

VILLAGE OF FOX RIVER GROVE, ILLINOIS
U.S. ROUTE 14/STATE ROUTE 22
REDEVELOPMENT PLAN AND PROJECT

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in conjunction with the

Village of Fox River Grove

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TABLE OF CONTENTS

	<u>Page</u>
I. GENERAL BACKGROUND - VILLAGE OF FOX RIVER GROVE	1
II. DECLINE OF THE PROPOSED REDEVELOPMENT PROJECT AREA	4
III. CURRENT ACTION ON THE PART OF THE VILLAGE	6
A. The Route 14/Route 22 Redevelopment Project Area (Proposed RPA)	6
B. Basis for Qualification and Plans for the RPA	8
C. The Redevelopment Plan and Project	9
D. Evidence of the Lack of Development and Growth Within the RPA and Assessment of Fiscal Impact on Affected Taxing Districts	9
IV. CONCLUSIONS AND FINDINGS	11
V. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION	12
VI. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES	13
A. General Village Goals	13
B. Specific Objectives/RPA Redevelopment Goals	14
VII. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA	16
A. Findings	16
B. Eligibility Survey	16

	<u>Page</u>
VIII. REDEVELOPMENT PROJECT	17
A. Redevelopment Plan and Project Objectives	17
B. Redevelopment Activities	18
C. General Land Use Plan	20
D. Additional Controls and Design Criteria	21
E. Estimated Redevelopment Project Costs	21
F. Sources of Funds to Pay Redevelopment Project Costs Eligible Under Illinois TIF Statute	25
G. Nature and Term of Obligations to be Issued	26
H. Most Recent Equalized Assessed Valuation (EAV) of Properties in the Redevelopment Project Area	27
I. Anticipated Equalized Assessed Valuation (EAV)	27
IX. SCHEDULING OF REDEVELOPMENT PROJECT	28
A. Redevelopment Project	28
B. Commitment to Fair Employment Practices and Affirmative Action	29
C. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs	30
D. Failure to Initiate Redevelopment Project	30
X. PROVISIONS FOR AMENDING THE REDEVELOPMENT PLAN	31

MAPS

- MAP I - BOUNDARY MAPS
- MAP II - EXISTING LAND USE MAP
- MAP III - PROPOSED LAND USE MAP

APPENDICES

- APPENDIX A - LEGAL DESCRIPTION
- APPENDIX B - QUALIFICATION REPORT

I. GENERAL BACKGROUND - VILLAGE OF FOX RIVER GROVE

The Village of Fox River Grove, Illinois (the "Village") is a far northwest Chicago suburb of approximately 4,257 (as of the 1993 Special Census), is situated at the crossroads of McHenry, Cook, Kane and Lake Counties, and is generally bordered on the north and west by the Fox River, on the east by unincorporated Lake County and on the south by the Village of Barrington Hills. The Village lies within McHenry and Lake Counties and is located approximately thirty-eight (38) miles northwest of Chicago's Loop and approximately 21 miles northwest of O'Hare International Airport. The community is accessible within the region given its proximity to arterial roadways such as U.S. Route 14 and State Route 22 as well as being within ten (10) miles of Interstate 90. Commuter transportation service is provided by METRA Rail to Downtown Chicago and PACE Bus Service for the general area.

First settled in the late 1840's and incorporated in 1919, the Village saw considerable growth from an agricultural community and resort destination to a year round residential community, during the 1950-1960's post World War II building boom. Since 1970, the Village has had significant growth in its overall population, most likely due to increased construction of new housing units and annexation of unincorporated areas, which has resulted in higher demand for shopping, recreation, housing and public uses. The overall population is expected to increase further by 2010, mirroring other similar communities in close proximity to Fox River Grove.

The Village is a non-home rule municipality operating under the auspices of a President/Board of Trustees form of government, however, day to day municipal operations are directed by a newly-appointed Village Administrator. The Fox River Grove Economic Development Commission was established in 1994 and has as its primary mission to ensure the continued enhancement of the local economy and improved tax base.

The Village of Fox River Grove is comprised of approximately 960 acres (or 1.5 square miles). Although a primarily residential community, the Village contains various commercial/ retail and light industrial sectors (approximately 5% of the overall land area). There are several distinct industrial/manufacturing areas and over 84 establishments which collect retail sales taxes within the Village. The Village is home to several small to mid-sized shopping centers, mostly located along U.S. Route 14 (Northwest Highway) and northeast of this major thoroughfare strip commercial in the central portion and perimeters of the Village. The employees within these business areas represent a significant amount of consumer buying in the Village, so their importance cannot be minimized.

Commercial uses are primarily located along the north side of U.S. Route 14 from its intersection with State Route 22 to the Fox River. According to the Village's Comprehensive Plan, one departure from this pattern is found in the old downtown area where commercial uses have extended north and south into the surrounding neighborhood. To a somewhat lesser extent, commercial and light industrial facilities have extended east on the south side of Route 22 to Doyle Road. Areas for additional commercial development in the Village and its planning area are relatively limited. Additional commercial uses may be accommodated at and to the west of the existing Stone Hill Shopping Center (which is located at the northwest intersection of Route 14 and Route 22). In the area south of Route 22 and to the east of the intersection with U.S. 14 there are sites that may hold the potential for additional commercial and/or light industrial uses.

There is a limited amount of land devoted to commercial land uses in the Village and its planning area when compared to other communities. As previously noted, less than five (5) percent of the Village land area is utilized for commercial/industrial use. It should be noted, though, that the allowable intensity of development in the Central Business District (CBD) is a 2.0 Floor Area Ratio (FAR). Such an intense development pattern often results in less land area being devoted to commercial development compared to communities with lower intensity of development for commercial use. A 2.0 FAR tends to concentrate development on smaller land areas where in other communities with lower FAR's more land is needed to achieve the similar amounts of development (per the Village's Comprehensive Plan). This condition could affect parking availability within specific areas.

In 1948, the Fox River Grove Village Board adopted its first zoning ordinance, which has been amended periodically since that time, such as in 1964, and, most recently, is scheduled to be updated in 1998. A Village Comprehensive Plan was first developed and adopted in 1974 and then updated and adopted in 1996.

The Village's many positive qualities combined with historically low taxes have contributed to the Village's desirability as a residential location and steady annual growth in equalized assessed valuation ("EAV") from the mid-1950's to today. The Village's proximity to Interstate 90 and commuter railway tracks provides Fox River Grove's accessibility to the entire metropolitan area. The Village's residential base has remained sound through the years due to its ability to capitalize on its strategic location, positive quality of life factors, and public services.

When evaluating whether the Village is capturing a significant percent of the total retail potential of the Village population, however, the Village does not fare well compared to neighboring communities. Recent studies conducted by outside consultants indicate that the Village is capturing only approximately \$21 million retail sales out of a potential \$28 million (.8) ratio, when the average capture rate for the 6-county area is 1.54. Store-front occupancy and vacancy rates are being monitored to enable the community to fill in empty spaces and is a growing concern among Village officials. There is a documented need for additional parking and general rehabilitation inherent in the Village's retail/commercial locales. Because of the desire to stabilize its tax base, **the Village is seeking ways to preserve its business base, given the limitations of the Village to expand its size through annexation and the difficulty in finding vacant land in sufficient sizes to produce meaningful redevelopment opportunities.**

Historically, the principal commercial area of the Village was the "central business district" (CBD) which is located along Route 14 and is generally focused around the Lincoln and Illinois Street area. The CBD contains a mix of convenience and specialty retail/service establishments such as restaurants, offices, upholstery, clothing shops and gas and retail sales stores. However, the development of the Stone Hill Shopping Center created a second major business area at the northwest corner of the State Route 22 and U.S. Route 14. This center has a supermarket, miscellaneous retail and service uses, offices on the second level and the Fox River Grove Post Office. The shopping center is augmented by outlots containing a gas station, bank and a fast food restaurant. As a part of the review for the development potential for this area, the Village recently undertook a rezoning of a narrow strip of R-3 zoned land along School Street and incorporated it into a larger B-5 Zoning District to provide additional opportunities for unified commercial development in this area.

With specific regard to the business areas, the Village's goals continue to be to capitalize on the highly effective transportation network and large area labor pool to attract more business within its commercial areas and to encourage complimentary uses, the majority of which will likely continue to be concentrated along the Route 14/ Route 22 roadways within the Village.

II. DECLINE OF THE PROPOSED ROUTE 14/ROUTE 22 REDEVELOPMENT PROJECT AREA (RPA)

Like a few of its older municipal neighbors, the Village has an increasingly diversified overall demographic composition. The Village, however, has long been consistent with regard to its residential and retail/commercial base. For retail/commercial, the Village has capitalized on inherent strengths - location near commercial and commuter railroad lines, major expressways and other public transportation as well as being surrounded by dense residential areas. However, with the advent of newer retail/commercial settings in other towns/counties (with significant amenities such as lower taxes, newer infrastructure and expansion availability), **a substantial number of the properties located within the Village's retail/commercial areas have become less competitive.** According to local officials, the retail/commercial stagnation and in some cases, erosion within the overall business community had become evident by the mid-1980's.

An area of the Village that is under consideration for potential redevelopment is generally known as the U.S. Route 14 and State Route 22 Business intersection, the southern most part of the Village's Central Business District, generally located within the boundaries of Cary/School Road on the north, the Village boundaries on the east and U.S. Route 14/Metra Line on the south, in the southeast portion of the Village. Originating as the Village's second major business area in the early 1980's, this strategically located portion of the Village's retail/commercial base began to evidence a decline by the mid 1980's. The decline has been due to a number of factors, primarily the depreciation of certain older infrastructure, facades and interiors, due to age and/or underutilization. Other significant problems throughout the area include functionally and economically obsolete facilities, parking, layout, and access to and within the area. There is also evidence of deferred maintenance, with certain vacancies and an increase in potential sales of property throughout the District. Finally, the area is characterized by significant sized, long underutilized vacant parcels on the north side of Route 14 and south of Route 22.

Overall, a sporadic (and for at least the last ten (10) years, minimal) level of private investment has occurred in the area since it was originally developed. This has been evidenced by reviewing historic aerials, and historic assessed values within the area (specifically over the last five (5) years). Overall, growth in this area has been slower than in other comparable retail/ commercial areas within or proximate to the Village. Barriers such as significant residential uses to the west and south of the area, the METRA Train Line to the south, municipal and County boundary lines, as well as concerns regarding existing buffering between the neighboring uses have all combined to generally impede comprehensive B-5 uses (including manufacturing, commercial, retail, or complimentary multi-family residential) development within the area as provided for and recommended in the Village's Comprehensive Plan and Zoning Ordinance.

While some structures within the proposed RPA (Redevelopment Project Area) have experienced selective rehabilitation since their original construction, such modest improvements have not stopped the overall decline evident within the RPA. Although the Village has been only able to address specific needs of the area on a piecemeal basis (via code enforcement efforts and special infrastructure improvement plans, among other activities), overall area-wide improvements are required to enhance the business potential of the area and for it to remain viable over the long term. The majority of structures located in the proposed RPA have evidenced inconsistent or sporadic maintenance and repair. Various adjacent site improvements have also contributed to deleterious layout, inadequate parking lots, problematic egress/ingress, deficient buffering between adjacent uses, etc. Certain users in this portion of the Village have experienced a lack of increases in overall economic activity over the years. Many parcels in this area have had a minimal increase in assessed valuation from 1993 to 1997, annually barely keeping up with inflation, and the average annual rate of increase within the area has not kept up with the Village's overall annual growth rate. The current valuation of the area would likely continue to decrease or stagnate without any added investments into the proposed RPA.

The sites within the proposed area which are in need of significant redevelopment are situated near the "core" or center of the area. Specifically, there are several larger undeveloped parcels on the south side of Route 22 and on the north side of Route 14, some older, deteriorating uses (including the Stone Hill Shopping Center, identified by the Village's Comprehensive Plan as a top priority for actions which would promote the stability and vitality of this Center) and a confusing array of uses along the northern most portion of the proposed RPA (older, deteriorating commercially zoned properties with excessive vacancies, and a non-conforming apartment building).

