

ARLINGTON-HIGGINS TIF REDEVELOPMENT PLAN AND PROJECT

Prepared for:

The Village of Elk Grove Village

By:

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This Plan is subject to review and may be revised after comment and public hearing.

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1. INTRODUCTION

This document presents a Tax Increment Redevelopment Plan and Project (the “Plan”) under the requirements of the *Tax Increment Allocation Redevelopment Act* (65 ILCS 5/11-74.4-1 et seq.), as amended (the “Act”) for the Arlington-Higgins Redevelopment Project Area (the “Project Area”) located in the Village of Elk Grove Village, Illinois (the “Village”).

The Project Area boundaries are delineated on *Figure 1: Redevelopment Project Area Boundary* in [Appendix A](#) and legally described in [Appendix B](#). The Project Area includes properties with frontage on the north side of Higgins Road between Arlington Heights Road and Gordon Street and commercial parcels on the east side of Arlington Heights Road south of Higgins Road and north of Oakwood Drive. The Project Area includes nine tax parcels and is approximately 25.5 acres in size, including public rights-of-way.

This Plan responds to problem conditions within the Project Area as discussed herein and reflects a commitment by the Village to improve and revitalize the Project Area. The purpose of this Plan is to encourage private redevelopment and reinvestment by making the public infrastructure investments and providing other assistance allowed under the Act to support private reinvestment, thereby stabilizing the tax base of the Village and other taxing districts.

The Plan summarizes the analyses and findings of the Consultant’s work which, unless otherwise noted, is the responsibility of Camiros, Ltd. (the “Consultant”). The Village is entitled to rely on the findings and conclusions of this Plan in designating the Project Area as a redevelopment project area under the Act. The Consultant has prepared this Plan and the related eligibility study with the understanding that the Village would rely: 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Project Area and the adoption and implementation of the Plan, and 2) on the fact that the Consultant has obtained the necessary information so that the Plan and the related eligibility study comply with the Act.

The Plan presents certain conditions, research and analysis undertaken to document the eligibility of the Project Area for designation as a tax increment financing (“TIF”) district. The need for public intervention, goals and objectives, land use policies and other policy materials are presented in this Plan. The results of a study documenting the eligibility of the Project Area as a conservation area is presented in [Appendix C: Arlington-Higgins TIF Redevelopment Project Area Eligibility Study](#) (the “Eligibility Study”).

Tax Increment Financing

In adopting the Act, the Illinois State Legislature found at Section 5/11-74.4-2(a) that:

... there exist in many municipalities within this State blighted, conservation and industrial park conservation areas, as defined herein; that the conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked;

and also found at Section 5/11-74.4-2(b) that:

... in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse

conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas. The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas by redevelopment projects is hereby declared to be essential to the public interest.

In order to use the tax increment financing technique, a municipality must first establish that the proposed redevelopment project area meets the statutory criteria for designation as a "blighted area," or a "conservation area." A redevelopment plan must then be prepared that describes the development or redevelopment program intended to be undertaken to reduce or eliminate those conditions which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof, and thereby enhance the tax bases of the taxing districts which extend into the redevelopment project area. The statutory requirements are set out at 65 ILCS 5/11-74.4-3, et seq.

The Act provides that, in order to be adopted, the Plan must meet the following conditions under 5/11-74.4-3(n):

- (1) the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed without the adoption of the redevelopment plan;
- (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality;
- (3) the redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs (which dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 8 (b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted);
- (4) in the case of an industrial park conservation area, also that the municipality is a labor surplus municipality and that the implementation of the redevelopment plan will reduce unemployment, create new jobs and by the provision of new facilities enhance the tax base of the taxing districts that extend into the redevelopment project area;
- (5) if any incremental revenues are being utilized under Section 8 (a) (1) or 8 (a) (2) of this Act in redevelopment project areas approved by ordinance after January 1, 1986 the municipality finds (a) that the redevelopment project area would not reasonably be developed without the use of such incremental revenues, and (b) that such incremental revenues will be exclusively utilized for the development of the redevelopment project area; and
- (6) certification that a housing impact study need not be performed if less than 10 residential units will be displaced (see 5/11-74.4-3 (n)(5) of the Act).

Redevelopment projects are defined as any public or private development projects undertaken in furtherance of the objectives of the redevelopment plan in accordance with the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current equalized assessed value ("EAV") of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate to arrive at the Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the redevelopment project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following:

- (a) net revenues of all or part of any redevelopment project;
- (b) taxes levied and collected on any or all property in the municipality;
- (c) the full faith and credit of the municipality;
- (d) a mortgage on part or all of the redevelopment project; or
- (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing does not generate tax revenues. This financing mechanism allows the municipality to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. This revenue is then reinvested in the area through rehabilitation, developer subsidies, public improvements and other eligible redevelopment activities. Under tax increment financing, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid and such excess Incremental Property Taxes are not otherwise required, pledged or otherwise designated for other redevelopment projects. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid in full.

The Village authorized an evaluation to determine whether a portion of the Village to be known as the Arlington-Higgins TIF Redevelopment Project Area (the "Project Area") qualifies for designation as a redevelopment project area under the provisions contained in the Act. If the Project Area so qualifies, the Village also authorized the preparation of a redevelopment plan (the "Plan") for the Project Area in accordance with the requirements of the Act.

As described in the Eligibility Study, attached as Appendix C, the Project Area is experiencing deterioration and lack of private investment. The analysis of conditions within the Project Area indicates that it is appropriate for designation as a conservation area under the Act. The Plan has been formulated in compliance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Project Area.

2. PROJECT AREA DESCRIPTION

The Project Area includes only contiguous tax parcels that are anticipated to substantially benefit from the proposed redevelopment project area improvements.

Community Context

Elk Grove Village is home to the largest business park in the United States with over 3,600 businesses located in a 5.4-square-mile area. The Elk Grove Business Park ("Business Park") is adjacent to O'Hare International Airport and served by several Interstate highways. It has always comprised the major portion of the Village's tax base and that of the overlapping taxing districts. It is critical that the Business Park remain viable and modern so that it will continue to attract new and growing businesses and private investment.

The portion of the Project Area located south of Higgins Road was part of the original Village incorporation area. The parcels north of Higgins Road were subsequently annexed into Elk Grove Village. The Project Area is surrounded by a mix of land uses including the Ned Brown Preserve (Busse Woods), single-family homes, commercial uses, offices and light industrial buildings.

Current Land Use

The Project Area includes nine tax parcels which are all improved as commercial property. The shopping center and Elk Grove Bowl properties located southeast of the Arlington-Higgins intersection were recently purchased by Elk Grove Village. There is one two-story building; the other buildings are all one-story in height.

Of the eleven buildings in the Project Area, only the two gas stations are less than 35 years old. These properties are zoned B-3 Automobile Oriented Business District. One tax parcel is zoned B-2 General Business District. The six other tax parcels are zoned B-1 Shopping Center Business District, which requires a minimum lot area of 5 acres. It should be noted that only the shopping center at the southeast corner of Arlington Heights and Higgins Roads meets the applicable B-1 lot area requirement.

Transportation Characteristics

Higgins Road and Arlington Heights Road are both major transportation routes, carrying some of the highest traffic volumes in the Village. Average daily traffic (ADT) for Arlington Heights Road is 34,100 north of Higgins Road and 26,800 south of Higgins Road. ADT for Higgins Road is 33,400 west of Arlington Heights Road and 27,000 east of this intersection.

3. ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A REDEVELOPMENT PROJECT AREA

The Project Area on the whole has not been subject to growth and development through investment by private enterprise. Based on the conditions present, the Project Area is not likely to attract private sector investment without the creation of the Redevelopment Project Area and adoption of this Plan. Studies were undertaken to establish whether the proposed Project Area is eligible for designation as a “blighted area” or “conservation area” in accordance with the requirements of the Act. This analysis concluded that the Project Area qualifies for designation as a redevelopment project area because it is a conservation area consistent with the definitions contained in the Act.

In order to be designated as a conservation area, 50% or more of the buildings within the improved portion of the Project Area must be 35 years of age or older. The Project Area currently contains 11 buildings, 8 of which are more than 35 years of age, representing 73% of all structures. Once the age requirement has been met, the presence of at least three of the 13 conditions stated in the Act is required for designation as a conservation area. These conditions must be meaningfully present and reasonably distributed within the Project Area.

