

**AN ORDINANCE APPROVING AN AMENDMENT TO THE TAX INCREMENT
REDEVELOPMENT PLAN AND PROJECT FOR THE
ARLINGTON HEIGHTS/GOLF REDEVELOPMENT PROJECT AREA**

WHEREAS, on July 1, 2002, the President and the Board of Trustees of the Village ("*Corporate Authorities*") adopted: (i) Ordinance No. 02-049, approving a redevelopment plan and project prepared by Kane, McKenna and Associates, Inc. ("*Arlington Heights/Golf Redevelopment Plan and Project*") for an area consisting of approximately 35 acres generally including the properties located at the northeast corner of the intersection of Golf Road and Arlington Heights Road in the Village ("*Arlington Heights/Golf Redevelopment Project Area*"); (ii) Ordinance No. 02-050, designating the Arlington Heights/Golf Redevelopment Project Area as a redevelopment project area pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* ("*TIF Act*"); and (iii) Ordinance No. 02-051, adopting tax increment allocation financing for the Arlington Heights/Golf Redevelopment Project Area, pursuant to the TIF Act; and

WHEREAS, on November 19, 2013, the Corporate Authorities adopted Ordinance No. 13-062, amending the Future Land Use Map within the Arlington Heights/Golf Redevelopment Plan and Project ("*Future Land Use Map*"); and

WHEREAS, on September 15, 2014, the Corporate Authorities adopted Ordinance No. 14-048, further amending the Arlington Heights/Golf Redevelopment Plan and Project to reflect the extension of the term of the Arlington Heights/Golf Redevelopment Plan and Project from 23 years to 35 years, as authorized by the Illinois General Assembly; and

WHEREAS, the President and Board of Trustees have approved an amendment to the Comprehensive Plan of the Village to contemplate the use of certain properties within the Arlington Heights/Golf Redevelopment Project Area (collectively, the "*Subject Properties*") for "mixed-use" developments, which Subject Properties are depicted and legally described in Exhibit A attached to this Ordinance; and

WHEREAS, the Future Land Use Map of the Arlington Heights/Golf Redevelopment Plan and Project, as amended, contemplates that the Subject Properties may be used for commercial uses and developments, but not for mixed-use developments; and

WHEREAS, certain areas of the Village that are appropriate for mixed-use development, including but not limited to the Subject Properties, are not reasonably anticipated to be developed or redeveloped without the Village's investment in infrastructure and other improvements adequate for mixed-use needs; and

WHEREAS, the Village has examined the conditions of the Subject Properties specifically and the Arlington Heights/Golf Redevelopment Project Area generally, which examinations have identified extensive improvements that are necessary or appropriate to sustain and enhance mixed-use development in the Subject Properties; and

WHEREAS, the Village has explored various sources of revenue to pay for the expense of the improvements needed to sustain, enhance, and preserve the viability of the Subject Properties for mixed-use development; and

WHEREAS, one means by which the Village could raise sufficient revenue for undertaking necessary and appropriate improvements of the Subject Properties is the use of tax increment financing ("*TIF*") and the amendment of the Arlington Heights/Golf Redevelopment Project Area to allow the use of the Subject Properties for mixed-use development, as authorized under the TIF Act; and

WHEREAS, in light of its review of the Subject Properties and the Arlington Heights/Golf Redevelopment Project Area, the Village has caused to be prepared by Kane, McKenna and Associates, Inc. a proposed amendment to the Arlington Heights/Golf Redevelopment Plan and Project to allow the use of the Subject Properties for mixed-use development ("*Amended Redevelopment Plan and Project*"); and

WHEREAS, the Amended Redevelopment Plan and Project have been on file and available at the Village Hall since November 24, 2020; and

WHEREAS, pursuant to Section 11-74.4-5 of the TIF Act, the Corporate Authorities convened a meeting of the joint review board on January 12, 2021; and

WHEREAS, at its meeting on January 12, 2021, the joint review board: (i) reviewed the public record, planning documents, and proposed ordinances approving the Proposed Amendment; and (ii) approved a resolution recommending to the Corporate Authorities the approval of the Proposed Amendment (the "*JRB Resolution*"); and

WHEREAS, pursuant to Section 11-74.4-4(k) of the TIF Act, and Section 6-206 of VILLAGE CODE, the Corporate Authorities have established the Village of Arlington Heights Redevelopment Commission ("*Commission*") to exercise the powers enumerated in Section 11-74.4-4 of the TIF Act; and

WHEREAS, pursuant to Section 11-74.4-5 of the TIF Act, the Commission held a public hearing relative to the Redevelopment Plan and Project and Redevelopment Project Area on

February 10, 2021 (the "*Public Hearing*"), at which hearing the Commission: (i) reviewed the Proposed Amendment and the JRB Resolution; (ii) heard testimony and received written information concerning the Proposed Amendment; and (iii) reviewed other information, documentation, and studies so as to be generally informed about the conditions of the Arlington Heights/Golf Redevelopment Project Area; and

WHEREAS, the Corporate Authorities have reviewed the Proposed Amendment, the existing comprehensive planning process for development of the Village as a whole, and the information concerning the factors presented at the Public Hearing to determine whether the Proposed Amendment conforms to the existing comprehensive planning process of the Village; and

WHEREAS, all notices required pursuant to the TIF Act were provided in accordance with the TIF Act; and

WHEREAS, pursuant to the findings and determinations as provided in this Ordinance, the Corporate Authorities have determined that it is desirable and in the best interest of the public and the Village to approve the Proposed Amendment;

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

SECTION TWO: The Corporate Authorities hereby find that the following facts have been established by the preponderance of the evidence:

- A. The Subject Properties specifically, and the Arlington Heights/Golf Redevelopment Project Area on the whole, have not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed without the adoption of the Proposed Amendment to the Arlington Heights/Golf Redevelopment Plan and Project.
- B. The Proposed Amendment to the Arlington Heights/Golf Redevelopment Plan and Project conforms to the existing comprehensive planning process for the development of the Village as a whole.
- C. As set forth in the Proposed Amendment to the Arlington Heights/Golf Redevelopment Plan and Project, it is anticipated that all obligations incurred to finance redevelopment project costs, if any, as defined in the Arlington Heights/Golf Redevelopment Plan and Project, shall be retired no later than December 31st of the year in which the payment to the Village Treasurer, pursuant to the TIF Act, is to be made with respect to the ad valorem taxes levied in the 35th calendar year after the Arlington Heights/Golf Redevelopment Project Area was initially designated.

- D. All other findings and certifications set forth in the Proposed Amendment to the Arlington Heights/Golf Redevelopment Plan and Project are hereby adopted as the findings and certifications of the Corporate Authorities as if fully set forth in this Ordinance.

SECTION THREE: The Proposed Amendment to the Arlington Heights/Golf Redevelopment Plan and Project, which was the subject matter of the Public Hearing, is hereby adopted and approved. A copy of the Proposed Amendment to the Arlington Heights/Golf Redevelopment Plan and Project is set forth in Exhibit B attached to and, by this reference, made a part of this Ordinance. In the event of a conflict between the Redevelopment Plan and Project approved pursuant to Ordinance No. 02-049 or the amendments approved pursuant to Ordinance Nos. 13-062 or 14-048 on the one hand, and the Proposed Amendment adopted pursuant to this Ordinance on the other, the Proposed Amendment will control.

SECTION FOUR: The President and Board of Trustees hereby authorize and direct the Village Manager to take any and all other statutorily required steps in connection with the approval of the Proposed Amendment to the Arlington Heights/Golf Redevelopment Plan and Project, including, without limitation, the transmission of a certified copy of this Ordinance to the County Clerk of Cook County, Illinois.

SECTION FIVE: If any provision of this Ordinance or part thereof is held invalid by a court of competent jurisdiction, the remaining provisions of this Ordinance are to remain in full force and effect, and are to be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Ordinance to the greatest extent permitted by applicable law.

SECTION SIX: This Ordinance will be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

AYES:

NAYS:

PASSED AND APPROVED THIS 1st day of March, 2021.

Village President

ATTEST:

Village Clerk

TIF Ordinances:TIF 4 Third Amendment Ordinance
w/exhibits without highlighting

EXHIBIT A

DEPICTION AND LEGAL DESCRIPTION OF SUBJECT PROPERTIES

Exhibit A

1665 S Arlington Heights Rd, Arlington Heights, IL 60005

PIN 08-09-402-003-0000

That part of the Southeast $\frac{1}{4}$ of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian, described as follows: commencing at a point 837.37 feet North of the Southeast corner of said Section 9 and running thence West 281.00 feet; thence Southerly 167.89 feet; thence East 281.00 feet to the East line of said section; thence North 167.47 feet to the point of beginning, in Cook County, Illinois.

5-39 E Golf Terrace, Arlington Heights, IL 60005

PIN 08-09-402-023-0000

Lot 2 (except that part thereof described as follows: beginning at the Southwest corner of said Lot 2; thence on an assumed bearing of North 3 degrees 25 minutes 58 seconds East along the West line of said Lot 2 for a distance of 100.78 feet; thence South 1 degree 38 minutes 34 seconds West 100.63 feet to a point on the South line of said Lot 2; thence South 89 degrees 54 minutes 00 seconds West along said South line, 3.15 feet to the point of beginning) in Anderson's Subdivision of part of the Southeast $\frac{1}{4}$ of Section 9, Township 41 North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois.

