
**VILLAGE OF LINCOLNWOOD
TIF REDEVELOPMENT PLAN
LINCOLN-TOUHY TIF DISTRICT – 1ST AMENDMENT**

“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.

March 2014

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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 near the City of Evanston.

In this report, the Village proposes an amendment (the "1st Amendment") to the existing Lincoln-Touhy Tax Increment Financing ("TIF") Redevelopment Plan to assist an area in overcoming a number of ongoing 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 parcels to be included in the existing TIF District, and to assist the Village in amending the TIF Redevelopment Plan. These parcels to be added to the TIF District are located to the immediate north and west of the existing TIF District (the "Amendment Area," legally described in Exhibit 1 and illustrated in Exhibit 2).

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 or amend a TIF district (otherwise known as the Redevelopment Project Area ("RPA")), Illinois municipalities must adopt several documents, including a TIF Redevelopment Plan.

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 12,656 based on the 2012 U.S. Census estimate (a slight increase over 2010 and 2000).

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.

In addition to Lincoln Avenue, the Village has a number of other transportation assets. Touhy Avenue is an important east/west arterial and enables access to Interstate 94. In addition to the network of roadways, residents and businesses benefit from close proximity to two Metra rail lines as well as a newly opened CTA train station. Aside from 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.

Despite its potential advantages, many parcels in the area are underutilized. The TIF District as a whole, including the Amendment Area, 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 values, 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 TIF District as Amended. The existing TIF District or RPA consists of 8 tax parcels, whereas the Amendment Area covers 5 parcels . Most of the existing 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 Amendment Area adds additional parcels to the north and west of the TIF District, accounting for 24% of the overall acreage of the TIF District (5.7 acres of the 23.3 acres).

Historically, the dominant land use had been the “Purple Hotel,” one of the largest buildings in the Village during the past 50 years until being demolished in 2013. Overall, the RPA has traditionally been heavily commercial, taking into account the former hotel use as well as adjacent buildings. The Amendment Area brings in two additional commercial structures as well as an adjacent ComEd property.

The TIF District has suffered from a variety of economic development impediments, as identified in the TIF Act. For example, it suffers from obsolescence. Section V of the *TIF Eligibility Report* (see Appendix 5) report identifies the impediments to redevelopment of the Amendment Area. 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 the TIF Redevelopment Plan as amended, the Village intends to continue efforts to attract and encourage commercial and retail/mixed uses to locate, upgrade, expand and/or modernize their facilities within the Village. The Village would maintain its 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 an ongoing strategy to revitalize properties and promote development within the boundaries of the RPA. Incremental property tax revenue generated by redevelopment 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 a TIF Redevelopment Plan. Further, the inclusion of the Amendment Area is necessary to advance redevelopment goals and partner with private developers on the reuse of the former Purple Hotel site. The Village,

with the assistance of KMA, has therefore commissioned this Plan Amendment to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The designation of the area as an RPA will allow the Village to continue 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 continued 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, affirms the following findings:

- 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.

It is further found, and certified by the Village, in connection to the process required for the adoption or amendment 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. TIF DISTRICT AS AMENDED

The existing TIF District covers an area located primarily northwest of the Touhy/Lincoln intersection with a limited number of parcels on the southern side of Touhy Avenue. The Amendment Area would bring in additional parcels further north and west of the existing district.

The TIF District including the Amendment Area previously has suffered from a variety of economic development impediments, as identified in the TIF Act. Refer to Exhibit 5, which delineates the redevelopment challenges facing the Amendment Area (comparable to the challenges in the existing TIF District, detailed in the original TIF Plan).

The amendment herein would not alter the goals and objectives or land uses of the TIF District; these would be retained “as is” for the remaining term of the TIF District. The scope of the amendment is limited to a change in the boundaries of the TIF District.

III. AMENDMENT TO TIF PLAN

In this section, the amendatory provisions revising the Lincoln-Touhy TIF Plan are presented. As noted, the major goal is to expand the TIF District to bring in additional parcels to the north and west of the existing TIF boundaries.

Amendment A

Appendix 1 of the Original TIF Plan – Legal Description

Appendix 1 of the Original TIF Plan is replaced in its entirety with the amended legal description. Refer to Exhibit 1 herein.

Amendment B

Appendix 2 of the Original TIF Plan – Boundary Map

Appendix 2 of the Original TIF Plan is replaced in its entirety with the amended boundary map. Refer to Exhibit 2 herein.

Amendment C

Appendix 3 of the Original TIF Plan – Existing Land Use Map

Appendix 3 of the Original TIF Plan is replaced in its entirety with the amended existing land use map. Refer to Exhibit 3 herein.

