
**CITY OF EVANSTON
TIF REDEVELOPMENT PLAN
CHICAGO/MAIN 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.

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in conjunction with

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I. INTRODUCTION

The City of Evanston (the "City") is an established community located in northern Cook County, Illinois along the shores of Lake Michigan. In this report, the City proposes a Tax Increment Financing Redevelopment Plan (the "Redevelopment Plan" or "Plan") to assist a strategically important area in overcoming a number of redevelopment barriers. The City is pursuing the TIF designation to fulfill its objective to revitalize an important retail district located in the vicinity of the Chicago Avenue/Main Street intersection.

Kane, McKenna and Associates, Inc. ("KMA") has been retained by the City of Evanston to conduct an analysis of the potential qualification and designation of the area as a Tax Increment Financing ("TIF") District, and to assist the City in drafting this TIF Redevelopment Plan.

The City has two goals in pursuing the potential TIF District. The first is to promote redevelopment of the area to mitigate or prevent the onset of obsolescence within an older Evanston retail district, including efforts to spur new development at the southeast corner of Chicago Avenue and Main Street. The second goal is to implement the City's overall economic development program and thereby diversify its tax base. As noted in various City reports (including the annual budget, 2006 *Strategic Plan* and 2000 *Comprehensive General Plan*), a general City priority is to implement a range of economic development efforts."

TIF Plan Requirements. The City is preparing 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 (also known as a 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 in order 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. Incorporated in 1863 during the Civil War, the City of Evanston is one of the oldest communities in the State of Illinois. After a long period of growth during the late 19th and early 20th century, population stabilized around its current level in the post-war era. As of the 2010 Census, City population is 74,486.

The City has a number of important assets that make it desirable location for residents and that fosters a competitive environment for businesses. First, Evanston employers are able to draw upon one of the most highly educated workforces in Illinois. Within Evanston, 66% of the adult population (over age 25) has obtained either a bachelor's degree or an advanced degree (master's degree or other advanced degree). Secondly, the City possesses a variety of transportation assets, including proximity to the Interstate Highway System, state highways, a Metra train line, and a CTA ("El") train line. Additionally, biking as a commuter option is also expanding, as the CTA and the RTA increasingly accommodate bicyclists who make connections to downtown Chicago and suburban destinations.

Third, the City is home to several large employers that provide relative stability in employment: St. Francis Hospital, Evanston Hospital, and Northwestern University, among others. St. Francis Hospital is within walking distance to the businesses along Main Street. Lastly, the City is dedicated to professional city management and the provision of efficient, effective, and responsive service delivery to residents and businesses. Under the current management team, the City has identified economic development as a priority for service delivery and may expand efforts in this area.

The Proposed TIF District. The proposed RPA consists of fifty-two (52) tax parcels and is situated in the vicinity of Chicago Avenue and Main Street. The area includes railroad rights-of-way running parallel to Chicago Avenue and the adjacent retail/commercial uses fronting the rail lines. Additional parcels include but are not limited to retail shops along Main Street between Chicago Avenue and Sherman Avenue, as well as parcels that are at the southeast corner of Chicago and Main. The southeast corner includes a large, vacant parcel that was demolished several years ago. Within the proposed TIF District the primary uses are commercial/retail facilities, along with a limited number of mixed use and transportation-related structures.

The area faces a number of long-standing redevelopment challenges: the structures in the area are underutilized, the site may require infrastructure improvements, and end users face the general risk of obsolescence. Overall, the proposed TIF District generally suffers from a variety of economic development impediments as identified in the TIF Act and as documented in the TIF Qualification Report (Section V).

Despite the challenges, the proposed Chicago/Main TIF has a number of important assets that can be potentially leveraged via TIF establishment:

- Easy access to two train lines (CTA and Metra), with two stations located within the TIF District;
- A TIF District at the junction of two arterial roads, which generates the vehicular traffic necessary to support commercial and retail uses; and
- Pedestrian as well as vehicular traffic, in part due to the density of the area.

On the latter point, the population density is partially attributable to the recent construction of several nearby rental and owner-occupied apartment buildings, with an additional rental building under construction in early 2012 (according to the City website, a 214-unit luxury apartment complex just south of the TIF District).

On balance, the Chicago/Main TIF District has the potential for redevelopment of certain underutilized properties. Accordingly, the City 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 RPA would be suitable for new development if there is coordination of uses and redevelopment activity by the City. Through this TIF Redevelopment Plan and as part of its comprehensive economic development planning, the City intends to attract and encourage commercial and retail/mixed uses to locate, upgrade, expand and/or modernize their facilities within Evanston. Through the establishment of the RPA, the City would implement a program to redevelop key areas within the new TIF District; 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 City recognizes the need for a strategy to revitalize properties and promote development within the boundaries of the RPA. The needed private investment would only be possible if a TIF district is adopted pursuant to the terms of the Act. Incremental property tax revenue generated by the project will play a decisive role in encouraging private development. Site conditions and diverse ownership that have discouraged intensive private investment in the past will be eliminated. Ultimately, the implementation of the Plan will benefit both the City and surrounding taxing districts, by virtue of the expected expansion of the tax base.

Based on City staff and KMA assessment, it is unlikely that the area as a whole would be developed in a coordinated manner unless the TIF Redevelopment Plan is adopted. The City, 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 and land assembly, the RPA will become a more viable area that will attract private investment. The public investment and land assembly 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 mixed use opportunities surrounding the area.

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

- Providing and rehabilitating infrastructure that supports subsequent redevelopment plans for the RPA;
- Improvements to sites within the RPA in preparation for redevelopment (“site prep”) as well as improvements to structures in order to accommodate new tenants;
- Increase the ability to develop property within the RPA to its highest and best use;
- 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 City redevelopment projects within the RPA and/or surrounding area; and
- Enhancing area appearance through improvements to landscape, streetscape and signage as well as façade improvement programs.

Through this Plan, the City will direct 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 City, (b) the taxing districts serving the RPA, (c) residents and property owners within and adjacent to the RPA, and (d) existing and new businesses within the RPA.

City Findings. The City, 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 redevelopment 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 Evanston Comprehensive Plan, as detailed in Section III of this report.

Additionally, the City finds that it is useful, desirable, and necessary for the City to assemble land into parcels of sufficient size to encourage development consistent with current standards.

It is further found, and certified by the City, in connection to the statutory process required for the adoption of this Plan, that (a) the that the RPA does not contain over seventy-five (75) inhabited residential units and (b) projected redevelopment of the RPA **will not result** in the displacement of ten (10) inhabited residential units or more. 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.

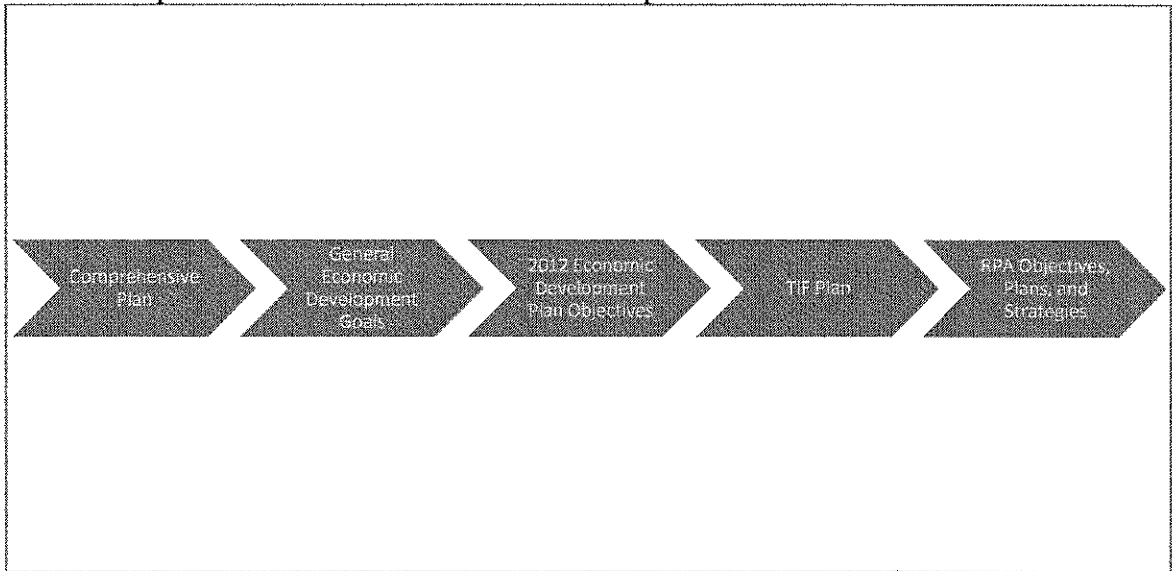
II. RPA LEGAL DESCRIPTION

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

III. RPA GOALS AND OBJECTIVES

The City has established a number of economic development goals, objectives, and strategies which would determine the types of activities to be undertaken within the proposed Chicago/Main TIF District. These efforts would conform to and promote the achievement of land use objectives in the City's *Comprehensive Plan*.