133 E Golf Terrace, Arlington Heights, IL 60005

PIN 08-09-402-011-0000

That part of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian, described as follows: commencing 334.95 feet North of and 195.06 feet West of the Southeast corner of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian, thence North 334.95 feet parallel to the East line of said Section 9, thence West 79.33 feet parallel to the South line of said Section 9, thence South 334.95 feet; thence East 79.33 feet, to the point of beginning.

135 E Golf Terrace, Arlington Heights, IL

PIN 08-09-402-012-0000

That part of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian, described as follows: commencing 334.95 feet North and 130.04 feet West of the Southeast corner of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian, thence 334.95 feet; thence West 65.02 feet parallel to the South line of said Section 9, thence South 334.95 feet parallel to East line of said Section 9, thence 65.02 feet East to the point of beginning, in Cook County, Illinois

139 E Golf Terrace, Arlington Heights, Illinois
P.I.N. 08-09-402-013-0000

That part of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian, in Elk Grove Township, Cook County, Illinois described as follows: commencing 334.95 feet North of the South East corner of said Section 9; thence West 130 feet; thence North 334.95 feet; thence East 130 feet to the East line of said Section 9; thence South in the East line of said Section 9, 334.95 feet, to the place of beginning.

4 E Golf Rd, Arlington Heights, IL
PIN 08-09-402-025, 08-09-402-027, 08-09-402-028

Lot 2 in "Tom's Acres" (except that part thereof condemned in Case No. 93 L 50743), in said "Tom's Acres," a subdivision in the South East $\frac{1}{4}$ of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian, according to plat thereof registered in the Office of the Registrar of Titles of Cook County, Illinois on June 26, 1973 as Document No. LR2700380, in Cook County, Illinois.

20 E Golf Rd, Arlington Heights, IL
PIN 08-09-402-026-0000

Parcel 1:

That part of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 9, Township 41 North, Range 11 East of the Third Principal Meridian, described as follows: commencing at a point of the South line of Section 9, which is 425.08 feet West of the Southeast corner of said Section 9; thence North and parallel with the East line of said Section 159.50 feet to the point of beginning; thence continuing North of said parallel line 7.50 feet; thence East and parallel with the South line of said section 165.00 feet to a point that is 260.08 feet West of and 167.00 feet North of Southeast corner of said section, as measured on the South and East lines thereof; thence South and parallel with the East line of said Section 1 foot; thence West 165.06 feet to the point of beginning in Cook County, Illinois.

Parcel 2:

Lot 1 1(excepting therefrom the South 10 feet taken in Case 93L50353) in Tom's Acres, a subdivision in the Southeast $\frac{1}{4}$ of Section 9, Township 41 North, Range 11, East of the Third Principal Meridian in Cook County, Illinois.

International Plaza
120 E Golf Rd to 388 E Golf Rd (even numbered addresses)
PIN 08-09-402-008, 08-09-402-016, 08-09-402-017; 08-10-302-025, 08-10-302-026, 08-10-302-005

That part of the Southeast $\frac{1}{4}$ of Section 9 and part of the Southwest $\frac{1}{4}$ of Section 10, all in Township 41 North, Range 11, East of the Third Principal Meridian described as follows: beginning at the Southeast corner of Section 9, as aforesaid; thence West along the South line of said Section 9, a distance of 260.08 feet; thence North, parallel with the East line of said Section 9, a distance of 334.95 feet; thence East parallel with the South line of said Section 9, a distance

of 290.08 feet to the East line of said Section 9, being also the West line of Section 10, Township and Range aforesaid; thence North along said West line 502.41 feet to the South line of the North 502.5 feet of the West 1/2 of the Southwest 1/4 of the Southwest 1/4 of said Section 10, thence East along said South line 660.93 feet to the East line of the West 1/2 of the Southwest 1/4 of the Southwest 1/4 of said Section 10; thence South along said East line 799.07 feet to the North line of Golf Road as dedicated by Document Numbers LR2351615 and 1048808; thence West along said North line, 289.07 feet to a line 372.0 feet East of and parallel with the West line of said Section 10; thence South along said parallel line 43.70 feet to the South line of said Section 10; thence West along said South line 130.0 feet thence North parallel with the West line of said Section 10, a distance of 45.90 feet to the North line of Golf Road, as aforesaid; thence West along said North line 142.0 feet to a line 100.0 feet East of and parallel with the West line of said Section 10; thence South along said parallel line 48.31 feet to the South line of said Section 10; thence West along said South line 100.0 feet to the place of beginning, in Cook County, Illinois.

EXHIBIT B

PROPOSED AMENDMENT

**VILLAGE OF ARLINGTON HEIGHTS
THIRD AMENDMENT TO THE ARLINGTON
HEIGHTS ROAD/GOLF ROAD
REDEVELOPMENT PLAN AND PROJECT NO. 4**

Prepared jointly by:

Village of Arlington Heights

and

Kane, McKenna and Associates, Inc.

_____, 2020

Document	Date
Original Plan and Project	February, 2002
First Amendment to Plan and Project	November, 2013
Second Amendment to Plan and Project	September, 2014
Third Amendment to Plan and Project	_____,2021

The Village of Arlington Height’s Arlington Heights Road/Golf Road Redevelopment Plan and Project No. 4 (attached as Exhibit 1) is amended as follows:

1. Subsection C General Land Use Plan of Section IV Redevelopment Plan located on page 12, is amended by inserting a new paragraph after the first paragraph with the following statements:

The First Amendment to the TIF 4 Tax Increment Finance District, passed as part of Ordinance No. 13-062, on 11/19/2013, amended the TIF 4 Redevelopment Plan and Project so that the proposed land use designation for the property located at

1625 S. Arlington Heights Road, Arlington Heights, IL changed from “offices only” to “institutional” use.

The Second Amendment to the TIF 4 Tax Increment Finance District, passed as part of Ordinance 14-048 on 9/15/2014, amended the TIF 4 Redevelopment Plan and Project to reflect the extension of term of the TIF from 23 years to 35 years as approved by the State of Illinois General Assembly.

The Third Amendment to the TIF 4 Tax Increment Finance District, passed as part of Ordinance No. __ on __, amended the TIF 4 Redevelopment Plan and Project so that the proposed land use designation for the properties located at:

1665 S Arlington Heights Road (approximately east half) and;

133 E Golf Terrace and; 135

E Golf Terrace and;

139 E Golf Terrace and;

5 to 35 E Golf Terrace and; 4

E Golf Road and;

20 E Golf Road and;

120 E Golf Road to 388 E Golf Road (even numbered addresses) and;

E Golf Terrace (within the TIF 4 boundaries) are changed from “Commercial” to “Mixed Use”. “Mixed Use” land uses include multi-family housing, including housing for seniors, office uses, institutional uses, and retail and other commercial uses.

2. Exhibit 4 Proposed Land Use Map is replaced with the attached Exhibit 2 Third Amendment to the TIF 4 Redevelopment Plan and Project Proposed Land Use Map.

Attached Exhibits

Exhibit 1 – Village of Arlington Heights Arlington Heights Road/Golf Road Redevelopment Plan and Project No. 4

Exhibit 2 – Third Amendment to the TIF 4 Redevelopment Plan and Project Proposed Land Use Map

EXHIBIT 1

**Village of Arlington Heights Arlington Heights Road/Golf Road Redevelopment Plan and
Project No. 4**

APPROVED

**VILLAGE OF ARLINGTON HEIGHTS
ARLINGTON HEIGHTS ROAD/GOLF ROAD
REDEVELOPMENT PLAN AND PROJECT NO. 4**

Jointly Prepared By:

Village of Arlington Heights, Illinois

And

Kane, McKenna and Associates, Inc.

FEBRUARY, 2002

I. INTRODUCTION

In the context of planning for an Arlington Heights Redevelopment Project No. 4, the Village of Arlington Heights (the "Village") has initiated action related to the study of the Redevelopment Project Area (the "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 resolutions, has agreed to undertake the study of the area with the assistance of Village staff.

The RPA consists of residential single-family uses, retail/commercial properties and unimproved properties.

The RPA suffers from deficiencies related to obsolescence, deterioration, excessive vacancies, inadequate utilities, deleterious layout, lack of community planning, and lag in equalized assessed valuation growth.

The development of the RPA can be characterized as having been influenced by the proximity to major arterials such as Golf Road. Lot depth and the presence of obsolete facilities limit the availability of land for commercial uses that could maximize the location.

From a Village economic development perspective, the properties represent a significant potential for development and are included in the South Arlington Heights Road corridor (see Section III below). The Village has identified a number of goals and objectives for business development, including opportunities for additional property and sales taxes to be generated within the RPA.

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

The Village has reviewed the RPA for possible development for a period of time. In planning for this potential development, the Village has conducted a study of possible land use plans for the area. The land use plans recognize the existence of older commercial and residential structures located on irregular lots. A key goal of the Village is to promote the development of the underutilized land and redevelop the existing improved sites in order to attract new development.