Potential rehabilitation and redevelopment projects proposed by various existing users and developers also contribute to the need for revitalization of the area. To accomplish redevelopment of the area, enhance the area's tax base, as well as to improve the proposed RPA and surrounding area's quality of life, the Village has chosen to become an active participant in public/private partnerships which provide funding to assist in the area's overall redevelopment.

III. CURRENT ACTION ON THE PART OF THE VILLAGE

In the fall of 1997, the Village authorized a consultant (Kane, McKenna and Associates, Inc.) to explore the feasibility of using Tax Increment Finance (TIF) for the proposed RPA. The proposed RPA represents the last area left within the Village Zoned B-5, for community shopping center purposes, and contains parcels most likely to be redeveloped and/or conserved for retail/commercial uses. The area is being evaluated as a combined improved blighted and vacant area, given the number of depreciating improvements and the vacant parcels factors that currently exist throughout the area. Portions of the area are intended to be redeveloped into alternative uses, and the remaining parcels are designated for rehabilitation or conservation activities.

The Village is now considering the adoption of a U.S. Route 14/State Route 22 Redevelopment Project Area (RPA). Certain other adjacent commercial, industrial and/or institutional properties may be added to the proposed TIF District at a later date if determined to be appropriate to the Village's overall economic development goals. The establishment of this TIF District will help to complete the Village's area-wide redevelopment plans (there have been recent ongoing efforts made by the Village to involve local property owners in reinvestment initiatives and to attract new developers to the area) so as to eliminate disadvantages which impede the area's potential for redevelopment or more relevant uses.

The Village, on behalf of its residents, is desirous of eliminating blighting conditions. Given the likelihood that a renewed business district within a strategic location of the Village could favorably impact current property tax and employment levels, Village officials are determined to address the area's needs with whatever resources become available.

A. THE PROPOSED ROUTE 14/ROUTE 22 REDEVELOPMENT PROJECT AREA (RPA)

The proposed U.S. Route 14/State Route 22 RPA is comprised of approximately 30 acres. The proposed RPA was part of an overall evaluation performed throughout the fall of 1997 and early 1998 which reviewed the conditions apparent within the Village's previously defined Study Area (see Appendix B for a TIF Qualification Report) to determine whether factors could be found to warrant designating portions of the area within an eligible TIF project boundary.

In terms of the proposed RPA property's current local uses and physical configuration, the area has been affected by many of the problems identified in the qualification analysis for the proposed TIF District. The noted depreciation and minimal growth (in terms of assessed values) of the area, combined with the existence of obsoletely platted parcels and environmental remediation issues have all detracted from the RPA's long-term potential. The RPA's location along two (2) major arterial roadways serves to indicate a greater redevelopment potential than in other areas in the Village. However, it is acknowledged that some potential redevelopment sites within the RPA may prove difficult to rehabilitate and/or redevelop in a meaningful way.

Notwithstanding the Village's ongoing efforts to encourage existing users in the overall maintenance and expansion of private properties, certain utility and infrastructure needs, such as improved roadways, lighting, buffering and access to the area would also potentially be addressed as area-wide concerns within the proposed TIF District. A comprehensive redevelopment plan for the area is deemed to be necessary to produce a functionally effective retail/commercial area.

Current market conditions, as well as the physical size and status of parcels available for redevelopment, will likely set certain limits as to the area's retail/commercial expansion, conservation, or reuse potential. It is believed that the proposed RPA would retain its character as a primarily retail/commercial area, but given the area's economic potential, could potentially develop into a higher intensity commercial use area, with an extended useful life. The goal of this Project therefore is to allow for market-oriented redevelopment of certain strategic locations and to conserve other parcels to enhance the overall viability of the area. If successful, the RPA will promote job creation, enhance local business opportunities, increase tax revenue to finance public services and upgrade property values throughout this important Village locale.

Specific factors that further impede improvements to the area include poor access (from major thoroughfares and off of the interior roadways), inconsistent layout and badly configured (or obsolete) parcels (primarily due to the existence of the underutilized or vacant parcels and subdivisions of parcels that have occurred over time), ineffective or inadequate buffering between business uses, and land assembly problems.

The absence of a significant redevelopment plan for this portion of the CBD and the remaining undeveloped parcels north and west of the Stone Hill Center properties (within the proposed RPA) as well as a coordinated infrastructure and rehabilitation program designed to encourage owners to upgrade their existing facilities will likely prevent the Village from achieving a "highest and best use" of the area, as well as from realizing increased real estate and/or sales taxes from increased assessed valuations of the area. This will likely lead to more blight evidenced within the area with a stronger likelihood that such conditions will worsen.

B. BASIS FOR QUALIFICATION AND PLANS FOR THE RPA

Pursuant to the above stated conditions, the Village of Fox River Grove has reached a determination that it is highly desirable to promote the redevelopment of the above described RPA. According to local officials and real estate experts, this area will likely continue to deteriorate without significant investment in this locale. The previously described circumstances apparent within the proposed RPA have led to the perception that portions of the area are not thriving, and perhaps declining, to the detriment of all overlapping taxing bodies.

The use of TIF relies upon the development of viable improvements which contribute higher values for property tax assessments than existing uses, since taxes from higher values are captured. There has been considerable interest and support expressed by certain owners of facilities within the proposed RPA to improving the area via redevelopment. Those Village officials and private parties familiar with the area predict higher market values and increased stability pertaining to specific major redevelopment projects contemplated for this area following significant investments to be realized through a TIF redevelopment program.

While portions of the proposed RPA are being considered for coordinated phased redevelopment activities, other parcels would be improved and preserved and many of the problems inherent in the area which impede their growth will hopefully be corrected. Redevelopment projects within the proposed RPA will likely spur increased economic activity to assist those businesses and uses which are to be "conserved" within the area.

It is expected that the distribution of TIF benefits will be area-wide and will serve to stem conditions of blight and underutilization within the RPA.

In summary, the proposed RPA has not experienced significant growth and development over the past decade. The area is not anticipated to redevelop in a meaningful manner without the adoption of a redevelopment plan, given the extraordinary costs associated with facilitating redevelopment of this strategically located portion of the Central Business District. The Village has prepared this Redevelopment Plan and Project (the "Plan") to use tax increment financing in order to meet its redevelopment goals and objectives for this important potential development area.

Based upon the aforementioned conditions, the area has been found to qualify for RPA designation, as evidenced in the attached TIF Qualification Report (the "Report"), included as part of this Plan in Appendix B. The Report concludes that the area as a whole qualifies for the blighted designation by consideration of all relevant evidence within the meaning of the Act, as defined herein.

Also, See Map 1 and Appendix A for a legal description, attached hereto and made a part of this Plan.

C. THE REDEVELOPMENT PLAN AND PROJECT

The Village of Fox River Grove has carefully reviewed the potentials and constraints associated with the proposed RPA. The Village has determined that well planned retail/commercial or appropriate mixed uses (in conformance with the Village's Comprehensive Plan) would serve to maximize the RPA's economic potential. Further, these improvements will help to retain and strengthen existing and other related uses thereby enhancing services to Village residents and others within the surrounding market area. For example, the uses to the north, east and west of the RPA (including residential and commercial), could also potentially be strengthened with a Plan that encourages further development of this important business area.

The Village's plan for the RPA is to provide incentives to existing property owners, tenants and potential redevelopers and to remediate the identifiable problems associated with properties so that they can ultimately be redeveloped or conserved as viable retail/commercial or mixed uses.

Private and public investment will act as a positive signal, generating renewed interest in the RPA and in surrounding development and conservation opportunities. The RPA designation addresses the necessary public assistance/improvements required to induce the redevelopment of selected sites.

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

As found in Appendix B of this Plan, the proposed RPA has suffered from a lack of planning, infrastructure and coordinated development efforts that have served to impede meaningful redevelopment of the area. The underutilized parcels have never benefitted from private investment and/or development. The improved parcels are experiencing stagnation and/or declines in their assessed values. As a result, there has been marginal interest in the area and private development is unlikely to proceed without encouragement by the Village.

It is the intention of the Redevelopment Plan to preserve and expand the retail/commercial base and encourage private redevelopment of appropriate properties where possible. It is not the intention of this Plan to encourage or assist in the conversion of non-residential RPA properties to residential uses. While such actions may be envisioned in the Village's Comprehensive Plan as possibilities, particularly for properties along School Road, and such conversion may inevitably occur as market forces change, this Plan shall not encourage or assist such land use changes to residential use without a future amendment to this Plan. As such, this Plan does not increase the number of school age students and therefore is anticipated to have minimal effect on school district operating costs.

The financial impact on local taxing jurisdictions is likely to be minimal as a result of the redevelopment/conservation projects anticipated for the proposed RPA. Larger redevelopment projects could potentially generate some additional calls for police, fire/paramedic services. It is, however, unlikely the Village will experience any significant overall increase in service requirements if some parcels are to be redeveloped as non-residential uses. Similarly, it is unlikely that there will be any significant impact on the Library and minimal, if any, impact is anticipated on any of the township or county wide taxing jurisdictions.

Because of the economic base of local taxing jurisdictions, it is not anticipated that the establishment of the TIF will create any significant loss of operating revenue. Property tax increases in recent years have been relatively small because of the age and condition of many of the properties to be included in the RPA. It is acknowledged that overlapping taxing jurisdictions will likely not receive incremental property taxes resulting from new growth in the area as a result of the Village's efforts to entice economic development in the short term, but that the long term benefit for the residents of Fox River Grove and for each affected taxing district will be an expanded tax base.

The Village will, however, consider implementing programs to address measurable financial impact through the declaration of annual surplus tax increments as defined in the Act not used for eligible project costs and certain other programs which may involve:

- a. Commitment to minimize the term of any TIF financing in order to pay any bonds off as quickly as possible to return revenue to the taxing jurisdictions.
- b. Supporting the retention of property for use by local jurisdictions, if appropriate, within the TIF boundaries.
- c. Limit TIF expenditures to only retail/commercial/institutional type projects, and not utilize TIF funds for residential projects.
- d. Other reasonable approaches offered by affected taxing districts.

IV. CONCLUSIONS AND FINDINGS

The needed private investment will be possible only if tax increment financing is adopted pursuant to the terms of the Act as defined herein. The qualification of the entire RPA as blighted improved and blighted vacant makes possible future developments not now anticipated, carrying on the intention of the Act. Such blighting factors have restrained or prevented successful redevelopment from occurring in a meaningful manner within the proposed RPA to date. Other public resources may have to be made available to attract the needed private investment for redevelopment. Tax incremental revenue generated by redevelopments may play a decisive role in encouraging private redevelopment/conservation of the RPA.

Nonconformance with today's standards for parking, structural obsolescence, depreciation and underutilization that have precluded and/or retarded private redevelopment or expansion in the past will be addressed. Ultimately, the implementation of the Plan will benefit the Village and all the taxing districts which encompass the RPA in the form of a significantly expanded tax base.

Of particular concern to the Village is the ongoing depreciation and obsolescence of site improvements and structures within this area as well as the deleterious layout of the area. Other communities with similar older or underutilized areas such as Antioch, Cary, Round Lake Beach, and Round Lake Park have assisted in improving particular locations via economic development incentives. Sites that could attract market interest are important assets to Fox River Grove in terms of potential tax generation, employment opportunities and the quality of uses/services for its residents. The Village has made a commitment to evaluate the potential reuses of these sites in a careful and reasonable manner.

It is the Village's determination that the adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become an improved, more viable environment that will attract private investment and diversify the Village's tax base.

Pursuant to the Act as defined herein, the RPA includes only those contiguous parcels of real property and improvements thereon which could substantially benefit by inclusion in this proposed redevelopment area.

V. **REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION**

The proposed RPA is legally described in Appendix A.

VI. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The goals of the Village for the RPA (as expressed in this Plan), conform to the Fox River Grove Comprehensive Plan, which was updated and adopted in February, 1996. A broadened, diversified tax base is necessary to maintain essential public services to the Village and strengthen its economy.