Exhibit 1
Relationship of Land Use and Economic Development Plans



As indicated in the exhibit above, the City's primary planning document is the *Comprehensive Plan* which describes the overall vision for the City and is the foundation for City initiatives such as the proposed Chicago/Main TIF District. This overarching planning document determines future land uses and influences all other City planning efforts such as the TIF planning process.

General Economic Development Goals of the City. Establishment of the proposed Chicago/Main TIF supports the following City-wide objectives established in the *Comprehensive Plan* that would directly determine future economic development activities and influence the parameters of future redevelopment projects. Exhibit 2 identifies certain *Comprehensive Plan* goals that pertain to the proposed Chicago/Main TIF.

Exhibit 2

Components of *Comprehensive Plan* Applicable to Chicago/Main TIF

| Comprehensive Plan Objectives | Policies/Actions |
|---|--|
| Promote the growth and redevelopment of business, commercial, and industrial areas | <ul style="list-style-type: none"> • Encourage the location of new or expanding businesses in existing commercial and mixed-use locations that would benefit from redevelopment • Monitor Chicago Avenue (between Dempster Street and South Boulevard), in the appropriate locations encouraging residential and residential/commercial mixed-use developments in order to enhance the existing character of the neighborhood • Continue funding and promoting assistance programs to help commercial property owners rehabilitate eligible storefronts |
| Retain and attract businesses in order to strengthen Evanston's economic base | <ul style="list-style-type: none"> • Support a cooperative marketing effort [with external entities] to attract new businesses to vacant storefronts and commercial spaces |
| Recognize and support the strong role neighborhood business districts play in Evanston's economy and its identity | <ul style="list-style-type: none"> • Protect and enhance the traditional character of neighborhood business districts; carefully examine proposed design changes using the Zoning and Sign Ordinances, and site plan and appearance review • Develop strategies where feasible for addressing parking and circulation concerns of merchants and surrounding residents • Promote pedestrian-oriented retail activity in Evanston's neighborhood business areas |
| Support and encourage efforts at employment assistance and linkages | <ul style="list-style-type: none"> • Promote and support job readiness and training programs as well as small business start-up assistance programs |
| Invest in annual maintenance of Evanston's water and sewer systems | <ul style="list-style-type: none"> • Complete the ongoing sewer improvement strategy, stressing preventive maintenance as an ongoing policy for the future |

Source: City of Evanston *Comprehensive General Plan*, 2000

In addition the foregoing Comprehensive Plan goals, objectives, and actions, the City has recently adopted a City-wide economic development plan. This plan directly impacts the scope of the TIF Plan by identifying key industries that the City intends on supporting (via tax increment financing or other means):

1. Technology-Based Businesses
2. Health Care and Wellness Industries
3. Baby Boomer Markets
4. Arts and Entertainment Venues
5. Water Industries

Additionally, TIF designation would enable the City 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;
- Create an attractive overall appearance for the area; and
- Further the goals and objectives of the Comprehensive Plan.

Ultimately, the implementation of the Redevelopment Plan would contribute to the economic development of the area and provide new employment opportunities for City 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, by assisting any private developer(s) in the assembly of suitable sites for modern development needs;
- Coordinating site preparation and rehabilitation of structures to provide additional land for redevelopment, 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.

In addition to the foregoing City-wide goals and objectives, the City previously identified complementary goals for the Chicago Avenue area in a 2000 report entitled the “Chicago Avenue Corridor Recommendations Report.” In the 2000 report, the City set a number of priorities for the area, including the following:

- Attract new development along Chicago Avenue that is compatible with adjacent residences and historic districts;
- Expand parking capacity;
- Promote development to counter past declines in tax base;

- Improve streetscaping to foster a pedestrian-friendly environment;
- Improve land use coordination through better traffic management and signalization; and
- Upgrade mass transit infrastructure.

The TIF Plan herein would assist the City in meeting these priorities.

To track success in meeting RPA-specific objectives and strategies, the City may wish to consider establishing certain performance measures that would help the City monitor the projects to be undertaken within the proposed 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 City may consider to track the performance of projects within the RPA. (Section VI of this report discusses the types of projects that the City 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 | <ul style="list-style-type: none"> • Public investment (\$) • Private investment (\$) • Square feet of land assembled for TIF • Bond proceeds |
| Output/Workload | <ul style="list-style-type: none"> • Jobs created or retained • Number of streetscaping fixtures installed • Commercial space created (square feet) |
| Efficiency | <ul style="list-style-type: none"> • Leverage ratio (private investment / public investment) • Cost per square foot of commercial space • Public subsidies per job created/retained |
| Effectiveness | <ul style="list-style-type: none"> • % change in assessed value (AV) in TIF versus AV in rest of City • % change in AV within TIF before and after TIF creation • Municipal sales taxes before and after TIF creation |
| Risk | <ul style="list-style-type: none"> • 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, 2005.

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 Conservation Area. In recent years, the area has not benefited from sustained private investment and/or development, instead suffering economic decline. Absent intervention by the City, properties within the RPA would not be likely to gain in value.

The proposed RPA exhibits various conditions which, if not addressed by the City, would eventually result in blight. Those conditions include structures and public improvements reflecting obsolescence as well as other deficiencies. 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 City 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 City achieve success in attracting private investment which results in the need for documented increased services from any taxing districts, the City will consider the declaration of “surplus funds,” as defined under the Act and pursuant to any executed intergovernmental agreement. 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 City. Any such sharing would be undertaken after all TIF-eligible costs – either expended or incurred as an obligation by the City – have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the City as provided by the Act.

An exception to the tax-sharing provision relates to the City’s utilization of TIF funding to mitigate the impact of residential redevelopment upon school districts. In such cases, the City will provide funds to offset the costs incurred by the eligible school districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act. It should be noted that new residential uses are not expected as part of future redevelopment activities. (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 City staff evaluated the RPA from late 2011 to the date of the publication of this Plan. Analysis was aided by certain reports obtained from the City, reports from City 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 proposed area as a TIF District.

VI. REDEVELOPMENT PROJECT

Redevelopment Plan and Project Objectives. As indicated in Section III of this Report, the City has established a planning process which guides economic development and land use activities throughout the City. Consistent with the established planning process, the City proposes to achieve economic development goals and objectives through the redevelopment of the Chicago/Main TIF District, 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 Chicago/Main TIF are as follows:

- 1) Implementing a plan that provides for the attraction of users and tenants 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 City 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, streetscaping, 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 City criteria for allowing demolition) as needed.
- 5) Providing for the rehabilitation of structures in order to improve the occupancy and appearance of the property within the RPA.
- 6) Exploration and review of job training programs in coordination with any City, federal, state, and county programs.
- 7) Entering into agreements for the development and/or construction of public facilities and infrastructure.

Redevelopment Activities. Pursuant to the project objectives cited above, the City will implement a coordinated program of actions. These include, but are not limited to, land acquisition, land disposition, site preparation, clearance, demolition, provision of public infrastructure and related public improvements, construction of new public facilities, 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, Relocation and Demolition

Property within the RPA may be 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. Relocation may also be required under the TIF Act; the City would conform to the provisions of the Act.

Land Assembly and Disposition

Certain properties or interests in properties in the RPA may be acquired by purchase or the exercise of eminent domain. Properties owned by or acquired by the City may be assembled and reconfigured into appropriate redevelopment sites. If necessary, the City would facilitate private acquisition through reimbursement of acquisition and related costs as well as through the write-down of its acquisition costs. Such land may be held or disposed of by the City on terms appropriate for public or private development, including the acquisition of land needed for construction of public improvements.

