
**CITY OF ELMHURST
YORK AND VALLETTE
TAX INCREMENT FINANCING
REDEVELOPMENT PLAN AND PROJECT**

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The City of Elmhurst, Illinois

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I. INTRODUCTION

The City of Elmhurst (the “City”) is a mature community located in Du Page County, Illinois, adjacent to the Villages of Addison and Bensenville on its north, the Villages of Northlake, Berkeley and Hillside on its east, the Villages of Oak Brook and Oak Brook Terrace on its south, and the Village of Villa Park on its west.

The City was incorporated in 1882. The municipality has a population of 44,121 according to the 2010 Census. The City has vehicular access to Chicago and its greater metropolitan area via the Tri State Tollway (I-294), the extension of the Eisenhower Expressway (I-290) and The Reagan Tollway (I-88); as well as State Routes 20 (Lake Street), 38 (Roosevelt Road), 64 (North Avenue), and 83 (Kingery Highway). The City is also served by the Metra rail service (Union Pacific West commuter line) and PACE bus routes.

The City contains a diverse mix of industrial, commercial and residential uses. The City is essentially landlocked by bordering municipalities. Given limited opportunities for redevelopment, the City is focusing attention on areas that can increase the local tax base and provide non-residential revenues (including sales taxes) to the community. These conditions highlight the need to address redevelopment needs through appropriate planning processes.

The City currently utilizes its Comprehensive Plan including its Zoning Map and the City’s Zoning Ordinance (and any amendments thereto) to coordinate economic development. The City intends to attract and encourage light industrial, commercial and mixed use users to locate, upgrade, expand and/or modernize their facilities within the City as part of its ongoing economic development planning. A necessary strategy for the City in pursuing new mixed use and commercial development will be to eliminate certain existing adverse conditions within some portions of the community, and to find new means to strengthen and further diversify the City’s tax base.

The area discussed in this Redevelopment Plan and Project is the proposed York and Vallette Redevelopment Project Area (the “Redevelopment Project Area”, the “RPA” or the “TIF District”). The RPA is a contiguous area the boundaries of which are approximately an area bounded on the north by 3 lots fronting the west side of York Street and 3 lots fronting the east side of York street just north of the Illinois Prairie Path; on the west by the eastern lot lines of the multi-family development north of Vallette Street and by the railroad right-of-way south of Vallette Street; on the south by the railroad right-of-way; and on the east by Cherry Street north of Vallette Street and by the frontage lots of east York Street south of Vallette Street. Adjacent rights of way are also included.

The RPA is approximately fourteen (14) acres in size excluding rights-of-way. The RPA includes approximately forty five (45) tax parcels according to the data available from the Assessor’s office of Du Page County, Addison Township, and York Township. A boundary map of the RPA is attached as Exhibit 1. The RPA is legally described in Section II.

The RPA consists primarily of commercial and mixed uses with limited residential use. The area contains approximately twenty six (26) structures, of which approximately sixteen (16), or sixty one percent (61%), are thirty-five (35) years of age or older; and according to City, County, and Township records thirteen (13) of the structures that currently exist within the RPA

were constructed between 1940 and 1970. There are approximately six (6) inhabited residential units in the RPA.

The advanced age associated with many of these structures, as well as the site improvements and public infrastructure that surround them, has led to a high incidence of adverse conditions as defined by the Tax Increment Allocation Redevelopment Act of Chapter 65 ILCS, Section 5/11-74.4 et seq., as amended (the “TIF Act” or the “Act”) such as deterioration, obsolescence, and deleterious land use.

Additional conditions that contribute to negative influences within the RPA include the lack of community planning which is evidenced throughout the area and has been documented pursuant to site visits by Kane, McKenna and Associates, Inc. (KMA), as well as City, County and Township records. These conditions also exhibit an overall lack of new private sector investment which is further evidenced by a lag in growth of the equalized assessed value (EAV) for the RPA when compared to the EAV growth for the rest of the City in four of the last five tax years.

On balance, the combination of these negative factors limits the opportunities for private reinvestment within and around the RPA. Such factors potentially suppress the value of future commercial development and weaken the potential for business growth limiting employment and contributing to the lack of sustained investment in the area.

