
**CITY OF EVANSTON
HOWARD AND RIDGE TIF DISTRICT
REDEVELOPMENT PLAN AND PROJECT NO. 5**

Jointly Prepared By:

City of Evanston, Illinois

And

Kane, McKenna and Associates, Inc.

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LIST OF EXHIBITS

EXHIBITS

- Exhibit 1 - Legal Description
- Exhibit 2 - Boundary Map
- Exhibit 3 - Existing Land Use Map
- Exhibit 4 - Proposed Land Use Map
- Exhibit 5 - TIF Qualification/Designation Report

I. INTRODUCTION

The Redevelopment Project Area (the "RPA") RPA is generally bounded on the north by various parcels that front Howard Street and Chicago Avenue, on the east by the City of Evanston's (the "City") boundaries and the Chicago Transit Authority (CTA) Red Line, on the south by City boundaries and on the west by Ridge Avenue. The RPA contains mixed residential uses, retail/commercial properties and institutional uses.

The RPA suffers from deficiencies related to inadequate utilities, deleterious layout, excessive vacancies, lack of community planning, obsolescence and deterioration. The RPA also suffers from a lag in equalized assessed valuation (EAV). The rate of growth in property values within the RPA has increased at a rate that is less than the balance of the City's overall growth for five (5) of the last five (5) tax years.

The area consists of approximately sixty-one (61) tax parcels and thirty (30) structures. Over eighty percent (80%) of the buildings are thirty-five (35) years old or greater.

The present condition of the RPA can be characterized as having been influenced by the prominence of Howard Street as the main business strip that services the RPA and the large number of residential units that lie north of the RPA. The neighborhood population, rich in culture, economic and racial diversity, relies on the Howard Street Corridor as a main source of various services. The City has targeted this area, also known as the Southeast Evanston neighborhood planning area, as one that has opportunity for coordinated redevelopment.

While the RPA, as well as the neighboring area, exhibits promising attributes for redevelopment, lot depth and the presence of single purpose buildings limit the availability of land for coordinated redevelopment.

From a City economic development perspective, the RPA and the neighboring residential neighborhood represents a significant potential for development. The City has identified a number of goals and objectives for area development, primarily focusing on public safety, infrastructure improvements, recreational improvements and improved neighborhood perception. The RPA's sewer and water main systems are in need of upgrades. The designation of the area as an RPA would assist the City in accomplishing its objectives related to area improvements.

The City wishes to coordinate any new commercial, residential and retail use development within the RPA and ensure that development occurs within the guidelines of the City's comprehensive plan.

The RPA has diminished over the years in attractiveness for redevelopment, due to the age of its structures and related obsolescence and deleterious layout. Other sources of potential concern regarding the RPA include parking and loading/unloading limitations, the lack of available, attractive land, buffering to adjacent uses and underutilized lots. These factors taken in combination tend to limit the opportunities for reuse of the RPA.

The RPA is suitable for redevelopment for mixed uses including commercial, retail and residential. The City has undertaken an initiative, through the designation of the RPA, to redevelop strategic areas within the City and, in doing so, stabilizing and expanding benefits to the community and affected taxing districts.

The Redevelopment Plan

The City recognizes the need for implementation of a strategy to revitalize existing properties within the boundaries of the RPA and to stimulate and enhance private development within the RPA. The needed private investment in the RPA may only be possible if tax increment financing (TIF) is adopted pursuant to the terms of the Tax Increment Allocation Redevelopment Act (the "Act") Illinois Compiled Statutes, Chapter 65, Section 5/11-74.4-1 et seq., as amended. Incremental property tax revenue generated by the development will play a decisive role in encouraging private development. Site conditions that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts, which encompass the area in the form of a significantly expanded tax base.

The designation of the area as a Redevelopment Project Area will allow the City to address area deficiencies including (but not limited to):

- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent residential, retail and other City redevelopments;
- Entering into redevelopment agreements in order to include the redevelopment of underutilized property and/or to induce new development to locate within the RPA.
- Improving area appearance through rehabilitation and signage programs; and
- Coordinating land assembly in order to provide sites for more modern redevelopment plans.

A map of the RPA boundaries is included in Exhibit 2 and is a part of this Redevelopment Plan and Project. The area on the whole would not reasonably be anticipated to be developed in a coordinated manner without the adoption of a Redevelopment Plan and Project. The City, with the assistance of Kane, McKenna and Associates, Inc. has prepared this Redevelopment Plan and Project to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital. This in turn will lead to operation of viable mixed-use residential and commercial uses within the area.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements that are substantially benefited by the redevelopment project. Also pursuant to the Act, the RPA is not less than 1½ acres in size.

Through this Redevelopment Plan and Project, the City will serve as the central force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit those taxing districts that encompass the RPA. Benefits will be in the form of a stabilized and expanded tax base, the creation of new businesses and the creation of new employment opportunities within the City as a result of new private development in the area.

Summary

It is found and declared by the City, through legislative actions as required by the Act, that in order to promote and protect the health, safety, and welfare of the public, that certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken; and, to alleviate the existing 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. Public/private partnerships are determined to be necessary in order to achieve development goals. Without the development focus and resources provided under the Act, the development goals of the municipality would not reasonably be expected to be achieved.

It is found and declared by the City that the use of incremental tax revenues derived from the tax rates of various taxing districts in the Redevelopment Project Area for the payment of redevelopment project costs is of benefit to said taxing districts. This is because these taxing districts whose jurisdictions include in the Redevelopment Project Area would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

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

It is further found, and certified by the City, in connection to the process required for the adoption of this Plan and Project pursuant to 65 ILCS Section 5/11-74.4.3(n)(5) of the Act, that this Plan and Project will not result in the displacement of 10 or more inhabited residential units and there are less than seventy-five (75) inhabited residential units within the RPA. Therefore, this Plan and Project does not include a housing impact study as would otherwise be required. The City will amend this Plan and Project (and the RPA) and provide a housing impact study in the manner prescribed by the Act should the City determine a need to withdraw such certification at a future time. In the event that any residential units are to be displaced (under 10 inhabited units), the City will determine if residents are very low or low-income residents. If the residents are very low or low income, the City shall conform to federal relocation standards for the very low or low-income residents, if applicable.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

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

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the City's Zoning Ordinance and the comprehensive planning process. The Redevelopment Plan and Project also conforms to the City's comprehensive planning process.