The seven conditions listed below are meaningfully present and reasonably distributed in the Project Area with respect to improved property:

- Obsolescence
- Deterioration
- Presence of structures below minimum code standards
- Inadequate utilities
- Excessive land coverage or overcrowding of community facilities
- Deleterious land use or layout
- Lagging or declining equalized assessed valuation (EAV)

Need for Public Intervention

Besides establishing eligibility of the Project Area for designation as a redevelopment project area under the Act, the presence of these conditions helps to demonstrate the need for public intervention to attract private investment to the Project Area and achieve economic growth that will benefit all taxing districts through implementation of the Plan. For more details on the basis for eligibility, refer to [Appendix C: Eligibility Study](#).

The Project Area on the whole has not been subject to growth and investment by private enterprise and is not reasonably likely to attract new development without adoption of a Redevelopment Plan and Project. A variety of impediments, which are described in the *Eligibility Study*, will need to be addressed to achieve the community’s development vision. While property assessment appeals were not filed in all years, all nine of the tax parcels within the Project Area saw property assessments reduced in two or more of the last ten years based on income, market or cost analyses.

The shopping center and Elk Grove Bowl properties experienced a decline equalized assessed value in three of the past five years in comparison to the balance of the Village, which saw an overall increase for

each year. The purchase of these properties by the Village will represent a proactive effort by the Village to attract new private investment for the benefit of all affected tax districts.

Additional public investment will be needed to attract new users to the Project Area. There is an identified need for environmental remediation of the shopping center to allow it to be redeveloped for a mix of commercial and residential uses consistent with the recommendations of the *2011 Elk Grove Village Industrial/Commercial Revitalization Master Plan*. Both the shopping center and bowling alley properties will also require significant new stormwater management infrastructure to support new private investment.

4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES

This Plan is guided by a series of goals and objectives that describe how the Plan can help improve the Project Area. These goals and objectives are consistent with community vision, goals and objectives for the Elk Grove Business Park. The delineation of these goals and objectives are also supported through research performed within the Project Area to document the presence of conditions that qualify the area for designation as a conservation area under the Act.

General Goals

The following general goals describe broad statements indicating how the Plan can help improve the Project Area.

1. Reduce or eliminate those conditions that qualify the Project Area for designation as a tax increment finance district while maintaining the economic vitality of the Project Area.
2. Create an attractive environment that encourages new commercial and mixed-use development and increases the tax base of the Project Area, thereby fostering confidence in new real estate investment.
3. Upgrade public utilities, infrastructure and streets, including providing stormwater detention to alleviate flooding.
4. Create an environment which will preserve or enhance the value of properties within and adjacent to the Project Area, improving the real estate and sales tax base for the Village and other taxing districts that have jurisdiction over the Project Area.

Redevelopment Objectives

The following redevelopment objectives describe how the Plan can be used to help foster particular types of redevelopment needed within the Project Area.

1. Encourage the redevelopment of underutilized property within the Project Area to enhance the identity and economic contribution of the Elk Grove Business Park to the community and underlying taxing districts.
2. Encourage property owners to rehabilitate existing structures and/or replace existing structures with new facilities.
3. Enable and encourage existing businesses and institutions to continue to grow and be competitive with the local, national, and international marketplace.
4. Attract complementary commercial, industrial, and residential uses.
5. Provide for a diversity of commercial, retail, office, industrial, residential, and open space uses to meet the needs of current and future businesses, employees, patrons, residents, and visitors.
6. Compliment the land uses and activities located within the adjacent neighborhoods, Elk Grove Village, and surrounding communities.
7. Employ a comprehensive rather than piecemeal approach toward land use, landscape/ streetscape, transportation, infrastructure, parking, employment, and district sustainability initiatives.

8. Improve the efficiency, safety, and accessibility of vehicular and pedestrian traffic.
9. Continue to grow in an environmentally friendly and sustainable manner.

The preceding goals and objectives provide initial direction regarding priorities for making the public infrastructure improvements and investments to support private investment activity. It is anticipated that the Plan's goals and objectives will be reviewed throughout the life and adjusted as required to successfully implement the Plan.

5. REDEVELOPMENT PLAN

The Village proposes to achieve the Plan's goals through the use of public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

Property Assembly and Site Preparation

To meet the goals and objectives of this Plan, the Village may acquire and assemble property throughout the Project Area. Land assemblage by the Village may be by purchase, exchange, donation, lease, or other available means of land acquisition. The purposes of land assemblage are to be able to (a) sell, lease or convey property to private developers committed to locating in the Project Area, or to (b) sell, lease, or convey or dedicate the land for the construction of public improvements or facilities. The Village may enter into written redevelopment agreements with developers before acquiring or conveying land to ensure that properties are developed in accordance with the goals of this Plan, the Village's design objectives and land use goals. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.

If the Village elects to exercise its power to acquire real property under the Act in implementing the Plan, the Village will follow its customary procedures. Acquisition of such real property as may be authorized by the Village Board does not constitute a change in the nature of this Plan.

Intergovernmental and Redevelopment Agreements

The Village may enter into redevelopment agreements or intergovernmental agreements with private entities or other public entities to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as "Redevelopment Projects").

Terms of redevelopment as part of a redevelopment project may be incorporated in appropriate redevelopment agreements. For example, the Village may agree to reimburse a developer for incurring certain eligible redevelopment project costs under the Act. Such agreements may contain specific development controls as allowed by the Act.

Analysis, Professional Services and Administrative Activities

The Village may undertake or engage professional consultants, engineers, architects, attorneys, and others to conduct various analyses, studies, administrative legal services or other professional services to establish, implement and manage the Plan.

Provision of Public Improvements and Facilities

Adequate public improvements and facilities are required to support future development in the Project Area. Public improvements and facilities may include, but are not limited to construction and extension of new stormwater management facilities, new and rehabilitation of stormwater conveyance facilities, sanitary sewer facilities, domestic water service, upgrading streets, signalization improvements, provision of streetscape amenities, parking improvements, utility

improvements, property access improvements, roadway lighting, sidewalk construction and rehabilitation, and other multi-modal transportation improvements.

Financing Costs Pursuant to the Act

Interest on any obligations issued under the Act accruing during the estimated period of construction of the redevelopment project and other financing costs may be paid from the incremental tax revenues pursuant to the provisions of the Act.

Interest Costs Pursuant to the Act

Pursuant to the Act, the Village may allocate a portion of the incremental tax revenues to pay or reimburse developers for a portion of interest costs incurred in connection with redevelopment activities in order to enhance the redevelopment potential of the Project Area.

6. REDEVELOPMENT PROJECT DESCRIPTION

This Plan seeks to encourage private investment by reducing blighting conditions, such as deterioration, inadequate utilities, environmental contamination, obsolescence, excessive land coverage and overcrowding of community facilities, and deleterious land use or layout, which have hindered such investment. The Plan recognizes that new private investment is needed to improve and revitalize the Project Area and support needed public infrastructure investments. The redevelopment of the Project Area is expected to encourage economic revitalization within the Project Area and the surrounding area.

Public Infrastructure Improvements

In order to support the redevelopment of obsolete uses, public infrastructure improvements may be required to improve access and provide for stormwater management infrastructure needed to facilitate redevelopment options.

Commercial Rehabilitation

The Village may consider assisting property owners as needed to improve existing facilities through rehabilitation.

Property Acquisition and Redevelopment

In order to facilitate redevelopment project activities, the acquisition of property may be required. Property acquisition will be limited to properties needed to support new commercial and commercial/residential mixed-use development.

Environmental Remediation

Identified environmental contamination will need to be further remediated to broaden the range of potential private development options. Supporting opportunities for residential as well as commercial uses as part of the future land use mix will help maximize equalized assessed value growth potential and future benefits for all tax districts.

7. GENERAL LAND USE PLAN AND MAP

Figure 2: General Land Use Plan, in [Appendix A](#), identifies land uses expected to result from implementation of the Plan. The land use designations include commercial mixed-use and commercial/residential mixed-use consistent with recommendations contained in the Village's adopted 2011 Elk Grove Village Industrial/Commercial Revitalization Master Plan which serves as the comprehensive plan for the Elk Grove Business Park. The mixed use designation provides guidance and flexibility in future land use policy where a variety of commercial support uses may be appropriate.