There are numerous uses within the RPA. Because of this, it will be difficult to develop the area in a coordinated manner. It has been determined that in order to attract development to the area, the Village must improve infrastructure improvements in the north part of the area. Further, many of the existing improvements and improved structures within the RPA evidence vacancies and obsolescence, and as such, offer constraints to any redevelopment effort.

Without public funds, the RPA may continue to be underutilized. Additionally, the existing structures and improvements suffer from the long-term effects of a lack of community planning.

The creation and utilization of a TIF redevelopment plan is being investigated by the Village to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the RPA.

The RPA may be suitable for redevelopment for modern and more intensive mixed use if there is coordination of uses and infrastructure by the Village. The Village has undertaken an initiative, through the designation of the RPA, to redevelop key areas within the Village and, in doing so, stabilizing and expanding benefits to the community and affected taxing districts.

The Redevelopment Plan

The Village 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. Investment attraction and expansion are key components of the strategy. The needed private investment 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 Village and all the taxing districts that 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 Village to address area deficiencies including (but not limited to):

- Providing a viable reuse/redevelopment for underutilized parcels;
- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent commercial, retail and other Village redevelopments;
- Providing infrastructure that is adequate in relation to Village redevelopment plans;
- Providing of roadway and traffic improvements within the area, including the continued review of ingress and egress requirements that satisfy area circulation, parking and connections to major arterials;
- Entering into redevelopment agreements in order to include the redevelopment of property and/or to induce new development to locate within the RPA;
- Providing for the improvements and/or rehabilitation of existing structures;
- Coordinating and providing adequate parking for all redevelopments;

- Improving area appearance through landscape, streetscape 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 Village, with the assistance of Kane, McKenna and Associates, Inc. has commissioned 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 residential and commercial mixed uses within the area.

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 is not less in the aggregate than 1½ acres.

Through this Redevelopment Plan and Project, the Village 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 the Village and all the taxing districts that encompass the RPA in the form of a stabilized and expanded tax base and creation of new employment and investment opportunities within the Village as a result of new private redevelopment in the area.

Summary

It is found and declared by the Village, 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 Village 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 are included in the Redevelopment

Project Area would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

It is further found, and certified by the Village, 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 Village will amend this Plan and Project (and the RPA) and provide a housing impact study in the manner prescribed by the Act should the Village 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 Village will determine if residents are very low or low income residents. If the residents are very low or low income, the Village shall conform to federal relocation standards for the very low or low income residents, if applicable, including affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970.

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA.

Redevelopment of the RPA is tenable only if a portion of the improvements and other costs are funded by TIF District revenues.

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 Village's Zoning Ordinance and comprehensive planning process (including any amendments thereto). The Redevelopment Plan and Project also conform to the Village's comprehensive plan for development with the area.

Village Goals and Policies

The 1988 Comprehensive Plan (amended in 1997) for the Village established many goals and policies for future development of the Village. In particular, the Land Use Goals and Policies and the Economic Development Goals and Policies apply to the Redevelopment Project Area by guiding future decisions which implement the Comprehensive Plan. The specific goals and objectives were developed for redevelopment areas and for corridor study areas, which includes the South Arlington Heights Road corridor. The Redevelopment Project Area falls within this corridor. The following Redevelopment Plans Goal and Objectives, as well as the Corridor Plan Goals and Objectives should be used to guide efforts to redevelop the RPA (as set forth in the Comprehensive Plan). Also, more specific goals and objectives are developed for the RPA.

Redevelopment Plan Goal: *To ensure that the future development of blighted, vacant and/or underutilized land in selected areas throughout the Village is properly developed.*

Objective 1. To limit the effects of piecemeal development by encouraging unified, cohesive development.

Objective 2. To limit the impacts of non-residential uses on adjacent residential uses by providing adequate buffering and screening.

Objective 3. To promote and enhance the economic vitality of each redevelopment area.

Corridor Plans Goal: *To improve upon existing conditions which detract from the overall functioning of the South Arlington Heights Road corridor.*

Objective 1. Develop a strong and positive image and appearance which establishes a unified image and sense of place which reinforces and supports commercial and economic activities along the South Arlington Heights Road corridor.

Objective 2. Create a system of on and off-street parking facilities which adequately serve the needs of commercial uses within the South Arlington Heights Road corridor in a safe and functional manner.

Objective 3. Promote a safe and effective traffic circulation system which adequately accommodates the varied types of traffic movement utilizing the South Arlington Heights Road corridor.

Objective 4. That development activities within the area be compatible with adjacent non-residential and residential uses.

Proposed Tax Increment Financing Redevelopment Plan

Exhibit 6 includes a Qualification Report that concludes that blighted conditions exist within the Redevelopment Project Area, thus rendering the RPA detrimental to the public health, safety and welfare of the community. Since the area has been determined to be a blighted area, the purpose of this Plan is to recommend a redevelopment program which will eliminate these conditions through redevelopment of the RPA.

As outlined previously, overall program goals and objectives were established in order to give direction towards development of redevelopment and corridor plans. In addition to the broad goals of the program, more specific objectives and redevelopment activities are recommended in order to address this redevelopment area.

Redevelopment Plan Objectives

1. Eliminate blighted conditions in the RPA.
2. Assembling sites for redevelopment through appropriate land assemblage techniques including: (a) acquiring and removing deteriorated and/or obsolete buildings and buildings so situated as to interfere with re-platting of the land into parcels suitable for redevelopment accordance with this redevelopment plan; and (b) assisting in the relocation of businesses, families, and individuals where necessary to achieve objectives of the redevelopment plan.
3. Redevelop both the north and south sections of the RPA.
4. Encourage consolidated development of parcels (when necessary) by requiring cross access and shared parking and shared driveways.
5. Provide certain public improvements in order to facilitate redevelopment of the project area, which may include improvements to water, storm sewer, sanitary sewer and other utilities as necessary.
6. Increase goods and services and tax revenues produced by the redevelopment area.
7. Provide safe and efficient ingress and egress to the area for both vehicles and pedestrians.
8. Entering into redevelopment agreements for the rehabilitation or construction of improvements in accordance with this redevelopment plan.

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 and Village 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 6 of this Plan, the RPA has suffered from certain impediments to redevelopment. The area has not in recent years benefited from significant private investment and/or development. As a result, is not likely to sustain or gain significant value without encouragement by the Village.

The RPA evidences inadequate utilities, deleterious land use, lack of community planning, deterioration of structures and site improvements, obsolescence, excessive vacancies, and lag in equalized assessed valuation growth.

B. Assessment of Fiscal Impact on Affected Taxing Districts

It is not anticipated that the implementation of this Redevelopment Plan and Project will have a negative financial impact on the affected taxing districts. Instead, action taken by the Village to stabilize and cause growth of its tax base through the implementation of this Redevelopment Plan and Project will have a positive impact on the affected taxing districts by arresting potential assessed valuation declines.

It is not anticipated that the RPA will require increased services from any affected taxing districts except by the Village. 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 Village achieve success in attracting private investment which does result in the need for documented increased services from any taxing districts, the Village will consider the declaration of sufficient surplus funds, which funds are neither expended or obligated, as provided by the Act, 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 Village, after all TIF eligible costs either expended or incurred as an obligation by the Village have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the Village as provided by the Act. The exception to this provision will be to the extent that the Village utilizes TIF funding to assist in the redevelopment of residential units. In such cases, the Village will provide for the cost 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 6) which is attached as part of this Plan.

Eligibility Survey

The RPA was evaluated in January through February, 2002 by representatives of Kane, McKenna and Associates, Inc., (KMA) and Village staff. Analysis was aided by certain reports obtained from the Village 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 Village 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 for the attraction of investment to redevelop underutilized property and buildings that are available within the RPA.
- 2) By constructing public improvements which may include (if necessary):
 - i. Street and sidewalk improvements (including new street construction and widening of current streets)
 - ii. Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation)
 - iii. Signalization, traffic control and lighting
 - iv. Off-street parking (if applicable)
 - v. Landscaping and beautification
- 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 site assembly, 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) By exploration and review of job training programs in coordination with any Village, federal, state, and county programs.

B. Redevelopment Activities

Pursuant to the foregoing objectives, the Village will implement a coordinated program of actions, including, but not limited to, acquisition, site preparation, clearance, demolition, environmental clean-up, 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 (or the entire RPA) may be acquired, assembled and reconfigured into appropriate redevelopment sites. Relocation activities may also be undertaken by the Village. A proposed acquisition map is attached as Exhibit 5.

Public Improvements

The Village 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 and detention related improvements; and
- Beautification, identification markers, landscaping, streetscape, lighting, and signage of public right-of-ways.

Rehabilitation

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

Interest Rate Write-Down

The Village 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 annual basis out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

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

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs;
- 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 mixed, residential, unimproved, and retail/commercial 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 will generally be similar to existing uses. Residential land uses in the center of the RPA are expected to be replaced by commercial/retail uses, and unimproved land to the north is expected to be developed as commercial/retail uses. The land uses will conform to the Zoning Ordinance and the Comprehensive Plan of the Village.