Public Improvements

The City 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;
- Repair and/or rehabilitation of rail-related improvements, including train trestles and embankments;
- Parking facilities; and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation/Taxing District Capital Costs

The City may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to City code provisions. Improvements may include exterior and facade-related work as well as interior-related work.

The City may construct or provide for the construction and reimbursement for new facilities to be owned or used by units of local government. The City does not expect that locally designated landmarks or properties listed on or eligible for listing on the National Register of Historic Places (or properties significantly contributing to districts listed on the National Register of Historic Places) will be demolished or modified in connection with the Plan.

Interest Rate Write-Down

The City 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 out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

The City 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 District Costs

The City may provide for payment of school 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 proposed RPA currently contains primarily retail and mixed uses, in addition to a limited number of transportation-related uses.

Existing land uses are shown in Appendix 3 attached hereto and made a part of this Plan. Appendix 4 designates future land uses in the Redevelopment Project Area and includes retail and mixed uses. 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 City'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
- (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;

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.

- (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 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

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.

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 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.

Exhibit 4
RPA Project Cost Estimates

| Program Actions/Improvements | Estimated Costs |
|---|------------------------|
| Land Acquisition, Assembly, and Relocation | \$2,500,000 |
| Site Preparation, Including Environmental Remediation, Demolition, and Site Grading | 2,500,000 |
| Utility Improvements (Including Water, Public Transit Facilities, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements) | 6,000,000 |
| Rehabilitation of Existing Public and Private Structures; Taxing District Capital Improvements | 5,500,000 |
| Public Facilities (including Parking Facilities and Streetscaping) | 4,500,000 |
| Interest Costs Pursuant to the Act | 2,000,000 |
| Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing) | 1,000,000 |
| Job Training | 500,000 |
| Statutory School District Payments | 500,000 |
| TOTAL ESTIMATED TIF BUDGET | \$25,000,000 |

Notes:

- (1) All project cost estimates are in 2012 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 individual line-items set forth above are not intended to place an individual limit on the described expenditures – provided that the total amount of payments for eligible redevelopment project costs shall not exceed the “total estimated TIF budget” listed above.

As explained in the following sub-section, incremental property tax revenues from any contiguous RPA may be used to pay eligible costs for the Chicago/Main TIF.

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 City 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 City may establish in the future. (Conversely, incremental revenues from the Chicago/Main 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 City 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 2011 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 City may from time to time deem appropriate.

Nature and Term of Obligations to Be Issued. The City 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 City by virtue of its power pursuant to the Illinois State Constitution.

Any and all obligations issued by the City pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years after 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 (including tax increment revenues from current or future contiguous TIF Districts) 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 City 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. It is anticipated the base EAV for establishment of the RPA will be the 2011 EAV, which is \$11,489,118.

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 \$30,000,000 to \$35,000,000 depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

Redevelopment Project. The City 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 City zoning and planning requirements, or if the City 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 City:

- 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. If necessary, the City would facilitate private acquisition through reimbursement or write-down of related costs, including without limitation 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 City may assist in the rehabilitation of buildings or site improvements located within the RPA.
- Landscaping/Buffering/Streetscaping: The City 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 City may also undertake the provision of necessary detention or retention ponds.
- Roadway/Street/Parking Improvements: The City 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 Costs: The payment of such costs may be provided pursuant to the requirements of the TIF Act.
- Interest Costs Coverage: The City 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 City may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The City 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 City 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 City. The program will conform to the most recent City 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, creed, or sexual orientation. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, sexual orientation, 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 City 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

LEGAL DESCRIPTION (CHICAGO & MAIN TIF):

THAT PART OF SECTION 19, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 1 IN BLOCK 1 OF BAYLEY'S SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHWEST QUARTER OF SAID SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 12, 1904 AS DOCUMENT NO. 3578132; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID BLOCK 1 AND ITS SOUTHERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF THE PUBLIC ALLEY LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF SAID BLOCK 1; THENCE EASTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 1 IN BAYLEY'S RESUBDIVISION, BEING A SUBDIVISION IN THE SOUTHWEST QUARTER OF SAID SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 14, 1891 AS DOCUMENT NO. 1433599; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LOT 1 AND THE SOUTHERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF WASHINGTON STREET; THENCE EASTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF THE CHICAGO AND NORTHWESTERN RAILROAD; THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 19; THENCE EASTERLY ALONG SAID SOUTH LINE TO A POINT OF INTERSECTION WITH THE EASTERLY RIGHT-OF-WAY LINE OF SAID CHICAGO AND NORTHWESTERN RAILROAD; THENCE NORTHWESTERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 1 IN BLOCK 12 IN WHITE'S ADDITION TO EVANSTON,

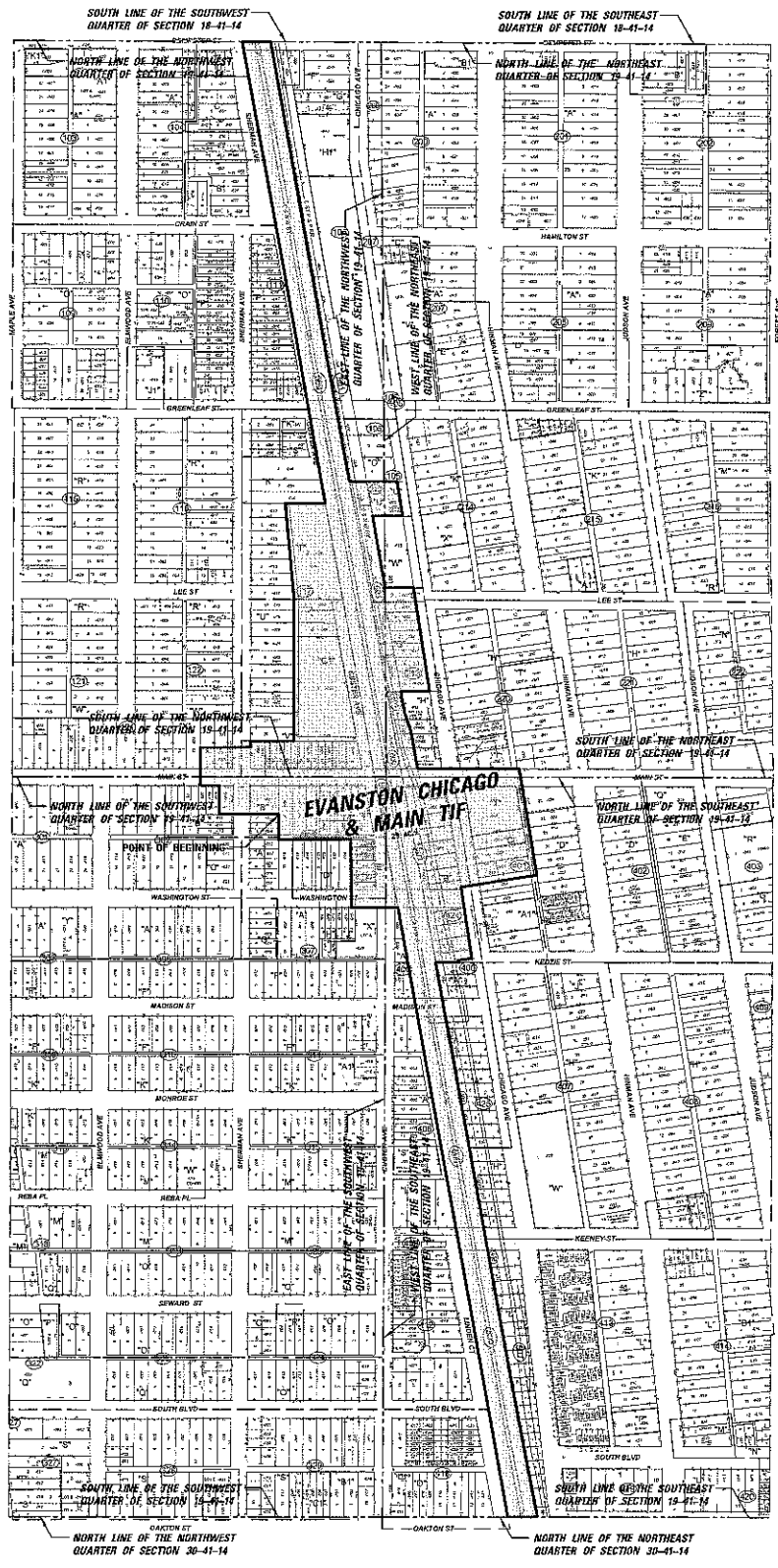
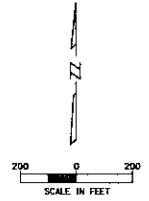
BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SAID SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 4, 1873 AS DOCUMENT NO. 78945; THENCE EASTERLY ALONG SAID WESTERLY EXTENSION AND SOUTH LINE TO A POINT OF INTERSECTION WITH A LINE BEING 50 FEET WESTERLY OF AND PARALLEL WITH THE WESTERLY RIGHT-OF-WAY LINE OF CHICAGO AVENUE; THENCE NORTHWESTERLY ALONG SAID PARALLEL LINE TO A POINT OF INTERSECTION WITH THE NORTH LINE OF THE SOUTH 13.50 FEET OF SAID LOT 1; THENCE EASTERLY ALONG SAID NORTH LINE TO A POINT OF INTERSECTION WITH SAID WESTERLY RIGHT-OF-WAY LINE OF CHICAGO AVENUE; THENCE NORTHWESTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE SOUTHERLY LINE OF THE NORTH 22 FEET OF LOT 7 IN BLOCK 11 OF SAID WHITE'S ADDITION TO EVANSTON; THENCE NORTHEASTERLY ALONG SAID WESTERLY EXTENSION, SOUTHERLY LINE AND EASTERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE EASTERLY RIGHT-OF-WAY LINE OF THE NORTH-SOUTH PUBLIC ALLEY IN SAID BLOCK 11; THENCE NORTHWESTERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE AND NORTHERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF MAIN STREET; THENCE WESTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE EASTERLY LINE OF A PARCEL OF LAND DEEDED TO THE CHICAGO, EVANSTON AND LAKE SUPERIOR RAILROAD AS PER DOCUMENT NO. 711919, RECORDED APRIL 29, 1886; THENCE NORTHWESTERLY ALONG SAID EASTERLY LINE TO A POINT OF INTERSECTION WITH THE SOUTH LINE OF LOT 6 IN THE COUNTY CLERK'S DIVISION, BEING A SUBDIVISION IN THE NORTH HALF OF SAID SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 29, 1879 AS DOCUMENT NO. 219853; THENCE EASTERLY ALONG SAID SOUTH LINE TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF SAID CHICAGO AVENUE; THENCE

NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE SOUTHEASTERLY CORNER OF LOT 1 IN THE PLAT OF CONSOLIDATION IN THE NORTHEAST QUARTER OF SAID SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 26, 1984 AS DOCUMENT NO. 27382322; THENCE WESTERLY ALONG SAID SOUTH LINE TO THE SOUTHWESTERLY CORNER OF SAID LOT 1; THENCE NORTHERLY ALONG THE WESTERLY LINE OF SAID LOT 1 TO THE NORTHWESTERLY CORNER OF SAID LOT 1; THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 1 TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF SAID CHICAGO AVENUE; THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE NORTHEASTERLY CORNER OF LOT 1 IN ISBERIAN'S PLAT OF CONSOLIDATION, BEING A SUBDIVISION IN THE NORTHEAST QUARTER OF SAID SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 15, 1970 AS DOCUMENT NO. 21344023; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 1 AND WESTERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE EASTERLY RIGHT-OF-WAY LINE OF THE CHICAGO AND NORTHWESTERN RAILROAD; THENCE NORTHWESTERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 19; THENCE WESTERLY ALONG SAID NORTH LINE TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF SAID CHICAGO AND NORTHWESTERN RAILROAD; THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTH LINE OF NICHOLAS MERSCH'S ADDITION TO SOUTH EVANSTON, BEING A SUBDIVISION IN THE NORTHWEST QUARTER OF SAID SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 23, 1893 AS DOCUMENT NO. 2190815; THENCE WESTERLY ALONG SAID NORTH LINE TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF THE NORTH-SOUTH PUBLIC ALLEY IN SAID NICHOLAS MERSCH'S

ADDITION TO SOUTH EVANSTON; THENCE SOUTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE SOUTHEAST CORNER OF LOT 20 IN FOSTER'S ADDITION TO SOUTH EVANSTON, BEING A SUBDIVISION IN SAID NORTHWEST QUARTER OF SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 4, 1889 AS DOCUMENT NO. 1110189; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID LOT 20 TO A POINT OF INTERSECTION WITH THE EAST RIGHT-OF-WAY LINE OF SHERMAN AVENUE; THENCE SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH NORTH LINE OF THE SOUTH 76 FEET OF LOTS 20, 21 AND 22 IN GEO. M. HUNTOON'S ADDITION TO EVANSTON, BEING A SUBDIVISION IN SAID NORTHWEST QUARTER OF SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 8, 1872 AS DOCUMENT NO. 35963; THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND NORTH LINE TO A POINT OF INTERSECTION WITH THE WEST LINE OF SAID LOT 20; THENCE SOUTHERLY ALONG SAID WEST LINE AND SOUTHERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF MAIN STREET; THENCE EASTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 2 OF SAID BAYLEY'S SUBDIVISION; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 1 TO THE SOUTHWEST CORNER OF SAID LOT 1; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 1 TO A POINT OF INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF SAID SHERMAN AVENUE; THENCE EASTERLY ALONG A LINE TO THE SOUTHWEST CORNER OF LOT 1 IN BLOCK 1 OF SAID BAYLEY'S SUBDIVISION; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 1 TO THE POINT OF BEGINNING.

APPENDIX 2

Boundary Map of RPA



CHRISTOPHER B. BURKE ENGINEERING, LTD.
 9575 West Higgins Road, Suite 600
 Rosemont, Illinois 60018
 (847) 823-0500

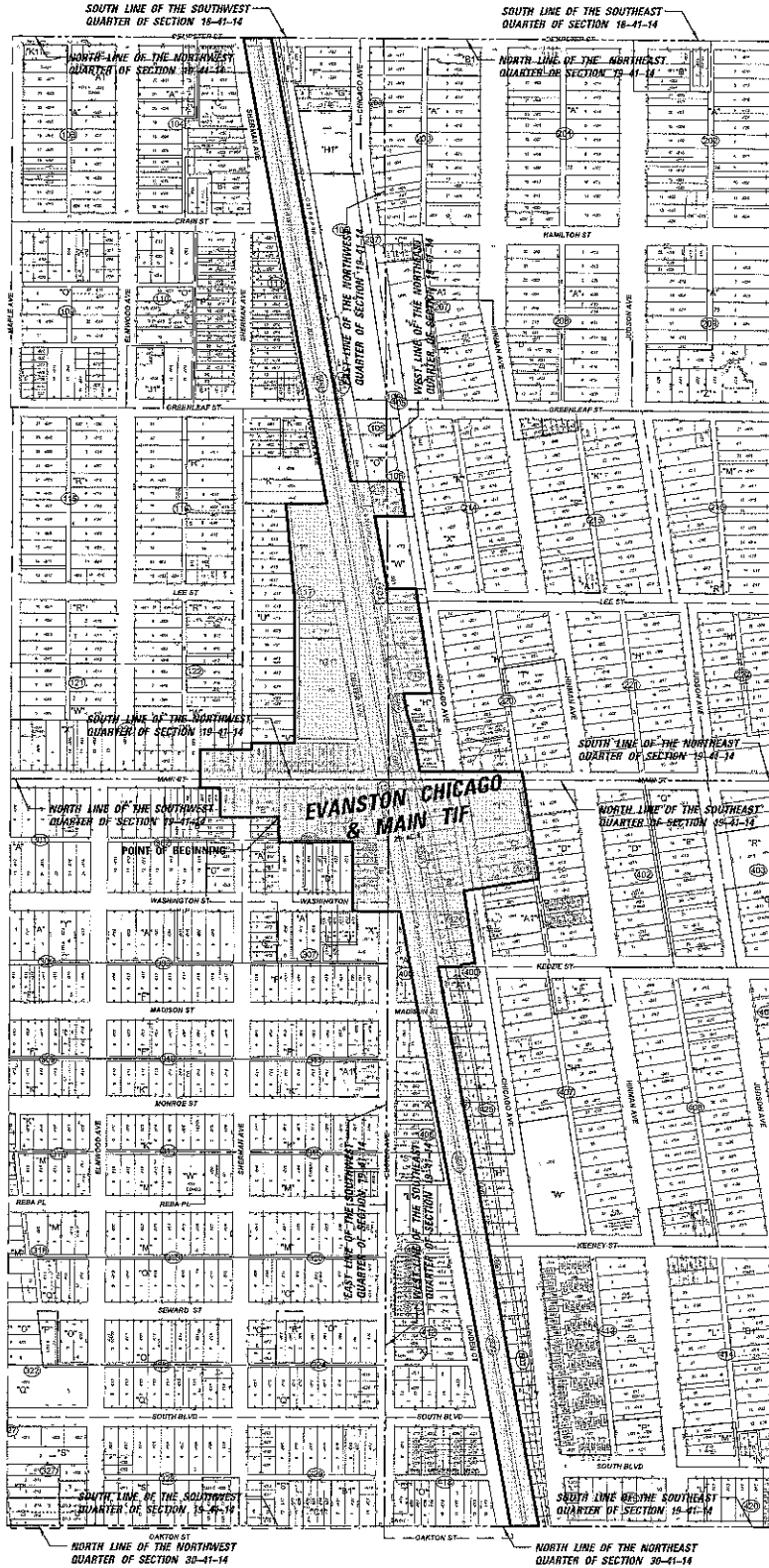
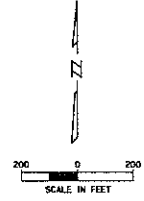
EVANSTON CHICAGO & MAIN TIF
 IN
 CITY OF EVANSTON, ILLINOIS
 PREPARED FOR
 CITY OF EVANSTON

