this coordinated effort, conditions within the TIF District are expected to improve and development barriers to be mitigated.

The Village has further determined that redevelopment is feasible only with public finance assistance. The creation and utilization of a TIF redevelopment plan is intended by the Village to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the TIF District.

The use of TIF relies upon induced private redevelopment in the RPA to create higher real estate values that would otherwise decline without such investment. This would result in increased property taxes compared to the previous land use (or lack of use). In this way, the existing tax base for all tax districts would be protected and a portion of future increased taxes pledged to attract the requisite private investment.

Current Land Use.

The TIF District is located adjacent to the Lincoln-Touhy Avenue intersection. Historically, the area has had a variety of non-residential land uses, such as hotel, retail, and commercial uses. All of the structures north of Touhy Avenue are vacant. A Tuffy's Muffler automotive repair shop and bank/office building, located south of Touhy Avenue, are occupied. Refer to Exhibit A which provides a detailed map of the TIF District.

The TIF District has a number of important assets:

- Both Lincoln Avenue and Touhy Avenue are major arterial roads and as such have the traffic counts necessary to support commercial, retail and mixed uses.
- The Lincoln / Touhy study area is situated in the midst of a number of retailers that would complement any new uses with the study area
- The area is close to the Interstate 94 access ramps;
- The area is potentially “walkable” in terms of facilitating future pedestrian-oriented plans envisioned in the *Lincoln Avenue Corridor Study* (since residential areas and parks are within walking distance); and
- Lincoln Avenue has had certain public improvements, just outside of the study area that would complement potential investments within the TIF District.

On the latter point, prior to the recent recession the Village made a number of public investments to improve the function and appearance of Lincoln Avenue pursuant to the *Lincoln Avenue Corridor Study*. TIF financing would enable the Village to continue and deepen this existing program. Lastly, the area is nearly equidistant between two Metra train lines with stops in Morton Grove to the west and Evanston to the east, and it is close to a CTR Red Line train stop due east as well as a CTA Yellow Line train stop slated to open in late 2011 to the north.

Despite its potential advantages, many parcels in the area are underutilized. The TIF District as a whole suffers from a variety of economic development impediments as identified in the TIF Act, such as excessive vacancies and obsolescence. In comparison to the balance of Village taxable value, the TIF district property valuations have lagged behind the Village’s annual growth rates. Section V of this report identifies other impediments to redevelopment.

General Scope and Methodology.

KMA formally began its analysis by conducting a series of meetings and discussions with Village staff, starting in May 2010 and continuing periodically up to the date of this report’s issuance. The purpose of the meetings was to establish boundaries for the TIF District and to gather data related to the qualification criteria for properties included in the TIF District. These meetings were complemented by a series of field surveys of the entire area to evaluate the condition of the TIF District on a parcel-by-parcel basis. The field surveys and data collected have been utilized to test the likelihood that various areas located within the TIF District would qualify for TIF designation.

For the purpose of the study, properties within the TIF District were examined in the context of the TIF Act governing improved areas (separate provisions of the TIF Act address unimproved areas). The qualification factors discussed in this report qualify the area as a blighted area, as the term is defined under the TIF Act.

During the course of its work, KMA reported to key Village staff its findings regarding TIF qualification and redevelopment prospects for the area under study. Based on these findings the Village (a) made refinements to the TIF District boundaries and (b) directed KMA to complete this report and to move forward with the preparation of a Redevelopment Plan and Project for the TIF District.

For additional information about KMA's data collection and evaluation methods, refer to Section IV of this report.

II. QUALIFICATION CRITERIA USED

With the assistance of Village staff in 2010, Kane, McKenna and Associates, Inc. evaluated the TIF District to determine the presence or absence of qualifying factors listed in the TIF Act. The relevant sections of the TIF Act are found below.

The TIF Act sets out specific procedures which must be adhered to in designating a TIF District/Redevelopment Project Area. By definition, a Redevelopment Project Area is:

“An area designated by the municipality, which is not less in the aggregate than 1 1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

Under the Act, “blighted area” means any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality where certain conditions are met, as identified below.

TIF Qualification Factors for a Blighted Area.