General Goals of the City

- 1) To limit the effects of piecemeal development by encouraging unified, cohesive development.
- 2) To limit the impact of any redevelopment uses on adjacent residential uses by providing adequate buffering.
- 3) To develop a strong and positive image and appearance which establishes a unified image and sense of place; and which reinforces and supports residential activity along the RPA.
- 4) To identify preferred land uses within the RPA
- 5) Identify appropriate tools for implementation of economic redevelopment.
- 6) Enhance the current infrastructure and associated utilities.

Specific Objectives for the RPA

- 1) Encourage redevelopment of existing structures where appropriate.
- 2) Encourage existing uses to comply as much as possible with the requirements of the City Zoning Ordinance.
- 3) Encourage compatible, well designed development in the RPA with an emphasis on quality site design and building orientation, and site improvements.
- 4) Provide an attractive environment for those pedestrians and shoppers along Howard Street.
- 5) Improve infrastructure and related services.
- 6) Encourage new redevelopment for underutilized properties.

Redevelopment Objectives

The RPA designation will allow the City to:

- a) Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal;
- b) Reduce or eliminate negative factors present within the area;
- c) Accomplish redevelopment over a reasonable time period;
- d) Provide for high quality development within the RPA;
- e) Provide for an attractive overall appearance of the area; and
- f) Assist existing viable businesses.

The implementation of the Redevelopment Project will serve to improve the physical appearance of the RPA and contribute to the economic development of the area. The implementation of the RPA will provide new employment opportunities for community residents.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH WITHIN THE RPA AND ASSESSMENT OF FISCAL IMPACT ON AFFECTED TAXING DISTRICTS

A. Evidence of the Lack of Development and Growth Within the RPA

As found in Exhibit 5 of this Plan, the RPA has suffered from the lack of coordinated development, older building stock, and the lack of community planning. The area has not, over recent years, benefited from significant private investment and/or development.

The lack of coordinated private investment at various points in time has led to the stagnation of equalized assessed valuation (EAV) for the area. The increase of the EAV for the RPA in comparison to the City as a whole over the last five (5) years is reflected below.

The RPA EAV

<u>Assessment Year</u>	<u>Equalized Assessed Valuation</u>	<u>%increase (decrease) over previous year</u>
2002	\$5,980,279	3.05%
2001*	\$5,803,313	15.22%
2000	\$5,036,556	-3.03%
1999	\$5,193,866	2.15%
1998*	\$5,084,332	6.12%
1997	\$4,790,997	--

The increase in EAV for the balance of the City over the past five (5) years is reflected below.

Balance of City of Evanston EAV

<u>Assessment Year</u>	<u>Equalized Assessed Valuation</u>	<u>%increase (decrease) over previous year</u>
2002	\$1,731,563,625	7.55%
2001*	\$1,610,035,864	25.64%
2000	\$1,281,423,249	-1.06%
1999	\$1,295,178,336	3.46%
1998*	\$1,251,911,852	9.45%
1997	\$1,143,813,620	--

Source: Cook County Assessor's Office

* Reassessment Year.

The City believes that there is no evidence that the RPA's lack of growth will abate without inducement of private investment by the City through an active economic development program.

B. Assessment of Fiscal Impact on Affected Taxing Districts

It is anticipated that the implementation of this Redevelopment Plan and Project will have a minimal financial impact on the affected taxing districts. In fact, the action taken by the City to stabilize and encourage growth of its tax base through the implementation of this Redevelopment Plan and Project will have a positive impact on the affected taxing districts by arresting inflation adjusted declines in assessed valuations.

Though strategies will be encouraged to promote growth via private investment within the area, specific objectives are geared to stabilize the RPA's existing strengths and revitalize the RPA's redevelopment potential. Should the City achieve success in attracting private investment which does result in the need for documented increased services from any taxing districts, the City will consider the declaration of sufficient surplus funds (as long as those funds are not already obligated to the TIF), to assist affected taxing districts in paying the costs for the increased services.

Any surplus Special Tax Allocation Funds, to the extent any surplus exists, will be proportionately shared, based on the appropriate tax rates for a given year, with the various taxing districts, including the City, 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. The exception to this provision will be to the extent that the City utilizes TIF funding to assist in the redevelopment of residential units. In such cases, the City will provide for the costs incurred by eligible school districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act.

V. **TIF QUALIFICATION FACTORS EXISTING IN THE REDEVELOPMENT PROJECT AREA**

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 Illinois law. Refer to the TIF Qualification/Designation Report, (Exhibit 5) which is attached as part of this plan.

Eligibility Survey

The RPA was evaluated in February and March of 2003 and again in September of 2003 by representatives of Kane, McKenna and Associates, Inc., (KMA). Analysis was aided by certain reports obtained from the City, interviews with City staff, photographs and other sources. In KMA's evaluation, only information was recorded which would directly aid in the determination of eligibility for a TIF district.

VI. REDEVELOPMENT PROJECT

A. Redevelopment Plan and Project Objectives

The City proposes to realize its goals and objectives of encouraging the development of the RPA and encouraging private investment through public finance techniques including, but not limited to, Tax Increment Financing:

- 1) By implementing a plan that provides the redevelopment of existing properties and underutilized sites that are available within the RPA for primarily residential and mixed uses.
- 2) By constructing public improvements which may include (if necessary):
 - i. Roadway and sidewalk improvements (including reducing oversized driveways, improving pedestrian railroad crossing and limiting business activity near pedestrian areas)
 - ii. Utility improvements (including, but not limited to, the burying of overhead utility lines)
 - iii. Signalization, traffic control and lighting
 - iv. Off-street parking (if applicable)
 - v. Landscaping, streetscaping and beautification (including the coordination of signage, facade, and parking improvements)
- 3) By entering into Redevelopment Agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of interest rate subsidy as allowed under the Act.
- 4) By providing for land acquisition, site preparation, clearance, and demolition, including grading and excavation.
- 5) By the redevelopment of existing building inventory through necessary rehabilitation and improvement of structures.
- 6) Exploration and review of job training programs in coordination with any City, federal, state, and county programs.

B. Redevelopment Activities

Pursuant to the foregoing objectives, the City will implement a coordinated program of actions, including, but not limited to, acquisition, site preparation, clearance, demolition, provision of public infrastructure and related public improvements, and rehabilitation of structures, if necessary.