A. General Village Goals:

1. Provide and maintain an attractive community that creates a positive public image and encourages individuals, families and businesses to locate and remain within the community.
2. Provide for an enhanced retail/commercial tax base, reversing any stagnation occurring within the proposed RPA, and resulting in growth in increased future tax revenue to all affected taxing jurisdictions.
3. Maintain the diversity of land uses within the Village while encouraging redevelopment that meets the future needs of the Village and builds upon existing retail/commercial uses.
4. Improve the quality of life of residents through enhanced employment opportunities and improved commercially related developments.
5. Strengthen the existing business community and enhance local business development/conservation activities within the area in a manner which is compatible with surrounding land uses.
6. Retain and upgrade sound buildings that are compatible with the overall redevelopment plan.
7. Develop "anchor" projects that encourage retail/commercial uses (including institutional) development and which will support the remaining businesses in the area.
8. Provide jobs and potential business opportunities for community and Village residents.
9. Enhance the Village's tax base by conserving the retail/commercial base where feasible and encouraging appropriate redevelopment of blighted or underutilized properties, recognizing the fiscal importance of sales tax revenues.

10. Improve the public infrastructure throughout the community by making repairs and improvements to streets, water and sewer lines, lighting, traffic circulation and parking, including safety and traffic circulation and parking, including safety and traffic flow improvements along Route 14 and Route 22.
11. Enhance the Village's image and the visual attractiveness of the area by encouraging quality building renovations and redevelopment plans, recognizing the importance of building materials and landscaping enhancements.
12. Provide community desired/needed uses in redevelopment proposals by encouraging inclusion of such uses in redevelopment plans.
13. Take cognizance of the changes which have occurred in the retail/commercial sector so that other appropriate related uses may be accommodated.
14. Provide for reasonable protection of nearby residential areas.
15. Review the Zoning Ordinance to consider what changes are required in order to effectuate the foregoing goals.
16. Provide controls over larger tracts of land in or near residential districts, which tracts may be redeveloped in the future.
17. Insure that appropriate amenities are provided and that the impact on adjacent areas is ameliorated in case of such redevelopment.
18. Ameliorate the impact on residential districts of nearby non- residential areas, as may be reasonable and appropriate.

B. Specific Objectives/RPA Redevelopment Goals

1. Promote the stability and vitality of the existing Stone Hill shopping center.
2. Expand the area available for commercial uses at the existing shopping center through careful planning of the site.
3. Identify locations within the planning area that may be suitable for the development of additional commercial land use.
4. Promote the stability and expansion of light industrial uses in locations which already contain those uses and in areas that abut such uses.

5. Attract and retain business enterprises in both the commercial/retail sectors.
6. Assure that new and where possible existing non-residential land uses in this category include landscaping in parking lots and along the periphery which will buffer and screen any potential impacts on neighboring uses.
7. Assure that new commercial uses provide adequate off-street parking to fully accommodate the needs of their customers.
8. Promote, through the Village Economic Development Committee and the Chamber of Commerce, the non Central Business District commercial areas including the Stone Hill Shopping Center.
9. Recognizing that the traffic volumes on Route 14 and Route 22 are projected to increase in the future, and to ease congestion on these major roadways, promote cross-vehicle and pedestrian access points between parking lots in the Village commercial areas.
10. Require additional commercial and light industrial uses to locate in close proximity to arterial roadways and at sites serviced by necessary public utilities.
11. Require all commercial and light industrial uses to be appropriately buffered from residential areas through the use of landscaping and/or other design techniques.
12. Develop zoning standards to address the landscaping needs of uses in this category for the provision of parking lot landscaping and screening/ buffering abutting land uses.
13. Review the Zoning Ordinance requirements for off-street parking and assure that these standards are sufficient to accommodate modern day vehicle usage.

VII. BLIGHTED AREA CONDITIONS EXISTING IN THE RPA

A. Findings

The proposed RPA was studied to determine which qualifications were evident within the area which rendered it a "blighted improved" and/or "blighted vacant" area as such terms are listed in the Tax Increment Allocation Redevelopment Act (the "Act"), Illinois Compiled Statutes, Section 11-74.4-3. Refer to Appendix B for the Report which includes a summary of blighting factors, findings for this RPA, and a list of existing qualification factors for the area. Such blighted improved findings include the following: age, deleterious land use/layout, depreciation of physical maintenance, structures below minimum code standards, inadequate utilities, obsolescence, and excessive land coverage. Blighted vacant findings includes obsolete platting, unused disposal site and deterioration of structures or site improvements in neighboring areas.

B. Eligibility Survey

The entire proposed RPA was evaluated from October-December, 1997 and from January-February, 1998 by representatives from Kane, McKenna and Associates, Inc. (KMA), and the Village of Fox River Grove. In this evaluation, only information was recorded which would directly aid in the determination of eligibility for the proposed TIF District.

VIII. REDEVELOPMENT PROJECT

A. Redevelopment Plan and Project Objectives

The Village of Fox River Grove proposes to realize its goals and objectives of encouraging the development of the RPA and encouraging private investment in retail/commercial mixed use redevelopment projects through public finance techniques including, but not limited, to Tax Increment Financing. The following represents the general project activities for tax increment financing districts as defined by the Act and which have been determined as acceptable activities to be conducted by the Village. These components are not all inclusive and may exceed the Village's specific actions as planned for this time.

1. By implementing a redevelopment plan that provides for the attraction of appropriate retail/commercial mixed uses to help redevelop marginally used parcels.
2. By assisting in the rehabilitation of existing facilities, which may be necessary for improving the condition of sites within the RPA, improving the Village's tax base and diversifying the local economy.
3. By improving public facilities that may include, but not be limited to:
 - a. Street improvements;
 - b. Parking improvements (which may include off-street or public facilities);
 - c. Signalization, traffic control and lighting;
 - d. Landscaping and/or streetscaping;
 - e. Utility improvements (including storm water management and sanitary sewer improvements, water detention/retention ponds, if necessary).
4. By potentially providing for acquisition, site preparation, clearance and demolition, and environmental remediation, including grading and excavation as a means to eliminating blight and barriers to redevelopment of sites and structures targeted within the RPA.
5. By entering into redevelopment agreements with developers (or current business owners or facility operators) for qualified redevelopment projects.

6. By considering utilizing interest cost write down pursuant to provisions of the Act and/or the payment of interest costs of a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project.
7. By exercising other powers set forth in the Act as the Village deems necessary.

B. Redevelopment Activities

Pursuant to the foregoing objectives, the Village of Fox River Grove will implement a coordinated program of actions, including, but not limited to infrastructure improvements and upgrading, provision of public improvements such as landscaping or buffering and parking, where required. The Village may directly undertake the activities described below, or when appropriate, cause such activities to be undertaken in a manner conformant with this Plan.

1. Public Improvements

In accordance with its estimates of tax increment and other available resources, the Village of Fox River Grove may provide public improvements in the proposed RPA to enhance the immediate area as a whole, to support the Plan, and to serve the needs of Village residents. Appropriate public improvements may include, but are not limited to:

- a. new construction or repair of identified roadways in need of improvements, as well as sidewalks and alleyways,
- b. beautification, landscaping, lighting, buffering, open space, parking improvements and signage of public properties;
- c. rehabilitation of certain properties within the area;
- d. improvements of public utilities including construction or reconstruction of water mains, as well as sanitary and/or storm sewer, detention ponds, right-of-ways and street lighting;
- e. construction of public facilities.

2. Rehabilitation

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

3. Interest Cost Write-Down

Pursuant to the Act, the Village may allocate a portion of incremental tax revenues to reduce the interest costs incurred in connection with certain redevelopment activities, enhancing the redevelopment potential of the RPA.

4. Site Preparation, Clearance, and Demolition

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

5. Land Acquisition

Property may be acquired by developers or by the Village for those sites scheduled for redevelopment in order to further the objectives of this Plan and enhance redevelopment alternatives for appropriate users. Property may also be acquired as deemed necessary to improve access to area public facilities.

6. Land Disposition

Certain properties in the RPA may be assembled and reconfigured into appropriate redevelopment sites. These properties may be first acquired by the Village. Properties may be sold or leased by the Village pursuant to the Act, or to a private developer or developers for redevelopment.

Terms of lease or conveyance shall be incorporated into appropriate disposition agreements, and may include more specific restrictions than contained in this Plan or in other municipal codes and ordinance governing the use of land.

7. Relocation

The Village or entities it designates may provide for relocation conformant with its policies and regulations in order to accomplish the goals and objectives of the Plan, as appropriate, or required, using Federal, State or municipal criteria.

8. Job Training

Pursuant to the Act, the Village, and/or other training providers, may develop training programs in conjunction with the redevelopment efforts.

9. Redevelopment Agreements

The Village may enter into redevelopment agreements with private developer/business or not-for-profit enterprises in order to induce the improvement of the RPA.

Recommended public improvements are found in Section E of this Section VIII. The Village may determine at a later date that certain improvements are no longer needed or appropriate, or may add new improvements to the list. The type of public improvement and cost for each item is subject to Village Board approval and to the execution of a redevelopment agreement for the proposed project, in a form acceptable to the Village Board.

C. General Land Use Plan

Existing land uses in the RPA are primarily vacant/retail/commercial/and residential, as shown in Map II. Map III designates the intended general land uses identified for the RPA, which includes upgraded but similar reuses in accordance with the Village's Comprehensive Plan. The overall coordination and selected improvements to locations provided for in this Plan shall serve to address blighted conditions present within the RPA.

Any redevelopment projects shall be subject to the provisions of the Village of Fox River Grove Zoning Ordinance as such may be amended from time to time.

D. Additional Controls and Design Criteria

Design guidelines shall be consistent with Village standards, and if feasible, may be expanded to include local concerns.

1. Parking and Buffering. Redevelopment should provide for an adequate supply of appropriately located short-term and long-term parking spaces. Buffering, screening, or landscaping should be used to make parking facilities as attractive as possible.
2. Building Facades/Streetscapes. The RPA will be designed consistent with contemporary mixed use facilities. Design importance will be stressed in the treatment of streetscapes, and the relationships of building facades.
3. Pedestrian Access. Where appropriate, design layout shall facilitate internal pedestrian circulation and movement between major traffic generators and parking facilities.
4. Utilities. Wherever possible, all utility lines should be located underground.
5. Overall Site Landscaping. The RPA will at all times be reviewed in terms of the need for aesthetically pleasing landscaping and development elements which compliment the Village in this 'gateway' area.

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 Act, and any such costs incidental to this Plan. 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 Plan to be considered by the Village may be:

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.
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;

3. Costs of rehabilitation, reconstruction or repair or remodeling of existing buildings and fixtures;
4. Costs of the construction of public works or improvements;
5. Costs of job training and retraining projects;
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. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be in furtherance of the objectives of the redevelopment plan and project, to the extent the Village by written agreement accepts and approves such costs;
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 the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code.

10. If deemed prudent by the Village Board overseeing the redevelopment project, interest costs incurred by the redeveloper related to the construction, renovation or rehabilitation of the redevelopment project provided that:
- a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; and
 - b. such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year; and
 - 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 incurred pursuant to the Act may not exceed 30% of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to the Act.

11. Payments in lieu of taxes.

Estimated costs are shown in the next section. Adjustments to these individual cost items may be made without amendment to the Plan. **NOTE: The total estimated costs represent estimated amounts and do not represent actual Village commitments or expenditures. Rather, the total estimated costs of \$7,500,000 are a ceiling on possible expenditures of TIF funds in the RPA.**

10. If deemed prudent by the Village Board overseeing the redevelopment project, interest costs incurred by the redeveloper related to the construction, renovation or rehabilitation of the redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; and
 - b. such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year; and
 - 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 incurred pursuant to the Act may not exceed 30% of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to the Act.

