

Exhibit D

OAKTON/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 Oakton/Higgins TIF 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 is generally bounded by Higgins Road on the west, Oakton Street on the north, Interstate I-90 on the east, and Brummel Avenue on the south. The Project Area is approximately 9.25 acres in size.

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 available 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 prepared the Plan and the related eligibility study in compliance 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: Oakton/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.

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. While tax increment financing is in place, 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 “surplus” 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 as determined by the Village. 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 certain real property in the Village, to be known as the Oakton/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 has 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” as defined in the Act. The Plan has been formulated in compliance with the provisions of the Act and will serve as a guide for proposed public and private development 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.

Most of the Project Area was recently annexed to the Village. This redevelopment project area is being created to facilitate the redevelopment of obsolete and deteriorated properties that have an adverse impact on adjacent Business Park uses that are located within the Village’s Busse/Elmhurst Road TIF.

Current Land Use

The Project Area includes eight tax parcels which are all improved as commercial property. The Project Area is bordered on the east by Interstate I-90. Specific uses include a Jiffy Lube, McDonalds, an older motel complex, a large billboard oriented to I-90 traffic, and a Nicor Gas parcel that appears to primarily be used for parking. A Village-owned parcel, which has been improved with a now-demolished gentlemen’s club, is now vacant and included in this Plan and eligibility study.

Transportation Characteristics

Higgins Road and Oakton Street are both major transportation routes. Higgins Road carries approximately 33,100 vehicles per day south of Oakton Street. Oakton Street carries approximately 22,900 vehicles per day east of Busse Road.

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 four principal buildings and a highway-oriented billboard structure. Three of these structures are at least 35 years of age according to Cook County property records representing 60% 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 and overcrowding of community facilities
- Lack of community planning
- 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 help 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.

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 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 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. Attract new businesses and retain appropriate existing businesses.
3. Encourage property owners to rehabilitate existing structures and/or replace existing structures with new facilities.

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 of the Plan 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, obsolescence, excessive land coverage and overcrowding of community facilities, 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 development of property within the Project Area, the Village may upgrade and expand utilities to adequately serve new private development. This public improvement work will support redevelopment to meet the needs of future users.

Commercial Rehabilitation

The Village may assist property owners as needed to stabilize and retain existing facilities through rehabilitation.

Property Acquisition and New Development

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 industrial/commercial development.

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 designation is commercial-industrial mixed use in keeping with the historic development character of the Elk Grove Business Park and zoning along the Oakton Street and Higgins Road corridors. 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 day care 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 City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.
- p) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;

- q) 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.
- r) 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.
- s) 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

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 \$25 million. All project cost estimates are in 2021 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.

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.	\$500,000
Marketing Costs	\$500,000
Property Assembly including Acquisition, Demolition, Site Preparation, Relocation and Environmental Remediation	\$15,000,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements	\$1,000,000
Public Works and Improvements	\$5,000,000
Financing Costs and Required Payments (pursuant to the provisions of the Act)	\$1,000,000
Interest Costs	\$2,000,000
TOTAL REDEVELOPMENT PROJECT COSTS	\$25,000,000

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 Busse/Elmhurst Road TIF, which was created in 2014. 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 to 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 2019 EAV of all taxable parcels in the Project Area was approximately \$4,109,573. 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 2019 tax year which is the most recent

ascertainable EAV. If the 2020 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 2019 EAV with the 2020 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 \$12 to \$16 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 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 format 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.

Mt. Prospect 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.

Elk Grove Rural Fire Protection District. The Fire Protection District serves the unincorporated areas of Arlington Heights, Des Plaines, Elk Grove Village and Mt. Prospect.

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 may 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. No residential units are contemplated within the Project Area. 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 entirely with commercial uses. Thus, there will be no service impacts for local school districts. 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 2021, by December 31, 2045).

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.

The Project Area includes a commercial motel with units that are not considered long term residential units. Because there are no occupied residential units within the Project Area, the Act does not require a housing impact study be included in this Plan.

10. PROVISIONS FOR AMENDING THE PLAN

The Plan may be amended in accordance with the provisions of the Act.

11. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION

The Village is committed to and will affirmatively implement the following principles with respect to this Plan:

- A) The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including, but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
- B) This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- C) Redevelopers will meet the requirements of the Illinois Prevailing Wage Act if determined to be applicable by the Illinois Department of Labor.

APPENDIX A

OAKTON/HIGGINS TIF
REDEVELOPMENT PROJECT AREA

FIGURES 1-2

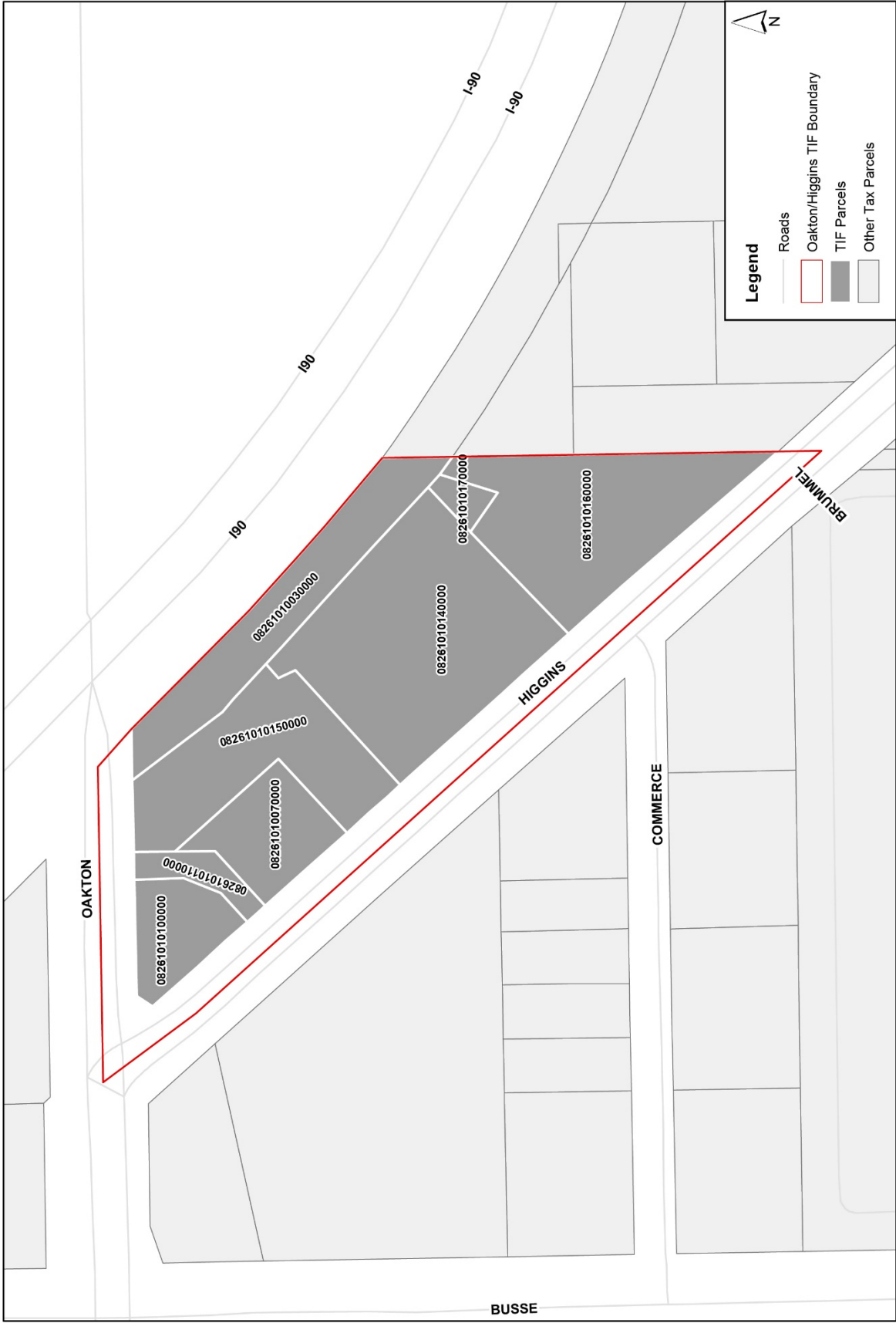


Figure 1: Redevelopment Project Area Boundary

Elk Grove Village
 Oakton/Higgins TIF Redevelopment Plan and Project

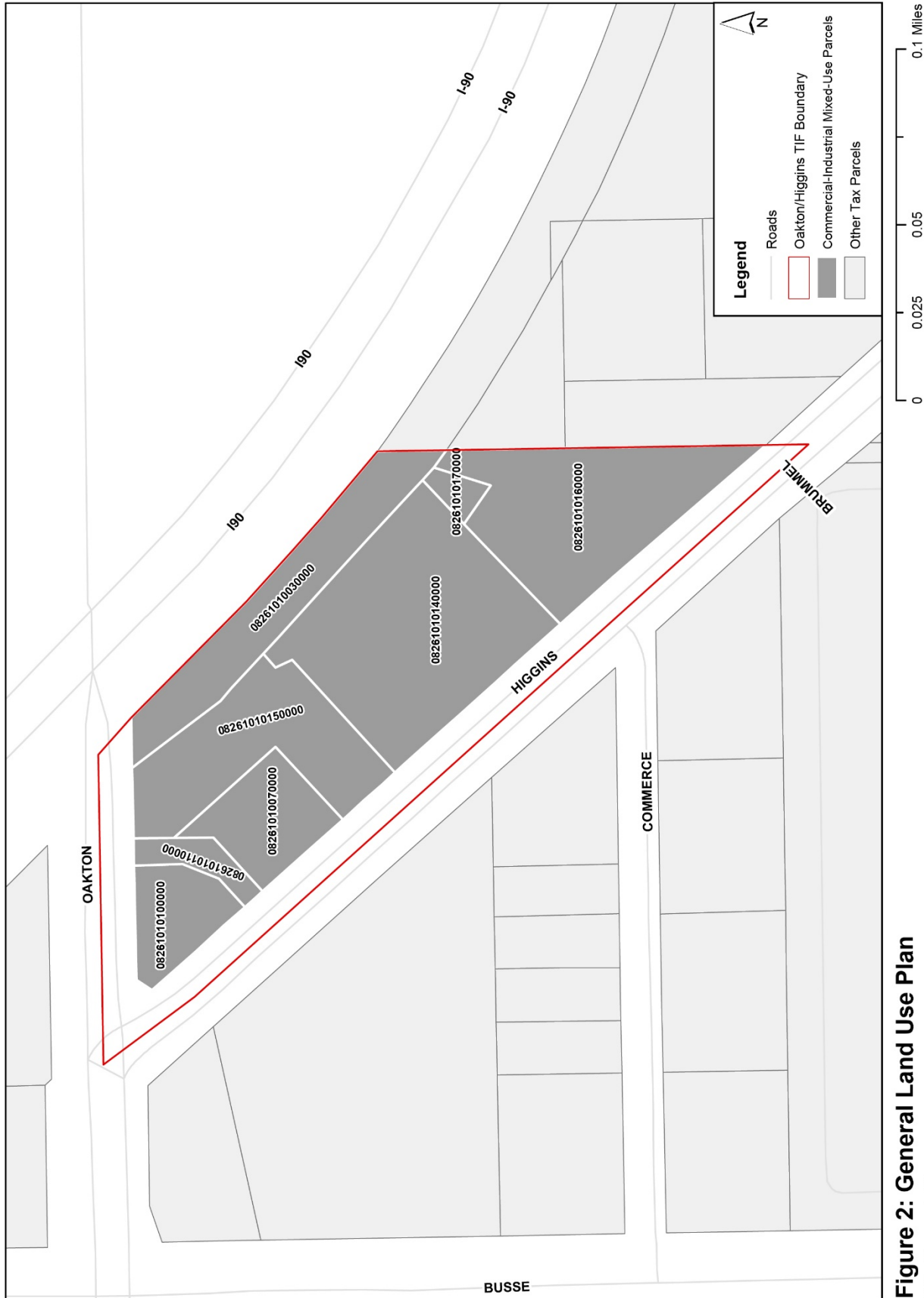


Figure 2: General Land Use Plan

Elk Grove Village
 Oakton/Higgins TIF Redevelopment Plan and Project

APPENDIX B

OAKTON/HIGGINS TIF REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

1. ALL PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 41 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:
2. BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF HIGGINS ROAD WITH THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 26 AFORESAID;