| | | |
|----------------------------------|------------|--------------|
| REVISION: 06-29-2003, 07-02-2012 | | |
| CALC. | EJR | PROJECT NO. |
| DNL | AJJ | 120101 |
| DRG. | EJR | SHEET 1 OF 1 |
| SCALE: | 1"=200' | DRAWING NO. |
| DATE: | 02-24-2012 | TIF120101A |

APPENDIX 3
Existing Land Use Map of RPA

Land Uses:
Commercial/Retail/Mixed Use and
Railroad Right-of-Way

CURRENT LAND USE MAP



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(847) 823-0500

EVANSTON CHICAGO & MAIN TIF
IN
CITY OF EVANSTON, ILLINOIS
PREPARED FOR
CITY OF EVANSTON

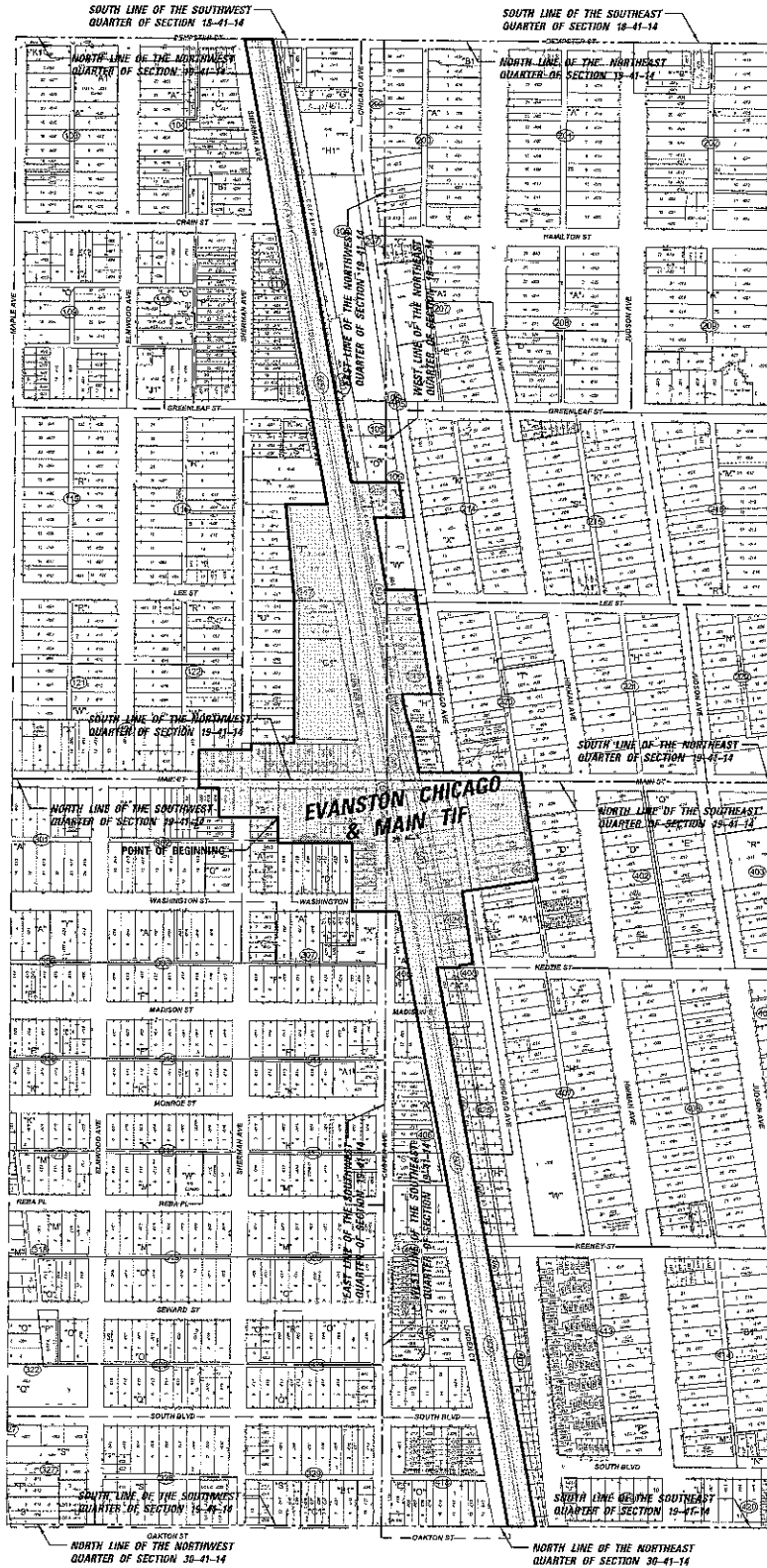
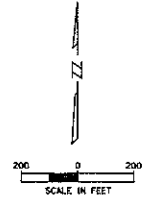
| | | |
|---------------------------------|------------|--------------|
| REVISED: 06-29-2011, 07-30-2012 | | |
| CALC. | KJR | PROJECT NO. |
| DRAWN | AJK | 120101 |
| CHKD. | KJR | SHEET 1 OF 1 |
| SCALE: | 1" = 200' | DRAWING NO. |
| DATE: | 02-24-2012 | TIF1201D1A |

SAYRE & COMPANY, INC. SURVEYING, 11720 S. LAKE ST.

APPENDIX 4
Future Land Use Map of RPA

Land Uses:
 Commercial/Retail/Mixed Use and
 Railroad Right-of-Way

FUTURE LAND USE MAP



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 Rosemont, Illinois 60018
 (847) 823-0500

EVANSTON CHICAGO & MAIN TIF
 IN
 CITY OF EVANSTON, ILLINOIS
 PREPARED FOR
 CITY OF EVANSTON

| | | |
|---------------------------------|------------|--------------|
| REVISED: 06-29-2010, 07-02-2012 | | |
| DRAWN | KJR | PROJECT NO. |
| CHKD | AKK | 120101 |
| SCALE: | KJR | SHEET 1 OF 1 |
| 1" = 200' | | DRAWING NO. |
| DATE: | 02-24-2012 | TIF120101A |

EVANSTON CHICAGO & MAIN TIF (SHEET 1 OF 1)

APPENDIX 5

TIF Qualification Report

Prepared by Kane, McKenna and Associates

**CITY OF EVANSTON, ILLINOIS
PRELIMINARY TIF QUALIFICATION REPORT
PROPOSED CHICAGO/MAIN
REDEVELOPMENT PROJECT AREA**

A preliminary analysis to assess the likelihood that all or a portion of an area located in the City of Evanston would qualify as a conservation area as defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

Prepared for: City of Evanston, Illinois

**Prepared Jointly by: Kane, McKenna and Associates, Inc.
and
The City of Evanston**

January 2013

**PROPOSED CHICAGO/MAIN REDEVELOPMENT PROJECT AREA
PRELIMINARY TIF QUALIFICATION ASSESSMENT**

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (KMA) has been retained by the City of Evanston, Illinois (the "City") to conduct an analysis of the potential qualification and designation of certain property located in the City, to be addressed herein as the proposed Redevelopment Project Area (the "RPA" or "TIF District"). The qualification is being carried out pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended (the "TIF Act").