In accordance with the Illinois TIF Act, KMA analyzed the following factors to determine TIF qualification:

If a *blighted area*, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of five (5) or more of the following factors, each of which is (i) present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the Redevelopment Project Area:

(A) Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence. The condition or process of falling into disuse. Structures become ill-suited for the original use.

(C) Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the Redevelopment Project Area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the Redevelopment Project Area.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up. The Redevelopment Project Area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for (or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for) the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law. Any such remediation costs would constitute a material impediment to the development or redevelopment of the Redevelopment Project Area.

(L) Lack of Community Planning. The Redevelopment Project Area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) "Stagnant" or Lagging EAV. The total equalized assessed value (EAV) of the Redevelopment Project Area has declined for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated.

III. THE TIF DISTRICT

The TIF District contains parcels located adjacent to the Lincoln and Touhy Avenue intersection. The parcels and acreage are primarily located northwest of said intersection, with additional parcels south of Touhy Avenue. Please refer to Exhibit A which contains a map showing the boundaries of the TIF District.

The core area of the TIF District is the Purple Hotel. Historically, it was an active, commercially successful hotel that was part of a national chain. Over time, the hotel's operations declined and at the time of closing, it was independently operated as "the Purple Hotel." The Purple Hotel was closed in 2007 due to myriad building code, fire code and other municipal infractions. Other parcels (two structures) surrounding the Purple Hotel are also vacant and reflect obsolescence. South of Touhy Avenue are three additional parcels, where a bank/office and automobile repair shop are located.

Despite the obsolescence and distressed condition within the TIF District, the overall Lincoln Avenue corridor has a number of assets as identified in Section I above. In addition to traffic volume desirable for retail, commercial and mixed uses, it has a number of transportation assets and it is a general priority for Village planning efforts (per the *Lincoln Avenue Corridor Study*).

IV. METHODOLOGY OF EVALUATION

In evaluating the Lincoln-Touhy area for qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the TIF District were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Site surveys were completed for each parcel within the TIF District.
- 2) KMA performed EAV trend analysis to ascertain whether EAV growth in the TIF District underperformed EAV growth in the remaining part of the Village.
- 3) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as deterioration and obsolescence. Additionally, KMA reviewed the following data: 2004-2009 tax information from Cook County, tax parcel maps, site data, local history (based on discussions with Village officials and staff), and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, code violations, obsolescence, etc.).
- 4) Existing structures and site conditions were initially surveyed for the purpose of comparing said conditions against the TIF Act criteria, to the best and most reasonable extent possible.
- 5) The TIF District was examined to assess the applicability of the factors required for qualification for TIF designation under the TIF Act. KMA evaluated parcels by reviewing the information obtained for each factor against the relevant statutory criteria. Improved land within the RPA was examined to determine the applicability of the thirteen (13) different blighted area factors for qualification for TIF designation under this statute (referenced in Section II of this report).

V. QUALIFICATION FINDINGS FOR TIF DISTRICT

Based upon KMA’s evaluation of parcels in the TIF District and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the TIF District as a blighted area. These factors are found to be clearly present and reasonably distributed throughout the TIF District, as required under the TIF Act. The factors are summarized in the table below.

Exhibit 2
Summary of Findings

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in TIF District
13	5	8 <ul style="list-style-type: none"> • Excessive Vacancies • Obsolescence • Lagging EAV • Deleterious Layout • Lack of Community Planning • Deterioration • Code Violations • Inadequate Utilities

Findings for Improved Area.

The TIF District is found to qualify as a blighted area under the statutory criteria set forth in the TIF Act. KMA reviewed the criteria needed to qualify an area as a blighted area, finding that seven factors were present:

1) Excessive Vacancies.

The Act states that this finding is characterized by the presence of unoccupied or underutilized buildings that represent an adverse influence on the area. Of the 5 buildings within the TIF District, 3 (60%) are currently vacant. In particular, the largest building within the TIF District, the Purple Hotel, is completely vacant and has been vacant for several years. A fourth building occupied by a bank is partially occupied.

Moreover, the 3 unoccupied buildings appear to have been vacant for a lengthy duration; that is, the majority of such buildings do not appear to be recently vacated pending a change in tenants or the completion of a real estate transaction, but have remained unoccupied for an extended period of time.¹ The largest of the 3 buildings, the Purple Hotel, has been vacant since 2007.

¹ Per the Community Development Department, two buildings with partial/full vacancies have had said vacancies for one year or longer.