Amendment D

Appendix 4 of the Original TIF Plan – Future Land Use Map

Appendix 4 of the Original TIF Plan is replaced in its entirety with the amended future land use map. Refer to Exhibit 4 herein.

Amendment E

Page 25 of the Original TIF Plan

~~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 original base EAV was determined is estimated to be \$7,510,079 by the Cook County Clerk. Inclusive of the Amendment Area, the revised base EAV is estimated to be \$10,622,054.~~

EXHIBIT 1

Legal Description as Amended

LEGAL DESCRIPTION

2/17/14 TIF Legal Description

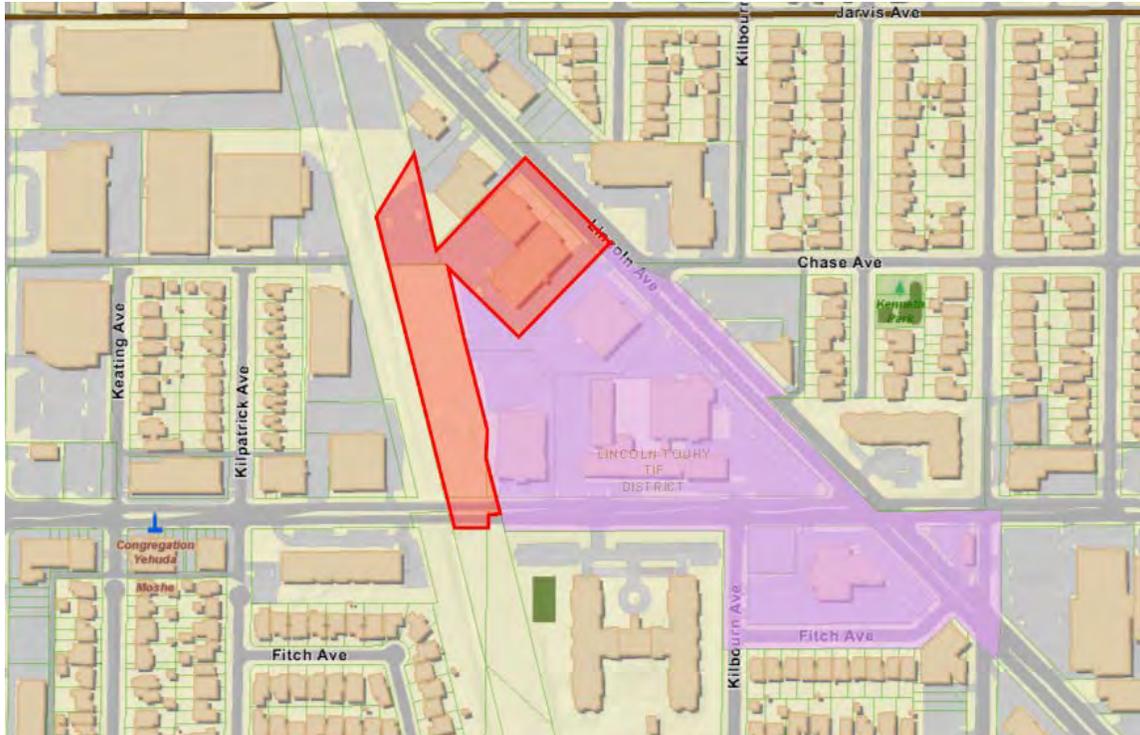
Lots 3 through 10, both inclusive, in Lincoln Touhy Addition to Lincolnwood, being a Subdivision in the Southwest Quarter of Section 27, Township 41 North, Range 13 East of the Third Principal Meridian, recorded April 1, 1960 as Document No. 17819591, along with all the land bounded and described as follows: Proceeding 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, the Point of Beginning; 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 the intersection of the North line of Lot 3 of the f 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 the intersection of the extension of the North Line of Lot 3 of the Lincoln Touhy Addition to Lincolnwood and the centerline of Lincoln Avenue; thence Southwest along the North Line of said Lot 3 to the southwest corner of said Lot 3; thence Northwest 257 (+/-) feet along the Western line of Lot 2 in the Lincoln Touhy Addition to Lincolnwood; thence West 46 degrees 30 minutes South to the Easterly line of the Union Pacific right-of-way; thence South 856 (+/-) feet along the Easterly line of the Union Pacific right-of-way; thence East 86 (+/-) feet; thence North 43 (+/-) feet to the centerline of Touhy Avenue; thence East to the intersection of the centerline of Touhy Avenue and the Southeasterly extension of the West Line of Lot 7 of the Lincoln Touhy Addition to Lincolnwood; thence Southeast along said extension to the Point of Beginning., in Cook County, Illinois.