11. Payments in lieu of taxes.

Estimated costs are shown in the next section. Adjustments to these cost items may be made without amendment to the Plan. **NOTE: The costs represent estimated amounts and do not represent actual Village commitments or expenditures. Rather, they are a ceiling on possible expenditures of TIF funds in the RPA.**

REDEVELOPMENT PROJECT - ESTIMATED PROJECT COSTS ELIGIBLE UNDER THE ACT. THESE ARE POTENTIAL COSTS TO BE EXPENDED OVER A PERIOD OF 23 YEARS BUT TO BE SOLELY DETERMINED BY THE VILLAGE TO FUND AS NEEDED. (Note: This summary does not include investments which will be brought into the Project by Private entities. Each cost item is based upon standard amounts for other similar type projects.)

<u>Program Action/Improvement</u>	<u>Estimated Costs *</u>
a. Rehabilitation of Existing Facilities/ Structural and Facade Renovation	\$2,500,000
b. Acquisition/Land Write down	2,150,000
c. Demolition and Site Preparation (includes Environmental Remediation)	1,000,000
d. Construction or rehabilitation of street improvements, rights-of-way, parking, street lighting, landscaping, buffering, streetscaping, and access improvements	750,000
e. Interest Costs Pursuant to the Act	500,000
f. Utility Improvements including, but not limited to storm, water, sanitary sewer, and the service of public facilities	250,000
g. Job Training	100,000
h. Planning, Legal, Engineering, Financing, Administrative and Other Professional Service Costs	150,000
i. Miscellaneous/Contingencies	<u>100,000</u>
TOTAL ESTIMATED COSTS	\$7,500,000

* All project cost estimates are in 1998 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the project may include an amount of proceeds 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. Adjustment to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act.

The totals of the line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment.

Adjustments to these cost items may be made without amendment to the Redevelopment Plan as long as the total project expenditures remain unchanged.

F. Sources of Funds to Pay Redevelopment Project Costs Eligible Under the Act

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

"Redevelopment Project Costs" specifically contemplate those eligible public costs set forth in the Act and do not contemplate the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed, and TIF or other public sources are to be used only to leverage and commit private redevelopment activity.

The tax increment revenues which will be used to pay debt service on the tax increment 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 1996 tax levy year initial equalized assessed value of each such lot, block, tract or parcel in 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, unlimited property taxes if the obligations are general obligations of the Village, 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.

In the event the Village of Fox River Grove issues debt pursuant to its general obligations under the Act, the proceeds of which are used to pay redevelopment project costs;

- a. In any year during which said obligations are outstanding and funds in the special tax allocation fund are insufficient to pay principal and interest when due, the Village may cover such shortfall in payment in accordance with the terms of the obligations, and any such payments made by the Village shall be repaid in full to the Village from the special tax allocation fund from subsequent available tax increment revenues from improved taxable lots or parcels of real property prior to the creation of any surplus funds.

- b. In any year during which said obligations are outstanding and funds in the special tax allocation fund are sufficient to pay the next due principal and interest, but it is anticipated that in subsequent years funds may be inadequate to make the current payments of principal and interest, then the Village may create such reserves from the funds as it may deem appropriate to enable it to make future payments of principal and interest under said obligations. Amounts in any such reserve shall not be deemed to be surplus funds. Real estate tax increment revenues which constitute funds in the special tax allocation fund for the purpose of this paragraph include only tax increment revenues from improved taxable lots or parcels of real property.

The proposed RPA would not reasonably be expected to be developed 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 RPA pursuant to the Act or such other funds or security as are available to the Village by virtue of its powers pursuant to the Illinois State Constitution.

Any and/or all obligations issued by the Village pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the RPA. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance. One or more series of obligations may be issued from time to time in order to implement this Plan. The total principal and interest payable in any year on all obligations shall not exceed the amounts available in that year, or projected to be available in that year, from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds and all other sources of funds as may be provided by ordinance.

Those revenues not required for principal and interest payments, for required reserves, for bond sinking funds, for redevelopment project costs, for early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the objectives of this 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, 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.

H. Most Recent Equalized Assessed Valuation (EAV) of Properties in the RPA

The current equalized assessed valuation (EAV) of the property within the RPA is approximately \$2,561,495, which is the 1996 equalized assessed valuation, the most recent EAV available. The Boundary Map, Map I, shows the proposed location of the RPA.

I. Anticipated Equalized Assessed Valuation

Upon completion of the anticipated private development of the RPA over a 23 year period, it is estimated that the EAV of the property within the RPA will be increased to approximately \$10,750,000. This estimate assumes a current Village tax rate and 1998 dollars.

IX. 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 process will be undertaken requiring an estimated four (4) to seven (7) years to complete.

Any redevelopment project(s) will begin as soon as the Village and potential redevelopment partners have identified acceptable reuses for the undeveloped sites in conformance with Village zoning and land use requirements. Depending upon the scope of the redevelopment, the following activities may be undertaken during each phase of the project:

1. Roadway/Street/Parking Improvements. Certain street improvements may be undertaken with related curb, gutter, alleyways and sidewalk improvements to also be constructed or rehabilitated as needed.
2. Rehabilitation of Existing Facilities. Improvements/upgrades to existing structures and sites may be pursued, to create market-oriented facilities and encourage further private investment in the area.
3. Landscaping/Buffering/Streetscaping/Parking. The Village may undertake, or cause to be undertaken, certain landscaping and parking improvements which serve to beautify and improve access to public properties or rights-of way or provide adequate buffering between land uses.
4. Storm Sewer, Water, Sanitary Sewer, and Other Utility Improvements. The Village may extend, re-route or upgrade utilities to serve existing properties or new developments.
5. Public Safety and Related Infrastructure. The Village may construct or cause to be constructed certain public safety improvements including, but not limited to, signage, traffic signals, and street lights.
6. Interest Cost Coverage. The Village may pay for certain interest costs incurred by a redeveloper for construction, renovation or rehabilitation of the redevelopment project(s). Interest payments will be made from the annual tax increment revenue generated from the RPA as allowed under the Act.

7. Land Assembly and Disposition. Certain properties in the RPA may be acquired by a developer or the Village and assembled into appropriate redevelopment sites. If acquired by the Village, the sites would likely be subsequently sold or leased for redevelopment.
8. Demolition and Site Preparation. Existing structures or redevelopment sites may have to be reconfigured, removed or environmentally remediated to prepare for the new uses.
9. Professional Services. The Village may use tax increment financing to pay necessary planning, legal, architectural, engineering, administrative, financing or other related costs during project implementation.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any redevelopment agreement entered into by the Village and selected private developer(s), both will agree to establish and implement an affirmative action program that serves the Village of Fox River Grove.

With respect to a 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 countenance discrimination 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 educational opportunities.

Anyone involved with employment or contracting activities for any project(s) will be responsible for conformance with this policy and the compliance requirements of applicable state and federal regulations.

The Village and the private developers involved with this project(s) will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts for the project(s) initiated within the RPA. Additionally:

1. any public/private partnership established for the development project(s) in the RPA 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;
2. it shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such working environment, with specific attention to minority and/or female individuals; and

3. the partnership 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 partnership(s) that successful affirmative action programs are important to the continued growth and vitality of the Village of Fox River Grove.

C. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs

This RPA will be completed on or before a date 23 years from the adoption of the ordinance designating the Redevelopment Project Area. Actual construction activities are anticipated to be initiated and/or completed within four (4) to seven (7) years.

D. Failure to Initiate Redevelopment Project

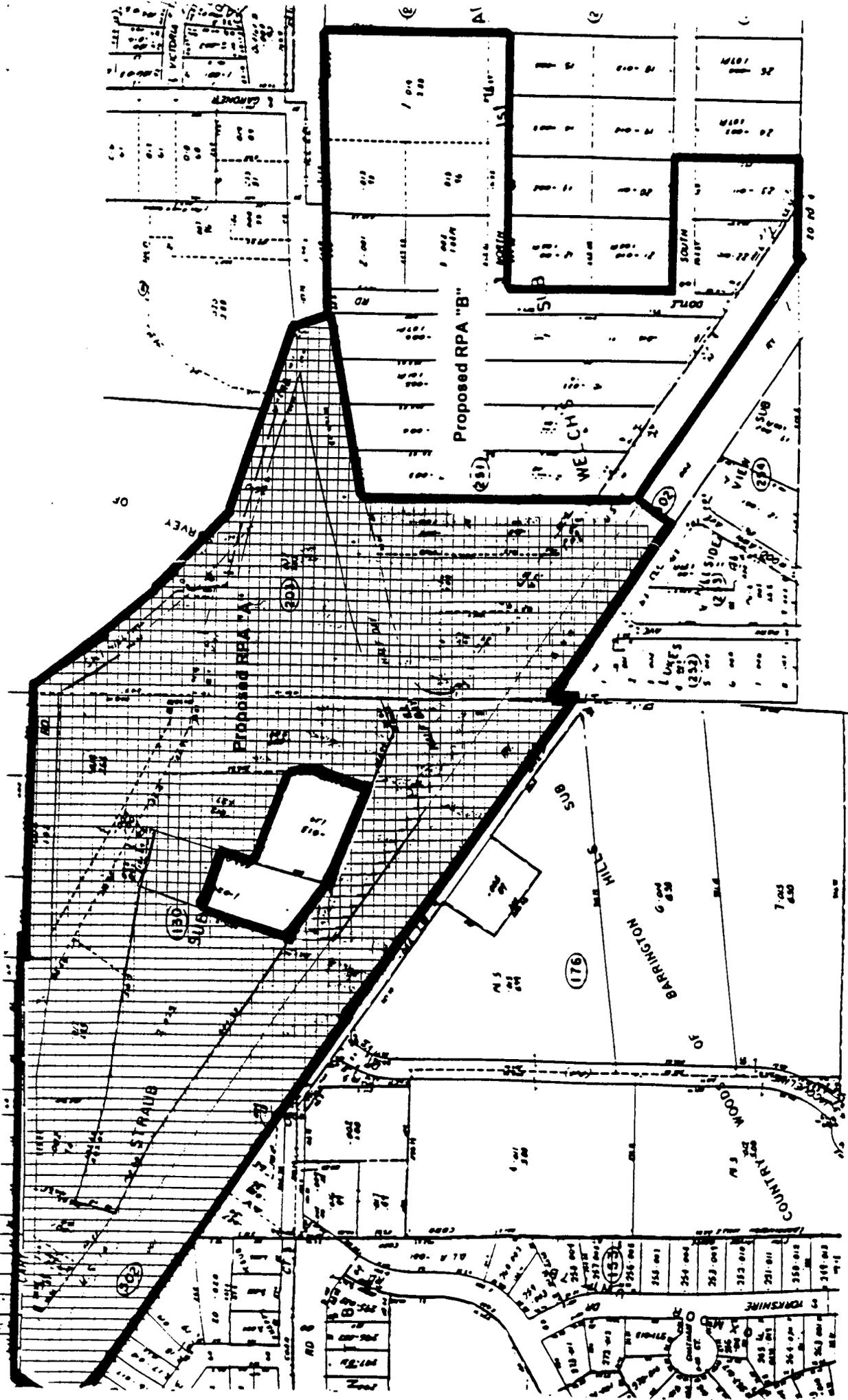
Although Section 11-7-74.4-4(r) of the Act provides that the designation of a redevelopment project area shall be terminated if no redevelopment project has been initiated in the redevelopment project area within seven years after the area was designated, the Village of Fox River Grove shall repeal the designation of the RPA if no redevelopment project has been initiated within the RPA on or before May 1, 2003. For purposes of this Section IX (D) the initiation of a redevelopment project shall be either the signing of a redevelopment agreement or the making of expenditures on redevelopment project costs associated with a redevelopment project. If the RPA is to be repealed pursuant to this provision, the repeal shall be implemented through the adoption of an ordinance repealing the RPA's designation as a redevelopment project area under the Act. Following such termination any unexpended funds remaining in the Village's special tax allocation fund shall be considered surplus funds and distributed as provided in Section 11-74.4-8 of the Act.