D. Additional Design and Control Standards

The appropriate design controls including any Planned Unit Developments, as set forth in the Village'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 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, 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.
 - 1.1 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;
 - 1.2 The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
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 the construction of public works or improvements, and 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 the effective date of the amendatory Act of the 91st General Assembly or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provided that 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. 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 Village 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 Village, are set forth in a written agreement by or among the Village 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 (10) 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 the 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 the Act.
11. Unless explicitly stated herein, the costs of construction of new privately owned buildings shall not be an eligible redevelopment project cost.

12. None of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment projects 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. For purposes of this paragraph, 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, has become economically obsolete, or was no longer a viable location for the retailer or serviceman.

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

**ARLINGTON HEIGHTS
REDEVELOPMENT PROJECT AREA NO. 4
ESTIMATED PROJECT COSTS**

<u>Program Actions/Improvements</u>	<u>Estimated Costs (A)</u>	
	<u>Low End</u>	<u>High End</u>
1. Land Acquisition and Assembly Costs including Demolition and Relocation	\$10,000,000	\$19,000,000
2. Site Preparation/Environmental Remediation	\$100,000	\$500,000
3. Utility Improvements including, but not limited to, water, storm, sanitary sewer, detention, and road improvements.	\$500,000	\$1,000,000
4. Interest Costs Pursuant to the Act	\$0	\$500,000
5. Planning, Legal, Engineering, Administrative and Other Professional Service Costs	\$500,000	\$1,000,000
6. Job Training	\$0	\$0
TOTAL ESTIMATED PROJECT COSTS	\$11,100,000	\$22,000,000

(A) All project cost estimates are in year 2002 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 amount set forth above, as adjusted pursuant to the Act. 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, if any, 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. The majority of development costs will be privately financed, and TIF or other public sources are to be used, subject to approval by the Village, 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 2000 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the Village may from time to time deem appropriate. Pursuant to the Act, the Village may utilize property tax increment revenues from any contiguous Redevelopment Project Areas to fund eligible redevelopment costs that are incurred as part of the Redevelopment Plan and Project.

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 Village 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 Village by virtue of its power pursuant to the Illinois State Constitution.

Any and/or all obligations issued by the Village 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, including tax increment revenues from contiguous RPAs.

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 Village 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 tax year 2000 of the property within the RPA is approximately \$5,976,496 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 increase by approximately \$27,500,000 to \$33,500,000, depending upon the scope of the projects and actual market conditions.

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.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses are conformant with Village 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/Site Preparation/Environmental Remediation: Existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses. Demolition may be undertaken by the Village. Additionally, the redevelopment plan contemplates site preparation, or other requirements necessary to prepare sites for desired redevelopment projects, including environmental clean-up, if necessary.

Rehabilitation: The Village may assist in the rehabilitation of buildings or site improvements located within the RPA.

Landscaping/Buffering/Streetscaping: The Village may fund certain landscaping projects and gateway enhancements, 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 facilities may also be undertaken by the Village.

Roadway/Street/Parking Improvements: Widening and/or improvement of existing road improvements and/or vacation of roads may be undertaken by the Village. Certain secondary streets/roads may be extended or constructed. Related sidewalk, 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.

Relocation: - If very low or low income residents are to be displaced, the Village will conform to federal relocation guidelines. Other uses will be subject to village review and evaluation.

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.

Interest Rate Write Down: The Village may fund a portion of interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

Professional Services: The Village may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The Village may reimburse itself for eligible administrative costs pursuant to the Act.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the Village 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 Village. The program will conform to the most recent Village policies and plans.

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

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

The Village and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

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

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) 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. The actual construction activities for expected projects are anticipated to be completed within approximately 4 to 6 years.

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.

Db/s:/Arlington Heights/Arlington Heights Redevelopment Plan TIF 4
02.26.02

EXHIBIT 1
LEGAL DESCRIPTION

T.I.F. 4
LEGAL DESCRIPTION

All that part of the Southeast $\frac{1}{4}$ of Section 9 and Southwest $\frac{1}{4}$ of Section 10, all in Township 41 North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois described as follows:

Beginning at the Southwest corner of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 10; running thence northeasterly along the Westerly line of the property conveyed by Emil Curtis and Doris Curtis to William Diehl and recorded as Document No. 9225797 to a point of intersection with the Southwesterly line of a parcel of land described as having a point of commencement on the West line of said Section 10, 15.41 feet North of the Southwest corner, hereinbeforesaid, and as described in deed Document 20690506 recorded November 29, 1968; thence northwesterly along said Southwesterly described line and projected through to a point of intersection with the Westerly line of Arlington Heights Road as said road is now traveled; thence southwesterly along said westerly line to a point of intersection with a westerly projection of the North line of the South 669.90 feet of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 9 lying easterly of said Arlington Heights Road; thence east along said line to a point on a line 274.39 feet from and parallel with the East line of said Section 9; thence South on said parallel line 301.94 feet to a point on the North line of Golf Terrace as said street was opened per Document 14057529 and recorded May 15, 1947; thence west along said line and a west extension of said line to the westerly line of Arlington Heights Road aforesaid; thence southwesterly along said westerly line to a point of intersection with a westerly projection of the South line of Golf Road; thence east along said line projected and the South line of Golf Road aforesaid to the East line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 10 projected south; thence north along said projected line and said East line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$, to a point on the centerline of Belmont Avenue intersecting the South line of Council Trail extended east; thence East along said extended South line to the East line of Belmont Avenue, aforesaid; thence north along said East line to the North line of Council Trail extended East; thence west along said extended line and the North line of Council Trail projected through to the centerline of Tonne Road; thence north along said centerline to the centerline of Foster Street also being the place of beginning.