The land use plan is intended to direct development toward the most appropriate land use pattern for the Project Area and enhance the overall development of the Project Area in accordance with the goals and objectives of the Plan. Locations of specific uses, or public infrastructure improvements, may vary from the General Land Use Plan as a result of more detailed planning and site design activities. Such variations are permitted without amendment to the Plan as long as they are consistent with the Plan's goals and objectives and the land uses and zoning approved by the Elk Grove Plan Commission and Village Board.

8. REDEVELOPMENT PLAN FINANCING

Tax increment financing is an economic development tool designed to facilitate the redevelopment of blighted areas and to arrest decline in conservation areas that may become blighted without public intervention. It is expected that tax increment financing will be an important means, although not necessarily the only means, of financing improvements and providing development incentives in the Project Area throughout its 23-year life.

Tax increment financing can only be used when private investment would not reasonably be expected to occur without public assistance. The Act sets forth the range of public assistance that may be provided. It is anticipated that expenditures for redevelopment project costs will be carefully staged in a reasonable and proportional basis to coincide with expenditures for redevelopment by private developers and the projected availability of tax increment revenues.

The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed to be necessary to implement this Plan (the "Redevelopment Project Costs" or "Project Budget").

In the event the Act is amended after the date of the approval of this Plan by the Elk Grove Village Board to a) include new eligible redevelopment project costs, or b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the Village may add any new eligible redevelopment project costs as a line item in *Table 1: Estimated Redevelopment Project Costs* or otherwise adjust the line items in *Table 1* without amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without a further amendment to this Plan, in accordance with the provisions of the Act.

Eligible Redevelopment Costs

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Plan pursuant to the Act. Such costs may include, without limitation, the following:

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the Plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The costs of marketing sites within the Project Area to prospective businesses, developers and investors;
- c) 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, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground

environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;
- e) Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of welfare to work programs implemented by businesses located within the Project Area;
- g) 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 thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- h) To the extent the Village by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan;
- i) An elementary, secondary or unit school district, or public library district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- j) 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 or by Section 74.4-3(n) (7) of the Act;
- k) Payment in lieu of taxes, as defined in the Act;
- l) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs; (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the 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, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;

- m) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - 1) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - 2) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - 3) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - 4) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project; (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the Village pursuant to the Act; and
 - 5) up to 75 percent of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
- n) Instead of the eligible costs provided for in (m) 2, 4 and 5 above, the Village may pay up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act;
- o) The costs of daycare services for children of employees from low-income families working for businesses located within the Project Area and all or a portion of the cost of operation of daycare centers established by Project Area businesses to serve employees from low-income families working in businesses located in the Project Area if the Project Area is located within a municipality with a population of more than 100,000. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the municipal, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.
- p) Costs relating to the development of urban agricultural areas under Division 15.2 of the Illinois Municipal Code;
- q) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
- r) The Act contains limitations on eligible redevelopment project costs related to a retail entity initiating operations in the redevelopment project area while terminating operations at

another Illinois location within ten miles of the redevelopment project area, but outside of the boundaries of the redevelopment project area municipality.

- s) No cost shall be an eligible project cost if used to demolish, remove, or substantially modify a historic resource, unless no prudent and feasible alternative exists. This provision does not apply to a place or structure for which demolition, removal or modification is subject to review by the preservation agency of a designated Certified Local Government.
- t) If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the Project Area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

Redevelopment Project Cost Budget

Not every eligible project cost listed in the Act is contemplated to achieve the goals and objectives of the Plan. The eligible project cost line items that constitute the project budget of the Plan are listed in *Table 1: Estimated Redevelopment Project Costs*. Costs may be allocated among lines items, as long as the total costs do not exceed the total set forth in this Plan or are expressly authorized under the Act.

The maximum estimated gross eligible project cost over the life of the Project Area is \$33,165,000. All project cost estimates are in 2022 dollars. Any bonds issued to finance portions of the redevelopment project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations, as well as to provide for capitalized interest and reasonably required reserves. The total project cost figure excludes any costs for the issuance of bonds. Adjustments to estimated line items, which are upper estimates for these costs, are expected and may be made without amendment to the Plan.

Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the Village's ability to finance Redevelopment Project Costs identified above. In the event there are costs savings in certain line items, the Village reserves the right to re-allocate dollars among the line items listed below. The total reflects the maximum amount the Village could spend over the 23 year life of the TIF; it does not reflect any expenditures or commitments the Village has made.

Table 1:
Estimated Redevelopment Project Costs

Eligible Expense	Estimated Cost
Analysis, Planning, Engineering, Surveys, Legal, etc.	\$450,000
Marketing Costs	\$200,000
Property Assembly including Acquisition, Demolition, Site Preparation, Relocation and Environmental Remediation	\$28,000,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements	\$450,000
Public Works and Improvements	\$3,750,000
Required School District Payments for students in the Project Area if required by the Act	\$250,000*
Financing Costs (pursuant to the provisions of the Act)	\$65,000
Interest Costs	\$125,000
TOTAL REDEVELOPMENT PROJECT COSTS	\$33,165,000

* - This amount may increase or decrease depending on the number of children living in the development attending school as set forth in the Act.

Sources of Funds

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the Village may deem appropriate. The Village may incur redevelopment project costs which are paid for from funds of the Village other than incremental taxes, and the Village may then be reimbursed from such costs from incremental taxes. Also, the Village may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the Village may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

The Project Area is contiguous to the Higgins Road Corridor TIF, which was created in 2017. The Project Area may be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The Village may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right-of-way, and vice versa pursuant to the provisions of the Act.

The Project Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.6-1 et

seq.). If the Village finds that the goals, objectives and financial success of such contiguous redevelopment project areas, or those separated only by a public right-of-way, are interdependent with those of the Project Area, the Village may determine that it is in the best interests of the Village, and in furtherance of the purposes of the Plan, that net revenues from the Project Area be made available to support any such redevelopment project areas and vice versa. The Village, therefore, proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa pursuant to the provisions of the Act.

Issuance of Obligations

The Village may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation, the Village may elect to pledge its full faith and credit through the issuance of general obligations bonds, but is not required to do so. Additionally, the Village may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the Village treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted.

Also, although the life of the Project Area is 23 years, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess Incremental Property Taxes shall then become "surplus" as that term is defined in the Act and shall be distributed annually on a pro rata basis to taxing districts having the authority of levy property taxes in the Project Area as provided by the Act.

NOTHING HEREIN SHALL BE CONSTRUED AS A COMMITMENT OF THE VILLAGE TO USE ITS FULL FAITH AND CREDIT TO SUPPORT ANY TIF OBLIGATIONS ISSUED OR ANY AGREEMENTS ENTERED INTO WITHOUT THE EXPRESS APPROVAL OF THE VILLAGE BOARD GIVEN IN COMPLIANCE WITH ILLINOIS LAW.

Most Recent Equalized Assessed Valuation (EAV)

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The 2020 EAV of all taxable parcels in the Project Area is approximately \$15,166,730. This total EAV amount, listed by parcel, is summarized in [Appendix D](#). The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by

Cook County. The Plan has utilized the EAVs for the 2020 tax year. If the 2021 EAV shall become available prior to the date of the adoption of the Plan by the Elk Grove Village Board, the Village may update the Plan by replacing the 2020 EAV with the 2021 EAV.

Anticipated Equalized Assessed Valuation

Once the redevelopment project has been completed and the property is fully assessed, the estimated EAV of real property within the Project Area is expected to be in the range of \$40 to \$46 million. This estimate has been calculated assuming that the Project Area will be developed in accordance with *Figure 2: General Land Use Plan* presented in Appendix A.

The estimated EAV assumes that the assessed value of property within the Project Area will increase substantially as a result of new development and public improvements. Calculation of the estimated EAV is based on the following assumptions: 1) the redevelopment of the Project Area will occur in a timely manner, and 2) an average annual appreciation rate of 2.5% is assumed throughout the life of the TIF.

Financial Impact on Taxing Districts

The Act requires an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The Village intends to monitor development in the Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

The following taxing districts presently levy taxes on properties located within the Project Area:

Cook County. The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways. The Cook County Consolidated Elections levy supports local elections in Cook County.