Site Preparation, Clearance, and Demolition

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

Land Assembly and Relocation

Certain properties in the RPA may be acquired, assembled and reconfigured into appropriate redevelopment sites. The City may also undertake relocation activities.

Public Improvements

The City may, but is not required to provide, public improvements in the RPA to enhance the immediate area and support the Redevelopment Plan and Project. 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;
- Street and right-of-way improvements; and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation

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

Interest Rate Write-Down

The City may enter into agreements with owners/developers whereby a portion of the interest cost of a construction, renovation or rehabilitation project is paid for on an annual basis 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;
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

C. General Land Use Plan

Existing land use generally consists of a mix of retail, commercial and residential uses. Existing land uses are shown in Exhibit 3, attached hereto and made a part of this Plan. Exhibit 4, attached hereto and made a part of this Plan designates intended general land uses in the Redevelopment Project Area that continue to include mixed use, retail, commercial and residential. The land uses will conform to the Zoning Ordinance and the Comprehensive Plan of the City as either may be amended from time to time.

D. Additional Design and Control Standards for Community Development

The appropriate design controls, as set forth in the City's Zoning Ordinance shall apply to the RPA.

E. Estimated Redevelopment Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, as provided in the TIF statute, and any such costs incidental to this Redevelopment Plan and Project. Private investments, which supplement "Redevelopment Project Costs", are expected to substantially exceed such redevelopment project costs. Eligible costs permitted under the Act which may be pertinent to this Redevelopment Plan and Project include:

1. Costs of studies and survey, development of plans and specification, implementation and administration of the redevelopment plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, other special services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected; 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 three (3) years. In addition, "redevelopment project costs" shall not include lobbying expenses;
2. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interest 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. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the costs 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. Costs of rehabilitation of public works or improvements;
5. Costs of job training and retraining projects including the costs of "welfare to work" programs implemented by businesses located within the redevelopment project area;
6. Financing 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 pursuant to the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;

7. 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. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
9. Costs of job training, 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 the Redevelopment Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City 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 agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code.
10. Interest costs 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 developer 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 pursuant to this paragraph (11) then the amounts so due shall accrue and be payable when sufficient funds are available in the Special Tax Allocation Fund; and

- d) the total of such interest payments paid pursuant to this Act may not exceed 30% of the (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 this Act.
- 11. Unless explicitly stated herein the costs of construction of new privately owned buildings shall not be eligible redevelopment project costs.
 - 12. For redevelopment project area designated (or development 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 as follows:

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 district, 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 this Act;
- (ii) for elementary school district, 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 this 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.

- b) Any school district seeking payment shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving the right to all a portion of the reimbursement otherwise required by the Act. By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects.

Estimated costs are shown in the next section. Adjustments to these cost items may be made without amendment to the Redevelopment Plan.

**CITY OF EVANSTON
RPA REDEVELOPMENT PROJECT
ESTIMATED PROJECT COSTS**

<u>Program Actions/Improvements</u>	<u>Estimated Costs (A)</u>
1. Land Acquisition and Assembly Costs, Demolition, Site Preparation, Environmental Cleanup and Related Costs	\$ 2,000,000
2. Utility Improvements including, but not limited to, water, storm, sanitary sewer, the service of public facilities, and road improvements	\$ 1,500,000
3. Streetscape, landscape, sidewalks curbs and gutters, signage, streetlights, traffic and related public improvements	\$ 200,000
4. Public facilities, including parking	\$ 1,000,000
5. Facade Design/Rehabilitation Program	\$ 250,000
6. Planning, Legal, Engineering, Administrative and Other Professional Service Costs	\$ 500,000
7. Interest Costs Pursuant to the Act	\$ 500,000
8. Job Training	\$ 200,000
9. School Tuition Costs Pursuant to the Act	\$ 1,800,000
TOTAL ESTIMATED	\$ 7,950,000

(A) All project cost estimates are in year 2003 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of such obligations as well as to provide for capitalized interest and reasonably required reserves. Adjustments to the estimated line item costs above are expected. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the total amount of payment for Eligible Redevelopment Project Costs shall not exceed the overall budget amount outlined above. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment.

F. Sources of Funds to Pay Redevelopment Project Costs Eligible Under Illinois TIF Statute

Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from property tax increment revenues, proceeds from municipal obligations to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Redevelopment Plan and Project.

"Redevelopment Project Costs" specifically contemplate those eligible costs set forth in the Act and do not contemplate the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed, and 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 tax increment 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 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 2002 tax year for the RPA. Tax increment revenues from contiguous RPAs may also be utilized by the City and tax increment revenues from the RPA may also be utilized in contiguous RPAs.

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.

The Redevelopment Project Area would not reasonably be expected to be developed in a coordinated manner without the use of the incremental revenues provided by the Act.

G. Nature and Term of Obligations to be Issued

The City may issue obligations secured by the tax increment 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 powers pursuant to the Illinois State Constitution.

Any and/or all obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the Redevelopment Project Area. 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 Redevelopment Plan and Project. 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, may be payable from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

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

Such securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds, with either fixed rate or floating interest rates; with or without capitalized interest; with or without deferred principal retirement; with or without interest rate limits except as limited by law; and with or without redemption provisions, and on such other terms, all as the City may determine.

H. Most Recent Equalized Assessed Valuation (EAV) of Properties in the Redevelopment Project Area

The most recent estimate of equalized assessed valuation (EAV) for 2002 of the property within the RPA is approximately \$5,980,279 for the RPA. The Boundary Map, Exhibit 2, shows the location of the RPA.

I. Anticipated Equalized Assessed Valuation (EAV)

Upon completion of the anticipated private development of the Redevelopment Project Area over a twenty-three (23) year period, it is estimated that the equalized assessed valuation (EAV) of the property within the Redevelopment Project Area will be approximately \$21,500,000.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

A. Redevelopment Project

An implementation strategy will be employed with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken including several projects.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses are conformant with City zoning and planning requirements. Depending upon the scope of the development as well as the actual uses, the following activities may be included in each phase:

Land Assembly: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site.

Demolition and Site Preparation: Certain properties may be demolished in the RPA in order to redevelop the site.

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 provision of necessary detention or retention ponds may also be undertaken by the City.