EXHIBIT 2
BOUNDARY MAP

Proposed TIF #4 Borderline

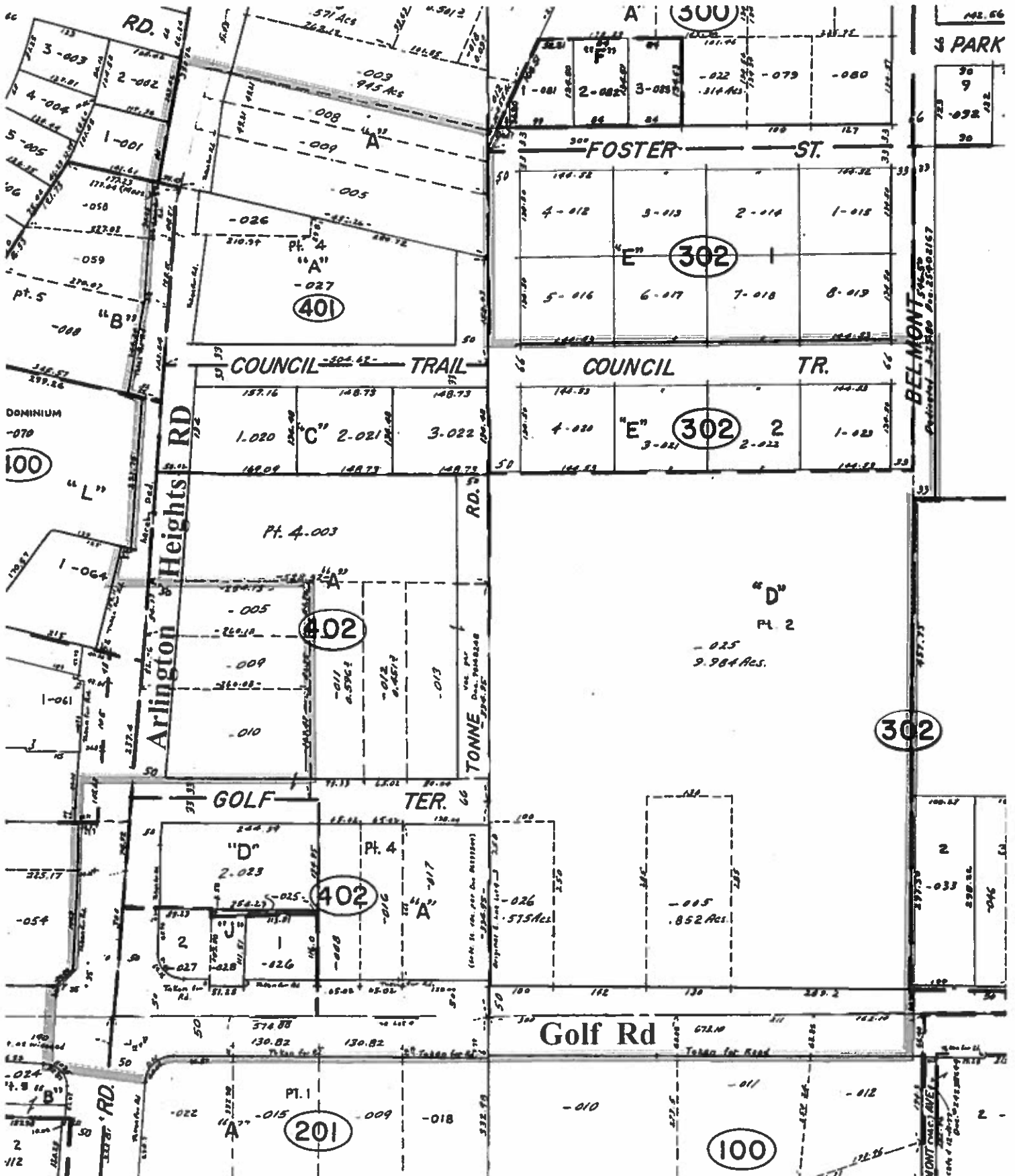
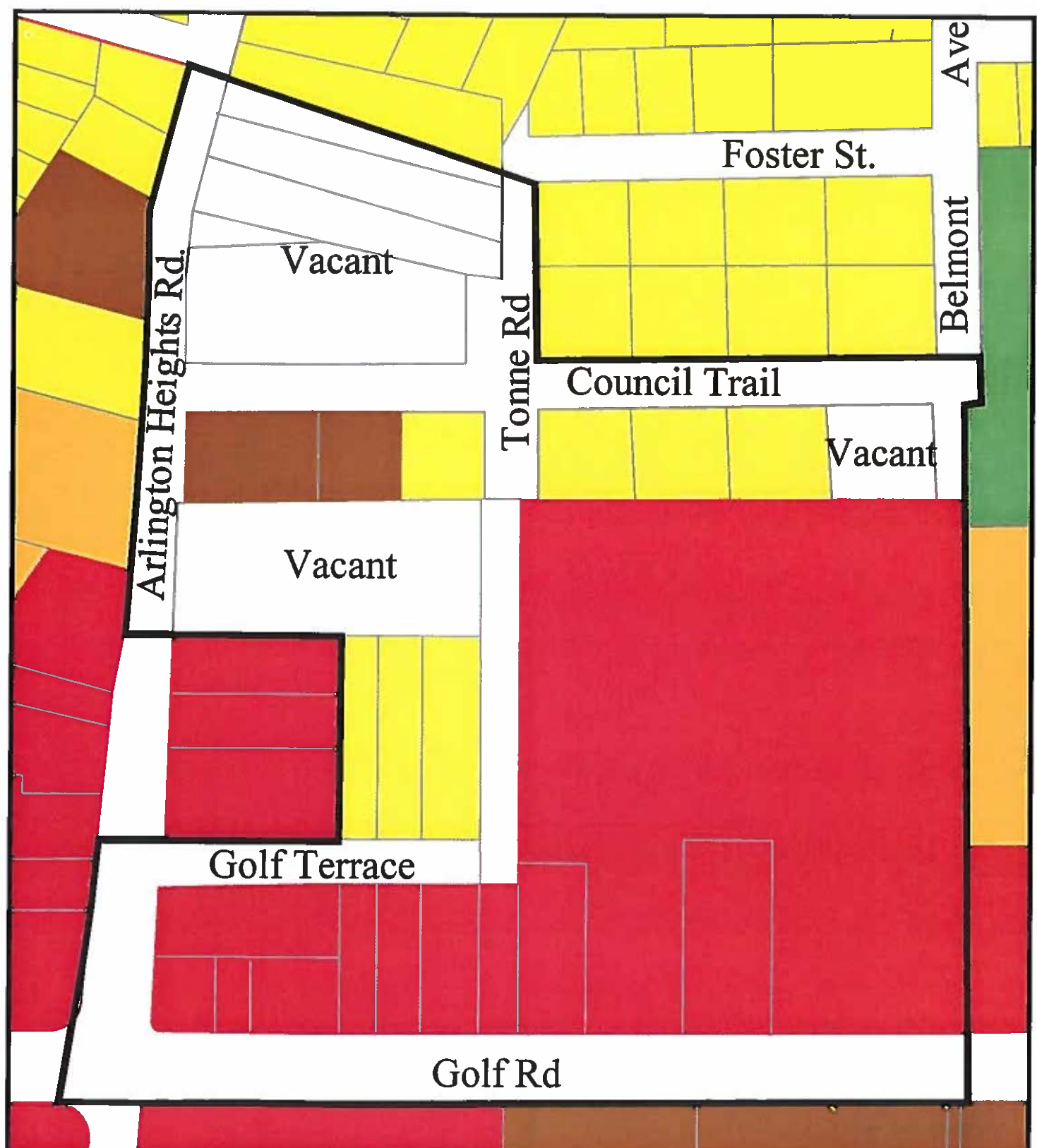