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the Village and County for the education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. The Water Reclamation District provides the main trunk lines for the collection of wastewater from cities, villages and towns, and for the treatment and disposal thereof.

Elk Grove Township. Elk Grove Township is a basic division of a County with powers to levy taxes, pass local ordinances and regulations, and provide various services as authorized by state statutes and elected officials. The Elk Grove Township Supervisor is also the Supervisor of General Assistance. The general assistance levy covers operating expenses and support for the needy that qualify under the general assistance guidelines. The Elk Grove Township Road and Bridge levy covers administrative costs, highway department employee salaries and costs to construct, maintain and repair township roads and bridges, and is the responsibility of the Township Highway Commissioner.

Village of Elk Grove Village. The Village is responsible for the provision of a wide range of municipal services, including police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; and building, housing and zoning codes, etc.

Village of Elk Grove Village Library. The Elk Grove Village Public Library is a component unit of the Village of Elk Grove Village. The Library's mission is to facilitate the sharing of knowledge among people of all ages by providing various materials in an organized, accessible collection for the purpose of enriching lives through accurate information, reading and entertainment within an inviting facility.

Community Consolidated School District 59. General responsibilities of School District 59 include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through eighth grade. The district covers 24 square miles and serves a population of approximately 75,000 residents.

Arlington Heights Township High School District 214. District 214 is the second largest high school district in Illinois, providing secondary education (9th to 12th grades) in parts of Wheeling, Elk Grove and Palatine townships. The District serves more than 280,000 residents in Arlington Heights, Buffalo Grove, Elk Grove Village, Mt. Prospect, Prospect Heights, Rolling Meadows, Wheeling and Des Plaines.

Harper Community College District 512. The Community College District is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the Village and other students seeking higher education programs and services.

Elk Grove Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities within its jurisdiction and for the provision of recreation programs.

Northwest Mosquito Abatement District. The District serves an area of approximately 242 square miles to abate mosquito nuisances using integrated pest management methods.

The proposed revitalization of the Project Area may create an increase in demand on public services and facilities as properties within the Project Area are redeveloped, which will be supported in part through user fees. New buildings will be built in accordance with current building and life safety codes and meet Cook County stormwater management requirements. Although the specific nature and timing of the private investment expected to be attracted to the Project Area cannot be precisely quantified at this time, a general assessment of financial impact can be made based upon the level of development and timing anticipated by the proposed Plan.

The land use plan anticipates that the Project Area will be developed with a mix of commercial and residential development. The Act includes formulas to reimburse elementary and secondary school districts for any increased service costs associated with new residential populations that include school-aged children.

It is expected that any increases in demand for the services and programs of the aforementioned taxing districts can be adequately addressed by the existing services and programs maintained by these taxing districts. A portion of the Project Budget has been allocated for public works and improvements, which may be used to address potential public service demands associated with implementing the Plan.

Upon completion of the Plan, all taxing districts are expected to share the benefits of a substantially improved tax base. When completed, developments in the Project Area will generate property tax revenues for all taxing districts. Other revenues may also accrue to the Village in the form of sales tax, business fees and licenses, and utility user fees.

Real estate tax revenues resulting from increases in the EAV, over and above the Certified Initial EAV established with the adoption of the Plan, will be used to pay eligible redevelopment costs in the Project Area. Following termination of the Project Area, the real estate tax revenues, attributable to the increase

in the EAV over the certified initial EAV, will be distributed to all taxing districts levying taxes against property located in the Project Area. Successful implementation of the Plan is expected to result in new development and private investment on a scale sufficient to overcome blighted conditions and substantially improve the long-term economic value of the Project Area.

Completion of the Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs

The Plan will be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the Village treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Plan is adopted (assuming adoption in 2022, by December 31, 2046).

9. HOUSING IMPACT STUDY APPLICABILITY

As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment project plan.

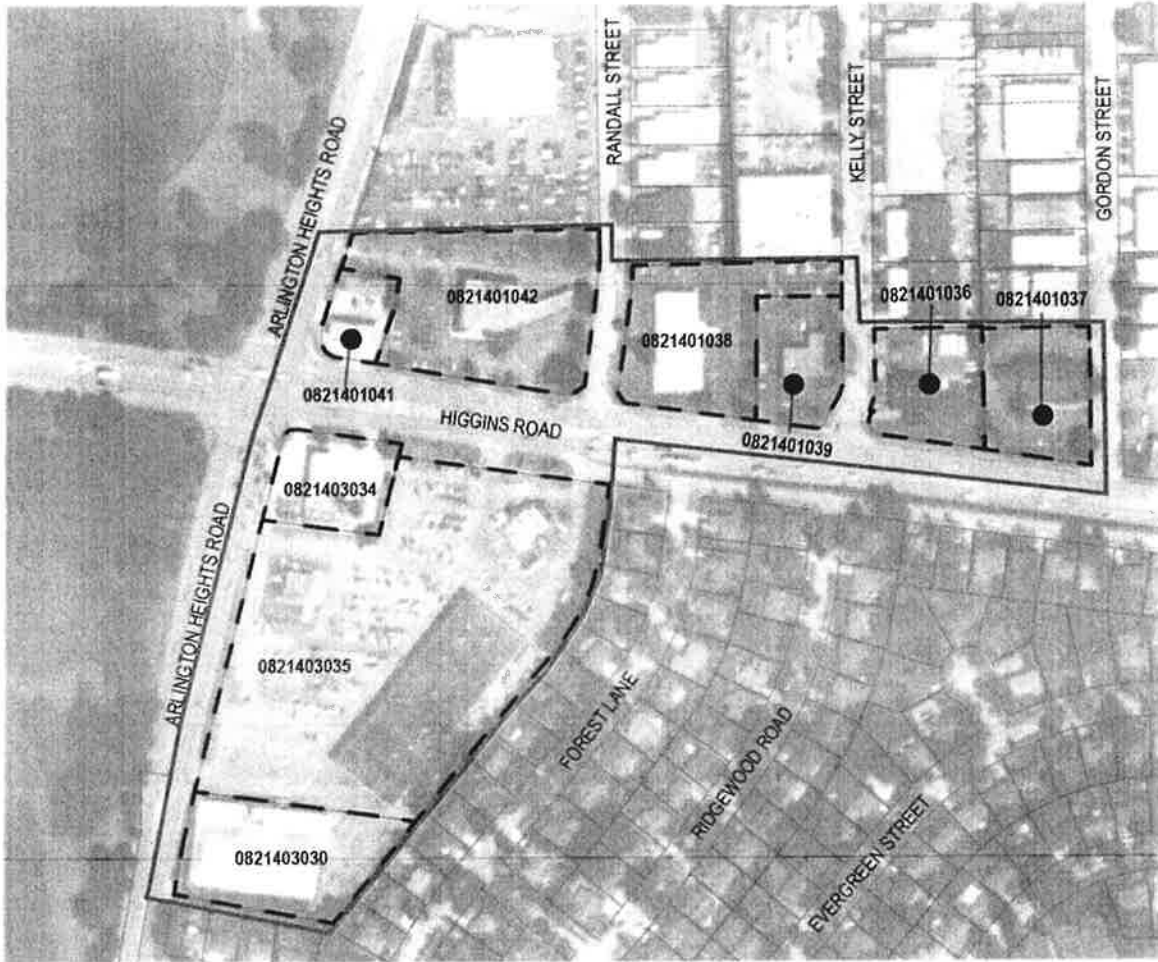
There are no occupied residential units within the Project Area. Thus, a housing impact study is not a required element of this Plan.