If there is coordination of land uses by the City, using TIF Act authority, the RPA would become better positioned for redevelopment. Accordingly, under this Redevelopment Plan and Project and as part of its comprehensive economic development planning, the City intends to attract and encourage mixed use and commercial uses to locate, upgrade, expand and/or modernize their facilities within the City. Through the establishment of the RPA, the City would implement a program to redevelop key areas within the City; in so doing, it would stabilize the area, extend benefits to the community, and assist affected taxing districts over the long term.

A. The Redevelopment Plan

The City recognizes the need for implementation of a strategy to revitalize existing commercial and mixed use properties within the boundaries of the RPA and to stimulate and enhance new commercial and mixed use development. Business retention and expansion are key components of the strategy to promote private development within strategically critical commercial areas of the City. The needed private investment in the RPA may only be possible if tax increment financing (TIF) is adopted pursuant to the TIF Act. Incremental property tax revenue generated by the development will play a decisive role in encouraging private development. Existing conditions, such as those associated with properties located within the RPA, that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts, which encompass the area in the form of a significantly expanded tax base.

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

- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent commercial land uses;
- Provision of roadway and traffic improvements within the area, including a comprehensive review of ingress and egress requirements that satisfy area circulation, parking and connections to major arterials;
- Entering into redevelopment agreements in order to further the redevelopment of existing property and/or to induce new development to locate within the RPA;
- Coordinating and providing adequate parking and separation of loading/unloading areas for all redevelopments;
- Improving area appearance through rehabilitation of structures, landscape, streetscape and signage programs;
- Coordinating land assembly in order to provide sites for more modern redevelopment plans; and
- Providing infrastructure that is adequate in relation to redevelopment plans.

The area on the whole would not reasonably be anticipated to be redeveloped in a coordinated manner without the adoption of the Redevelopment Plan and Project, herein. The City, with the assistance of KMA, has prepared this Redevelopment Plan and Project to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the RPA. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital. This in turn will lead to the retention, expansion and attraction of commercial and mixed use development into the City in general and the RPA in particular.

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

Through this Redevelopment Plan and Project, the City will serve as the central force for marshaling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts, which encompass the RPA in the form of a stabilized and expanded tax base, the retention of existing businesses, the creation of new businesses and the creation of new employment opportunities within the City as a result of induced private sector investment within the area.

B. Summary

The City, through legislative actions as required by the Act, finds:

- That the RPA as a whole has not been subject to growth and development through investment by private enterprise;
- That in order to promote and protect the health, safety, and welfare of the public, certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken;
- To alleviate the adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas;
- That public/private partnerships are determined to be necessary in order to achieve development goals;
- That the York and Vallette TIF Redevelopment Plan and Project (the “Plan” or “Redevelopment Plan and Project”) conforms to the Comprehensive Plan (including any amendments thereto);
- That without the development focus and resources provided for under the Act and as set forth in this Plan, growth and development would not reasonably be expected to be achieved; and
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to the taxing districts, because the taxing districts would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

Additionally, the City finds that it may be useful, desirable, and necessary for the City to assemble land into parcels of sufficient size to encourage development consistent with current standards.

It is further found, and certified by the City, in connection to the process required for the adoption of this Plan pursuant to the Act, that the projected redevelopment of the RPA will not result in the displacement of ten (10) inhabited residential units or more, and that the RPA contains less than seventy-five (75) inhabited residential units. Therefore, this Plan does not include a Housing Impact Study as would otherwise be required.

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

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements thereon substantially benefited by the redevelopment project. Also pursuant to the Act, the area in the aggregate is more than 1½ acres.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Exhibit 2.

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the City's Comprehensive Plan, Zoning Ordinance and Zoning Map which are considered the City's comprehensive planning process (including any amendments thereto).