EXHIBIT 3
EXISTING LAND USE MAP

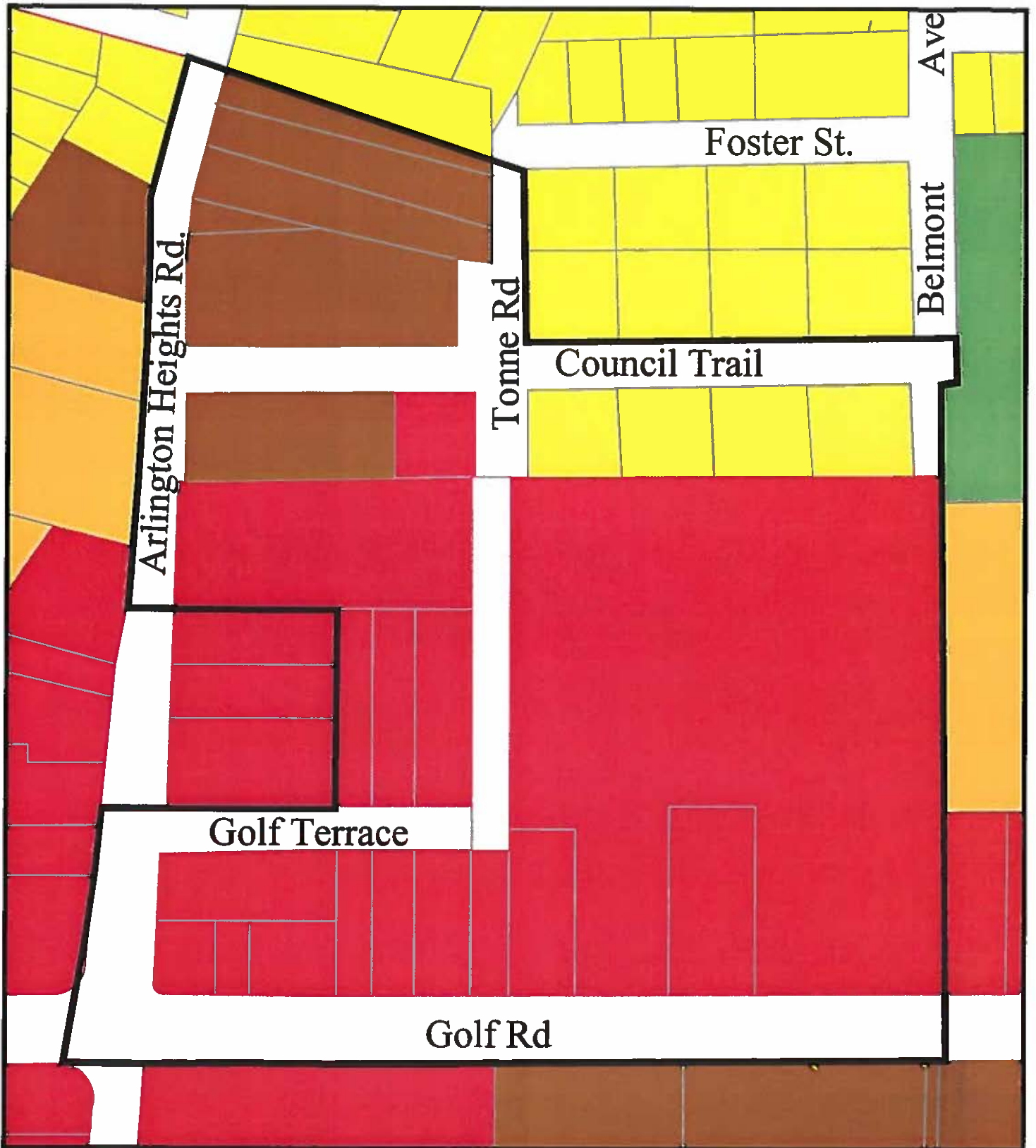


TIF #4, Existing Land Use Map

 SINGLE FAMILY DETACHED	 MODERATE DENSITY MULTIFAMILY	 PARKS & SCHOOLS
 COMMERCIAL	 OFFICE	



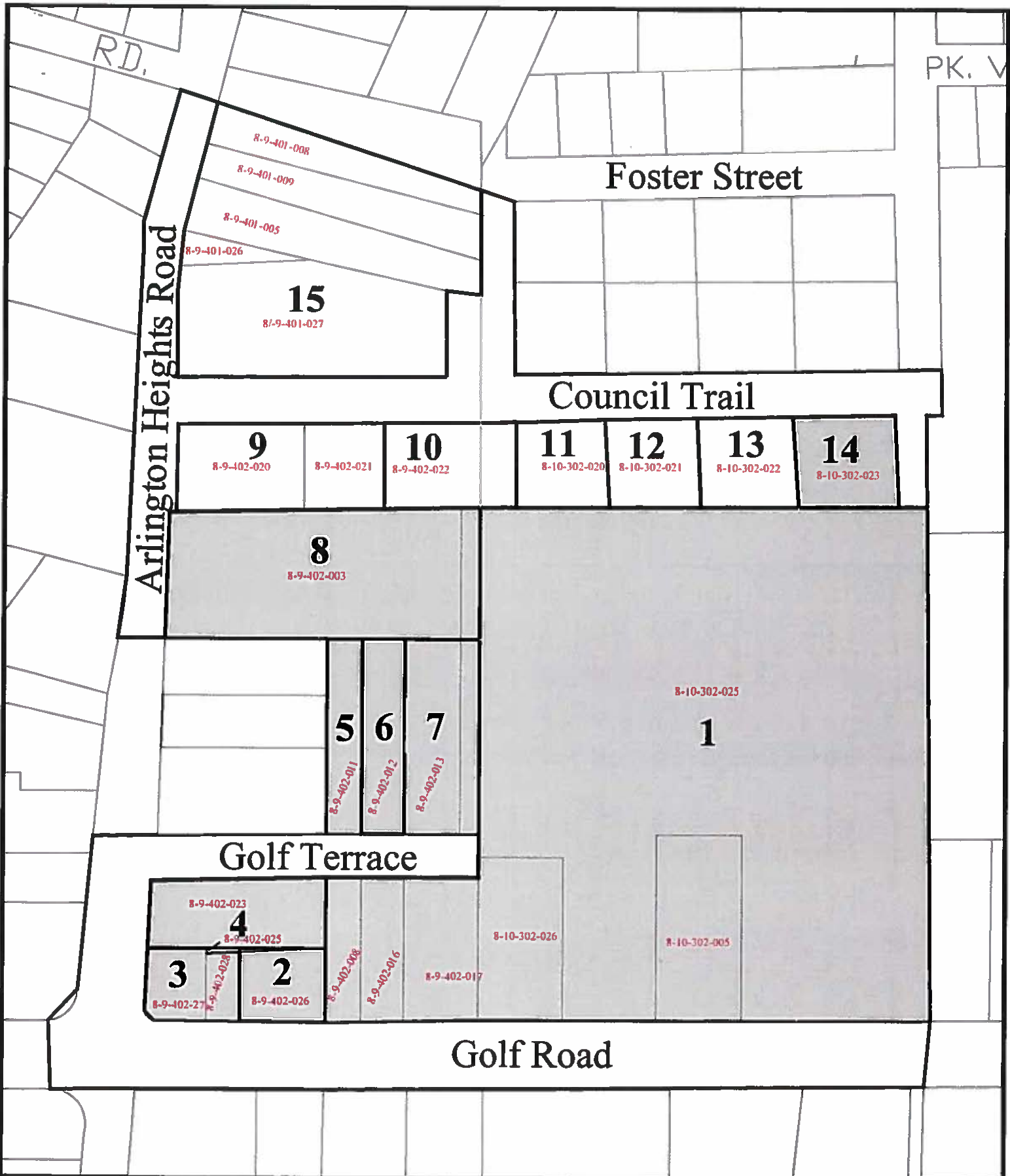
EXHIBIT 4
PROPOSED LAND USE MAP



TIF #4, Proposed Land Use Map

SYMBOL		
	SINGLE FAMILY DETACHED	
	COMMERCIAL	
	OFFICE	
		PARKS & SCHOOLS





TIF #4 PROPOSED ACQUISITION

Proposed Acquisition Properties = ██████████



EXHIBIT 6

TIF QUALIFICATION/DESIGNATION REPORT

**VILLAGE OF ARLINGTON HEIGHTS
PRELIMINARY TIF QUALIFICATION/DESIGNATION REPORT
PROPOSED TIF NO. 4**

A study to determine whether all or a portion of an area located in the Village of Arlington Heights qualifies as a blighted improved area and as a blighted vacant area as set forth in the definition in the Tax Increment Allocation Redevelopment Act of 65 ILCS Section 5/11-74.4-3, et seq. of the Illinois Compiled Statutes, as amended.

Prepared By:

Village of Arlington Heights, Illinois

and

Kane, McKenna and Associates, Inc.

FEBRUARY, 2002

VILLAGE OF ARLINGTON HEIGHTS
PRELIMINARY TIF QUALIFICATION REPORT
PROPOSED TIF NO. 4
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MAP

TIF Boundary

EXHIBIT 1

Legal Description

I. INTRODUCTION AND BACKGROUND

In the context of planning for the designation of the proposed Redevelopment Project Area No. 4 (the "RPA"), the Village of Arlington Heights (the "Village") has authorized the study of the area in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing (the "TIF") District. Kane, McKenna and Associates, Inc. ("KMA"), has agreed to undertake the study of the area in conjunction with Village staff. The RPA is located in the south part of the Village. The area has been developed for mixed uses, including retail, office, single-family residential, and unimproved land.

The RPA is generally bordered by the extension of Foster Street and Council Trail to the north, Golf Road to the south, Arlington Heights Road to the west, and Belmont Avenue and the property line of the International Plaza to the east.

The RPA primarily contains commercial, retail and unimproved uses, with single-family residential in the central and north portion of the RPA. The RPA includes approximately twenty-five (25) acres in size (not including rights-of-way).

The RPA developed incrementally over time, and several different land uses exist. Three single-family homes along Golf Terrace are enclosed by commercial property or business zoned property. Properties on the south side of Council Trail are directly adjacent to commercial properties with minimal buffering. Commercial uses at the intersection of Arlington Heights Road and Golf Road occupy irregular lots, exhibit uneven grades, and have limited parking, limited access and egress, and loading/unloading capacity.

The RPA as a whole suffers from a lack of community planning. The area was developed in stages, and exhibits mixed uses such as residential single-family homes surrounded by commercial properties, minimal coordination of parking and access/egress arrangements for commercial properties. The qualification factors discussed within this report qualify the area as a "blighted" area, as that term is hereinafter defined pursuant to the Tax Increment Allocation Redevelopment act of 65 ILCS Section 5/11-74.4-3, et. seq., as amended (the "TIF Act").

Site preparation and the redevelopment of existing structures may also be required. In order to accommodate new uses within the area, provision of infrastructure services would be needed in the northern part of the RPA. The area's roadways, walkways and ingress and egress also need improvement and coordination if redevelopment were to occur. The Village believes that a TIF District designation will be essential as part of the strategy to address issues described above. The RPA's Equalized Assessed Valuation (EAV) has decreased dramatically since 1994 and property tax receipts for all taxing districts have been affected.

Site improvements within the RPA were found to have varying degrees of deterioration. This lack of proper upkeep resulted in the parking lots suffering from many of the detrimental effects related to aging. Sidewalks and driveways were cracked and broken. Outside storage was also found within the area. Such conditions present a challenge for future coordinated development.

In order to integrate the north area with the remainder of the rest of the RPA, the Village needs to provide adequate infrastructure, as well as site preparation for potential users.

The property located south of Council Trail within the RPA is evaluated as "improved" land as defined within the TIF Act, and the property north of Council Trail is evaluated as "vacant" land as defined within the TIF Act.

OBJECTIVES

The Village's redevelopment objectives propose to enhance retail and commercial redevelopment opportunities within the RPA as a whole. To achieve this objective the Village proposes the following guidelines:

- To coordinate existing uses or reuses within the RPA.
- To attract market driven redevelopment.
- To assemble properties in an efficient manner in order to assist area redevelopment objectives.
- To assist site preparation and rehabilitation in order to provide for the reuse of properties.
- To assist and provide services to businesses and enterprises that seek retail and commercial locations within the Village.
- To revitalize growth in the area as part of the provision of new and efficient infrastructure improvements of the Village.

Given Village goals under its comprehensive planning process and the conditions briefly described above, the Village has made a determination that it is highly desirable to promote the redevelopment of the RPA. Without an implementation plan for redevelopment, Village officials believe current conditions will worsen. The Village intends to create and implement such a plan in order to increase tax revenues associated with the RPA and to increase the community's tax base.

Given the conditions into which the RPA has required coordination for a variety of uses, the Village is favorably disposed toward supporting redevelopment efforts. However, the Village is determined that redevelopment takes place through the benefit and guidance of comprehensive economic planning by the Village. Through this coordinated effort, the area is expected to improve. Development barriers, inherent with current conditions, which impede economic growth under existing market standards, are expected to be eliminated.

The Village has determined that redevelopment currently planned for the RPA may only be feasible with public finance assistance. The creation and utilization of a TIF redevelopment plan is intended by the Village to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the area.

The use of TIF relies upon induced private redevelopment in the RPA creating higher real estate value that would otherwise decline without such investment, leading to increased property taxes and sales taxes compared to the previous land-use. In this way the existing tax base for all tax districts is protected and a portion of future increased taxes are pledged to attract the needed private investment.

II. QUALIFICATION CRITERIA USED

With the assistance of Village staff, Kane, McKenna and Associates, Inc. examined the RPA in January to February, 2002 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."