APPENDIX A

ARLINGTON-HIGGINS TIF
REDEVELOPMENT PROJECT AREA

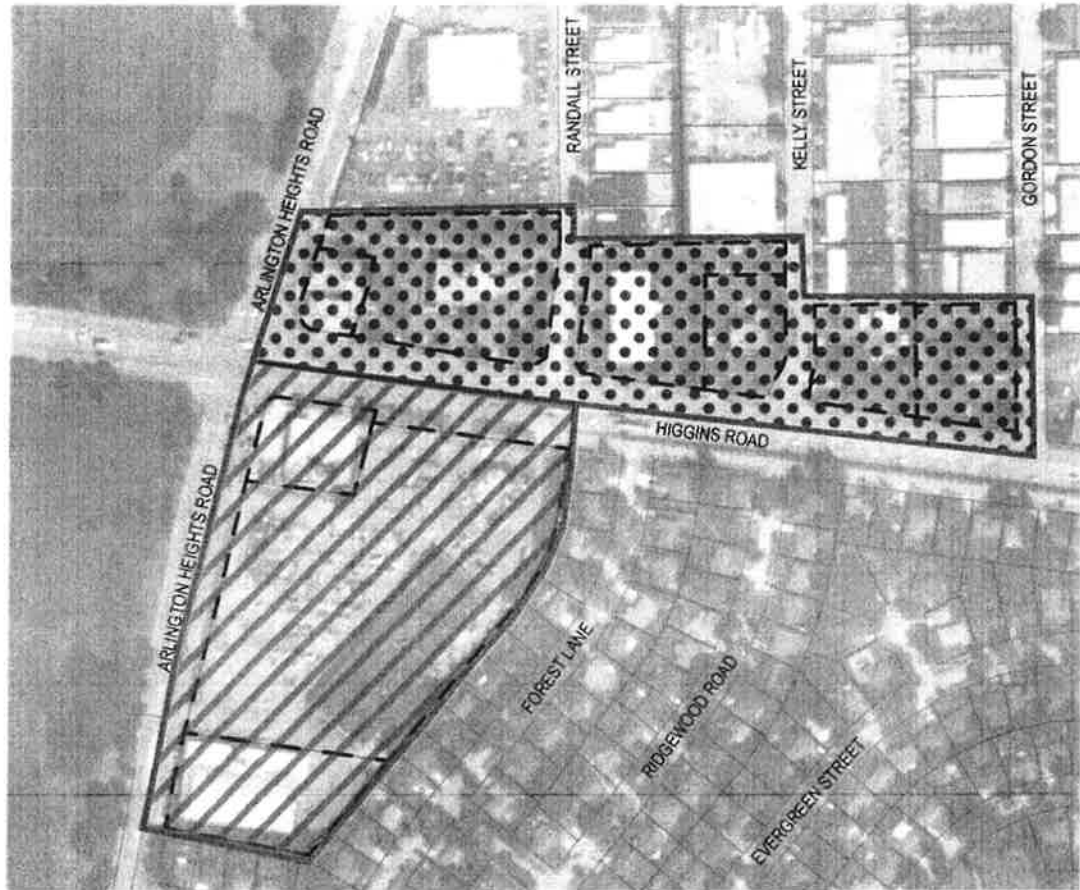
FIGURES 1-2





Figure 1: Redevelopment Project Area Boundary
Elk Grove Village - Arlington-Higgins TIF



- PROJECT AREA
- PARCELS

Figure 2: General Land Use Plan
Elk Grove Village - Arlington-Higgins TIF



-  PROJECT AREA
-  PARCELS
-  COMMERCIAL/RESIDENTIAL MIXED-USE
-  COMMERCIAL MIXED-USE

APPENDIX B

ARLINGTON-HIGGINS TIF REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

1. ALL THAT PART OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 41 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:
2. BEGINNING AT THE NORTHWEST CORNER OF LOT 2 IN SCHNELL'S DIVISION, BEING A SUBDIVISION IN SECTION 21 AFORESAID, BEING ALSO THE INTERSECTION OF THE CENTERLINE OF HIGGINS ROAD WITH THE CENTERLINE OF ARLINGTON HEIGHT ROAD LYING SOUTH OF HIGGINS ROAD;
3. THENCE SOUTHEASTERLY ALONG SAID CENTERLINE OF HIGGINS ROAD TO THE SOUTHERLY EXTENSION OF THE CENTERLINE OF ARLINGTON HEIGHTS ROAD LYING NORTH OF HIGGINS ROAD AFORESAID;
4. THENCE NORTHERLY ALONG SAID SOUTHERLY EXTENSION AND THE CENTERLINE OF ARLINGTON HEIGHTS ROAD LYING NORTH OF HIGGINS ROAD TO THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 2 IN MOBIL OIL AND THE FIRST NATIONAL BANK OF CHICAGO'S ELK GROVE VILLAGE RESUBDIVISION OF PART OF LOT 62 IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT 41 AND PART OF LOT 4 IN ARTHUR B. SCHARRINGHAUSEN'S RESUBDIVISION OF PARTS OF SECTIONS 21 AND 22;
5. THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE NORTH LINE OF LOT 2 IN MOBIL OIL AND THE FIRST NATIONAL BANK OF CHICAGO'S ELK GROVE VILLAGE RESUBDIVISION, AND THE EASTERLY EXTENSION THEREOF TO THE EAST LINE OF RANDALL STREET;
6. THENCE SOUTH ALONG SAID EAST LINE OF RANDALL STREET TO THE NORTH LINE OF LOT 1 IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT NO. 23, BEING A RESUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 21 AFORESAID;
7. THENCE EAST ALONG SAID NORTH LINE OF LOT 1 IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT NO. 23 TO THE NORTH LINE OF LOT 1 IN JOHN L. MARKAY RESUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 21 AFORESAID;
8. THENCE EAST ALONG SAID NORTH LINE OF LOT 1 IN JOHN L. MARKAY RESUBDIVISION AND THE EASTERLY EXTENSION THEREOF TO THE EAST LINE OF KELLY STREET;
9. THENCE SOUTH ALONG SAID EAST LINE OF KELLY STREET TO THE NORTH LINE OF LOT 1 IN THE RESUBDIVISION OF LOT 80 (EXCEPT THE EAST 200 FEET THEREOF IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT NO. 50) IN SECTION 21 AFORESAID;

10. THENCE EAST ALONG SAID NORTH LINE OF LOT 1 IN THE RESUBDIVISION OF LOT 80 (EXCEPT THE EAST 200 FEET THEREOF IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT NO. 50) TO THE NORTHEAST CORNER THEREOF;
11. THENCE SOUTH ALONG THE EAST LINE OF LOT 1 IN THE RESUBDIVISION OF LOT 80 (EXCEPT THE EAST 200 FEET THEREOF IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT NO. 50) TO THE NORTH LINE OF LOT 2 IN HARDY'S RESUBDIVISION OF THE EAST 200 FEET OF LOT 80 IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT NO. 50 AFORESAID;
12. THENCE EAST ALONG SAID NORTH LINE OF LOT 2 IN HARDY'S RESUBDIVISION OF THE EAST 200 FEET OF LOT 80 IN HIGGINS ROAD COMMERCIAL SUBDIVISION UNIT NO. 50 TO THE WEST LINE OF GORDON STREET;
13. THENCE SOUTH ALONG SAID WEST LINE OF GORDON STREET AND THE SOUTHERLY EXTENSION THEREOF TO THE SOUTH LINE OF HIGGINS ROAD;
14. THENCE NORTHWESTERLY ALONG SAID SOUTH LINE OF HIGGINS ROAD TO THE EASTERLY LINE OF LOT 1 IN ELK GROVE VILLAGE SECTION 1 NORTH, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 21 AFORESAID;
15. THENCE SOUTH AND SOUTHWESTERLY ALONG SAID NORTHERLY EXTENSION AND THE EASTERLY LINE OF LOT 1 IN ELK GROVE VILLAGE SECTION 1 NORTH TO THE SOUTHERLY LINE THEREOF;
16. THENCE NORTHWESTERLY ALONG SAID SOUTHERLY LINE OF LOT 1 IN ELK GROVE VILLAGE SECTION 1 NORTH, AND THE WESTERLY EXTENSION THEREOF TO THE CENTERLINE OF ARLINGTON HEIGHTS ROAD, BEING ALSO THE EASTERLY LINE OF LOT 2 IN ED PINGEL'S DIVISION, BEING AN OWNER'S DIVISION OF PART OF THE SOUTH HALF OF SECTION 21 AFORESAID;
17. THENCE NORTHERLY ALONG SAID EASTERLY LINE OF LOT 2 IN ED PINGEL'S DIVISION TO THE WESTERLY LINE OF LOT 1 IN SCHNELL'S DIVISION AFORESAID, BEING ALSO THE CENTERLINE OF ARLINGTON HEIGHTS ROAD AFORESAID;
18. THENCE NORTHERLY ALONG SAID WESTERLY LINE OF LOT 1 IN SCHNELL'S DIVISION, BEING ALSO THE CENTERLINE OF ARLINGTON HEIGHTS ROAD, TO THE SOUTHWEST CORNER OF LOT 2 IN SCHNELL'S DIVISION AFORESAID;
19. THENCE CONTINUING NORTHERLY ALONG THE WESTERLY LINE OF LOT 2 IN SCHNELL'S DIVISION, BEING ALSO THE CENTERLINE OF ARLINGTON HEIGHT ROAD, TO THE NORTHWEST CORNER OF LOT 2 IN SCHNELL'S DIVISION, BEING ALSO THE INTERSECTION OF THE CENTERLINE OF HIGGINS ROAD WITH THE CENTERLINE OF ARLINGTON HEIGHT ROAD LYING SOUTH OF HIGGINS ROAD, AND THE POINT OF BEGINNING;
20. IN COOK COUNTY, ILLINOIS.