3. THENCE NORTH ALONG THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 26 TO THE SOUTHWESTERLY LINE OF PROPERTY CONVEYED TO THE NORTHERN ILLINOIS GAS COMPANY BY DEED DATED NOVEMBER 10, 1958 AND RECORDED DECEMBER 18, 1958 AS DOCUMENT 17408538, SAID LINE BEING ALSO 82.5 FEET SOUTHWESTERLY OF AND PARALLEL WITH THE SOUTHWESTERLY LINE OF THE PROPERTY ACQUIRED BY THE ILLINOIS STATE TOLL HIGHWAY COMMISSION BY DEED DATED OCTOBER 31, 1956 AND RECORDED NOVEMBER 9, 1956 AS DOCUMENT 16750861;
4. THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE OF PROPERTY CONVEYED TO THE NORTHERN ILLINOIS GAS COMPANY BY DEED DATED NOVEMBER 10, 1958 AND RECORDED DECEMBER 18, 1958 AS DOCUMENT 17408538, TO THE CENTERLINE OF OAKTON STREET, BEING ALSO THE NORTH LINE OF THE NORTHWEST QUARTER OF SECTION 26 AFORESAID;
5. THENCE WEST ALONG SAID CENTERLINE OF OAKTON STREET, AND THE NORTH LINE OF THE NORTHWEST QUARTER OF SECTION 26, TO THE CENTERLINE OF HIGGINS ROAD;
6. THENCE SOUTHWESTERLY ALONG THE CENTERLINE OF HIGGINS ROAD TO ITS INTERSECTION WITH THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 26 AFORESAID, AND THE POINT OF BEGINNING,
7. ALL IN ELK GROVE VILLAGE, COOK COUNTY, ILLINOIS.

APPENDIX C

OAKTON/HIGGINS TIF REDEVELOPMENT PROJECT AREA ELIGIBILITY STUDY

Introduction

On March 23, 2021, the Elk Grove Village Board adopted Resolution No. 22-21 authorizing preparation of an eligibility study related to the designation of an area known as the Oakton/Higgins Redevelopment Project Area as a redevelopment project area pursuant to the definitions set forth under (65 ILCS 5/11-74.4.1 et seq.), as amended (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 on March 24, 2021.

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, in determining the eligibility of the Project Area, has evaluated the Study Area in compliance with the eligibility requirements set forth in 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.

Oakton/Higgins TIF Study Area

The Oakton/Higgins TIF Study Area, shown in *Figure A: Study Area*, is approximately 9.25 acres in size. The Project Area is generally bounded by Higgins Road on the west, Oakton Street on the north, Interstate I-90 on the east and Brummel Avenue on the south. The Study Area consists of improved property pursuant to the definitions contained in the Act.

The Project Area includes eight tax parcels which are all improved as commercial property. Specific uses include a Jiffy Lube, McDonalds, an older motel complex and a large billboard oriented to I-90 traffic. A Village-owned parcel was most recently improved with a now-demolished gentlemen’s club.