Roadway/Street/Parking Improvements: Widening of existing road improvements and/or vacation of roads may be undertaken by the City. 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 general public.

Utility services may also be provided or relocated in order to accommodate the renovation or expansion of buildings.

Traffic Control/Signalization: Traffic control or signalization improvements that improve access within the RPA and enhance its redevelopment may be constructed.

Rehabilitation: The City may assist in the rehabilitation of public or private improvements as provided for in the Act.

Public Safety Related Infrastructure: Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.

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.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the City and any private developers, both 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 or creed. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and the compliance requirements of 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.

C. 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) calendar 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 in which the ordinance approving the RPA is adopted.

VIII. PROVISIONS FOR AMENDING THE TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT

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

EXHIBIT 1

LEGAL DESCRIPTION

LEGAL DESCRIPTION:

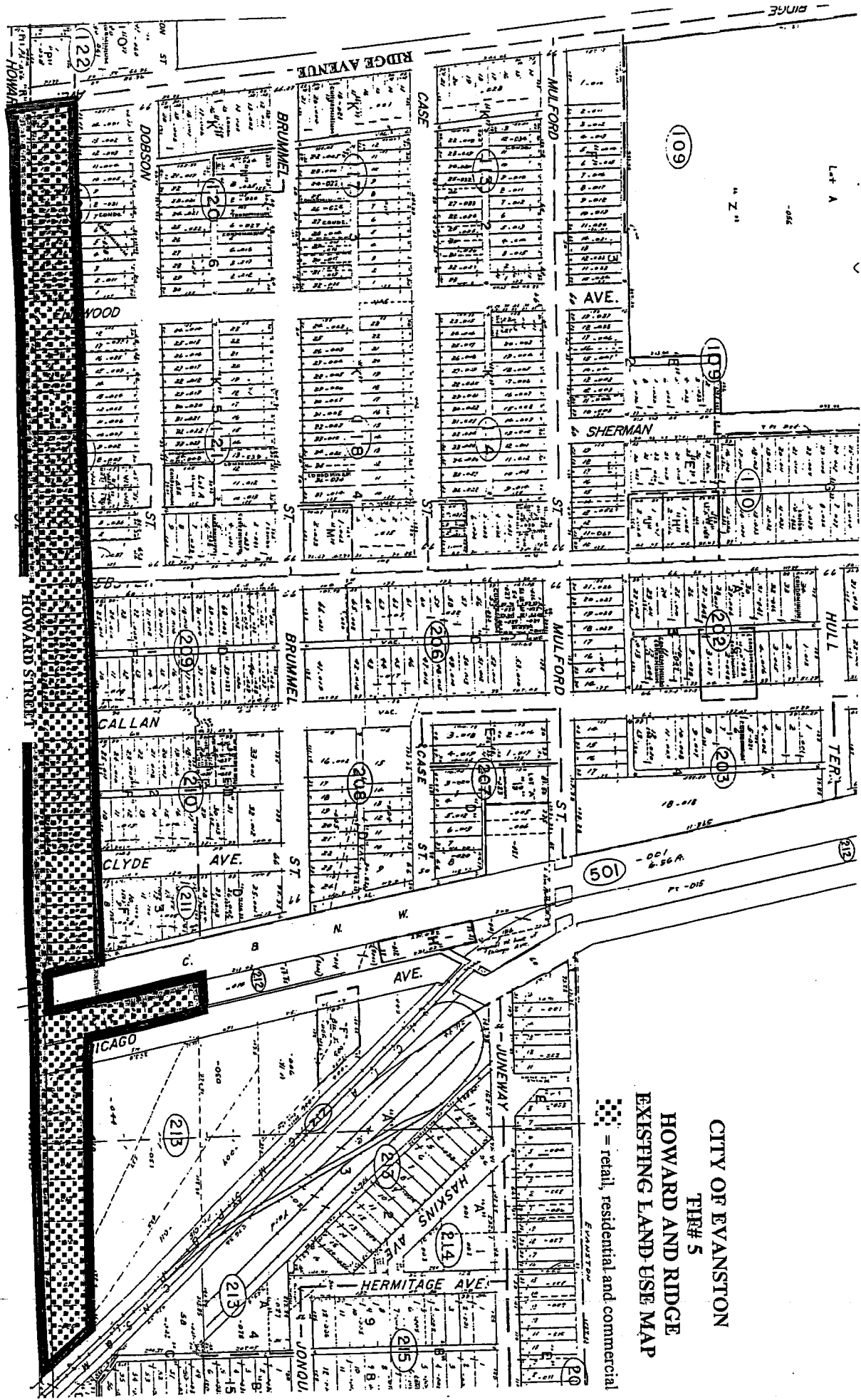
THAT PART OF THE NORTH HALF OF SECTION 30, TOWNSHIP 41 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT OF INTERSECTION OF THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 30 AND THE WESTERLY RIGHT OF WAY LINE OF RIDGE AVENUE EXTENDED SOUTHERLY TO SAID SOUTH LINE; THENCE NORTHWESTERLY ALONG SAID WESTERLY RIGHT OF WAY LINE TO THE NORTHEAST CORNER OF LOT 1 IN GRANT AND GRANT'S HOWARD RIDGE SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 30, 1927 AS DOCUMENT NO. 9884598; THENCE EASTERLY ALONG A STRAIGHT LINE TO THE NORTHWESTERLY CORNER OF LOT 15 IN BLOCK 7 OF BRUMMEL AND CASE HOWARD TERMINAL SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 21, 1916 AS TORRENS DOCUMENT NO. 56151, SAID NORTHWESTERLY CORNER BEING A POINT ON THE EASTERLY RIGHT OF WAY LINE OF SAID RIDGE AVENUE; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 15 AND LOTS 16 THRU 31 OF SAID BLOCK 7, INCLUSIVE, TO THE NORTHEAST CORNER OF SAID LOT 31; THENCE EASTERLY ALONG A STRAIGHT LINE, TO THE NORTHWEST CORNER OF LOT 19 IN BLOCK 8 OF SAID BRUMMEL AND CASE HOWARD TERMINAL SUBDIVISION; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 19 AND LOTS 20 THRU 24 OF SAID BLOCK 8, INCLUSIVE, TO THE NORTHEAST CORNER OF SAID LOT 24, SAID NORTHEAST CORNER ALSO BEING THE NORTHWEST CORNER OF ZEISEL'S CONSOLIDATION ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 18, 1972 AS TORRENS DOCUMENT NO. 2655165; THENCE CONTINUING EASTERLY ALONG THE NORTHERLY LINE OF SAID ZEISEL'S CONSOLIDATION TO THE NORTHEAST CORNER OF SAID ZEISEL'S CONSOLIDATION, SAID NORTHEAST CORNER BEING A POINT ON THE NORTH LINE OF LOT 28 IN SAID BLOCK 8; THENCE CONTINUING EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 28 AND LOTS 29 THRU 41 OF SAID BLOCK 8 INCLUSIVE, TO THE NORTHEAST CORNER OF SAID LOT 41; THENCE EASTERLY ALONG A STRAIGHT LINE, TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 1 OF NILES HOWARD TERMINAL ADDITION ACCORDING TO THE PLAT THEREOF RECORDED MARCH 22, 1916 AS DOCUMENT NO. 5829212; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 1 AND LOTS 2 THRU 9 OF SAID BLOCK 1, INCLUSIVE, TO THE NORTHEAST CORNER OF SAID LOT 9; THENCE EASTERLY ALONG A STRAIGHT LINE, TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 2 OF SAID NILES HOWARD TERMINAL ADDITION; THENCE EASTERLY ALONG THE NORTHERLY LINE, OF SAID LOT 1 AND LOTS 2 THRU 9 OF SAID BLOCK 2,