The City is pursuing the RPA designation as part of its strategy to promote the revitalization of the property and thereby assist the City in achieving its public policy goal of promoting economic redevelopment. By undertaking the designation, the City will help strengthen the RPA as a significant contributor to the City's overall economic base.

Based upon the preliminary analysis completed to date, KMA has reached the following conclusions regarding the potential qualification of the RPA as a TIF District:

- 1) *The proposed TIF District meets the criteria for a "conservation area," as the term is defined under the TIF Act* – Overall, the parcels within the proposed TIF District either have declined, or are in danger of declining, toward a blighted condition. 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. Because the majority of structures are over 35 years of age, the proposed TIF District is especially vulnerable to potential physical decline and would meet statutory criteria as a conservation area TIF.
- 2) *Current conditions impede redevelopment* – The conditions found within the proposed TIF District present a barrier to the area's successful redevelopment. Without the use of City planning and economic development resources to mitigate such conditions, potential redevelopment activities are not likely to be economically feasible.
- 3) *Viable redevelopment sites could produce incremental revenue* – Within the proposed TIF District, there are parcels which potentially could be redeveloped or rehabilitated and thereby produce incremental property tax revenue or other additional revenues to the City. Such revenue, used in combination with other City resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.
- 4) *Pursuit of TIF designation is recommended* – To mitigate the existing conditions (thereby promoting the improved physical condition of the proposed RPA) and to leverage the City's investment and redevelopment efforts, KMA recommends that the City pursue the formal TIF designation process for the RPA.

Because the City will not pursue the redevelopment of residential parcels that could potentially dislocate 10 or more residential units within the proposed TIF district, the City will not conduct a housing impact study pursuant to the TIF Act.

I. BACKGROUND

In the context of planning for the proposed Redevelopment Project Area, the City has initiated a study of the area to determine whether it would potentially qualify as a TIF District. Kane, McKenna and Associates, Inc. agreed to undertake the study of the proposed RPA or TIF District on the City's behalf.

Current Land Use. The proposed RPA is an area generally situated in the vicinity of the Main Street/Chicago Avenue intersection, taking in railroad rights of way running parallel to Chicago Avenue and the adjacent retail/commercial uses fronting the rail lines. Additional parcels include but are not limited to retail shops along Main Street between Chicago Avenue and Sherman Avenue, as well as parcels that are at the southeast corner of Chicago and Main. The southeast corner includes a large, vacant parcel that was demolished several years ago.

The Chicago/Main intersection represents an important commercial district within Evanston, and historically has served a large portion of southern Evanston residents. Although it faces a number of redevelopment impediments, it has several unique assets (e.g., dual CTA and Metra train lines) that could be leveraged as part of its future redevelopment.

Overall, the area faces a number of redevelopment impediments as described in Section IV of this report. Obsolescence, lagging equalized assessed values (EAV), and deterioration are some of the key impediments that reduce the competitiveness of the area. Additionally, while it has certain beneficial transportation assets, many of the train trestles are well into their "useful lives" and will need replacement. The City of Evanston has received limited funding to date to replace a small percentage of the CTA and Metra train trestles, but a majority have not been rehabbed or replaced.

General Redevelopment Objectives. The redevelopment of the proposed RPA is consistent with the City's overarching land use objectives, which are contained in the *Comprehensive Plan*, zoning ordinance and other land use planning elements. In the *Comprehensive Plan* adopted in 2000, the City has articulated a number of economic development objectives which would be supported by the City's adoption of the proposed RPA as a TIF District. For example, a stated goal is to promote "growth and redevelopment of businesses, commercial, and industrial areas."

Additionally, the City developed a complementary planning study for the Chicago/Main area in 2000, entitled the "Chicago Avenue Corridor Recommendations Report." In this report, the City identified a number of priorities for the area, including the following:

- Attract new development along Chicago Avenue that is compatible with adjacent residences and historic districts;
- Expand parking capacity;
- Promote development to counter past declines in tax base;

- Improve streetscaping to foster a pedestrian-friendly environment;
- Improve land use coordination through better traffic management and signalization; and
- Upgrade mass transit infrastructure.

Given the gap between the City's goals for the area versus the current conditions described in this report, the City has determined that the redevelopment of the proposed RPA would be highly beneficial to the community. With a redevelopment strategy in place, the economic base of the RPA would be stabilized and increased – thereby benefiting the community as a whole. Without such a redevelopment strategy, the adverse conditions identified in this report would likely worsen.

General Scope and Methodology. KMA performed its analysis by conducting a series of meetings and discussions with City staff, starting in September 2011 and continuing periodically up to the date of this report. The purpose of the meetings was to gather data related to the qualification criteria for properties included in the study area. These meetings were complemented by a series of field surveys for the entire area to evaluate the condition of the proposed RPA, on a parcel-by-parcel basis. The field surveys and data collected have been utilized to test the likelihood that the proposed RPA would qualify for TIF designation.

The qualification factors discussed in this report would qualify the proposed RPA as a conservation area, as the term is defined pursuant to the TIF Act.

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

II. QUALIFICATION CRITERIA

With the assistance of City staff, Kane, McKenna and Associates, Inc. assessed the proposed RPA to determine the likelihood that qualifying factors listed in the Act would be present. The relevant provisions of the Act are cited below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area (RPA). By definition, a “redevelopment project area” is:

“An area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as 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 or vacant 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 a majority of structures were 35 years of age or older.

Secondly, the area was examined to determine if a combination of three (3) or more of the following factors were present, 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. Per the TIF Act, such an area is not yet a blighted area but because of a combination of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted 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 include but are 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, and 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 proposed 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 proposed 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" EAV. The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years, 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, or is 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. The finding is based on the last 5 years for which information is available.

III. EVALUATION METHODOLOGY

In evaluating the proposed RPA's potential qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the RPA were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Site surveys were completed for each parcel of land within the proposed RPA.
- 2) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as overcrowding and obsolescence. Additionally, KMA reviewed the following data: 2005-2011 tax information from Cook County, Sidwell parcel tax maps, aerial photos, site data, local history (including discussions with City staff), and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, deleterious land-use and layout, etc.).
- 3) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act factors applicable to specific structures and site conditions of the parcels.
- 4) The RPA was examined to assess the applicability of the different factors required for qualification as a TIF district. Examination was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The RPA was evaluated to determine the applicability of the thirteen (13) different factors, as defined under the Act, which would qualify the area as a TIF district.

IV. QUALIFICATION FINDINGS FOR PROPOSED RPA

Based upon KMA's preliminary evaluation of parcels in the proposed RPA and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the proposed RPA as a conservation area under the TIF Act. These factors are summarized in the table below.

Exhibit 1
Summary of TIF-Qualifying Factors

| Maximum Possible Factors per Statute | Minimum Factors Needed to Qualify per Statute | Qualifying Factors Present in Proposed RPA |
|--------------------------------------|---|--|
| 13 | 3 | 6 <ul style="list-style-type: none"> • Lagging EAV • Inadequate Utilities • Obsolescence • Deleterious Layout • Lack of Community Planning • Deterioration |

Findings for RPA. The proposed RPA meets the qualifications for a conservation area under the statutory criteria set forth in the TIF Act. As a first step, KMA determined that 30 of 36 structures (83%) were 35 years in age or older. Secondly, KMA reviewed the 13 aforementioned criteria needed to qualify the area as a conservation area, determining that 6 factors were present:

1. Lagging or Declining EAV. The EAV of the TIF District has grown at a rate slower than the City-wide EAV for 3 of the last 5 years (refer to chart below). Additionally, the EAV growth rate of the TIF District has also failed to maintain the same growth as inflation for 3 of the past 5 years, as measured by the Consumer Price Index (CPI). Therefore, a finding of lagging EAV is made pursuant to the TIF Act. Although EAV declines were slightly reversed in 2010 (attributable in part to the triennial re-assessment), the area as a whole still meets the statutory requirement that in 3 or more years EAV lags City-wide EAV growth rates.