EXHIBIT 2

Boundary Map as Amended

Lincoln-Touhy TIF District

Proposed Boundary Amendment



- ❖ Area shown in purple is existing TIF District
- ❖ Area Shown in red is area proposed to be added to TIF District

EXHIBIT 3

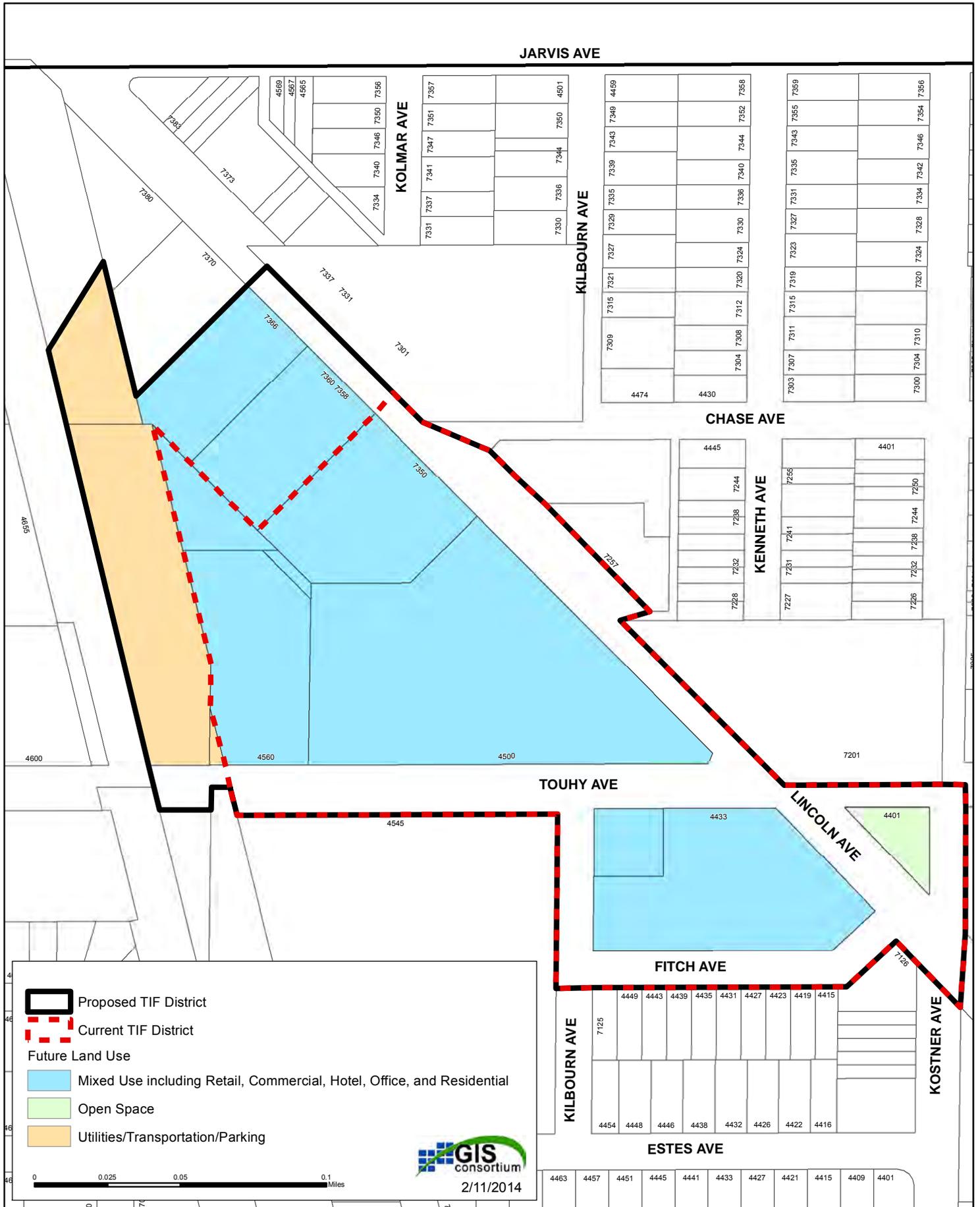
Existing Land Use Map as Amended

EXHIBIT 4

Future Land Use Map as Amended



Proposed Lincoln - Touhy TIF District as Amended – Future Land Use



Legend

- Proposed TIF District
- Current TIF District

Future Land Use

- Mixed Use including Retail, Commercial, Hotel, Office, and Residential
- Open Space
- Utilities/Transportation/Parking