A. General Goals of the City

- 1) Encourage a complimentary and market driven series of commercial developments that are organized to provide a variety of goods and services throughout the community.
- 2) Encourage aesthetically pleasing and functionally well designed retail and commercial shopping area environments.
- 3) Expand and maintain a strong employment base in Elmhurst which expands the overall standard of living.
- 4) Improve Elmhurst's ability to attract and retain high quality employers.
- 5) Increase tax revenues for the City through the expansion of the tax base rather than through raising current tax rates
- 6) Maintain Elmhurst's high quality of infrastructure to support existing businesses and residential uses and encourage reinvestment.
- 7) Maintain and determine adequate parking facilities to serve land uses throughout the City.

B. Specific Objectives for the RPA

- 1) Expand and improve existing roadways and infrastructure, where necessary, to serve parcels located within the RPA.
- 2) Provide for land assembly, site preparation, grading, and excavation, where necessary, of property located within the RPA.
- 3) When City financial resources are used to support economic development activities ensure that these funds are leveraged to maximize economic benefits for the City.
- 4) Ensure that new development is financially responsible for the proportionate share of City funded services and infrastructure investments that are required as a result of the development.
- 5) Coordinate redevelopment activities within the RPA in a manner that conforms to the fiscal and economic development policies of the City and its common interests with overlapping tax districts.

- 6) Identify viable reuse opportunities for existing structures and for parcels within the RPA.
- 7) Pursue opportunities for the reconfiguration of off street parking lots, structures and the establishment of shared parking agreements to meet parking demands within neighborhood commercial areas in a coordinated and efficient manner.
- 8) Require adequate buffering and screening between residential areas and adjacent commercial, industrial or institutional uses, including parking facilities and loading areas.

C. Redevelopment Objectives

The purpose of the RPA designation will allow the City to:

- 1) Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal and to conform to recent City planning efforts;
- 2) Reduce or eliminate the negative factors present within the area;
- 3) Accomplish redevelopment over a reasonable time period;
- 4) Provide for high quality public improvement projects within the RPA; and
- 5) Provide for an attractive overall appearance of the area.

The implementation of the Redevelopment Plan and Project will serve to improve the overall quality of life within the RPA and contribute to the economic development of the City as a whole.

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

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

As documented in Exhibit 3 of this Plan, the RPA has suffered from a lack of development and would qualify as a conservation area. In recent years, the area has not benefited from sustained private investment and/or redevelopment and instead has experienced physical and economic decline. Absent intervention by the City, properties within the RPA would not be likely to increase in market value.

The proposed RPA exhibits various conditions which, if not addressed by the City, would eventually worsen. For example, structures and site improvements reflect obsolescence, deterioration, deleterious layout; lack of community planning; and experienced a lag in the growth of the EAV when compared with the remainder of the City for four of the last five years. These various conditions discourage private sector investment in business enterprises.

B. Assessment of Fiscal Impact on Affected Taxing Districts

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

Given that there is the potential for new commercial and mixed use development, the City has made allowances in this Redevelopment Plan and Project to provide the flexibility for distributions to such taxing districts and will follow the guidelines provided by the Act to compensate the districts at levels dictated by the precise increase in students. Additionally, should the City achieve success in attracting private investment which, though not anticipated, does result in the demonstrated need for increased services from any other taxing district, the City would consider declaring sufficient TIF related surpluses, which funds are neither expended or obligated for redevelopment activities, as provided by the Act, to assist such taxing districts in paying the costs for any increased services.

Any surplus Special Tax Allocation Funds, to the extent any surplus exists, will be proportionately shared, based on the appropriate tax rates for a given year, with the various taxing districts, including the City, after all TIF eligible costs either expended or incurred as an obligation by the City have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the City as provided by the Act. The exception to this provision will be to the extent that the City utilizes TIF funding to assist in the redevelopment of residential units with the impact described above to Elmhurst Community Unit School District 205 (District 205). In such cases, the City will provide funds to offset the costs incurred by District 205 in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act.

V. TIF QUALIFICATION FACTORS EXISTING IN THE REDEVELOPMENT PROJECT AREA

A. Findings

The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF District under Illinois law based upon conservation area factors. Refer to the Qualification Report, (Exhibit 3) which is attached as part of this plan.