In addition, the vacant buildings and adjacent surface improvements generally exhibit deterioration and appear to be not well maintained. They appear to suffer from disinvestment whereby the current owners have chosen not to maintain the buildings' physical condition, in relative terms. Because of the reduced economic activity associated with vacancies and the relatively poor physical condition – in conjunction with their prominent location along two regional arterial roadways – they represent an adverse influence on the overall TIF District.

2) Obsolescence.

The Act states that obsolescence is the condition or process of falling into disuse or structures that have become “ill-suited” for their original use. The area exhibits both economic and functional obsolescence.

Economic obsolescence is evidenced primarily by stagnating EAV (see subsection 3 below) and excessive vacancies. Excessive vacancies in particular results in the literal “disuse” of buildings. As noted above, all three buildings within the TIF District are vacant and not in use. Furthermore, these obsolete and vacant structures have a negative “spill-over” effect on the area and may deter other property owners from reinvesting in their own businesses.

Functionally, the area is experiencing obsolescence related to its general age. A majority of structures (100%) are over 40 years in age, according to Cook County Assessor data. The combination of age and certain evolving standards in commercial building design limits the competitiveness of the older buildings – i.e., limits their utility as efficient, marketable workspace. For example, certain commercial buildings (the two structures adjacent to the Purple Hotel and the automobile repair shop) provide limited parking and have inadequate circulation for vehicles. The two structures by the Purple Hotel also are inadequately configured relative to modern retail space requirements requiring coordination of packing and access/egress to the larger site.

Area-wide factors such as inadequate utilities and deleterious layout (discussed below) also contribute toward the obsolescence factor and act as a development impediment for Lincoln-Touhy businesses.

3) Lagging or Declining EAV.

The EAV of the TIF District has grown at a rate slower than the Village-wide EAV for four (4) of the last five (5) years (refer to chart below). Additionally, the EAV has lagged the Consumer Price Index (CPI) for 4 of the past 5 years. Therefore, a finding of lagging EAV is made pursuant to the TIF Act.

Exhibit 3
EAV Trends for TIF District

	2009	2008	2007*	2006	2005	2004*
Total EAV for TIF District	7,510,079	9,517,980	9,033,257	10,004,692	9,855,597	9,931,283
EAV Change (%)	-21.10%	5.37%	-9.71%	1.51%	-0.76%	--
Village-wide EAV (Excluding TIF)	849,696,739	861,286,697	813,146,100	657,452,655	659,151,584	617,968,584
Village EAV Change (%)	-1.35%	5.92%	23.688%	-0.26%	6.66%	19.68%
CPI	-0.4%	3.8%	2.8%	3.2%	3.4%	

Notes:

(1) Figures in **bold** for those years in which Village EAV exceeded growth rate of EAV within TIF District.

(2) Reassessment years asterisked.

Source: Cook County and U.S. Bureau of Labor Statistics

4) Deleterious Layout.

As noted in Section II, a municipality can make a finding of deleterious layout or land use when there exists (a) incompatible land-use relationships, (b) buildings occupied by inappropriate mixed-uses or uses considered to be noxious, or (c) uses offensive or unsuitable for the surrounding area. Most of the problems in the area reflect incompatible land use relationships. The area reflects piece-meal, uncoordinated development, in which competing land uses abut each other -- e.g., office uses are situated next to automobile service uses, and residential uses outside the TIF District abut commercial uses within the TIF District.

A major land use issue is the coordination of ingress/egress. Although the vacant hotel is served by a stop light, other structures have no similar traffic control device nor do they have a turn lane to transition from relatively high speed traffic to lower speed traffic (to execute a turn into the structure). Furthermore, there are no transitional frontage roads that would separate slower moving traffic approaching a business (e.g., to park and shop or unload cargo) from faster moving commuters using Touhy or Lincoln Avenues purely to drive through the Village. Such frontage roads would also provide for internal circulation of traffic among adjoining businesses.