INCLUSIVE, TO THE NORTHEAST CORNER OF SAID LOT 9; THENCE EASTERLY ALONG A STRAIGHT LINE, TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 3 OF SAID NILES HOWARD TERMINAL ADDITION; THENCE EASTERLY ALONG THE NORTHERLY LINE, OF SAID LOT 1 AND LOTS 2 THRU 7 OF SAID BLOCK 3 INCLUSIVE, TO THE NORTHEAST CORNER OF SAID LOT 7, SAID NORTHEAST CORNER BEING A POINT ON THE WESTERLY RIGHT OF WAY LINE OF THE CHICAGO AND NORTH WESTERN RAILROAD; THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT OF WAY LINE, TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF HOWARD STREET; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT OF WAY LINE, TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF SAID CHICAGO AND NORTH WESTERN RAILROAD; THENCE NORTHWESTERLY ALONG SAID EASTERLY RIGHT OF WAY LINE, TO A POINT ON THE NORTH LINE OF THE SOUTH 6.25 CHAINS OF THE NORTHEAST QUARTER OF SAID SECTION 30; THENCE EASTERLY ALONG SAID NORTHERLY LINE, TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF CHICAGO AVENUE (A.K.A. CLARK STREET); THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT OF WAY LINE, TO A POINT ON A LINE BEING 134 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF SAID NORTHEAST QUARTER; THENCE EASTERLY ALONG SAID PARALLEL LINE, TO A POINT ON THE WEST RIGHT OF WAY LINE OF A PUBLIC ALLEY, SAID POINT BEING 109.77 EAST OF THE EASTERLY RIGHT OF WAY LINE OF SAID CHICAGO AVENUE, AS MEASURED ALONG SAID PARALLEL LINE ACCORDING TO DOCUMENT NO. 98338790, RECORDED APRIL 28, 1998; THENCE SOUTHERLY ALONG SAID WEST RIGHT OF WAY LINE, TO A POINT ON A LINE BEING 118 FEET NORTH OF AND PARALLEL TO SAID SOUTH LINE OF THE NORTHEAST QUARTER; THENCE EASTERLY ALONG SAID PARALLEL LINE, TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD; THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT OF WAY LINE, TO A POINT ON SAID SOUTH LINE OF THE NORTHEAST QUARTER; THENCE WESTERLY ALONG SAID SOUTH LINE TO THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE CONTINUING WESTERLY ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 30 TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

TIF NO. 5 RPA - TOTAL AREA = 9.931 ACRES +/-

EXHIBIT 2
BOUNDARY MAP

EXHIBIT 3
EXISTING LAND USE MAP



CITY OF EVANSTON
 FIG# 5
 HOWARD AND RIDGE
 EXISTING LAND-USE MAP


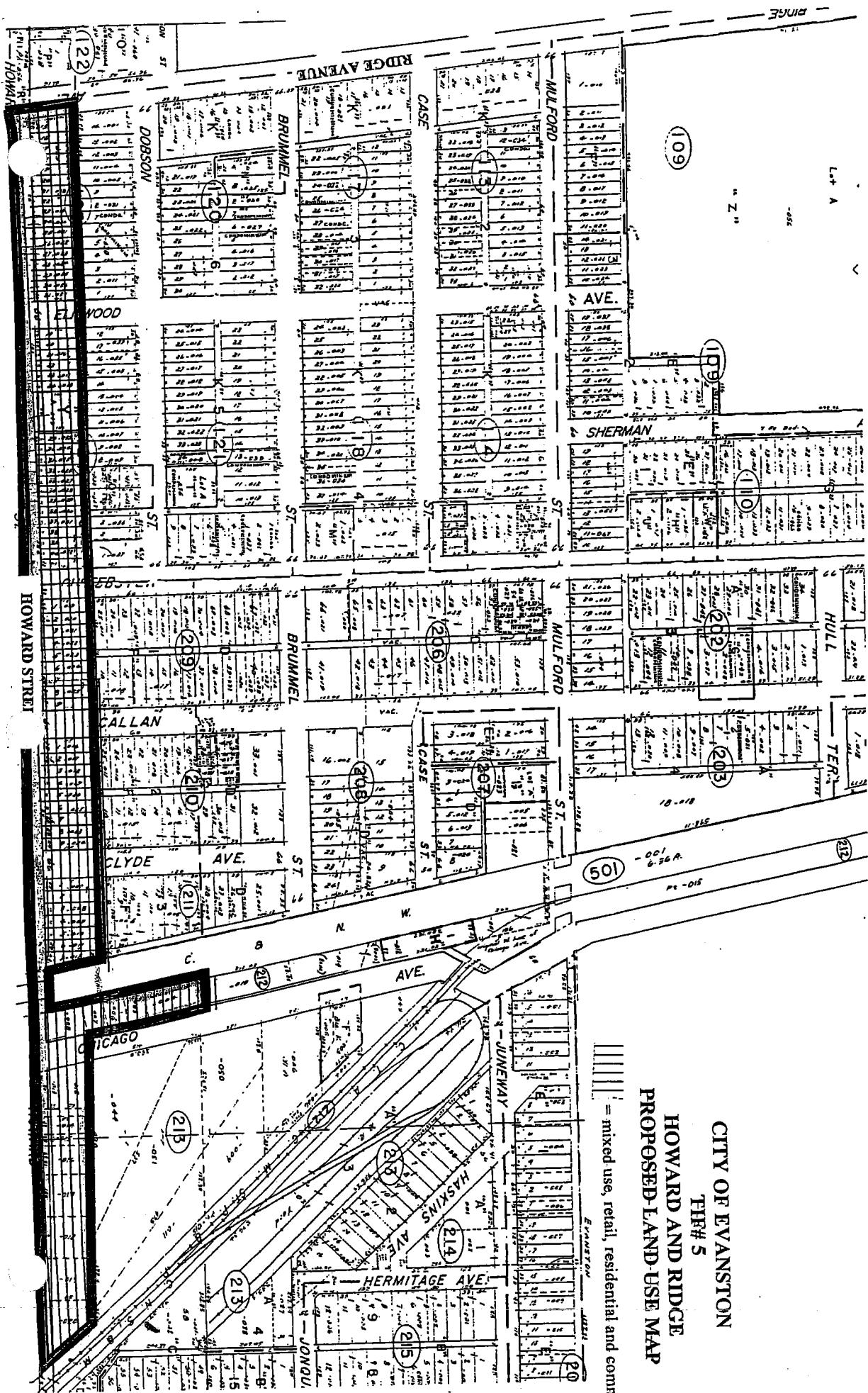
 = retail, residential and commercial
 Existing