B. Eligibility Survey

The RPA was evaluated, from time to time, over a period from October of 2011 through the date of this Redevelopment Plan and Project by representatives of KMA. Analysis was aided by certain reports obtained from the City of Elmhurst and other sources. In KMA's evaluation, only information was recorded which would directly aid in the determination of eligibility for the proposed York and Vallette Redevelopment Project Area.

VI. HOUSING IMPACT STUDY FINDINGS IN THE REDEVELOPMENT PROJECT AREA

Findings

The RPA was studied in order to determine if a housing impact study would need to be conducted pursuant to the TIF Act. The City has found that the area will not displace ten (10) or more residents and that the RPA contains less than seventy-five (75) inhabited residential units, thus a housing impact study is not required to be completed. If at a later date, the City does decide to dislocate more than ten (10) units or add seventy-five (75) or more inhabited residential units as part of an amendment, then the City must complete a housing impact study.

VII. REDEVELOPMENT PROJECT

A. Redevelopment Plan and Project Objectives

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

- 1) By implementing a plan that provides for the retention and expansion of existing businesses, and the attraction of users to redevelop existing mixed use and commercial structures, as well as vacant parcels that are, or may become available, within the RPA.
- 2) By constructing public improvements which may include (if necessary):
 - i. Street and sidewalk improvements (including new street construction and widening of current streets);
 - ii. Utility improvements (including, but not limited to, water, stormwater management, flood control and sanitary sewer projects consisting of construction and rehabilitation);
 - iii. Signalization, traffic control and lighting;
 - iv. Off-street parking (if applicable);
 - v. Landscaping and beautification; and
 - vi. Public facilities
- 3) By entering into redevelopment agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of an interest rate subsidy as allowed under the Act.
- 4) By providing for land assembly, site preparation, environmental remediation (if necessary), clearance, and demolition, including grading and excavation.
- 5) By the redevelopment of certain buildings through necessary rehabilitation and improvement of structures.
- 6) By exploring and reviewing job training programs in coordination with any City, federal, state, and county programs.
- 7) By entering into agreements with other public bodies for the development or construction of public facilities and infrastructure.

B. Redevelopment Activities

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

Site Preparation, Clearance, and Demolition

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

Land Assembly and Relocation

Certain properties or interests in properties in the RPA may be acquired by purchase or the exercise of eminent domain. Properties owned or acquired by the City may be assembled and reconfigured into appropriate redevelopment sites. It is expected that the City would facilitate private acquisition through reimbursement of acquisition and related costs through the write-down of its acquisition costs. Such land may be held or disposed of by the City on terms appropriate for public or private development, including the acquisition of land needed for construction of public facilities or improvements. Relocation activities may also be undertaken by the City.

Public Improvements

The City may, but is not required to provide, public improvements in the RPA to enhance the immediate area and support the Redevelopment Plan and Project. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including extension of water mains as well as flood control and sanitary and storm sewer systems;
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways; and
- Construction of new (or rehabilitation of existing) public facilities to allow for the redevelopment of the existing sites for new mixed use or commercial uses.

Rehabilitation

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

Interest Rate Write-Down

The City may enter into agreements with owners/developers whereby a portion of the interest cost of a construction, renovation or rehabilitation project is paid for on annual basis out of the Special Tax Allocation Fund of the RPA, in accordance with the Act.

Job Training

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

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs;
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

C. General Land Use Plan

Existing land use generally consists of a mix of primarily commercial and mixed uses, and limited residential uses. Existing and proposed land uses are shown in Exhibits 4 and 5 attached hereto and made a part of this Plan. The proposed land uses will conform to the City's Comprehensive Plan (including any amendments thereto).

D. Additional Design and Control Standards for Community Development in the City of Elmhurst

The appropriate design controls, as set forth in the City's Comprehensive Plan, Zoning Ordinance and Building Codes (including any amendments thereto) shall apply to the RPA.