Under the Act, "blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

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

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

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

(C) Deterioration: With respect to buildings, defects including, but not limited to major defects in the secondary building components such as doors, windows, porches, gutters 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 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 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 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 redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

(2) If vacant, the sound growth of the redevelopment project area is impaired by a combination of two (2) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(A) Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-way for streets or alleys or that created inadequate right-of way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.

(B) Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

(C) Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax code within the last five (5) years.

(D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

(E) The 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.

(F) The total equalized assessed value of the redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years for which information is available or 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.

(3) If vacant, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is 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) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains (included in part):

(A) The area consists of one or more unused quarries, mines or strip mine ponds.

(B) The area consists of unused railyards, rail tracks or railroad rights-of-way.

(C) The area, prior to its designation, is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency.

(D) The area consists of an unused or illegal disposal site containing earth, stone, building debris or similar materials that were removed from construction, demolition, excavation or dredge sites.

(E) Prior to the effective date of this amendatory Act of the 91st General Assembly, the area is not less than fifty (50) nor more than one hundred (100) acres and 75% of which is vacant; notwithstanding that the area has been used for commercial agricultural purposes within five (5) years prior to the designation of the redevelopment project area, and the area meets at least one of the factors itemized in paragraph one (1) of this subsection, the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982 and the area has not been developed for that designated purpose.

(F) The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

The RPA is considered to consist of a combination of improved property and vacant properties for purposes of examination under the criteria for blighted findings under the Act. All of the land described herein met at least the minimum requirements for designation as either a blighted improved or blighted vacant. The vacant land was reviewed under the criteria for blighted vacant property under the Act. The vacant parcels evaluated under the blighted vacant criteria as part of this Report were found to have met the criteria for such status as a result of KMA's site and research analysis for the affected land. The improved land was examined as improved property under the blighted criteria of the Act. The improved land when evaluated on the whole, was found to evidence at least five (5), the minimum required, of the thirteen (13) factors dictated by the Act for qualification as a blighted improved property. The vacant land when evaluated on the whole, was found to evidence at least two (2), the minimum required, of the six (6) factors dictated by the Act for qualification as a blighted vacant property. The vacant land contained two (2) of six (6) qualifying factors identified in the TIF Act. In addition, the sound growth of the vacant portion of the redevelopment project area is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer. It was further found that in both the cases for the vacant land and the improved land that the required qualifying factors are reasonably distributed throughout the RPA.

Summary:

The south part of the RPA is considered improved property for purposes of examination under the criteria for blighted findings under the Act. The area contains at least five (5) of thirteen (13) "blighted improved" qualifying factors. The vacant area north of Council Trail contains at least two (2) of six (6) "blighted vacant" qualifying factors. Also the vacant area qualifies as the sound growth of the area is impaired as it is subject to chronic flooding as certified by a professional engineer.

The presence of these qualifying factors are reasonably distributed throughout the RPA.

III. THE STUDY AREA

The improved portion of the RPA or approximately 21.5 acres, includes properties bounded by Council Trail to the north, Arlington Heights Road to the west, Golf Road to the south, and the property of International Plaza to the east.

The vacant portion or approximately 3.5 acres, is bounded by the extension of Foster Street to the north, Tonne Road to the east, Council Trail to the south, and Arlington Heights Road to the west.

IV. METHODOLOGY OF EVALUATION

In evaluating the 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. and Village staff. Site surveys were completed from each tract of land (based upon Sidwell blocks), within the area.
- 2) Exterior evaluation of structures and associated site improvements, noting such conditions as deterioration, obsolescence and deleterious layout and land-use was completed. Additionally, 1994 through 2000 tax information from the Cook County Clerk's Office, Sidwell parcel tax maps, historical series of aerial photos, site data, local history (discussions with Village officials and staff), and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, deleterious land-use and layout, obsolete platting, etc.). Kane, McKenna reviewed the area in its entirety. Village redevelopment goals and objectives for the area were also reviewed with Village officials. A aerial photograph analysis of the area was conducted and was used to aid this evaluation.
- 3) 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. The area was studied in relation to review of available economic development and traffic planning reports, Village ordinances, 1994 through 2000 tax information from the Cook County Clerk's Office and other Village data, Sidwell parcels tax maps, aerial photos, site data, local history (discussions with Village 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, obsolete platting, etc.). Kane, McKenna reviewed the area in its entirety. Village redevelopment goals and objectives for the area were also reviewed by Village staff with Village officials.
- 4) The 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. Improved land within the RPA was examined to determine the applicability of the thirteen (13) different blighting factors for qualification for TIF designation under this statute. Vacant land was reviewed in relation to the six (6) different blighting factors and the "stand alone" factors set forth in the TIF Act.

V. QUALIFICATION OF RPA/FINDINGS OF ELIGIBILITY

As a result of KMA's and the Village's evaluation of each parcel in the TIF District, an analysis of each of the eligibility factors summarized in Section II, it has been determined that the following factors are present to support qualification of the RPA as a "blighted improved" area.

IMPROVED AREA FACTORS

The RPA is found to qualify as a "blighted improved area" under the Act.

1. Obsolescence: "The condition or process of falling into disuse. Structures have become ill-suited for their original use".

Fifty percent (50%) of the parcels are either functionally or economically obsolete.

- International Plaza demonstrates characteristics of an outdated shopping center and has evidenced chronic vacancies, poor layout (the "U" shape impairs interior tenant visibility), and no strong anchor tenants.
- The International Plaza Equalized Assessed Valuation (EAV) has dropped by approximately 45% since 1994 due to vacancies and obsolescence.
- Frontage parcels along Golf Road have exhibited loss in EAV due to vacancy and/or obsolescence.
- Single-family residences along Golf Terrace are surrounded by commercial property or business zoned property. The platting is also obsolete in relation to current uses.
- Single-family residences bordering the International Plaza to the north are not adequately buffered to the adjacent commercial use.

2. Lag in Equalized Assessed Valuation (EAV):

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) years. The rate of growth has also been less than the CPI for three (3) of the last five (5) years.

<u>Year</u>	<u>Improved TIF EAV</u>	<u>Percent</u>	<u>Balance of Village EAV</u>	<u>Percent</u>
2000	\$5,819,814	1.37%	\$1,826,253,893	4.12%
1999	\$5,741,321	1.57%	\$1,754,069,654	6.06%
1998	\$5,652,575	28.32%	\$1,653,863,305	.11%
1997	\$4,405,061	(4.02)%	\$1,651,970,853	1.58%
1996	\$4,589,529	.99%	\$1,626,210,065	8.45%
1995	\$4,544,590	(49.76)%	\$1,499,476,664	(.92)%
1994	\$9,045,903		\$1,513,397,043	

Source: Cook County Clerk's Office

The total EAV of the proposed RPA is increasing at a rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years.

3. 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".

International Plaza has suffered from chronic vacancies for several years. Reference to data available from the Village indicates that the center has had vacancy rates over the last five (5) years of 11%, 26%, 25%, 25% and 25%. Prior to that, vacancy rates had been as high as 75%. Poor layout and lack of an anchor tenant have contributed to such rates. Typical retail vacancy rates are in the range of 3% to 4%, based on Urban Land Institute data.

The gas station at the intersection of Arlington Heights Road and Golf Road has been vacant for over five (5) years.

According to Village staff, the adjacent Arlin Golf center has also exhibited high vacancy rates of 29% (2001), 29% (2000), 59% (1997-1999). Tenants to face the main arterial (Arlington Heights Road) and are hampered by limited access from said arterial (northbound traffic only).

4. Deleterious Layout: “The existence of incompatible land use relationships or layout. The existence of inappropriate mixed uses, or uses considered to be noxious, offensive or unsuitable for the surrounding area”.

Ninety percent (90%) of the parcels exhibit incompatible land use relationships or layout.

- The layout of International Plaza and Arlin Golf Center have contributed to vacancies and economic/functional obsolescence.
- The single-family home uses are not properly buffered and/or situated to adjacent commercial uses.
- The commercial/office use along Council Trail exhibits minimal buffering to adjacent residential uses.
- Commercial uses between Golf Terrace and Golf Road occupy irregular lots with limited access/egress and loading/unloading space.

5. 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”.

The RPA exhibits several characteristics which support a lack of community planning.

The retail and commercial portion of the redevelopment project area has developed incrementally over time with several different land uses, including single-family homes entirely surrounded by commercial property. Incremental development of the area has resulted in poorly designed retail areas leading to high vacancy rates, parcels of inadequate shape and size for contemporary redevelopment, obsolete platting of land parcels with limited access and visibility, and lack of cross access easements and shared parking agreements. This lack of community planning has contributed to underdevelopment of the redevelopment project area resulting in a lower tax base than would be expected if the area developed in a cohesive, consolidated and planned development which maximizes the development potential of the area.

6. 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: 1) of insufficient capacity to serve the uses in the RPA; 2) deteriorated, antiquated, obsolete or in disrepair; or 3) lacking within the RPA".

Based upon Village review, the area along Council Trail suffers from flooding at the south portion. In addition, redevelopment to the north will require storm sewer connection to the east (along Council Trail) rather than to the adjacent State of Illinois's storm sewer under Arlington Heights Road.