EXHIBIT 4
PROPOSED LAND USE MAP



CITY OF EVANSTON
PER# 5
HOWARD AND RIDGE
PROPOSED LAND USE MAP

— mixed use, retail, residential and commercial

EXHIBIT 5

TIF QUALIFICATION/DESIGNATION REPORT

**CITY OF EVANSTON
PRELIMINARY QUALIFICATION/DESIGNATION REPORT
PROPOSED HOWARD AND RIDGE TIF DISTRICT (TIF NO. 5)**

A study to determine whether a certain area located in the City of Evanston qualifies as a conservation area as set forth in the definition in the Tax Increment Allocation Redevelopment Act of 65 ILCS Section 5/11-74.4-1, et seq. of the Illinois Compiled Statutes as amended (the "TIF Act").

Prepared For: City of Evanston, Illinois

Prepared By: Kane, McKenna and Associates, Inc.

September, 2003

**CITY OF EVANSTON
PRELIMINARY QUALIFICATION REPORT
PROPOSED HOWARD AND RIDGE TIF DISTRICT (TIF NO. 5)**

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MAP

Proposed RPA Boundary Map

I. INTRODUCTION AND BACKGROUND

In the context of planning for a Proposed Evanston Redevelopment Project Area (RPA), the City of Evanston (the "City") has initiated action related to the study of the Proposed Redevelopment Area (the "Proposed RPA") in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing ("TIF") District. Kane, McKenna and Associates, Inc. ("KMA"), in accordance with such directives, has agreed to undertake the study of the area.

The Proposed RPA is generally bounded on the north by various parcels that front Howard Street and Chicago Avenue, on the east by the City's boundaries and the Chicago Transit Authority (CTA) Red Line, on the south by City boundaries and on the west by Ridge Avenue. The Proposed RPA contains mixed residential uses, retail/commercial properties and institutional uses.

The Proposed RPA suffers from deficiencies related to inadequate utilities, deleterious layout, excessive vacancies, lack of community planning, obsolescence and deterioration. The equalized assessed valuation (EAV) in the proposed RPA has increased at an annual rate that is less than the balance of the City EAV for five (5) of the last five (5) years.

The area consists of approximately sixty-one (61) tax parcels and twenty-eight (28) structures. Eighty-five percent (85%) of the buildings are thirty-five (35) years old or greater.

The present condition of the Proposed RPA can be characterized as having been influenced by the prominence of Howard Street as the main business strip that services the Proposed RPA and the large number of residential units that lie north of the proposed RPA. The neighborhood population, rich in culture, economic and racial diversity, relies on the Howard Street Corridor as a main source of various services. The City has targeted this area, also known as the Southeast Evanston neighborhood planning area, as one that has opportunity for coordinated redevelopment.

While the Proposed RPA, as well as the neighboring area, exhibits promising attributes for redevelopment, lot depth and the presence of single purpose buildings limit the availability of land for coordinated development.

From a City economic development perspective, the Proposed RPA and the neighboring residential neighborhood represents a significant potential for redevelopment. The City has identified a number of goals and objectives for area development, primarily focusing on public safety, infrastructure improvements, recreational improvements and improved neighborhood perception. The Proposed RPA's sewer and water main system are in need of upgrades. The designation of the area as an RPA would assist the City in accomplishing its objectives related to area improvements.

The City wishes to coordinate any new commercial, residential and retail use development within the Proposed RPA and ensure that development occurs within the guidelines of the City's comprehensive plan.

The qualification factors discussed with this Report qualify the area described below as a "conservation area", as such term is hereinafter defined pursuant to the TIF Act.

The City has reviewed the Proposed RPA for possible redevelopment for a period of time. In planning for this potential development, the City has conducted a review of possible land uses for the area. A key goal of the City is to promote the development of underutilized sites and to encourage the redevelopment or renovation of the existing improved sites in order to improve the area's tax base.

There are currently numerous uses within the Proposed RPA. Because of this, it will be difficult to develop the area in a coordinated manner. It has been determined that in order to encourage redevelopment in the area, the City must encourage redevelopment efforts, improve the existing infrastructure within the area, enforce City zoning codes and encourage property maintenance by tenants and landlords alike.

The creation and utilization of a TIF redevelopment plan is being investigated by the City to help provide the assistance required to address conditions that are detrimental to successful redevelopment of the Proposed RPA.