It should be noted that one property (Vogue) accounts for all of the EAV increase in 2010. This property, along with certain others, experienced reversals in EAV for 2011.

Exhibit 2
EAV Trends for Proposed TIF District

| | 2011 | 2010* | 2009 | 2008 | 2007* | 2006 |
|-------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Total EAV for TIF District | 11,489,118 | 13,387,919 | 13,162,887 | 14,012,954 | 13,595,805 | 10,413,394 |
| EAV Change (%) | -14.18% | 1.71% | -6.07% | 3.07% | 30.56% | |
| City-wide EAV (Excluding TIF) | 2,715,878,455 | 3,028,496,168 | 3,292,826,482 | 2,924,384,938 | 2,758,744,224 | 2,235,479,352 |
| City EAV Change (%) | -10.32% | -8.03% | 12.60% | 6.00% | 23.41% | |
| CPI | 3.2% | 1.6% | -0.4% | 3.8% | 2.8% | |

Notes:

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

(2) Reassessment years asterisked.

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

*Triennial reassessment years

**Preliminary estimate

2. Inadequate Utilities. The Act states that overhead or underground utilities that are deteriorated, antiquated, obsolete or in disrepair are considered inadequate. Also, those utilities that lack the capacity to meet future development demands are considered inadequate. Utilities would include: storm sewers, storm drainage, sanitary sewers, water lines and gas, telephone and electrical services.

Based on the City's Director of Utilities analysis from December 2011 (updated in July 2012), the existing public utilities in the area are antiquated and obsolete, and certain components reflect deterioration/disrepair. In particular, aged water mains and combined sewers in the public right-of-way demonstrate obsolescence and require repair. The Director of Utilities' analysis demonstrates the following conditions:

- The combined sewer system is generally inadequate, due to age (over 100 years old) and use of obsolete materials (brick and clay tile);
- Water and sanitary sewer for certain components need replacement, including the 12-inch water main along Main Street; obsolete cast iron is still in use; and
- Materials such as brick, cast iron, and clay tile are obsolete, because modern materials such as PVC pipe, ductile iron and reinforced concrete are now the industry standard.

According the Director of Utilities, the modern materials are more durable and less likely to fail.

3. 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. Overall, the RPA exhibits both functional and economic obsolescence.

Obsolescence is manifested in part by the lagging EAV and the age of structures. As mentioned, the EAV has lagged the City EAV growth rate and the CPI for 3 of the past 5 years. Additionally, there is obsolescence in terms of the age of structures, related

deterioration, deleterious layout (see finding 3 below), and parking deficiencies. As mentioned, more than 50% of the structures are over 35 years in age; in fact (per Cook County Assessor data) the majority of said parcels exceed 80 years in age. Five buildings are over 100 years old and appear not to be modified to implement modernization of retail/office building design (e.g., wider store fronts, higher ceilings, loading bays, multi-story layouts, etc.). The largest structure (Vogue) also exhibits obsolescence due to the fact that it represents four separate buildings that were merged or retrofitted to create one building. The structures that comprise Vogue were not developed with the intention of being combined into one store (the largest of the Vogue assemblage was originally a grocery store) and therefore exhibit obsolescence.

With respect to parking, there is a limited amount of on-street and off-street parking (the area has no parking garages whereas downtown Evanston has multiple parking structures), high demand given the need to accommodate both shoppers and commuters taking the Metra and CTA trains, and parking ingress/egress deficiencies. The parking configuration by the Metra station is problematic since it requires access down a narrow alley, and egress is difficult as well. For example, large semi-trailer trucks delivering supplies to Evanston Lumber must navigate a narrow corridor along Custer Avenue and then back up to the storage building (whereas a modern warehouse-type retailer or wholesaler would have greater space for executing turns and easy-access loading bays).

Certain utilities are also obsolete in terms of current condition and future use. As noted above, outmoded material such as cast iron are still in place, despite the fact that more modern materials are now preferred. As stated in the Director of Utilities analysis, newer sections of water main “are built with ductile iron which is a stronger material and less brittle than its predecessor.” Lastly, a majority of the train trestles are deteriorated and are nearing the end of their useful lives (a minority of these trestles have been replaced, but only for CTA).

4. Deleterious Layout. As noted in Section II, a municipality can make a finding of deleterious layout or land use when there exists either (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., commercial uses (such as the Vogue fabric store) are situated next to single-family residential uses outside the TIF District.

KMA observed the following indicators of deleterious land-use/layout:

- Ingress and egress are problematic – It is difficult for cars to exit leaving the Metra parking area (north of Main Street) and then turning east (into traffic), and difficult to enter the parking area since it requires a “tight” turn into a narrow alley besides a train trestle. Similarly, trucks as mentioned have difficult access to businesses along Custer Avenue, particularly the lumber yard which sees active daily truck traffic. The

ingress/egress problems are exacerbated by the fact that Main Street and Chicago Avenue are higher-traffic arterial roads (compared to local surface streets), as well as the physical layout of the Metra parking area (also used after hours for theater). Per the Illinois Department of Transportation, the average daily vehicle count in this area of the City is 23,800 and 4,300 for Chicago Avenue and Main Street, respectively.

- Minimal buffering between residential and non-residential uses – In particular, the westernmost parcels are situated directly against residences, with minimal or no landscape buffering or fencing. Residences have essentially no buffer or physical barrier with the lumber yard and adjacent Dard facility, as well. Although in older, “inner ring” suburbs residential and non-residential uses are often situated next to each other, the lack of buffering is nonetheless a factor under the TIF Act that demonstrates deleterious layout and incompatible uses (by comparison, a redeveloped site such as the Walgreens on Main/Dodge has landscape buffers and tall fencing to create such a buffer between it and the adjacent residences).
- Limited parking – Unlike other commercial districts in Evanston, there is no parking garage to serve a dual use of parking for shoppers and commuters taking either the CTA or Metra. Despite the parking on the north side of Main Street, overall parking is limited and tends to spill over into residential areas. The Metra parking is limited essentially to two narrow alleys: the primary area north of Main Street is a narrow alley that aside from serving as right-of-way is an ad-hoc parking area (not originally designed as a high capacity commuter parking lot) and a similar area south of Main Street for handicapped use. Parking along Chicago Avenue is limited as well, with retailers such as the rug merchants having shallow lots and limited parking space.
- Loading and unloading – Because of very limited space along Main Street, the loading and unloading by suppliers is difficult to execute from the front, and access from the rear is problematic since there is no dedicated loading area (it is also a parking area for employees and shoppers). Also, the access point to the rear parking/loading area is narrow and difficult to navigate. Custer Avenue truck access for lumber yard loading/unloading is problematic, as indicated above.

It should be noted that the above land use/layout problems have been long-standing deficiencies. In April 2000, the City issued a “Chicago Avenue Corridor Recommendations Report,” and one of the primary findings was that the area lacked sufficient parking. The report stated the second highest priority (after new development) was to expand parking:

“Increase the supply of parking to meet future and existing needs as part of new development as well as through public/private partnerships.

Satisfying the parking needs from increased residential and commercial development is an essential component of the overall design of Chicago Avenue. New development should include enough parking to avoid any negative impact on existing parking problems... the current minimum parking requirement of 1.0 space per residential unit is not adequate. The parking requirements for multi-unit residential development should be increased with careful consideration for the following: 1) benefits to the

commercial and residential parking supply of the surrounding neighborhood, 2) benefits to the marketability of individual developments, 3) potential degradation of the existing tax base if the parking problems become too severe, 4) the potential lost opportunities if development becomes less financially feasible due to increased requirement, and 5) potential use of a zoning district overlay to employ a parking requirement change in this unique district. Further, while the overall corridor plan and the design of new development should take advantage of mass transit, it is unrealistic to expect that the commuter-oriented system will substantially reduce the car ownership of residents in this area.

Existing parking demand should be met through public initiatives as well as public/private partnerships. Additional parking should be created on such sites as the CTA/Metra right-of-way south of Washington Street and the parcels north of the existing Great Bank Evanston facility (northwest corner of Main and Chicago) to accommodate existing parking demand.”