0 0.025 0.05 0.1 Miles

GIS consortium
2/11/2014

EXHIBIT 5

TIF Qualification Report for Amendment Area

Prepared by Kane, McKenna and Associates

**VILLAGE OF LINCOLNWOOD
TIF ELIGIBILITY REPORT
LINCOLN-TOUHY TIF DISTRICT – 1st AMENDMENT**

A study to determine whether all or a portion of an area located in the Village of Lincolnwood qualifies as a conservation 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.**

March 2014

**VILLAGE OF LINCOLNWOOD
TIF ELIGIBILITY REPORT
LINCOLN-TOUHY TIF DISTRICT – 1ST AMENDMENT**

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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 potentially would be included in the existing Lincoln-Touhy Tax Increment Finance (TIF) District. The proposed amendment herein would result in the addition of five (5) tax parcels to the existing TIF District (the “1st Amendment” or “amendment”). The Village is pursuing the effort as part of its ongoing 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 amendment. The first goal is to promote redevelopment of three parcels (adjacent to the existing TIF District parcels) that have experienced certain impediments such as obsolescence, excessive vacancies, and deterioration (the “Amendment Area”). The TIF District amendment would enable the Village to address area-wide impediments such as inadequate utilities, as well as the impediments above.

Secondly, TIF action 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 remaining 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 Amendment Area:

1) *Improved land within the TIF District as proposed for amendment qualifies as a “conservation area” pursuant to the Act* – The TIF District Amendment Area qualifies as a conservation 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 Amendment Area 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 as proposed for amendment, 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 amending 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 ongoing 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 implement such a plan in order to restore, stabilize, and increase the economic base associated with the TIF District as amended, 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 Amendment Area 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 Amendment Area is adjacent to the existing TIF District and north of the Lincoln-Touhy Avenue intersection. The original TIF District contained primarily hotel uses (prior to demolition in 2013) whereas the Amendment Area contains commercial office uses. The two structures within the Amendment Area have significant levels of vacancies as discussed in Section V. Refer to the TIF Plan as amended (Exhibit 2) which provides a detailed map of the TIF District as proposed for amendment.

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, the area is nearly equidistant between two Metra train lines with nearby stops in Morton Grove and Chicago (Edgebrook) to the west and Evanston to the east. It also close to a CTA Red Line train stop due east as well as a CTA Yellow Line train stop recently opened to the north in Skokie. Further, the Village prior to the recent recession 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.

Finally, the area (with the addition of the Amendment Area parcels) is an unusually large, developable site. Because the Village is an established, “built-out” community, there are very few large scale parcels available for development that are comparable to the targeted site.

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 October 2013 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 Amendment Area 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 conservation 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 2013, 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, “conservation 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 Conservation area.

In accordance with the Illinois TIF Act, KMA performed a two-step assessment to determine if the proposed RPA qualified as a conservation area. First, KMA analyzed the threshold factor of age to determine if 50% or more of the structures were 35 years of age or older.

Secondly, if a proposed conservation area meets the age threshold, then the following factors are to be examined to determine TIF qualification:

If a *conservation 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 AMENDMENT AREA

The TIF District Amendment Area contains parcels located adjacent to and north and west of the existing TIF District, which is situated at the Lincoln/Touhy Avenue intersection. The TIF District as amended contains parcels and acreage primarily located northwest of the intersection, with additional parcels south of Touhy Avenue. Please refer to Exhibit 2 of the TIF Plan as amended which contains a map showing the boundaries of the TIF District and the contiguous Amendment Area.

The core area of the existing TIF District as amended includes the parcel where the Purple Hotel was formerly located, as well as two ancillary commercial structures. 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, and then was demolished in November 2013 along with the two ancillary buildings. The Amendment Area parcels also are experiencing economic challenges as well, such as obsolescence.

Despite the obsolescence and ongoing vacancies associated with the former hotel properties, 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 other advantages that could be leveraged in the future – e.g., 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 Amendment Area for inclusion as a TIF District, the following methodology was utilized:

- 1) Site surveys of the TIF District Amendment Area 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 Amendment Area 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: 2007-2012 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 Amendment Area 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 factors for qualification for TIF designation under this statute (referenced in Section II of this report).

V. QUALIFICATION FINDINGS

Based upon KMA's evaluation of parcels in the TIF District Amendment Area and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification for inclusion into the TIF District. These factors are found to be clearly present and reasonably distributed throughout the Amendment Area, 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	3	7 <ul style="list-style-type: none">• Excessive Vacancies• Obsolescence• Lagging EAV• Deleterious Layout• Lack of Community Planning• Deterioration• Inadequate Utilities

Findings for Amendment Area.