II. QUALIFICATION CRITERIA USED

With the assistance of City staff, Kane, McKenna and Associates, Inc. examined the Proposed RPA in February and March of 2003 and again in September of 2003, and reviewed information collected for the area to determine the presence or absence of appropriate qualifying factors listed in the Illinois "Real Property Tax Increment Allocation Act" (hereinafter referred to as "the Act") Ch. 65 ILCS Section 5/11-74.4-1 et. seq. of the Illinois Compiled Statutes, as amended. The relevant sections of the Act are found below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area. By definition, a "Redevelopment Project Area" is:

"an area designated by the municipality, which is not less in the aggregate than 1 ½ 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 area and conservation area."

Conservation Area

The Act defines a "conservation area" as follows:

"Conservation area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors may be considered as a "conservation area":

- (A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- (B) Obsolescence: The condition or process of falling into disuse. Structures become ill-suited for the original use.

- (C) Deterioration: With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and 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 not 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 refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.
- (H) Inadequate Utilities: Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

- (I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one 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, provided that the remediation costs 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) The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available, or 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 prior to the year in which the redevelopment project area is designated.

III. THE PROPOSED RPA

The Proposed RPA consists of approximately sixty-one (61) tax parcels and twenty-eight (28) structures. Land uses are mixed. Second story residential uses are interspersed with predominantly retail, commercial and institutional uses. Some of these parcels include vacant lots or minor site improvements (parking lots).

IV. METHODOLOGY OF EVALUATION

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

- 1) Site surveys of the Proposed RPA were undertaken by representatives from Kane, McKenna and Associates, Inc. Site surveys were completed for all parcels located within the proposed area.
- 2) Exterior evaluation of structures, noting deterioration or dilapidation, as well as vacancies or possible code violations, was completed by KMA with City staff assistance.
- 3) The area was studied in relation to review of available planning reports, City ordinances, land surveys, local history, and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, obsolescence, deleterious layout, etc.). Kane, McKenna reviewed the area in its entirety. City redevelopment goals and objectives for the area have also been reviewed.
- 4) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, criteria factors of specific structures and site conditions on the parcels.
- 5) The Proposed RPA was examined to assess the applicability of the different factors required for qualification for TIF designation under the Act. Evaluation was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The Proposed RPA was examined to determine the applicability of the conservation or blighted factors for qualification for TIF designation under this statute.

V. QUALIFICATION OF PROPOSED RPA/FINDINGS OF ELIGIBILITY

As a result of KMA's evaluation of each parcel 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.

THRESHOLD FACTOR

1) Age

Based upon site surveys, City data and Cook County data, eighty-five percent (85%) of the structures were found to be thirty-five (35) years of age or greater.

OTHER CONSERVATION AREA FACTORS (MUST INCLUDE THREE OR MORE ADDITIONAL FACTORS)

2) Inadequate Utilities

Inadequate utilities can be defined as underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers and water lines that are shown to be inadequate. Inadequate utilities are those that are deteriorated and have insufficient capacity to serve, and are lacking within the redevelopment project area.

Based upon data provided by the City, sections of the sanitary sewer are considered undersized for the area's redevelopment. The existing water mains are also considered inadequate. In order to accommodate new uses, significant upgrades and improvements will need to be made to the existing public improvements, including paving and drainage along several alleys.

3) Deleterious Land Use

Deleterious land use (or layout) is defined as the existence of incompatible land use relationships, buildings occupied by inappropriate mixed-uses, or uses unsuitable for the surrounding area.

The Proposed RPA has been developed in piecemeal fashion from the 1930's through the 1970's. As such, incompatible land uses and inappropriate mixed uses are found throughout the area. Many of the area's retail and commercial uses lack parking and modern loading provisions. The City has established parking limitations along Howard Street, thus limiting the number of available parking spaces. Considerations of adequate building setbacks, landscape buffering between uses, the need for adequate loading and unloading and sufficient parking were not considerations when the greater majority of the Proposed RPA was developed.

4) Lack of Community Planning

An area suffers from a lack of community planning if the area was developed prior to or without the benefit of a community plan.

The lack of community planning has contributed to area-wide obsolescence, deleterious layout and inadequate utilities. The last update to the comprehensive plan was adopted in 1956, after the majority of the Proposed RPA was constructed. Thus, in general the Proposed RPA was permitted to develop without the benefit of suitable and consistent development standards. The majority of the structures are 50 to 70 years old. Additional coordination will be required between existing uses and any proposed redevelopments.

5) Excessive Vacancies

Excessive vacancies can be defined as the presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

Many of the storefront retail/commercial uses exhibit vacancies. When the number of storefronts and/or stand alone uses are combined, approximately eighteen percent (18%) of the area's uses are vacant within the Proposed RPA as a whole. Typically, retail/commercial vacancy levels are in the range of 5% to 10%. The combination of vacant space and the underutilization of street-front frontage contribute to a less favorable market perception. In addition, area residents are not optimally served by uses that could occupy available space.

6) Equalized Assessed Valuation (EAV) Analysis

The EAV of the Proposed RPA has grown at a rate slower than the balance of the City for more than five (5) of the last five (5) calendar years (refer to chart below).

<u>Year</u>	<u>Proposed RPA EAV (2)</u>	<u>Percent Change</u>	<u>Balance of City EAV (1)</u>	<u>Percent Change</u>
2002	\$ 5,980,279	3.05%	\$1,731,563,625	7.55%
2001*	\$ 5,803,313	15.22%	\$1,610,035,864	25.64%
2000	\$ 5,036,556	-3.03%	\$1,281,423,249	-1.06%
1999	\$ 5,193,866	2.15%	\$1,295,178,336	3.46%
1998	\$ 5,084,332	6.12%	\$1,251,911,852	9.45%
1997	\$ 4,790,997	--	\$1,143,813,620	--

(1) Less: Proposed RPA EAV.

(2) The RPA was reassessed in 2001 and the reassessment accounts for the majority of the growth.

* Reassessment year

Source: Cook County Assessor's Office.

7) Obsolescence

Obsolescence is defined as the condition or process of falling into disuse. This can also be defined as a structure(s) that has become ill-suited for its original use. Sixty percent (60%) of the parcels in the area exhibit obsolescence.