The issue of poor ingress/egress is magnified by the fact that Touhy and Lincoln Avenues are major arterial roads used by trucks and automobiles. According to Illinois Department of Transportation data (as reviewed with Village staff), among all east/west routes in or near the Village, Touhy Avenue has one of the highest average daily vehicle counts -- approximately 32,000 and 43,000 vehicles east and west of the intersection with Lincoln Avenue, respectively. (No similar data is available for Lincoln Avenue near the intersection but there are 28,000 vehicles per day on Lincoln near Crawford, the closest data point.) By comparison, most other major roads within the Village tracked by IDOT have lower vehicle counts per day (e.g., Pratt).

Additionally, the Tuffy Muffler site has certain unique layout problems. Because it is on a relatively small, triangular lot, Tuffy Muffler has a shallow parcel depth that do not afford much room for loading, unloading, or parking, in comparison to modern uses (e.g., newer automobile service facilities elsewhere in the Village). Loading and unloading areas are extremely limited and would likely prevent certain types of retailers (e.g., medium or large retailers that require more space for loading/unloading and parking, such as modern drug stores) from locating at this site.

Many of the land use and layout problems identified by KMA were previously identified in the 2005 Lincoln Avenue Corridor Study (which was incorporated into the Village Comprehensive Plan) and have yet to be addressed. As stated in the report, “Lincoln Avenue runs through the Village on a diagonal to the overall grid system of streets. This results in a number of odd or irregularly shaped parcels at various corners which can inhibit typical development. Moreover, many of the parcels fronting along Lincoln have rather short depths, limiting to a degree their usefulness and redevelopment potential. This is compounded by the close proximity of single family homes to the corridor, some of which utilize shared alleyways with Lincoln Avenue properties and others which have no alley whatsoever. Much of the existing development along the street was developed without adequate barriers or buffering measures with residential areas. This lack of buffering combined with short parcel depths and irregular parcel configurations can and often has produced land use conflicts” (emphasis added).

Additionally, the report identifies inadequacies with respect to future land use goals, particularly the goal of pedestrian-oriented development in the area. The report states that “Existing conditions in the right-of-way, coupled with its physical width, currently inhibit safe pedestrian crossings and help aid in the dominance of the auto in the corridor. The conditions and width of this right-of-way, currently an impediment to a pedestrian friendly environment, can however be smartly designed to create a unique sense of place and a friendly pedestrian environment.” It should be noted that “pedestrian friendly” land use planning elements have not yet been implemented within the Lincoln/Touhy area. These land use elements currently lacking include:

- Median landscaping;
- Parkway restoration;
- Additional parking on Lincoln Avenue, as a “traffic calming” step; and
- Tighter regulation of curb cuts.

5) Lack of Community Planning.

As noted in Section II, a municipality may make a finding of “lack of community planning” if the area was developed prior to or without the guidance of a community plan. This factor may be documented by “inadequate street layout” or “other evidence demonstrating an absence of effective community planning.”

As noted in sub-section 3) above, a major land use issue is the coordination of ingress/egress. The vacant hotel is served by a stop light, but other structures have no similar traffic control device, no turn lanes to transition from relatively high speed traffic to lower speed traffic, and no transitional frontage roads that would separate slower moving traffic from faster moving commuters using Touhy or Lincoln Avenues. The issue of poor ingress/egress is magnified by the fact that Touhy and Lincoln Avenues are major arterial roads used by trucks and automobiles. .

Coordination and planning in relation to potential reuses (internal traffic circulation, buffering, parking, etc.) also need to be addressed in order to provide for redevelopment of sites.

As mentioned, many of the land use and layout problems identified by KMA were previously identified in the 2005 *Lincoln Avenue Corridor Study* (which was incorporated into the *Village Comprehensive Plan*) and have yet to be addressed, including potential reuse for mixed commercial and residential redevelopment.

6) Deterioration.

As noted in Section II, deterioration is a qualification factor under the TIF Act, if it is observed along surface improvements and/or structures. Widespread deterioration was observed in the condition of surface improvements: parking lots, parking lot “aprons” or driveways, curbs, and sidewalks. Off-street parking areas and driveways reflect deterioration in terms of surface cracking, potholes, depressions (where the surface pavement may be intact but the sub-base is compressed), and loose paving materials. Weed growth, another element of deterioration cited in the TIF Act, is also present. Because of the widespread cracking (including “alligator” cracking), the parking lots needed resurfacing or other corrective maintenance above and beyond crack sealing. Said surface deterioration was identified for the majority of the parcels. Moreover, because parking lots constitute a large portion of the overall “footprint” of the overall RPA, the poorly maintained lots, in combination with the lack of landscaping and screens discussed above, have a negative aesthetic impact on the area.