APPENDIX C

ARLINGTON-HIGGINS TIF
REDEVELOPMENT PROJECT AREA
ELIGIBILITY STUDY

Introduction

On January 11, 2022, the Elk Grove Village Board adopted Resolution No. 3-22 authorizing preparation of an eligibility related to the designation of an area known as the Arlington-Higgins Redevelopment Project Area pursuant to the definitions set forth under 65 ILCS 5/11-74.4-1 et. seq. (the "Act"). This legislation focuses on the elimination of blighted or rapidly deteriorating areas through the implementation of a redevelopment plan. Pursuant to the notice requirements contained in the Act, a copy of the ordinance was sent to affected tax districts.

This report summarizes the analyses and findings of the Consultant's work, which is the responsibility of Camiros, Ltd. (the "Consultant"). The Consultant has prepared this report with the understanding that the Village would rely 1) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and 2) on the fact that the Consultant has obtained the necessary information to conclude that the Study Area can be designated as a redevelopment project area in compliance with the Act.

The Tax Increment Allocation Redevelopment Act (the "Act") permits municipalities to induce redevelopment of eligible "blighted," "conservation" or "industrial park conservation areas" in accordance with an adopted redevelopment plan. The Act authorizes the use of tax increment revenues derived in a redevelopment project area for the payment or reimbursement of eligible Redevelopment Project Costs as set forth in the Act.

The Act stipulates specific procedures, which must be adhered to, in designating a redevelopment project area. One of those procedures is the determination that the area meets the statutory eligibility requirements. At 65 Sec 5/11-74.-3(p), the Act defines a "redevelopment project area" as follows:

"... an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or combination of both blighted areas and conservation areas."

In adopting this legislation, the Illinois General Assembly found:

1. (at 65 Sec 5/11-74.4-2(a)) ...there exist in many municipalities within the State blighted, conservation and industrial park conservation areas...; and
2. (at 65 Sec 5/11-74.4-2(b)) ...the eradication of blighted areas and the treatment and improvement of conservation areas by... redevelopment projects is hereby declared to be essential to the public interest.

The legislative findings were made on the basis that the presence of blight, or conditions that lead to blight, is detrimental to the safety, health, welfare and morals of the public. The Act specifies certain requirements, which must be met, before a municipality may proceed with implementing a redevelopment project in order to ensure that the exercise of these powers is proper and in the public interest.

Blighted Areas

Pursuant to the Act, a “blighted area” refers to either an improved or vacant area within the boundaries of a redevelopment project area where certain defined conditions are meaningfully present and reasonably distributed.

Improved Areas

Improved areas meet the requirements for designation as a blighted area through documentation of the presence of a combination of five or more of the following factors that are detrimental to the public safety, health or welfare:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land use or layout
11. Environmental clean-up requirements
12. Lack of community planning
13. Lagging or declining equalized assessed value (“EAV”)

Vacant Land

There are two sets of factors that determine whether vacant land meets the requirements for designation as a “blighted area” under the Act. The sound growth and development of the area may be impaired by the meaningful presence and reasonable distribution of two or more of the following factors:

- A. Obsolete platting
- B. Diversity of ownership
- C. Tax or special assessment delinquencies
- D. Deterioration of structures or site improvements in neighboring areas
- E. Environmental clean-up requirements
- F. Lagging or declining equalized assessed value (“EAV”)

Vacant land may also qualify for designation if the sound growth of the proposed redevelopment project area is impaired by one of the following factors:

- a. Area consists of one or more unused quarries, mines or strip mine ponds
- b. Area consists of unused rail yards, rail tracks or railroad rights-of-way
- c. Area is subject to chronic flooding pursuant to definitions contained in the Act
- d. Area consists of an unused or illegal disposal site as defined in the Act

- e. Area was designated as a town or village center prior to November 1, 1999, but not developed for that purpose
- f. Area qualified as a blighted improved area immediately prior to becoming vacant

Conservation Areas

A “conservation area” is an improved area located within the territorial limits of the municipality in which at least 50% of the structures have an age of 35 years or more. Such areas are not yet blighted but, because of a combination of three or more of the following conditions that are detrimental to the public safety, health, morals or welfare, may become a blighted area:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land use or layout
11. Lack of community planning
12. Environmental clean-up requirements
13. Lagging or declining equalized assessed value (“EAV”)

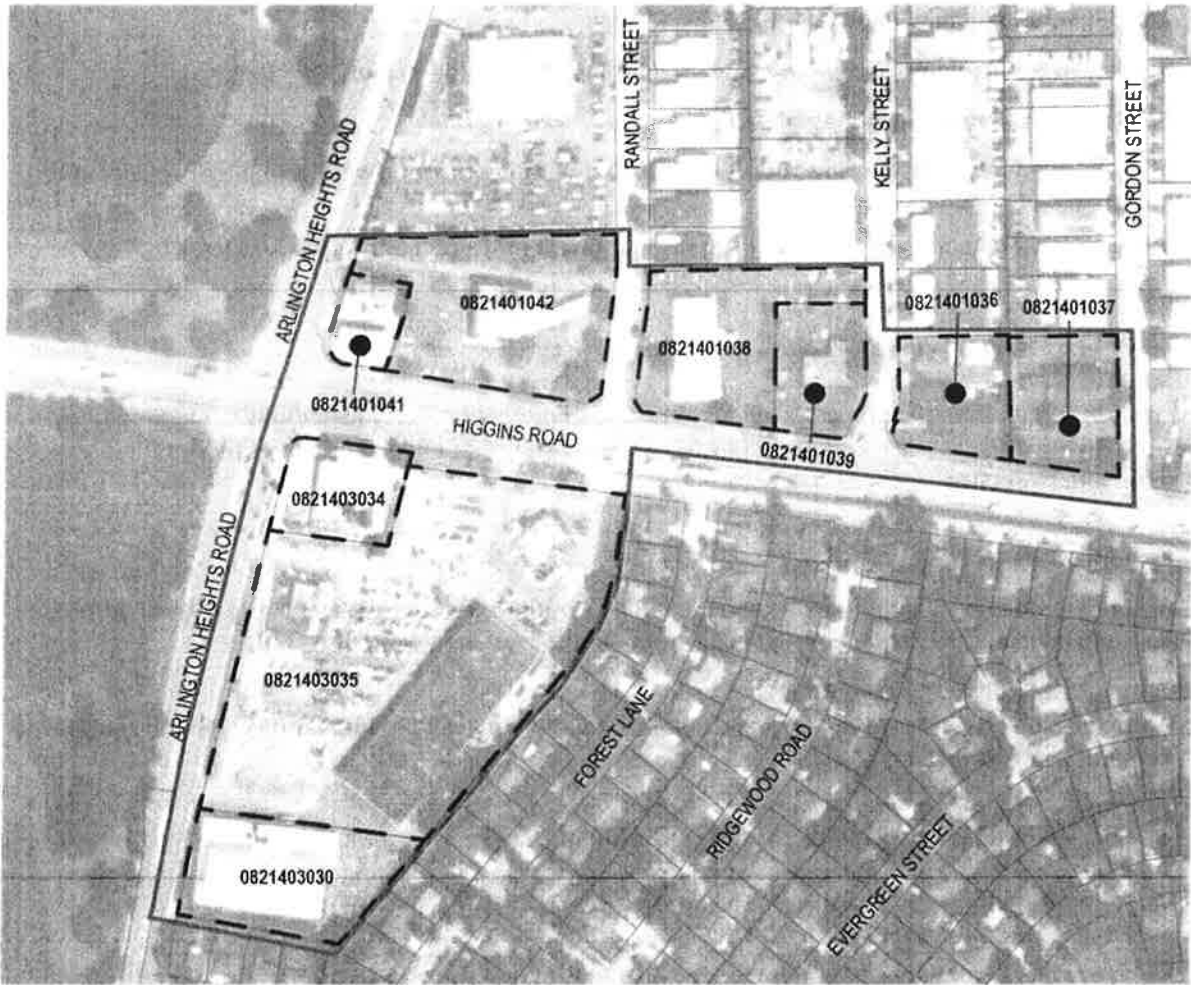
Industrial Park Conservation Areas



To be designated as an “industrial park conservation area” the municipality must be a “labor surplus municipality, as defined in the Act. The property contained in the redevelopment project area must be zoned as industrial no later than the date the TIF designation ordinances are adopted. The area must include both vacant land suitable for use as an industrial park and a blighted area or a conservation area contiguous to such vacant land.