Based upon poor layout and orientation as related to the structure's close proximity to Howard Street, many of the structures have an inadequate number of parking spaces and loading provisions for their size and use. The area also contains several structures that have evolved into retro-fitted uses that require more intensive building size and infrastructure other than their original purposes. Additionally, building setbacks and lot depth are lacking in several sections of the RPA when compared to standards required for real estate development allowances. As stated above, approximately eighty-five percent (85%) of the structures are 35 years old or greater. A substantial number of these structures exhibit design features or building conditions that will require conversion or renovation for modern, functional and economic uses (e.g. ADA compliance, fire codes, buffering to adjacent uses, etc.).

8) Deterioration of Structures and Site Improvements

Pursuant to the Act, deterioration can be evidenced in major or secondary building defects. For example, such defects include, but are not limited to, defects in building components such as windows, porches, gutters and doors.

With respect to surface improvements, deterioration was found related to roadways, driveways, walkways and curbs. Off-street parking areas evidence deterioration, including, but not limited to, surface cracking, potholes, depressions and loose paving materials.

Various degrees of deterioration were identified for approximately fifty percent (50%) of the parcels within the area. According to on-site inspections performed by KMA and documented by site surveys and photographic analysis, some of the site improvements and structures contained the following signs of deterioration:

- Rotted exterior siding or eaves
- Rotten wood framing materials
- Cracked and damaged concrete steps and exterior fascia/trim
- Damaged curbs, cracked asphalt paving, and potholes in lots and/or right-of-ways

9) Code Violations

Three of the buildings (or ten percent of the total) have been cited for numerous violations over the years and have been subject to fines and several court appearances. Problems related to excessive deterioration, broken windows and graffiti were identified and cited.

VI. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION

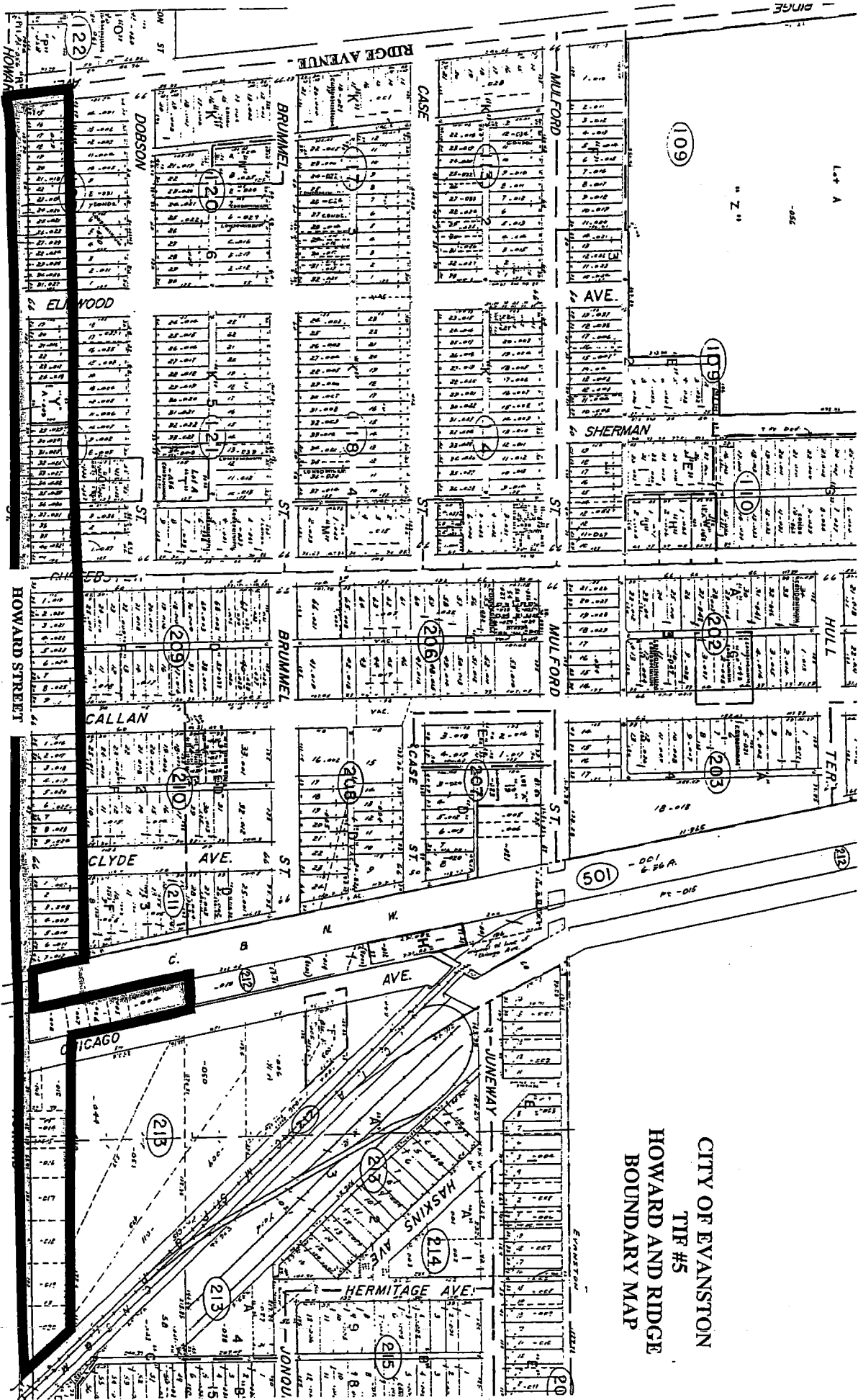
The following is a summary of relevant qualification findings as it relates to potential designation of the Proposed Redevelopment Project Area (RPA) by the City as a Tax Increment Finance (TIF) District. The findings herein pertain to the Proposed RPA.

1. The Proposed RPA is contiguous and is greater than 1½ acres in size.
2. The Proposed RPA will qualify as a “conservation area”. Further, the factors present throughout the Proposed RPA as documented herein 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 this report.
3. All property in the area would substantially benefit by the proposed redevelopment project improvements.
4. The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area.
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

These findings, in the judgment of KMA, provide the City with sufficient justification to consider designation of the Proposed RPA as a TIF District.

The area has not benefited from coordinated planning efforts by either the public or private sectors. There is a need to focus redevelopment efforts relating to infrastructure and the improvement of existing building inventory.

PROPOSED RPA BOUNDARY MAP



CITY OF EVANSTON
 TIF #5
 HOWARD AND RIDGE
 BOUNDARY MAP