X. PROVISIONS FOR AMENDING THE TAX INCREMENT PLAN

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

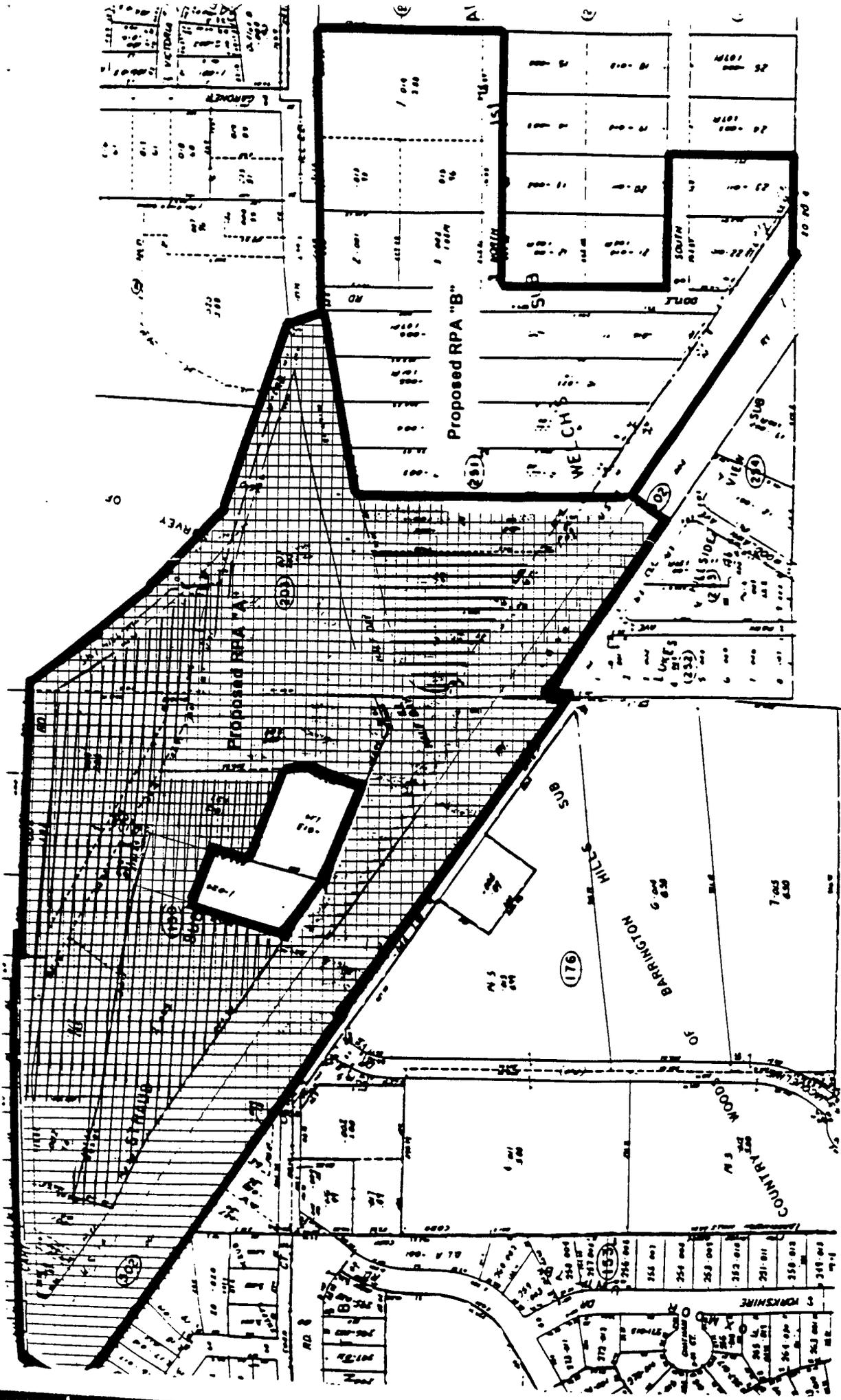
It is anticipated that this Redevelopment Plan and Project may be amended to include up to fifteen (15) additional parcels at a later date and which represent what is commonly referred to as the McHenry County industrial/commercial park, situated just east of the Village boundaries, in unincorporated McHenry County. It is the belief that any identified projects and/or viable development entities which represent desirable projects in this particular area would not go forward without attendant TIF incentives. Also, subject to the Act, funds received pursuant to this TIF District may be utilized in other contiguous TIF Districts within this Village.

MAP I
BOUNDARY MAPS



Village of Fox River Grove Proposed Redevelopment Project Area
 February, 1998

**MAP II
EXISTING LAND USE MAP**



Village of Fox River Grove Proposed Redevelopment Project Area

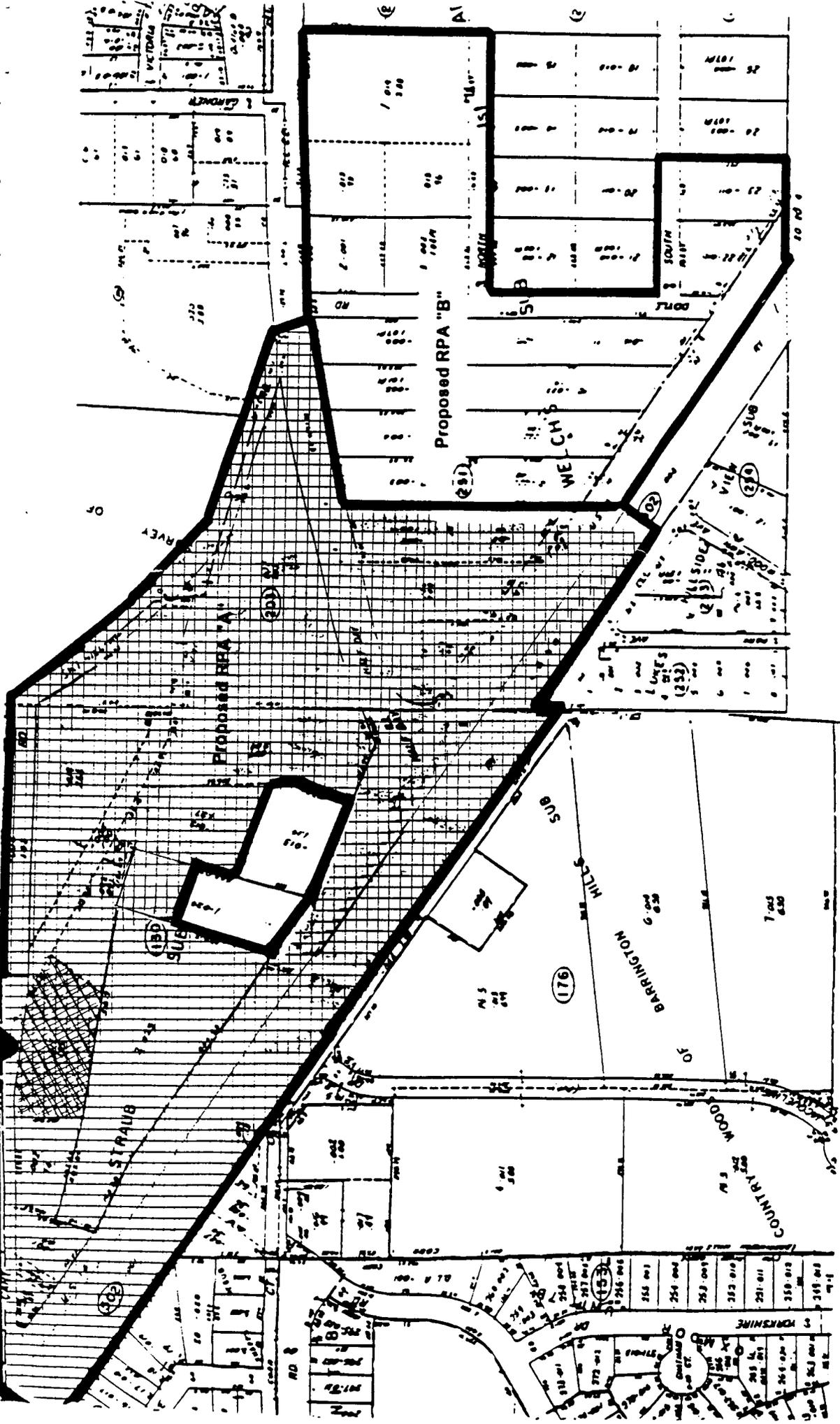
Existing Land Uses

B-5 Community Shopping Center

Retail, Service, P.U.D. Uses

**MAP III
PROPOSED LAND USE MAP**

Proposed Library/ Commercial Uses (may also include portions of adjacent parcels)



Village of Fox River Grove Proposed Redevelopment Project Area
Proposed Land Uses

B-5 Community Shopping Center Retail, Service, P.U.D. Uses

APPENDICES

**APPENDIX A
LEGAL DESCRIPTION**

EXHIBIT A

VILLAGE OF FOX RIVER GROVE LEGAL DESCRIPTION OF THE ROUTE 14\ROUTE 22 REDEVELOPMENT PROJECT AREA

THAT PART OF THE NORTH ½ OF SECTION 20, TOWNSHIP 43 NORTH, RANGE 9 EAST OF THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF CARY ROAD AND THE EAST LINE OF THE NORTHWEST 1/4 OF SAID SECTION 20; THENCE EAST ALONG THE NORTH LINE OF SAID CARY ROAD TO THE NORTHEASTERLY LINE OF SKI HILL ROAD; THENCE SOUTHEASTERLY ALONG THE SAID NORTHEASTERLY LINE TO THE NORTHERLY LINE OF HALF DAY ROAD (IL ROUTE 22); THENCE SOUTHERLY ACROSS SAID HALF DAY ROAD TO THE NORTH EAST CORNER OF LOT 4 IN WELCH'S SUBDIVISION 1ST ADDITION IN THE NORTHEAST 1/4 OF SECTION 20 AFORESAID; THENCE WESTERLY ALONG THE NORTHERLY LINE OF LOTS 4 TO 7 IN SAID WELCH'S SUBDIVISION 1ST ADDITION (SAID NORTHERLY LINE OF LOTS 4 TO 7 ALSO BEING THE SOUTHERLY LINE OF SAID HALF DAY ROAD) TO THE NORTHWEST CORNER OF SAID LOT 7; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 7 AND THE WEST LINE OF LOT 8 AND SAID WEST LINE EXTENDED SOUTH IN SAID WELCH'S SUBDIVISION 1ST ADDITION TO THE SOUTHWESTERLY LINE OF HIGHWAY KNOWN AS U.S. ROUTE 14; THENCE SOUTHWESTERLY AT RIGHT ANGLES TO THE SAID SOUTHWESTERLY LINE OF U.S. ROUTE 14 ACROSS THE RIGHT OF WAY OF THE C & NW RAILWAY TO THE SOUTHWESTERLY LINE OF SAID RAILWAY; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE TO THE EAST LINE OF THE NORTHWEST 1/4 OF SAID SECTION 20; THENCE SOUTH ALONG SAID EAST LINE TO ANOTHER SOUTHWESTERLY LINE OF THE C & NW RAILWAY; THENCE NORTHWESTERLY ALONG LAST MENTIONED SOUTHWESTERLY LINE TO THE NORTH LINE EXTENDED WEST OF CARY ROAD; THENCE EAST ALONG SAID EXTENDED NORTH LINE AND THE NORTH LINE OF SAID CARY ROAD TO THE POINT OF BEGINNING, MCHENRY, ILLINOIS, EXCEPT FOR THE FOLLOWING TWO PARCELS:

Parcel 1

LOT 1, EXCEPT FOR THE NORTHERNMOST ONE HUNDRED FIFTY (150) FEET THEREOF, OF THE ANTHONY STRAUB SUBDIVISION, BEING A SUBDIVISION PART OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 43 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL

MERIDIAN, MCHENRY COUNTY, ILLINOIS, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 22, 1995, AS DOCUMENT NUMBER 95R24093 IN THE RECORDER'S OFFICE OF MCHENRY COUNTY, ILLINOIS.