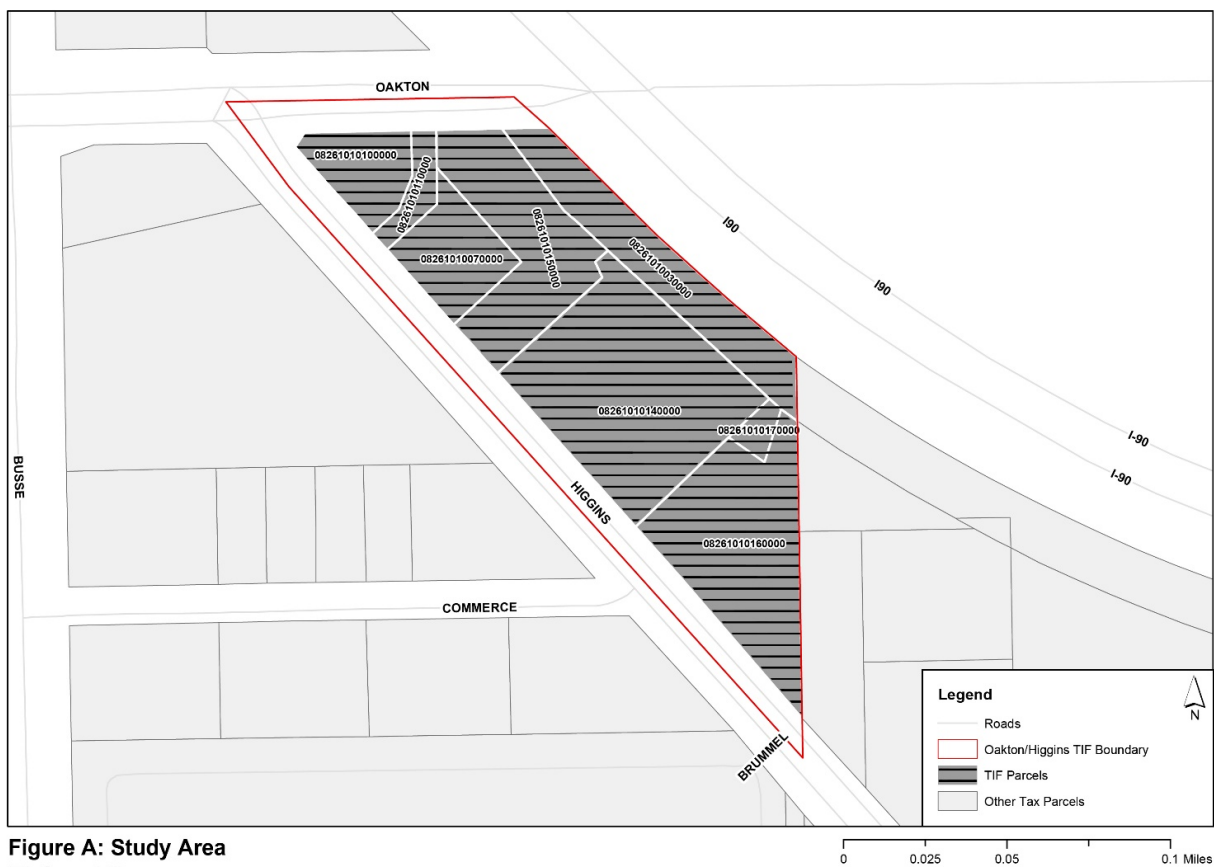


Figure A: Study Area
Elk Grove Village
Oakton/Higgins TIF Redevelopment Plan and Project

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 four principal buildings and a highway-oriented billboard structure. Three of the five structures are at least 35 years of age according to Cook County property assessment records. Thus, the required age threshold is met with 60% 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 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.

The Study Area includes four principal buildings: a 35-year old Jiffy Lube, a 33-year old McDonalds, and a 57-year old 2-building motel complex. Given their age and type of construction both the Jiffy Lube and motel properties are considered to be obsolete in terms of contemporary standards for

such facilities. Additionally, the existing billboard structure is a non-conforming use under the Village's zoning code.

Conclusion: This condition is meaningfully present reasonably distributed and was used to qualify the Study Area for designation as a conservation area, impacting 80% of commercial structures.

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 but one tax parcel to varying degrees. Additionally, recent inspections have documented numerous examples of deterioration with respect to the two motel buildings.

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.

The Study Area was developed under Cook County zoning regulations many years ago. These standards are generally less rigid than current Village zoning and life safety codes. The entire Study Area has been annexed into Elk Grove Village and there are numerous examples of conditions that do not meet current Village zoning, building and fire safety requirements.

The Jiffy Lube property lacks parking lot lighting, which is required. Existing parking stalls are also not in compliance with Village zoning requirements. Fire safety inspections identified open electrical boxes, and unsafe use of extension cords among other concerns. Besides a variety of issues with respect to electrical code compliance, a 2018 inspection identified plumbing code issues that require

correction. In addition, none of the four existing driveway aprons are compliant with Elk Grove Village standards.

Code issues were also identified with respect to the McDonald's. The size and height of the free-standing sign exceeds Village sign code standards. The dumpster corral is in a location not permitted under the Village's zoning code. Fire alarm coverage will be required now that the property has been annexed to the Village.