Arlington-Higgins TIF Study Area

The Arlington-Higgins TIF Study Area, shown in *Figure A: Study Area*, is approximately 25.5 acres in size, including public rights-of-way. The Project Area includes properties with frontage on the north side of Higgins Road between Arlington Heights Road and Gordon Street and commercial parcels on the east side of Arlington Heights Road south of Higgins Road and north of Oakwood Drive. The Project Area includes nine tax parcels ranging in size from 0.44 to 7.6 acres in size, which total approximately 17.7 acres of potential development area. All improved commercial property pursuant to the definitions contained in the Act.

Figure A: Study Area
Elk Grove Village - Arlington-Higgins TIF



-  STUDY AREA
-  PARCELS

Eligibility Analysis Overview

An analysis was undertaken to determine whether any or all of the eligibility factors listed in the Act are present in the Study Area, and if so, to what extent and in which locations. In order to accomplish this evaluation the following tasks were undertaken:

1. Exterior survey of the condition and use of each building;
2. Field survey of environmental conditions involving parking facilities, public infrastructure, site access, fences and general property maintenance;
3. Analysis of existing land uses and their relationships;
4. Comparison of surveyed buildings to zoning regulations;
5. Analysis of the current platting, building size and layout;
6. Analysis of building floor area and site coverage;
7. Review of previously prepared plans, studies, inspection reports and other data;
8. Analysis of real estate assessment data;
9. Review of available building permit records to determine the level of development activity in the area; and
10. Review of building code violation and fire suppression system information.

Improved Property Condition Evaluation

This section summarizes the process used for assessing improved property conditions in the Study Area. These standards and criteria were used to evaluate the existence of dilapidation or deterioration of buildings and structures.

Building Components Evaluated

During the field survey, buildings were examined to determine whether they were in sound condition or had minor, major, or critical defects. Building components examined were of two types:

Primary Structural Components

These include the basic elements of any building: foundation walls, load-bearing walls and columns, roof, roof structures and facades.

Secondary Components

These are components generally added to the primary structural components and are necessary parts of the building, including exterior and interior stairs, windows and window units, doors and door units, interior walls, chimney, and gutters and downspouts.

Each primary and secondary component was evaluated separately as a basis for determining the overall condition of individual buildings. This evaluation considered the relative importance of specific components within a building and the effect that deficiencies in components will have on the remainder of the building.

Building Component Classification

The four categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below.

Sound

Building components that contain no defects, are adequately maintained, and require no treatment outside of normal ongoing maintenance.

Minor Deficient

Building components containing minor defects (loose or missing material or holes and cracks over a limited area), which often may be corrected through the course of normal maintenance. Minor defects have no real effect on either the primary or secondary components and the correction of such defects may be accomplished by the owner or occupants. Examples include tuck pointing masonry joints over a limited area or replacement of less complicated components. Minor defects are not considered in rating a building as structurally substandard.

Major Deficient

Building components that contain major defects over a widespread area that would be difficult or costly to correct through normal maintenance. Buildings in the major deficient category would require replacement or rebuilding of components by people skilled in the building trades.

Dilapidated

Building components that contain severe defects (bowing, sagging, or settling to any or all exterior components causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area) so extensive that the cost of repair would be excessive. The cost of repairs needed to bring such buildings into sound condition would likely exceed the value of the building and would not represent a prudent use of funds.

Final Building Rating

Based on the evaluation of building components, buildings were classified as follows:

Sound

Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have no minor defects.

Deteriorated

Deteriorated buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. Buildings classified as deteriorated have more than one minor defect, but no major defects.

Dilapidated

Structurally substandard buildings contain defects that are so serious and so extensive that the building may need to be removed. Buildings classified as dilapidated or structurally substandard have two or more major defects.

Each condition identified in the Act for establishing eligibility of an improved area for designation as a redevelopment project area was considered. Only factors whose presence could be documented as being meaningfully present and reasonably distributed within the Study Area were used to establish eligibility for designation of the Study Area as a redevelopment project area under the Act.

Presence and Distribution of Eligibility Factors

The Study Area qualifies for designation as a conservation area under the criteria contained in the Act.

Age

The Study Area contains 11 buildings. Eight of these structures are at least 35 years of age according to Cook County property assessment records and other available information. Thus, the required age threshold is met with 73% of structures being 35 years of age or older.

Conservation Area Eligibility Factors

The presence and distribution of eligibility factors related to the qualification of the the Study Area for designation as a conservation area are discussed below.

1. Dilapidation

As defined in the Act, “dilapidation” refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that rehabilitation is not practical or economically feasible. Such structures typically exhibit major structural fatigue such as leaning or warped walls, severe cracking in walls and foundations, and bowed or sagging roofs.

None of the buildings were determined to be dilapidated.

Conclusion: This condition was not found to be present and was not used to establish eligibility of the Study Area as a conservation area under the Act.

2. Obsolescence

As defined in the Act, “obsolescence” refers to “the condition or process of falling into disuse, or where structures have become ill suited for the original use.” Obsolescence can occur in response to a variety of factors. Most often, the standard of improvement for given uses becomes higher, over the course of time. Uses that are not improved or upgraded periodically often become obsolete. Market forces play a large role in the process of obsolescence. When the market for particular uses declines, there is little or no financial incentive to upgrade properties. In the absence of improvements made over the course of time, properties fall further and further behind current standards and become obsolete.

Obsolete improved properties contain characteristics or deficiencies that limit their long-term sound use or reuse. Obsolescence in improved properties is typically difficult and expensive to correct. Obsolete building types have an adverse effect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Obsolescence observed within the Study Area is primarily due to the age of commercial structures. As noted previously, 73% of buildings are more than 35 years old. Given the overall age, property owners have not been able to command rents that otherwise would be expected for commercial properties along commercial corridors with similar traffic volumes. Indeed, each of the nine tax parcels in the Study Area saw property assessments reduced in at least two of the last ten years

based on income, market or cost analyses. Evidence of deterioration and lack of obvious investment in these properties is further evidence of the ongoing obsolescence of the current mix of uses.

Conclusion: This condition is meaningfully present and reasonably distributed and was used to qualify the Study Area for designation as a conservation area.

3. Deterioration

Based on the definition given by the Act, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. As defined in the Act, "deterioration" refers to (with respect to buildings) defects including but not limited to major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas may evidence deterioration, including but not limited to surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

Site deterioration was observed on all tax parcels to varying degrees. Additionally, numerous examples of deterioration were observed with respect to buildings including facade failures, missing light fixtures, rusting doors, improperly sealed electrical boxes, exposed and rusting structural rebar, broken windows, and flaking and peeling exterior paint.

Conclusion: This condition is meaningfully present and reasonably distributed, and was used to qualify the Study Area for designation as a conservation area under the Act.

4. Presence of Structures Below Minimum Code Standards

As defined in the Act, the "presence of structures below minimum code standards" refers to all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies that threaten health and safety.

Most of the 11 buildings within the Study Area exhibited a variety of building code issues including improperly sealed electrical boxes, inoperable exhaust fan louvers, missing bird guards on vents, lack of rodent control devices, broken or missing light fixtures above exterior doors, improper ADA ramps at building entrances, and loading docks that do not meet current Village code. Additionally six of the nine tax parcels (67%) do not meet the minimum lot size requirement for the applicable zoning district.