The TIF District Amendment Area is found to qualify as a conservation area under the statutory criteria set forth in the TIF Act. As indicated in Section II, KMA performed a two-step assessment, first finding that 50% (1 of 2) buildings within the conservation area were 35 years of age or greater. Based upon Cook County Assessor data, KMA determined that the larger of the two buildings was 42 years in age whereas the other, smaller building was 25 years old.

As a second step, KMA reviewed the criteria needed to qualify the area as a conservation area, determining that seven (7) factors were likely to be present, as follows:

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. Both of the buildings in the Amendment Area currently have significant levels of vacant or unleased office space. These buildings are approximately 33% vacant and moreover have had ongoing vacancies for the past 18-24 months.¹ By comparison, suburban Chicago office vacancies are currently at 20% (18% for the north suburban office sub-market).²

¹ Per the Community Development Department, two buildings with partial vacancies have had vacancies in the 33% range for one year or longer.

² Colliers International, Chicago Office Market Overview, 2013 (1st Quarter).

In addition, the vacant buildings and adjacent surface improvements generally exhibit deterioration. Because of the reduced economic activity associated with vacancies and the deteriorated physical condition – in conjunction with their prominent location along Lincoln Avenue – they represent an adverse influence on the overall TIF District “trade area.”

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 sub-section 3 below) and excessive vacancies. Excessive vacancies in particular results in the literal “disuse” of buildings. As noted above, both buildings within the Amendment Area are partially vacant and underutilized in absolute terms and relative to the suburban office market. 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. One of the two structures is over 35 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 provide limited parking and have inadequate circulation for vehicles. Area-wide factors such as inadequate utilities (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 Amendment Area has declined during four (4) of the past five (5) years, and grown at a rate slower than the Village-wide EAV for three of the last five years (refer to chart below). Additionally, the EAV has lagged the Consumer Price Index (CPI) for four of the past five years. Therefore, a finding of lagging EAV is made pursuant to the TIF Act.

Exhibit 2

EAV Trends for Proposed Amendment Area

	2012	2011	2010	2009	2008	2007
Total EAV for Area	3,111,975	3,294,993	3,660,364	4,822,954	6,065,388	5,794,321
Annual Change	-5.55%	-9.98%	-24.11%	-20.48%	4.68%	--
Village EAV (Excluding Area)	640,696,607	690,522,026	775,233,348	852,383,864	864,739,289	816,385,036
Annual Change	-7.22%	-10.93%	-9.05%	-1.43%	5.92%	--
CPI	2.10%	3.20%	1.60%	-0.40%	3.80%	--

Note: Figures in **bold** for years in which annual EAV growth in proposed Study Area was slower than CPI growth.

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

4) Deleterious Layout and Land Use.

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.

Two major land use issues are the insufficient allocation of parking spaces (discussed in sub-section 5 below) and the coordination of ingress/egress. There are no transitional frontage roads that would separate slower moving traffic approaching a business (e.g., to park or unload cargo) from faster moving commuters using Touhy or Lincoln Avenues purely to drive through the Village. Such frontage roads would also facilitate 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 26,000 and 43,100 vehicles east and west of the intersection with Lincoln Avenue, respectively. By comparison, other major east/west streets such as Pratt Avenue and Howard Street have lower counts on either side of Lincoln Avenue. Lincoln Avenue north of the Touhy intersection also has a relatively high traffic count at 24,500 vehicles per day on average.

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.”

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 4) above, a major land use issue is the coordination of ingress/egress. There are 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. For example, the larger of the two buildings has insufficient parking relative to modern Village standards: the site has approximately 63 parking spaces but would be required (for new construction) to have 132 spaces in order to conform to modern Village planning standards.

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 amid surface improvements and/or structures. Widespread deterioration was observed in the condition of surface improvements adjacent to the two buildings as well as the ComEd parcel: parking lots and parking lot “aprons” or driveways reflect deterioration in terms of linear surface cracks, 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, the parking lots needed resurfacing or resealing. 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 Amendment Area, the inadequately 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 the two structures:

- Roofs – The visible portions of the larger building’s roof appeared to be deteriorated and well into its useful life;
- Windows – Both buildings had deteriorated window frames
- Exteriors – The exteriors particularly to the rear show deterioration including water damage and rust; some of the brick is also deteriorated especially in terms of the larger (red brick) building.

It should be noted that much of the deterioration is more easily observed when inspected on foot as opposed to “wind shield” reviews.

7) 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 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 conservation 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.