The highway-oriented billboard is not permitted under the Village's sign code. It is also located on a tax parcel without direct street access.

The most serious code compliance issues relate to the two-building Days Inn property. Recent inspections identified numerous code violations including a gas leak, electrical code violations, stored materials blocking exit doors, missing exit signage and lack of fire extinguishers, exposed electrical wiring, missing smoke detectors, water damaged ceiling tiles, and missing drywall, and a variety of life-safety issues related to guest bathrooms, water temperature and backflow protection. Several public areas also failed to meet current Illinois handicap accessibility standards.

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.

Conclusion: This condition was not found to be present within the Study Area and 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.

All buildings are currently in use.

Conclusion: This condition was not determined to be present and was 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.

The Study Area was developed under Cook County zoning regulations and none of the tax parcels are currently connected to the Village water and sanitary sewer system. Only the McDonalds property appears have any provision for stormwater management. The presence of catch basins or other stormwater management infrastructure was not observed on the remaining tax parcels. Demolition of the property acquired by the Village included capping an existing water well.

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 motel complex includes two buildings located on a single tax parcel in violation of current Village standards. There is also a small accessory storage building on the Jiffy Lube property that similarly is not allowed under the Village’s zoning code. The motel appears to cater to truck drivers and is served by parking that is inadequate to accommodate large truck cabs. It is somewhat unclear whether the trucks parked on site are for truckers renting rooms. The tax parcel owned by Nicor Gas is also heavily parked and it is unclear whether Days Inn guests are also using this property for parking.

The location of the Jiffy Lube building on its lot and the presence of four driveway aprons (which are non-compliant with Village code) have resulted in parking stalls and drive aisles that also fail to meet current development standards.

Conclusion: This condition is present to a meaningful extent and reasonably distributed and 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.

Only the Jiffy Lube parcel was identified as being of inadequate shape and size to accommodate contemporary development. However, this condition also applies to the large billboard structure, which is located on a tax parcel without direct street access.

Conclusion: Because this condition is present to a limited extent, it was not used to qualify the improved portion of 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. No existing environmental surveys were conducted or found that identify sites within the Study Area as environmentally contaminated.

Conclusion: This factor was not found to be present within the Study Area.

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. Until recently, the majority of property in the Study Area was unincorporated. However, it was identified in Elk Grove Village Industrial/Commercial Revitalization Master Plan Update 2011 as a redevelopment area should it be annexed into the Village in the future. As noted previously, the current development pattern includes obsolete building types that are ill-suited for adaptive reuse, the area is inadequately served by utility infrastructure and the majority of buildings do not meet Village building and development code requirements.

Conclusion: This condition was used to qualify the improved portion of the Study Area as a conservation area under the Act because it is meaningfully present and reasonably distributed as required by 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 the 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 declined in three of the last five years. Thus, the necessary standard for establishing the presence of this factor has been met.

Table A: Comparative Increase in Equalized Assessed Value (EAV)					
	2019 EAV	2018 EAV	2017 EAV	2016 EAV	2015 EAV
All Study Area PINs	\$4,109,574	\$3,119,373	\$3,174,883	\$2,966,450	\$3,025,505
% Change from Prior Year	31.7%	-1.7%	7.0%	-2.0%	-0.1%
Elk Grove Village, Excluding Study Area					
	\$2,115,562,689	\$1,792,105,248	\$1,781,203,868	\$1,772,766,046	\$1,586,732,975
% Change from Prior Year	17.8%	0.6%	0.5%	11.7%	-2.0%
CPI % Calendar Year Change from Prior Year					
	2.2%	1.1%	1.7%	1.9%	0.0%

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. One other eligibility factor was 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

HIGGINS/OAKTON TIF REDEVELOPMENT PROJECT AREA INITIAL EQUALIZED ASSESSED VALUE BY PIN

PIN	2019 EAV
08-26-101-003-0000	\$6,109
08-26-101-007-0000	\$762,146
08-26-101-010-0000	\$438,286
08-26-101-011-0000	\$86,809
08-26-101-014-0000	\$1,818,566
08-26-101-015-0000	\$298,660
08-26-101-016-0000	\$656,100
08-26-101-017-0000	\$42,897
Total	\$4,109,573