Conclusion: This condition is meaningfully present and reasonably distributed within the Study Area and was used to establish eligibility as a conservation area under the Act.

5. Illegal Use of Structures

There is an illegal use of a structure when structures are used in violation of federal, state or local laws.

This condition was not identified as being present within the Study Area.

Conclusion: This factor was not used to establish eligibility as a conservation area under the Act.

6. Excessive Vacancies

As defined in the Act, “excessive vacancies” refers to the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

The shopping center has a history of several vacant storefronts. Additionally, 390 E. Higgins Road received reduced property assessments in multiple years due to partial occupancy. Elk Grove Bowl has also announced that it will close in April 2022. Overall, because most of the buildings have been and continue to be occupied this factor was determined not to be a significant basis for designation.

Conclusion: This condition was determined to be present to a limited extent, and thus, not used to qualify the Study Area for designation as a conservation area under the Act.

7. Lack of Ventilation, Light, or Sanitary Facilities

As defined in the Act, “lack of ventilation, light, or sanitary facilities” refers to the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms, and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

Conclusion: This condition was not identified as being present within the Study Area and was not used to establish eligibility as a conservation area under the Act.

8. Inadequate Utilities

As defined in the Act, “inadequate utilities” refers to underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

Three of the nine tax parcels lack any type of stormwater management. These parcels total 10.2 acres, representing 58% of the Study Area, excluding public rights-of-way. The most significant example is the shopping center which constitutes the largest property in the Study Area. Since most of the properties were built more than 40 years ago, and are near the end of their useful lives, the need for additional utility upgrades can be expected as parcels within the Study Area begin to be redeveloped.

Conclusion: This condition is meaningfully present and reasonably distributed within the Study Area. Therefore, it was used to establish eligibility as a conservation area under the Act.

9. Excessive Land Coverage and Overcrowding of Structures and Community Facilities

As defined in the Act, “excessive land coverage and overcrowding of structures and community facilities” refers to the over-intensive use of property and the crowding of buildings and accessory facilities within a given area. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel.

The only parcel that contains multiple buildings is the shopping center property that includes a strip center, free-standing bank building and a free-standing restaurant. This is a typical shopping center configuration. However, only three of the nine tax parcels conform to the minimum lot sizes for their respective zoning districts, which is another of the definitional standards used to evaluate the presence of this condition. Consequently, 67% of tax parcels fail to meet this standard.

Conclusion: This condition is meaningful extent and reasonably distributed within the Study Area. Thus, it was used to qualify the Study Area for designation as a conservation area under the Act.

10. Deleterious Land Use or Layout

As defined in the Act, “deleterious land use or layout” refers to the existence of incompatible land use relationships, buildings occupied by an inappropriate mix of uses, uses considered to be noxious, offensive, or unsuitable for the surrounding area, uses which are non-conforming with respect to current zoning, platting which does not conform to the current land use and infrastructure pattern, parcels of inadequate size or shape for contemporary development, and single buildings located on multiple parcels which have not been consolidated into a single building site.

As noted above, six of the nine tax parcels (67%) do not meet current minimum lot size requirements. This condition hinders the redevelopment potential of these properties by necessitating an application for zoning relief, which can be a costly and lengthy undertaking.

Conclusion: This condition is meaningfully present and reasonably distributed and used to qualify the Study Area as a conservation area under the Act.

11. Environmental Clean-Up Requirements

As defined in the Act, “environmental clean-up” means that the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or Federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

A review of previously prepared environmental assessments prepared with respect to the shopping center parcel, identified significant environmental remediation costs that are required to allow this property to be redeveloped for residential use, as contemplated in the 2011 Elk Grove Village Industrial/Commercial Revitalization Master Plan. No other environmental surveys were conducted

or found that identify sites within the Study Area as environmentally contaminated. Thus, the need for additional environmental remediation to support new development is currently unknown.

Conclusion: This factor was found to be present to a limited extent within the Study Area based on a review of available information.

12. Lack of Community Planning

As defined in the Act, “lack of community planning” means that the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area’s development. This condition must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The Elk Grove Business Park was developed as a planned manufacturing district more than 50 years ago, and as a result was developed in accordance with a community plan. The current land use pattern is consistent with the original business park plan. The most recent plan update identified the potential to include residential uses through the redevelopment of the shopping center and Elk Grove Bowl properties. However, it must be noted that the existing land use pattern remains consistent with the business park development vision.

Conclusion: This condition was not used to qualify the Study Area as a conservation area under the Act.

13. Lagging or Declining Equalized Assessed Value

As defined in the Act, this condition is present when the Study Area can be described by one of three conditions: 1) the total equalized assessed value (“EAV”) has declined in three of the last five years; 2) the total EAV is increasing at an annual rate that is less than the balance of the municipality for three of the last five calendar years; or 3) the total EAV is increasing at an annual rate that is less than the Consumer Price Index for all Urban Consumers published by the United States Department of Labor or successor agency for three of the last five calendar years for which information is available.

As shown in *Table A: Comparative Increase in Equalized Assessed Value (EAV)*, the EAV of the Study Area lagged the growth of the balance of the Village in in three of the last five years, including a 1.8% decline between 2017 and 2018. Thus, the necessary standard for establishing the presence of this factor has been met.

Table A: Comparative Increase in Equalized Assessed Value (EAV)

	2020 EAV	2019 EAV	2018 EAV	2017 EAV	2016 EAV
All Study Area PINs	\$15,166,730	\$14,920,324	\$11,564,127	\$11,770,581	\$11,115,926
% Change from Prior Year	1.7%	29.0%	-1.8%	5.9%	0.9%
Elk Grove Village, Excluding Study Area	\$2,324,529,590	\$2,228,703,875	\$1,906,363,874	\$1,891,318,270	\$1,876,167,700
% Change from Prior Year	4.3%	16.9%	0.8%	0.8%	11.4%
CPI % Calendar Year Change from Prior Year	1.1%	2.2%	1.1%	1.7%	1.3%

Source: Cook County Clerk, U.S. Bureau of Labor Statistics

Conclusion: This factor was used to qualify the Study Area as a conservation area under the Act.

Conclusion

On the basis of the above review of current conditions, the Study Area meets the age threshold for qualification as a conservation area since more than 50% of the buildings within the Study Area are 35 years of age or older. A minimum of three of the thirteen eligibility factors are required to qualify as a conservation area under the Act, once this age threshold is met. The Study Area exhibits the presence of seven conservation area eligibility factors that are meaningfully present and reasonably distributed within the Study Area, as determined in the individual analysis of each eligibility factor. Two other eligibility factors were found to be present to a more limited extent. The prevalence of the applicable conservation area eligibility factors are summarized in *Table B: Conservation Area Eligibility Factor Summary*.

Table B: Conservation Area Eligibility Factor Summary			
Conservation Area Eligibility Factors		Present to a Major Extent	Present to a Limited Extent
<i>(At least three factors must be meaningfully present and reasonably distributed)</i>			
1	Dilapidation		
2	Obsolescence	√	
3	Deterioration	√	
4	Presence of structures below minimum code standards	√	
5	Illegal use of structures		
6	Excessive vacancies		√
7	Lack of ventilation, light or sanitary facilities		
8	Inadequate Utilities	√	
9	Excessive land coverage or overcrowding of community facilities	√	
10	Deleterious land use or layout	√	
11	Lack of community planning		
12	Environmental clean-up requirements		√
13	Lagging or declining equalized assessed valuation	√	

APPENDIX D

ARLINGTON-HIGGINS TIF REDEVELOPMENT PROJECT AREA

INITIAL EQUALIZED ASSESSED VALUE BY PIN

PIN	Property Address	2020 EAV
08214010360000	420 E HIGGINS RD	\$443,218
08214010370000	450 E HIGGINS RD	\$1,431,692
08214010380000	120 E HIGGINS RD	\$1,398,952
08214010390000	390 E HIGGINS RD	\$390,267
08214010410000	8 E HIGGINS RD	\$689,653
08214010420000	100 E HIGGINS RD	\$2,461,872
08214030300000	53 S ARLINGTON HEIGHTS RD	\$1,897,174
08214030340000	1 E HIGGINS RD	\$1,257,842
08214030350000	1 S ARLINGTON HEIGHTS RD	\$5,196,060
	TIF Total	\$15,166,730