Parcel 2

THE SOUTHWESTERLY 200.0 FEET (AS MEASURED ON THE WESTERLY LINE) OF THE FOLLOWING DESCRIBED PROPERTY THAT PART OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 43 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE SOUTH LINE OF CARY ROAD AND THE NORTHEASTERLY LINE OF STATE STREET (COMMONLY KNOWN AS NORTHWEST HIGHWAY), BEING A LINE 60.0 FEET NORTHEAST OF AND PARALLEL TO THE NORTHEASTERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO AND NORTHWESTERN RAILROAD COMPANY; THENCE SOUTH 56 DEGREES 07 MINUTES 40 SECONDS EAST, ALONG THE NORTHEASTERLY LINE OF STATE STREET, 1193.84 FEET TO A POINT 691.60 FEET AS MEASURED ON THE NORTHEASTERLY LINE OF SAID STATE STREET NORTHWESTERLY OF THE INTERSECTION OF SAID NORTHEASTERLY LINE OF STATE STREET, WITH THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 20; THENCE SOUTH 72 DEGREES 09 MINUTES 40 SECONDS EAST, ALONG THE NORTHERLY LINE OF TRACT DEDICATED FOR PUBLIC HIGHWAY AS SHOWN BY PLAT OF SAID DEDICATION RECORDED JANUARY 2, 1926 IN BOOK 12 OF MISCELLANEOUS RECORDS, PAGE 240, 118.16 FEET, FOR A PLACE OF BEGINNING; THENCE CONTINUING SOUTH 72 DEGREES 09 MINUTES 40 SECONDS EAST, ALONG THE NORTHERLY LINE OF SAID DEDICATION, 394.50 FEET TO AN INTERSECTION WITH A CURVED LINE, CONVEX TO THE SOUTH, HAVING A RADIUS OF 788.64 FEET AND IS 30 FEET NORTH OF AND PARALLEL TO THE CENTER LINE OF CONSTRUCTION; THENCE EASTERLY ON SAID CURVED LINE A DISTANCE OF 86.52 FEET AS MEASURED ON SAID CURVED LINE, TO THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 20; THENCE NORTH ON THE EAST LINE OF SAID NORTHWEST QUARTER; 455.15 FEET TO AN INTERSECTION WITH THE SOUTHERLY LINE OF CARY ROAD; THENCE NORTH 75 DEGREES 02 MINUTES WEST ALONG THE SOUTHERLY LINE OF CARY ROAD, 74.57 FEET TO AN ANGLE CORNER IN SAID SOUTHERLY LINE; THENCE NORTH 63 DEGREES 13 MINUTES 30 SECONDS WEST ALONG THE SOUTHERLY LINE OF CARY ROAD, 274.91 FEET TO A POINT ON SAID SOUTHERLY LINE, 492.84 FEET AS MEASURED ON SAID SOUTHERLY LINE, SOUTHEASTERLY OF AN ANGLE CORNER IN SAID SOUTHERLY LINE; THENCE SOUTH 16 DEGREES 35 MINUTES 40 SECONDS WEST, 504.67 FEET TO THE PLACE OF BEGINNING, IN MCHENRY COUNTY, ILLINOIS. (EXCEPTING THEREFROM THAT PART OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 43 NORTH,

RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF CARY ROAD WITH THE EAST LINE OF SAID NORTHWEST QUARTER: THENCE NORTH 75 DEGREES 02 MINUTES WEST ALONG SAID SOUTH LINE OF CARY ROAD EXTENDED, 74.67 FEET; THENCE NORTH 63 DEGREES 13 MINUTES 30 SECONDS WEST ALONG THE SOUTH LINE OF WHAT WAS FORMERLY CARY ROAD, 135.77 FEET; THENCE SOUTH 3 DEGREES 00 MINUTES 40 SECONDS EAST, 348.35 FEET; THENCE SOUTH 21 DEGREES 29 MINUTES 02 SECONDS WEST, 157.76 FEET; THENCE SOUTH 72 DEGREES 09 MINUTES 40 SECONDS EAST. 153.99 FEET TO AN INTERSECTION WITH A CURVED LINE CONVEX TO THE SOUTH HAVING A RADIUS OF 788.64 FEET; THENCE EASTERLY ON SAID CURVED LINE, 86.52 FEET TO THE EAST LINE OF SAID NORTHWEST QUARTER; THENCE NORTH ALONG SAID EAST LINE OF SAID NORTHWEST QUARTER, 455.15 FEET TO THE PLACE OF BEGINNING IN MCHENRY COUNTY, ILLINOIS.

**APPENDIX B
QUALIFICATION REPORT**

Original: February 18, 1998
Updated*: March 4, 1998

VILLAGE OF FOX RIVER GROVE
TIF QUALIFICATION REPORT

PROPOSED
ROUTE 14/HALF DAY ROAD (RT. 22)
REDEVELOPMENT PROJECT AREA

PREPARED FOR:

VILLAGE OF FOX RIVER GROVE
FEBRUARY 18, 1998

PREPARED BY:

KANE, MCKENNA AND ASSOCIATES, INC.

***This TIF Qualification Report has been updated to reflect only those parcels represented in the Village of Fox River Grove's Proposed Redevelopment Project Area (RPA), and excludes parcels originally included in Study Area B.**

VILLAGE OF FOX RIVER GROVE
TIF QUALIFICATION REPORT
ROUTE 14/HALF DAY ROAD (ROUTE 22)
REDEVELOPMENT PROJECT AREA

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
I. INTRODUCTION AND BACKGROUND	1
II. QUALIFICATION CRITERIA USED	5
III. METHODOLOGY OF EVALUATION	6
IV. QUALIFICATION OF AREA/FINDINGS OF ELIGIBILITY	8
V. OVERALL ASSESSMENT OF AREA QUALIFICATIONS	14

Exhibits

- EXHIBIT 1 - Boundary Map
- EXHIBIT 2 - Parcel Identification Numbers

I. INTRODUCTION AND BACKGROUND

Introduction

This preliminary eligibility report (the "Report") focuses on approximately 30 acres of currently improved and vacant land being considered as a potential Tax Increment Finance District (TIF) in the Village of Fox River Grove, McHenry County, Illinois. The Proposed Redevelopment Project Area (RPA), located in the central portion of the Village, consists primarily of an approximately 75,000 square foot depreciating retail shopping center (the "Center") located generally at the northeast corner of Route 14 and Half Day Road (Ill. Rt. 22), as well as various commercial, and vacant areas north and south of the shopping center along or proximate to Illinois Route 14. The Center is adjacent to a series of vacant parcels (the majority of which are owned by one (1) entity) located directly north and west of the center, and is also proximate to several vacant parcels on the south side of Half Day Road. A series of older, developed parcels located south and east of the intersection of Rt. 22 and Rt. 14 are also considered in this Report, however, these parcels are located in unincorporated McHenry County and would require annexation prior to their inclusion in the proposed TIF District.

The purpose of this report is to document in a comprehensive manner the extent to which the factors of "blight" exist for this area and to determine the eligibility of this area for such status pursuant to the Tax Increment Allocation Redevelopment Act, Illinois Revised Statute, Section 11-74.4-3 (the "Act").

The Act addresses the elimination or reduction of blighted area factors within Illinois communities through the implementation of redevelopment measures. The Act authorizes the use of tax increment revenues derived from the tax rates of various taxing districts in a Redevelopment Project Area (the "RPA") for the payment of costs related to the undertaking of redevelopment projects. In order to qualify for redevelopment eligibility under this legislation, an RPA must contain conditions which warrant its designation as a "blighted area". The following sections of this report will describe conditions of blight which exist in the proposed RPA conformant to the provisions of the Act.

The survey was undertaken during October through December, 1997, and from January to February, 1998 and includes the findings of previous and current reports, plans and inventories conducted by various firms and Village agencies which were available and are pertinent to the evaluation of this area. Said studies, plans, etc., are not, however, viewed as the sole basis for the findings made herein.

Area Background

The proposed RPA is located in the southeast portion of the Village and generally represents the only series of parcels incorporated into a B-5 zoning district (Community Shopping Center) which requires that all uses shall be part of a shopping center of not less than ten (10) acres (according to the Village's zoning ordinance). The remaining commercially oriented parcels within the RPA have a B-3 designation, whereby all business establishments shall be retail trade or services establishments. There are approximately eight (8) vacant parcels (not including portions of the Rt. 14 R.O.W.); the remainder of the area within the Village boundaries is characterized by a 75,000 s.f. shopping center, several smaller commercial and marginal uses, two (2) newer facilities and an older apartment building. The initial Study Area also included approximately fifteen (15) additional parcels of land located in unincorporated McHenry County, which represent a variety of older, depreciating, marginal users adjacent to the Village boundaries, and which the Village may endeavor to annex in the future to accommodate newer market-oriented development of this 'gateway' to the Village.

The intersection of Illinois Route 22 (Half Day Road) and Illinois Route 14 is considered a strategic location for the Village in that it had extended the central business district south along Route 14 when the Stone Hill Shopping Center was built in 1979. This Center has been declining in value and is suffering from deferred maintenance, structural deterioration, obsolescence, inadequate lighting, and portions of the Center do not meet minimum code standards for ADA requirements, among other deficiencies. The majority of the other improved parcels also contain elements of blight.

The vacant parcels (within and outside of the Village boundaries) are situated at strategic locations and many are platted in an obsolete manner, are proximate to improvements which are deteriorating, and/or are subject to environmental problems due to former uses on the sites. Additionally, there are reportedly drainage and diversity of ownership problems within the vacant areas.

The improved parcels in the proposed RPA were generally developed during the 1960's and 1970's (the majority of which were constructed prior to or at the same time the Village's 1974 Comprehensive Plan was adopted).

The major arterials (Route 22 and Route 14) were already established by 1979, when the Stone Hill Center was constructed. Portions of the area have since been developed in a piecemeal manner, while the remainder of the area remains vacant and underutilized. Sizable commercial establishments have been or are being developed further north and south of the proposed RPA, yet this intersection has only been able to attract local retailers (no national franchises with the exception of the McDonald's constructed in 1996 and which is not included in the proposed RPA).

The Stone Hill Shopping Center has been anchored by a 20,000 s.f. grocery store since its inception and has had varying periods of stability since its original construction. According to the owners and operators of the Center, sales have been flat or stagnant for at least the last ten (10) years, and the Center has not been able to capitalize on recent closings of grocery stores in the area. The Center has had very few renovations/improvements over the last 19 years. According to Village officials, the Center began to experience a noticeable downturn in terms of sales and market appeal since approximately 1993. Considerable improvements are now required to upgrade or expand the existing facility to make it viable, since the Center and its site improvements have fallen into disrepair over the past several years.

In the adjacent industrial/commercial areas, (within and adjacent to the proposed RPA) there has been an overall increase in unsightly, marginal uses. Some buildings have been cited for code violations and have been requested by the Village and/or County to address these deficiencies. Open storage, overcrowded parcels, unkept facilities and site improvements and a need for water main replacement in the area further characterize its overall blighted condition.

The Village of Fox River Grove has reached a preliminary determination that it is highly desirable to promote the redevelopment of the above described proposed RPA. For strategic planning purposes, it is recommended that the portion of the Study Area within the Village boundaries shall be called the proposed RPA, and the remaining portions of the Study Area be known as Area "B". The "core" of the proposed RPA is considered to be the Stone Hill Shopping Center area and nearby vacant parcels which are in need of considerable redevelopment and/or configuration to make the area competitive with today's modern commercial business districts. According to Village officials, the area has suffered a noticeable decline in use, market share and physical deterioration during the past five (5) years. These circumstances have led to the area's functional and economic obsolescence.