E. Estimated Redevelopment Project Costs

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

1. Costs of studies and surveys, development of plans and specifications, implementation and administration of the redevelopment plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, or other special services, provided, however, that

no charges for professional services may be based on a percentage of the tax increment collected; except that after November 1, 1999, no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of three (3) years. In addition, “redevelopment project costs” shall not include lobbying expenses;

- 1.1 After July 1, 1999, annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment area or approved a redevelopment plan;
2. The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interest therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to, parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
4. 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;
5. 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, except that on and after November, 1, 1999 redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to the effective date of this amendatory Act of the 91st General Assembly or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provided that basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;

6. Costs of job training and retraining projects including the costs of ‘welfare to work’ programs implemented by businesses located within the redevelopment project area;
7. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued pursuant to the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
8. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district’s capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
9. For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999 an elementary, secondary, or unit school district’s increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually as follows:
 - a) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district’s increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:

- (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act.
- b) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:
- (i) for unit school district, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school district, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act.

- c) Any school district in a municipality with a population of 1,000,000, additional restrictions apply.

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

10. For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after January 1, 2005, a public library district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by this Act shall be paid to the library district by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units. This paragraph applies only if (i) the library is located in a county that is subject to the Property Tax Extension Limitation Law or (ii) the library district is not located in a county that is subject to the Property Tax Extension Limitation Law but the district is prohibited by any other law from increasing its tax levy rate without a prior voter referendum.

The amount paid to a library district under this paragraph shall be calculated by multiplying (i) the net increase in the number of persons eligible to obtain a library card in that district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by this Act since the designation of the redevelopment project area by (ii) the per-patron cost of providing library services so long as it does not exceed \$120. The per-patron cost shall be the Total Operating Expenditures Per Capita as stated in the most recent Illinois Public Library Statistics produced by the Library Research Center at the University of Illinois. The municipality may deduct from the amount that it must pay to a library district under this paragraph any amount that it has voluntarily paid to the library district from the tax increment revenue. The amount paid to a library district under this paragraph shall be no more than 2% of the amount produced by the assisted housing units and deposited into the Special Allocation Fund.

A library district is not eligible for any payment under this paragraph unless the library district has experienced an increase in the number of patrons from the municipality that created the tax-increment-financing district since the designation of the redevelopment project area.

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

11. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
12. Payment in lieu of taxes;
13. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code;
14. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a) such costs are to be paid directly from the Special Tax Allocation Fund established pursuant to the Act;

- b) such payments in any one-year may not exceed 30% of the annual interest costs incurred by the developer with regard to the redevelopment project during that year;
- c) if there are not sufficient funds available in the Special Tax Allocation Fund to make the payment pursuant to this paragraph then the amounts so due shall accrue and be payable when sufficient funds are available in the Special Tax Allocation Fund;
- d) the total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;
- e) the cost limits set forth in subparagraphs (b) and (d) shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act and the percentage of 75% shall be substituted for 30% in subparagraphs (b) and (d);
- f) Instead of the eligible costs provided by subparagraphs (b) and (d), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (f) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income 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 subparagraph (f).

The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (f) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner

of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later;

15. If the redevelopment project area is located within a municipality with a population of more than 100,000, the cost of day care services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, “low-income families” means families whose annual income does not exceed 80% of the municipal, county, or regional median income, adjusted for family size, as the annual income and municipal, county or regional median income are determined from time to time by the United States Department of Housing and Urban Development.
16. Unless explicitly stated herein the costs of construction of new privately owned buildings shall not be an eligible redevelopment project cost;
17. After November 1, 1999, none of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment projects if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality. For purposes of this paragraph, termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, has become economically obsolete, or was no longer a viable location for the retailer or serviceman;
18. No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008, unless no prudent and feasible alternative exists. “Historic Resource” means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. This restriction does not apply

to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.

If a special service area has been established pursuant to the Special Service Area Tax Act or Special Service Area Tax Law, then any tax incremental revenues derived from the tax imposed pursuant to Special Service Area Tax Act or Special Service Area Tax Law may be used within the redevelopment project area for the purposes permitted by that Act or Law as well as the purposes permitted by the TIF Act.

Estimated costs are shown on the next page. Adjustments to these cost items may be made without amendment to the Redevelopment Plan and Project.