Golf Terrace and Council Trail are substandard roadways and are narrow and do not include curb/gutters, sidewalks, or streetlights.

7. 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.

Over thirty percent (30%) of the parcels exhibit deterioration of site improvements, primarily parking lot and/or driveway related improvements. These conditions include: severe cracking of pavement, potholes and buckled pavement.

In addition, the former gas station use located along the intersection of Arlington Heights Road and Golf Road is deteriorated as evidenced by the condition of the building and the canopy.

For the vacant part of the Redevelopment Project Area, the following factors are present:

1. Obsolete Platting: "Obsolete Platting of vacant that results in parcels of limited or narrow size or configurations of parcels of irregular size and shape that would be difficult to develop in a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create right-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public right-of-way or that omitted easements for public utilities".

The vacant parcels within the redevelopment project area are in an area approximately 3.5 acres in size along the east side of Arlington Heights Road north Council Trail. The area is designated for office development on the Comprehensive Plan, however, many of the land parcels are either too narrow, or irregular in shape and size, to develop for contemporary office development and would require replatting.

2. Lag in Equalized Assessed Valuation (EAV):

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) years. The rate of growth has also been less than the CPI for three (3) of the last five (5) years.

<u>Year</u>	<u>Vacant TIF EAV</u>	<u>Percent</u>	<u>Balance of Village EAV</u>	<u>Percent Change</u>
2000	\$156,682	(1.20)%	\$1,831,917,025	4.11%
1999	\$158,584	3.24%	\$1,759,652,391	6.04%
1998	\$153,608	14.12%	\$1,659,362,272	.19%
1997	\$134,599	(.13)%	\$1,656,241,315	1.57%
1996	\$134,774	1.29%	\$1,630,664,820	8.43%
1995	\$133,058	12.34%	\$1,503,888,196	(1.21)%
1994	\$118,439		\$1,522,320,507	

Source: Cook County Clerk's Office.

The total EAV of the proposed RPA is increasing at a rate that is less than the balance of the municipality for those of the last five (5) calendar years.

In addition, the vacant part meets one of the stand alone criteria as set forth in 65 ILCS 11-74.4-3 (a) (3) (C), that if vacant, the sound growth of the redevelopment project area is impaired by one of the six factors A through F. One factor was found to be present to a meaningful extent so that the municipality has reasonably found that the factor is clearly and is reasonably distributed throughout the vacant part of the redevelopment project area.

The following factor was found: the area, prior to its designation, is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency.

VI. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to potential RPA No. 4 by the Village:

1. The area is contiguous and is greater than 1½ acres in size.
2. Portions of the area qualify as a “blighted improved area” and portions qualify as a “blighted vacant” area. A more detailed analysis of the qualification findings is outlined in this report.
3. All property in the area would substantially benefit by the redevelopment project improvements.
4. The sound growth of taxing districts applicable to the area, including the Village, has been impaired by the factors found present in the area.
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 Village with sufficient justification to consider designation of the 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 business attraction as well as the coordination of redevelopment efforts for market place redevelopment. These efforts will be important to the area's continued improvement and preservation of tax base.

TIF BOUNDARY MAP

Proposed TIF #4 Borderline

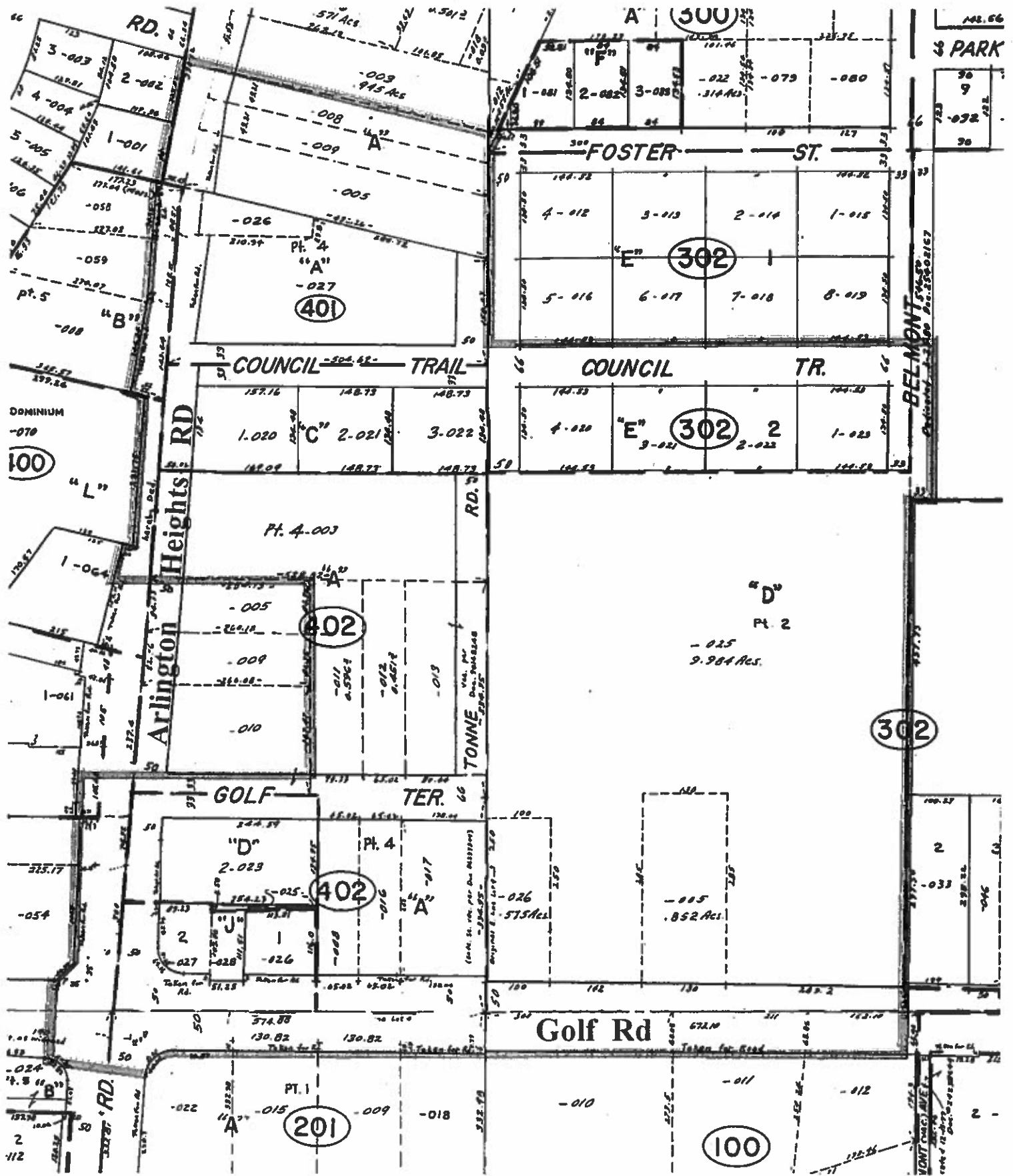


EXHIBIT 1

T.I.F. 4
LEGAL DESCRIPTION

All that part of the Southeast $\frac{1}{4}$ of Section 9 and Southwest $\frac{1}{4}$ of Section 10, all in Township 41 North, Range 11 East of the Third Principal Meridian, in Cook County, Illinois described as follows:

Beginning at the Southwest corner of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 10; running thence northeasterly along the Westerly line of the property conveyed by Emil Curtis and Doris Curtis to William Diehl and recorded as Document No. 9225797 to a point of intersection with the Southwesterly line of a parcel of land described as having a point of commencement on the West line of said Section 10, 15.41 feet North of the Southwest corner, hereinbefore said, and as described in deed Document 20690506 recorded November 29, 1968; thence northwesterly along said Southwesterly described line and projected through to a point of intersection with the Westerly line of Arlington Heights Road as said road is now traveled; thence southwesterly along said westerly line to a point of intersection with a westerly projection of the North line of the South 669.90 feet of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 9 lying easterly of said Arlington Heights Road; thence east along said line to a point on a line 274.39 feet from and parallel with the East line of said Section 9; thence South on said parallel line 301.94 feet to a point on the North line of Golf Terrace as said street was opened per Document 14057529 and recorded May 15, 1947; thence west along said line and a west extension of said line to the westerly line of Arlington Heights Road aforesaid; thence southwesterly along said westerly line to a point of intersection with a westerly projection of the South line of Golf Road; thence east along said line projected and the South line of Golf Road aforesaid to the East line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 10 projected south; thence north along said projected line and said East line of the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$, to a point on the centerline of Belmont Avenue intersecting the South line of Council Trail extended east; thence East along said extended South line to the East line of Belmont Avenue, aforesaid; thence north along said East line to the North line of Council Trail extended East; thence west along said extended line and the North line of Council Trail projected through to the centerline of Tonne Road; thence north along said centerline to the centerline of Foster Street also being the place of beginning.

EXHIBIT 2

Third Amendment to the TIF 4 Redevelopment Plan and Project Land Use Map

TIF IV LAND USE MAP