As discussed in detail in a subsequent section, the proposed RPA is not considered economically viable, although the Center has provided some measure of stability and continues to anchor the area. The Center, however, does not produce the necessary traffic to sustain a higher level of tenants. The potential costs associated with any future land acquisition, rehabilitation, reconfiguration and/or demolition of existing structures within this proposed RPA are important determinants of any price charged to new or adjacent users of the site, effectively limiting the possible redevelopment uses. For example, if a more modern retail facility were to be constructed or modified, the proportional site costs that would be incorporated into the newer construction costs would likely drive up the price of the rents beyond the market for comparable uses. A mixed use of retail, commercial and public use (library/institutional) is proposed as an alternative use for the overall RPA.

The vacant components of the proposed RPA are also being considered for redevelopment, given the fact that the majority of these locales have been underutilized and any development of these parcels has occurred without the benefit or guidance of economic development or planning by the Village. The large vacant parcels to the west of the Center could be considered for significant retail redevelopment, however, there are problems inherent to these parcels impeding their development under current market standards (e.g., adjacency to blighted parcels, high terrain and wetlands, access, etc.). The improved and vacant commercial/industrial type properties in Area B have suffered from the lack of meaningful private investment (or reinvestment) to alleviate current blighting conditions and which could potentially spur other complimentary redevelopment in adjacent areas (e.g., the shopping center). It is the Village's intention to further explore these Area B parcels for potential inclusion into the proposed RPA at a later date.

The Village has determined that redevelopment proposals for the retail, vacant and/or commercial areas are only feasible with public assistance to defray the costs of acquiring and/or preparing the locations for newer or improved uses. The creation of a TIF Redevelopment Plan, which this Qualification Report will support, is intended to correct the above described deficiencies.

The use of TIF relies upon eventual development or developments which have a higher value for property taxes than the previous use, since only taxes from new value are captured. The RPA as a whole has experienced marginal increases in equalized assessed valuation since 1993, barely keeping up with annual inflation rates. Within the proposed RPA, the current valuations could likely decrease without any added investments into the area. A proposed reuse of certain portions of the area will hopefully replace and perhaps increase the value of the parcels over time. The Village's Comprehensive Plan has indicated that there appears to be a limited amount of land devoted to commercial land uses in the Village, in part due to its desire to concentrate development on smaller land areas. An important by-product of establishing a TIF District for this area would be in supporting the Business District and assure its viability as a significant commercial area in the Village. There has also been interest expressed by owners within the Stone Hill Shopping Center property as well as by other existing property owners to potentially improve the area via rehabilitation and attraction of new users.

The proposed RPA designation is being pursued to address blighted conditions and permit the reuse of the properties in the area. Without public intervention and a potential change in a portion of the overall land use, the area's obsolescence, depreciation and underutilization due to the blighting conditions would not be resolved.

Appropriate redevelopment of the area would prevent a loss of the Village's real property tax base, and new or improved reuses would create stronger retail/commercial and/or mixed use activity for the Village, thus potentially expanding the Village's property and sales tax base. Since less than five (5) percent of the Village land area is devoted to commercial/industrial use, (according to the Village's Comprehensive Plan) it is important that this remaining area be maximized to its highest and best use to accomplish the above.

II. QUALIFICATION CRITERIA USED

With the assistance of Village of Fox River Grove staff, Kane, McKenna and Associates, Inc. (KMA) examined the proposed redevelopment project area to determine the presence or absence of appropriate qualifying factors listed in the Illinois “Real Property Tax Increment Allocation Act”, as amended (hereinafter referred to as “the Act”). 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 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted area and conservation areas.”

The Act defines a “blighted” area with improvements as follows:

“any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of 5 or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; lack of community planning; is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired by, (1) a combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land; or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused railyards, rail tracks or railroad rights-of-way, or (5) the area, prior to its designation, is subject to chronic flooding which adversely impacts on real property in the area and such flooding is substantially caused by one or more improvements in or in proximity to the area which improvements have been in existence for at least 5 years, or (6) the area consists of an unused disposal site, containing earth, stone, building debris or similar materials, which were removed from construction, demolition, excavation or dredge sites.

The presence of factors must be reasonably distributed throughout the proposed RPA and be present to a meaningful extent. The analysis herein indicates that the factors are present to a meaningful extent, throughout the proposed RPA.

III. METHODOLOGY OF EVALUATION

In evaluating the proposed RPA's qualification, the following methodology was utilized:

- (1) Exterior site surveys of original structures and its environs within the Study Area and ultimately the proposed RPA were undertaken by representatives from Kane, McKenna and Associates, Inc. KMA completed an evaluation of all structures, noting obsolescence, deleterious layout, depreciation, as well as possible code violations. The inspections included conditions of windows, facade, exterior walls and finishes, and other exterior site conditions. A photographic analysis of the area was conducted and used to aid this evaluation.
- (2) The entire area was studied in relation to review of zoning ordinances, site maps; other Village ordinances; current and historic tax levy year information from the McHenry County Clerk's Office; FEMA maps, Sidwell tax plat maps; discussions with Village and County officials regarding local history; Village Comprehensive Plans; Intergovernmental agreements for Wastewater treatment services; consulting engineering reports, aerial photographs; inspection reports; and an evaluation of area-wide factors that affected the area's decline (e.g., deleterious land use or layout, obsolescence, etc.). Also reviewed were building inspection information from the McHenry County Department of building and Zoning and Department of Planning and Development. KMA reviewed the area in its entirety. Village redevelopment goals and objectives for the area were also reviewed.
- (3) The proposed RPA was examined to determine the applicability of the different factors for qualification for TIF designation under the Act. Evaluation was made by reviewing the information collected and determining how each parcel and the structure measured as to the prevalence of each factor.
- (4) Interviews are to be conducted with current owners, tenants, attorneys, and architects with respect to the marketability of various properties within the overall area. Discussions have already included certain impediments to the area which could be overcome by certain improvements or incentives. An interior inspection of portions of the retail center (and any other appropriate facilities) has also been conducted.

Summary of Area Findings

The following is a summary of relevant qualification findings:

- (1) The entire proposed RPA is comprised of approximately 30 acres. The area is contiguous and is greater than 1½ acres in size, as required by the Act.
- (2) The proposed RPA can be categorized as a “blighted improved” area and in certain locations as “blighted vacant” (a discussion of the basis for qualification of the RPA follows in the next section). Factors necessary to make these findings are present to a meaningful extent and reasonably distributed throughout the area as a whole.
- (3) All property in the proposed RPA would benefit by the proposed redevelopment project improvements.
- (4) The sound growth of the tax base for taxing districts that are applicable to the area, including the Village, had been impaired by the blighting factors found present in the area and as outlined in the Act.

IV. QUALIFICATION OF AREA/FINDINGS OF ELIGIBILITY

Based upon KMA's recent evaluation of the proposed RPA and an analysis of each of the eligibility factors summarized in Section IV, the following factors are presented to support qualification of the proposed RPA as a blighted improved area.

IMPROVED AREA

Depreciation of Physical Maintenance

The majority of structures within the parcels (eight (8) total) which comprise the Study Area exhibit signs of depreciation of physical maintenance (or deferred maintenance), specifically, as such factor relates to exterior facades or adjacent site improvements to individual structures. Such conditions are best evidenced through site surveys undertaken to review such depreciating effects as temporary and outside storage structures, broken fences, cracks in exterior walls, rusted or broken gutters, or missing screens/windows, broken window frames, peeling paint, missing facade facings, cracked and untuckpointed masonry, lack of adequate lighting, rotting wood, etc. In many cases, age as well as lack of investment are contributing causes of this depreciation. Also, it is reasoned that episodes of vacancies and excessive land coverage has likely contributed to the area's overall depreciation.

Site improvements such as potholes in streets and parking lots, cracked pavement and curbs, ponding in parkways, debris on roofs and in yards, overgrown vegetation, inadequate lighting in parking lots, and dumping are examples of depreciation and deferral of maintenance and were evidenced during several evaluations of the area. The Shopping Center's parking area, in particular, is in need of resurfacing.

Deterioration

The retail shopping center is approximately nineteen (19) years old and was also found to exhibit deteriorated conditions as evidenced in the need for new roof and HVAC systems. There is a documented need for new exterior window and doors throughout the Center. With reference to the roof problems, ongoing water leakage has caused some deterioration of interior ceiling and wall systems within the Center. Additionally, a considerable amount of space in the Center has experienced deteriorated HVAC systems. Much of the Center's HVAC system as well as the Center's roof has not been replaced since original construction of the facility in 1979.

There were also cited examples of deterioration in several commercial and warehousing structures and adjacent site improvements (alley's, parking lots) to these structures.

Obsolescence

The retail Center and several other structures within the proposed RPA suffer from economic and functional obsolescence. The economic obsolescence apparent within these parcels stems from at least two (2) primary factors. First, the retail space in the Center for a number of years has demonstrated a lack of market interest from regional and/or nationally known retail tenants and can be judged obsolete by its present day use. Because high traffic-generating tenants are not attracted to the Center, the businesses that are currently on site do not enjoy the increased traffic activity and business trade of those at more competitive centers. Often times, a net result of such negative market perceptions is that the tenants cannot afford to adequately maintain their individual spaces in a way that contributes to the economic viability of the Center.

The rising obsolescence and declining market competitiveness of the Center is illustrated by the fact that overall sales at the Center have been flat or have periodically decreased over the last ten (10) years. The economic viability of the Center is even more threatened as more development occurs north along Rt. 14. Sales at the Center are projected to continue to stagnate from 1996 to 1997. The assessed valuation of the Center has been successfully reduced by a formal tax appeal/protest from 1994 to 1995 and experienced a 4.9% increase from 1995 to 1996.

Second, the Center and certain other commercial locales within the proposed RPA have suffered economic obsolescence as a result of the lack of economic development resources to facilitate the removal of blighted conditions. Certain owners cannot likely realize sufficient revenues from existing businesses or tenants (or the prospect of new tenants) to economically justify significant renovation or reconfiguration of these facilities which, if it could be accomplished, would help the area to improve upon its market competitiveness. Without such renovations or improvements economic value will continue to be lost within the RPA.

Portions of the Center are also functionally obsolete. Approximately 11,000 s.f. of the office space is located on the second floor of the Center versus current standards for a single story publication. The corridors are overly wide, creating substantial inefficiencies in lighting, heating and housekeeping expenses. The ratio of the common areas to the net rentable office area is also excessive, resulting in an unusually high loss factor. Finally, the second floor is not served by an elevator nor are the rest rooms handicap accessible.

The depths of the retail stores range from 86' to 96' which are totally inappropriate to efficient and economic layouts for retail purposes. These dimensions reflect substantial obsolescence in the design of the retail space. The grocery store space accommodates a store which is not competitive with nearby food stores. The retail tenants are local, independent businesses which cannot efficiently utilize the existing store depths. For such tenants, the optimal store depth would be 70' or less. The exterior facade, pedestrian canopy and tenant signage are similarly obsolete. The design of a rough shingled facade canopy combined with the inadequate level of lighting impairs tenant visibility. The absence of lighted and uniform tenant signage also impairs tenant visibility and is inconsistent with modern shopping center design.

The layout and overall design of the Center was primarily oriented (per the initial construction) to service one larger anchor tenant, some smaller tenants and to the market requirement of the mid- to late 1970's. It is an aged structure, and need to be substantially reconfigured and/or renovated in order to accommodate any larger user to help anchor the Center in today's market, which is another indication of functional obsolescence. The grocery store space, for example, has had minimal storage facilities. As indicated earlier, facade treatments, signage, HVAC systems, and other exterior conditions would need to be improved in order to attract new tenants and subsequent shopper traffic. Existing treatments and design are not adequate in today's marketplace. The present conditions of the Center demonstrate conditions of functional obsolescence.

All of the above conditions related to functional obsolescence can also be applied to the former Toro Building facility located west along Rt. 14. There have been numerous users of this aged and deteriorating structure. Such obsolescence contributes to making these locales within the proposed RPA increasingly unable to effectively compete in today's retail marketplace.

Lack of Community Planning

Even though the economic and physical decline of the area has been relatively long-term, the Village has not had in place specific economic development plans/guidelines, or programs to arrest the evidenced decline, remove the blighted or underutilized conditions present within the proposed RPA, and promote continued viability of the retail shopping center and other proximate retail or commercial uses. The Village's recently adopted Comprehensive Plan reported that the Village recently undertook a rezoning of a narrow strip of R-3 zoned land along School Street and incorporated it into the larger B-5 zoning District to provide additional opportunities for unified commercial development in this area.