In addition to surface deterioration, the following indicators of deterioration were found among structures:

- Tuffy Muffler – The building components exhibit deterioration, such as fascia and garage doors as well as portions of the parking lot needing repair;
- The Purple Hotel – Various exterior building components are deteriorated or damaged, such as fascia/eaves, doors, windows and window frames, loading bays, and HVAC units (much of the deterioration reflected water damage); tuckpointing is needed; additionally, code violation reports (discussed below) reflect deterioration of the interior, with plumbing and HVAC systems not working properly and mold growth attacking interior surfaces such as walls or areas underneath wallpaper; and

- Commercial buildings adjacent to the Purple Hotel – The 2 buildings adjacent to the Purple Hotel (one to the north and one to the west) were also deteriorated and had similar problems in terms of water damage to fascia, windows, and doors; tuckpointing is needed for these buildings; the building to the west also had extremely deteriorated loading bays at the rear of the building.

7) Code Violations.

The Act states that a finding of code violations can be made if structures generally do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property (said violations exclude housing and property maintenance codes). The primary contributor to this finding is the widespread number of code violations within the largest building in the TIF District, the Purple Hotel. Numerous code violations have been documented in legal proceedings during the past five years; moreover as of 2010 the violations have not been rectified or “cured” so that the building could be re-opened for occupancy.

Pursuant to a legal action taken by the Village on or about March 9, 2010 (the “Verified Complaint”), a number of findings were made concerning fire code and building code violations²:

- The Purple Hotel is in violation of six International Building Code standards, including various fire , ventilation and egress standards;
- The Purple Hotel is in violation of three International Fire Standards, including fire alarm, sprinkler and fire pumping facilities;
- As of the filing of the Verified Complaint, building owners have not taken corrective action to remedy the aforementioned violations;
- The building is a “threat to the public health and to the safety” of the Village residents, and to “owners, tenants, and occupants of the buildings and properties in the vicinity of the [Purple] Hotel Building in particular.”

On the latter point, because of (a) the severity of said violations, (b) the size of building both in square footage and building footprint, and (c) location at a potentially desirable strategic location, it presents a general impediment to the redevelopment of the overall RPA – i.e., has a negative “spill-over” effect on the overall project area.

8) Inadequate Utilities.

Under the TIF Act, inadequate utilities can be defined as underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, or telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to

² Additional findings were made regarding property maintenance, which is not covered in this report

serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

According to the Village Engineer, there are certain deficiencies with respect to utilities as noted below, with the most prominent deficiency being the complete lack of a storm sewer system and storm water detention:

Storm Sewers – The TIF District lacks sufficient storm sewer facilities in relation both to current uses and future uses, as contemplated by the Village under redevelopment plans. As noted by the village’s engineer, “Redevelopment will require storm water management and detention facilities in accordance with Village and Metropolitan Water Reclamation District (MWRD) standards.”

Water Main – In addition to inadequate stormwater facilities, the water mains are under-sized. Per the Village Engineer, “Redevelopment of the area will necessitate increasing the sizes of many of the existing water mains in order supply the demand for fire flows and general water demands of new buildings and associated sprinkler systems.”

Combined Sewers – The older sewers use clay, which has been supplanted by modern materials (e.g., PVC) which are less brittle and less prone to breakage. The Village Engineer reports that “These combined sewers were likely constructed prior to 1950 and are reaching the high-end of the service life expectancy.”

VI. SUMMARY OF FINDINGS / GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the Village's potential designation of the TIF District.

1. The area is contiguous and is greater than 1½ acres in size;
2. The RPA will qualify as a blighted area. Further, the qualification factors found in the RPA are present to a meaningful extent and are reasonably distributed throughout the area. A more detailed analysis of the qualification findings is outlined in Section V of this report;
3. All property in the area is expected to substantially benefit by the redevelopment project improvements;
4. The sound growth of taxing districts applicable to the area, including the Village, has been impaired by the factors found present in the area; and
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

In the judgment of KMA, these findings provide the Village with sufficient justification to consider designation of the TIF District for inclusion within the Lincoln-Touhy RPA.

Exhibit A
TIF Boundary Map