On balance, modern land use planning concepts such as adequate building setbacks, landscape buffering between uses, the need for adequate loading/unloading and sufficient parking were not considerations when the majority of the proposed RPA was developed (over 100 years ago, for most structures).

5. Lack of Community Planning. According to the Act, an area suffers from a lack of community planning if the area was developed prior to, or without the benefit of, a community plan. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, overcrowded parcels, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The City did not have a comprehensive plan in place during the time period that the area was developed: the majority of the area developed over 100 years ago (based on Cook County Assessor building age data), in the absence of any municipal comprehensive planning process to guide development. By comparison, the first municipal comprehensive plan was adopted in 1972 (City staff indicated a “Plan of Evanston” was adopted in 1917 but did not constitute a modern plan detailing land uses nor did it provide a map of land uses).

The area’s lack of community planning is evidenced by the land use problems identified in sub-section 3 above. In particular, parking issues, lack of buffering between residential and commercial areas, and poor ingress/egress reflect the historical piecemeal, uncoordinated development that occurred along Main Street.

In addition to the existing land use deficiencies, there are certain impediments for future redevelopment. In particular, parcels are of inadequate shape and size to meet contemporary development standards. For example, to attract modern retailers would necessitate the assembly of parcels to create a larger “footprint” for redevelopment,

greater depth, and the requisite space for the efficient, safe routing of vehicular traffic. These indicators all reinforce the fact that the area was developed without benefit of a modern, comprehensive community plan.

In summary, modern development of the improved areas within the TIF District should discourage the mixing of conflicting land-uses without sufficient land platting, provide buffers between commercial and residential areas, establish appropriate land development ratios (e.g., floor area ratios), and set other restrictions to prevent problems that arise out of incompatible uses.

6. Deterioration. As noted in Section II, “deterioration” under the TIF Act is defined to include deteriorated surface improvements or structures (specifically evidenced by surface cracking, crumbling, potholes, depressions, loose paving material and weeds). Various degrees of deterioration were observed throughout the proposed TIF District. Much of the observed deterioration centered around the condition of surface improvements such as the alleys and parking lot behind the stores located on Main Street as well as the alley and sidewalks adjacent to the vacant lot at the southeastern corner of Main/Chicago. These surface improvements had multiple potholes, uneven pavement and cracks. Weed growth was observed in these areas and among the sidewalks on Custer Avenue.

In addition, a majority of the train trestles have not been repaired, replaced or rehabbed. All of the Metra train trestles were extremely rusted and require corrective maintenance. The main supports show deterioration from rust and surrounding concrete is missing large pieces, exposing more metal supports. In contrast, some of the CTA train trestles were recently replaced and are in comparatively good condition (the balance were also rusted and needed repair/replacement). There was a similar dichotomy with the train stations: the CTA station was in disrepair whereas the Metra station was recently rehabbed (e.g., newer roof).

Building conditions were mixed: generally Main Street storefronts exteriors appeared to be in average physical condition, but the rear of buildings evidenced deterioration (e.g., need for repainting, tuckpointing, and maintenance of two-story balconies (some wood was bare, warped, and rotted for example)). More intensively used older buildings such as the multiple lumber yard buildings evidence widespread deterioration like extensive rust and dented siding, while the heavily used CTA station exhibited “wear and tear” and needed maintenance/repair.

V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the City potentially designating the proposed RPA as a TIF District.

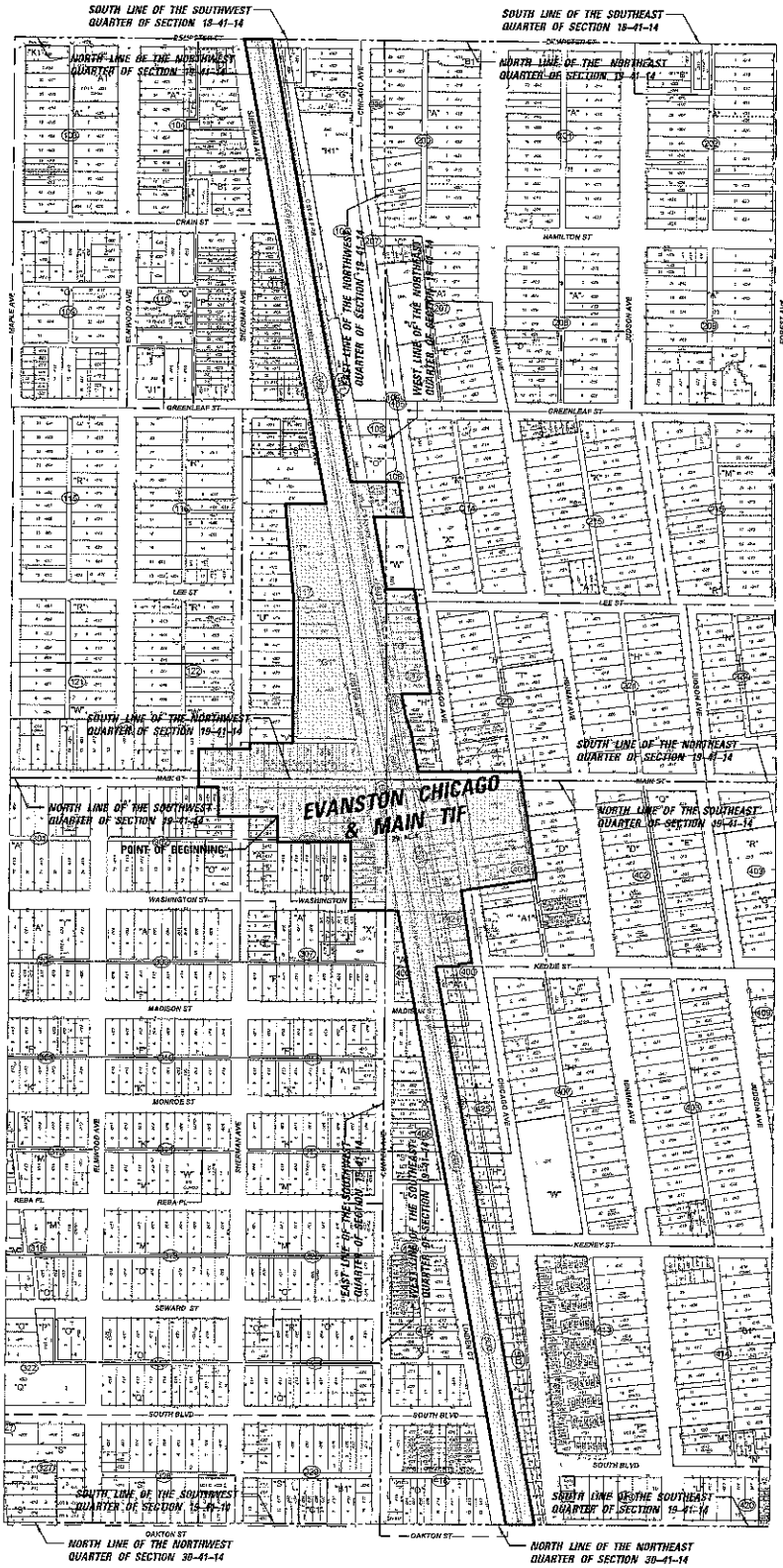
- The area is contiguous and is greater than 1½ acres in size;
- The proposed RPA meets the criteria for a conservation area TIF District, if the City pursues this course of action. The qualifying factors found in the proposed RPA are present to a meaningful extent and are evenly distributed throughout the proposed RPA. A more detailed analysis of the qualification findings is outlined in Section IV of this report;
- All property in the area would substantially benefit by the proposed redevelopment project improvements;
- The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area; and
- The area would not be subject to redevelopment without the investment of public funds, including property tax increment.

In the judgment of KMA, these preliminary findings support the case for the City to initiate a formal process to consider the proposed RPA as a TIF District.

Appendix 1
Boundary Map



200 0 200
SCALE IN FEET



CB
CHRISTOPHER B. BURKE ENGINEERING, LTD.
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| REVISED: 06-29-2012, 07-02-2012 | | |
| CALC. | KJR | PROJECT NO. 120101 |
| DRN. | AJK | SHEET 1 DP 1 |
| CHEG. | KJR | DRAWING NO. |
| SCALE: | 1"=200' | |
| DATE: | 02-24-2012 | TIF 120101A |

MAP OF TOWNSHIP SURVEY, T172004.SDM