Overall land use of the unincorporated area (directly adjacent to the proposed RPA) has particularly been problematic and deleterious to various adjacent users in that outside storage and unauthorized debris burning was evidenced during recent site visits.

Presence of Structures Below Minimum Code Standards

Several of the structures within the proposed RPA do not meet minimum code standards set by the Village, County or Federal Government.

Within the parcels governed by McHenry County (outside the Village boundaries), there are several examples of non-conformance with code or citations enacted by the County to address complaints or non-compliance. Within the RPA, there is a multi-family structure within this commercially-zoned area which is permitted but non-conforming use. There are also examples of owners taking advantage of being located outside of the Village boundaries where by restrictions governing condition of premises, burning of debris, outside storage, and overflowing parking lots (sometimes with abandoned cars) have been noted. Most of the facilities have also not pursued improvements within their structures to address federal ADA guidelines.

Deleterious Land Use or Layout

Deleterious land use or conflicts between certain users and parcels exists between the Center and several commercial structures within the RPA.

The retail shopping center within the proposed RPA was laid out in an adequate manner by 1970 standards but is at a competitive disadvantage given the “power center” concept of today and other prevailing retail trends. Modification to the layout and use of the grocery store space and effective use of outlots to attract additional retail development is needed to convert the current layout to be more in line with recently designed retail centers. The layout, in part, appears to contribute to the functional obsolescence of the center.

Access to and within the Center’s premises is somewhat confusing in that one entrance off of Rt. 22 prohibits traffic from flowing into the Center and redirects it back north and out to Rt. 22 again. Visibility of the Center from Rt. 14 is also hindered by several outlots (the number of which may need to be reconfigured or reduced).

The soils within the improved (and vacant) parcels have also been affected by previous and existing users on these sites, particularly as it relates to dumping and/or contamination from former gas stations, industrial facilities and/or junkyards operating within this area.

The proximity of certain uses within Study Area B to nearby commercial and residential areas has presented conflicts among said users and negatively affects the public perception of this ‘gateway’ to the Village.

Inadequate Utilities

Portions of the proposed RPA have historically had a deficient sanitary sewer system. Studies were completed in 1996 which confirmed that the sanitary sewer main which Lake Barrington will be installing should be connected to the Village’s system and be placed in the R.O.W. of Doyle Road to the intersection of Rt. 14 and Rt. 22. A determination was made that such an extension would be provided and made available at the lot line of each lot which fronts Rt. 14 between Rt. 22 and the County Line. The rationale behind this plan was to make these parcels more attractive for future development and enhancing the likelihood that these parcels would be annexed into the Village in the near future.

It is presumed that should new development occur within this area that an upgrade of utility services would likely be necessary to meet the anticipated increases in demand (e.g., inadequate capacity exists to meet increased demand).

Also apparent in the Study Area is a need for storm sewer improvements to address periodic flooding along Doyle Road and a need to upgrade existing water lines in order to support future development.

Finally, depreciation of physical maintenance of many of the public improvements throughout the proposed RPA (roadways, streetlights, curbs, etc.) contributes to evidence of inadequate utilities.

VACANT AREA

There are significant areas containing vacant parcels within the proposed RPA and which are considered to qualify for blighted status due to the existence of the below listed factors (only two (2) are needed to qualify such parcels under the TIF Act).

Deterioration of Structures and/or Site Improvements in Neighboring Areas

The proposed RPA consists of eight (8) vacant parcels of varying sizes, all of which are located near or adjacent to improved parcels which are considered blighted or deteriorating. Most notably, the Center (located south and east of the commonly known “Straub” properties) exhibits factors of blight and obsolescence (as previously described) and two (2) specific commercial structures to the west have evidenced considerable depreciation and have experienced excessive vacancies in recent years. Two (2) vacant parcels south of Rt. 22 in Area A were reportedly blighted prior to becoming vacant as this structure was demolished by its owner after contributing to the contamination of the site during its operation as a gas station. The condition of certain proximate improved parcels could also be negatively impacting these particular vacant parcels.

Obsolete Platting

The majority of the vacant parcels within the proposed RPA have been platted to reflect the ongoing piecemeal development currently apparent within the area. What was once a large area owned and controlled by one entity has now been replatted to reflect a roadway off of School Road leading to the Center (this easement was abandoned and the road was never constructed) which effectively divides the parcels into difficult to develop project areas and will require extensive replatting in order to make the area more viable over the short and long term. At least three (3) parcels have no direct access to any roadway and others are configured in odd shapes making it very difficult for a single user to promote redevelopment of the area without buying up all the parcels to create a workable scenario for commercial redevelopment.

Additionally, to further complicate the existing plat of the area, the Village has been studying the possibility of a roadway linkage for the areas lying north of Rt. 14 to those areas of the Village lying to the south of the Railroad tracks -- a new street extension is believed to be necessary to allow for more efficient access to what may be a future library within the proposed RPA, the Junior High School located just north of School Road and to future commercial uses to potentially be developed on the Straub property. It is believed that a new north-south roadway connection would also allow for better response to police and fire emergency calls. Various alternatives have been presented to accomplish this extension, and due to the difficult topography inherent to the site, extraordinary costs and planning considerations may be necessary. Varying elevations of up to 25 feet will likely lengthen any proposed roadway, could require more property (replatting once more) and increase construction costs.

The platting of vacant parcels in the south end of the RPA is also obsolete in that it reflects the prior use of the property (former gas station) and will likely not be used for this purpose again, per Village officials.

Unused Disposal Site

As previously mentioned, the vacant parcels in the proposed RPA located at the corner of Rt. 14 and Rt. 22 suffer from previous contamination whereby underground storage tanks from an old gas station were left for a number of years and now the soil requires extensive EPA mandated remediation. It is apparent that unauthorized dumping has occurred on this site and on the Straub parcels located to the rear of the McDonald's and Shopping Center also whereby construction debris and materials were present during site visits.

V. OVERALL ASSESSMENT OF AREA QUALIFICATIONS

The proposed RPA is considered to be an eligible TIF District with respect to its blighted condition. Conditions exist throughout the area which, when considered as whole, will qualify the proposed RPA under Section 11-74.4-3 of the Tax Increment Allocation Redevelopment Act of the State of Illinois. The improved commercial area, representing at least half of the parcels in the proposed RPA, are considered "blighted improved", based upon the degree of depreciation and obsolescence occurring within these improvements. The vacant parcels in the proposed RPA each suffer from their proximity to blighted improved areas as well as from obsolete platting and unused disposal site characteristics.

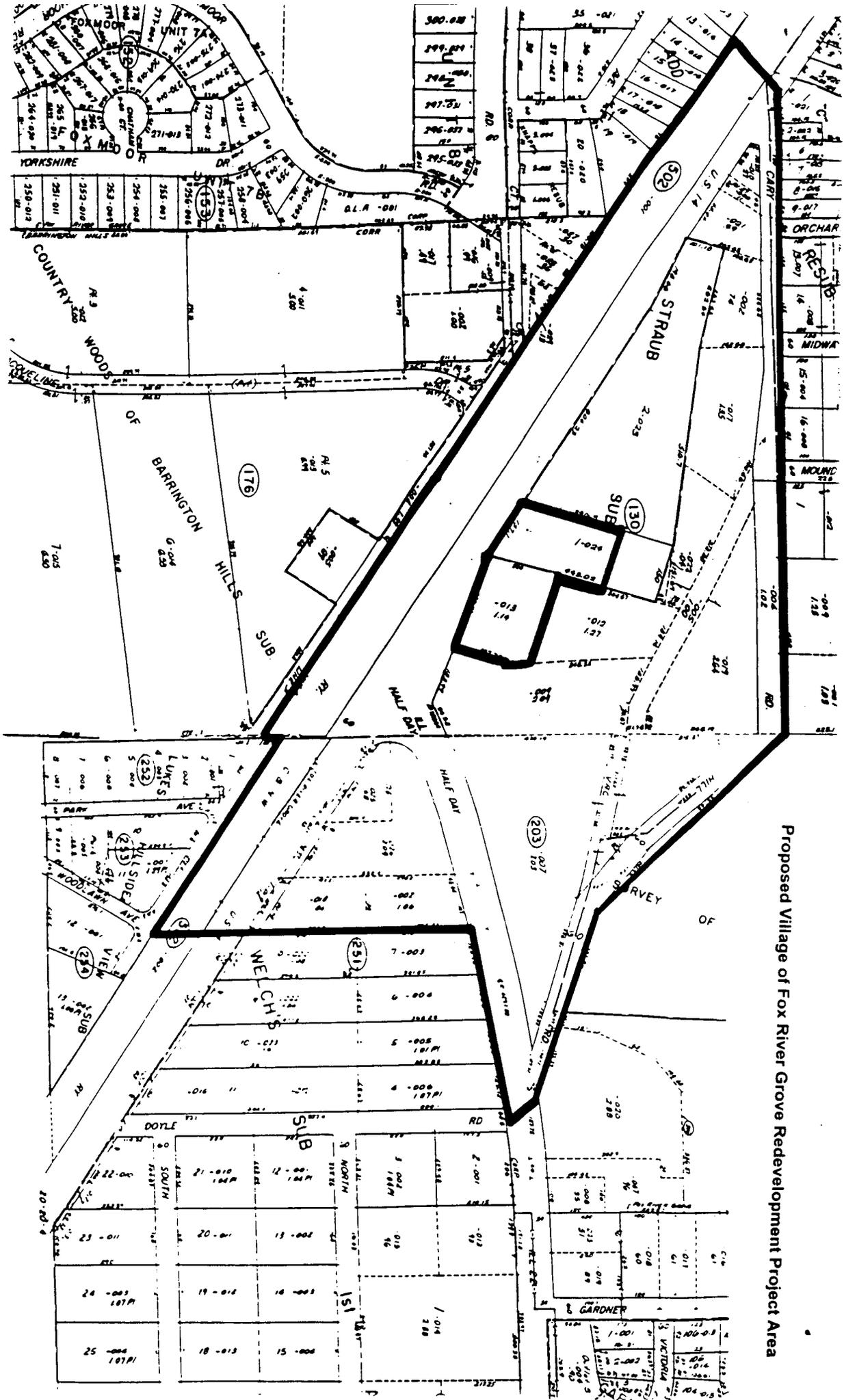
As set forth in the narrative and maps provided herein, the proposed RPA meets the "blighted": requirements of the Act. The following blighted characteristics are distributed throughout the proposed RPA: (1) Depreciation of Physical Maintenance, (2) Obsolescence, (3) Presence of Structures Below Minimum Code Standards, (4) Deleterious Land Use and/or Layout, (5) Inadequate Utilities, (6) Lack of Community Planning and (7) Deterioration. We are continuing to review the potential for other characteristics as factors for this proposed RPA, such as excessive vacancies. The blighted vacant portions of the proposed RPA have as their qualifying factors (1) Obsolete Platting, (2) Proximity to Nearby Deteriorating Improvements, and (3) Unused Disposal Site.

The combination of these factors impede the development of the overall properties, specifically, the Stone Hill Center, vacant parcels west and south of the Center, and the commercial parcels, by inhibiting their adaption to today's users. The obsolescence, depreciation and deleterious layout of the improvements themselves, coupled with a lack of planning currently apparent within the area do not make the proposed RPA a viable location for potential redevelopers. These factors combined have resulted in a decreasing or stagnant assessed valuation within the area, which already is resulting in a significant loss of property and sales tax revenue and employment opportunities for the Village.

Village intervention and the establishment of a TIF District on the property can reasonably be expected to halt further decline of the area and serve as a conduit for substantial private investment and development.

EXHIBIT 1

Boundary Map



Proposed Village of Fox River Grove Redevelopment Project Area

EXHIBIT 2

Parcel Identification Numbers