**CITY OF ELMHURST
YORK AND VALLETTE REDEVELOPMENT PROJECT
ESTIMATED PROJECT COSTS**

<u>Program Actions/Improvements</u>	<u>Estimated Costs (A)</u>
1. Land Acquisition, Assembly Costs and Relocation Costs	\$5,000,000
2. Demolition, Site Preparation, Environmental Cleanup and Related Costs	2,000,000
3. Utility Improvements including, but not limited to water system, storm/flood control system, sanitary sewers and road and rights-of-way improvements	5,250,000
4. Public facilities (inclusive of approved capital costs for City and other tax districts)	6,000,000
5. Rehabilitation Programs	3,000,000
6. Interest Costs Pursuant to the Act	2,000,000
7. Planning, Legal, Engineering, Administrative and Other Professional Service Costs	2,000,000
8. Job Training	250,000
9. Potential Costs for School District 205	<u>\$2,000,000</u> ¹
TOTAL ESTIMATED PROJECT COSTS	\$27,500,000

(A) All project cost estimates are in year 2012 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of such obligations as well as to provide for capitalized interest and reasonably required reserves. Adjustments to the estimated line item costs above are expected. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The line item amounts set forth above are not intended to place a not to exceed limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the amount of payments for the Total Estimated Project Costs shall not exceed the combined overall budget amount shown above. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment.

¹ See Section VII, sub-paragraphs E9.

Pursuant to the Act, the City may utilize net incremental property tax revenues received from other existing or future contiguous redevelopment project areas to pay eligible redevelopment project costs or obligations issued to pay such costs in the York and Vallette Redevelopment Project Area, and vice versa.

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

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

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

The tax increment revenues, which will be used to pay debt service on the municipal obligations, if any, and to directly pay redevelopment project costs, shall be the incremental increase in property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2011 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the City may from time to time deem appropriate.

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

The City may also direct incremental revenues from the York and Vallette Redevelopment Project Area to any existing or future contiguous redevelopment project areas for redevelopment activities in conformance with the provisions of the Act and it may also receive incremental revenues from any existing or future contiguous redevelopment project areas in order to further the redevelopment activities described in this Plan.

G. Nature and Term of Obligations to be Issued

The City may issue obligations secured by the Special Tax Allocation Fund established for the York and Vallette Redevelopment Project Area pursuant to the Act or such other funds as are available to the City by virtue of its home rule powers pursuant to the Illinois State Constitution.

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

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

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

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

The most recent estimate of equalized assessed valuation (EAV) for tax year 2011 of the property within the RPA is approximately \$7,766,170.

I. Anticipated Equalized Assessed Valuation (EAV)

Upon completion of the anticipated private development of the York and Vallette Redevelopment Project Area over a twenty-three (23) year period, it is estimated that the equalized assessed valuation (EAV) of the property within the York and Vallette Redevelopment Project Area will be approximately \$32 million to \$45 million.

VIII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

A. Redevelopment Project

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

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses conform to the City's Comprehensive Plan (including any amendments thereto). Depending upon the scope of the development as well as the actual uses, the following activities may be included in each phase:

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

Demolition and Site Preparation: The existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition of certain parcels may be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements necessary to prepare the site for desired redevelopment projects.

Rehabilitation: The City may assist in the rehabilitation of private or public facilities, buildings or site improvements located within the RPA.

Landscaping/Buffering/Streetscaping: The City may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.

Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The provision of necessary detention or retention ponds may also be undertaken by the City. Utility services may also be provided or relocated in order to accommodate the renovation or expansion of buildings.

Public Infrastructure/Facility Improvements: Widening of existing road improvements and/or vacation of roads may be undertaken by the City. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Public facilities including parking areas may be constructed that would be available to the general public.

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

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

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

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

Professional Services: The City may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The City may reimburse itself from annual tax increment revenue if available.

Potential Payments to School or Library Districts: The City may fund payments to District 205 pursuant to the provisions of the Act.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the City and any private developers, both will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans.

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

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

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

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

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

This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) calendar years after the year of adoption of an ordinance designating the York and Vallette Redevelopment Project Area. The actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year of the initial adoption of the ordinance approving the RPA.

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

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

EXHIBIT 1

BOUNDARY MAP

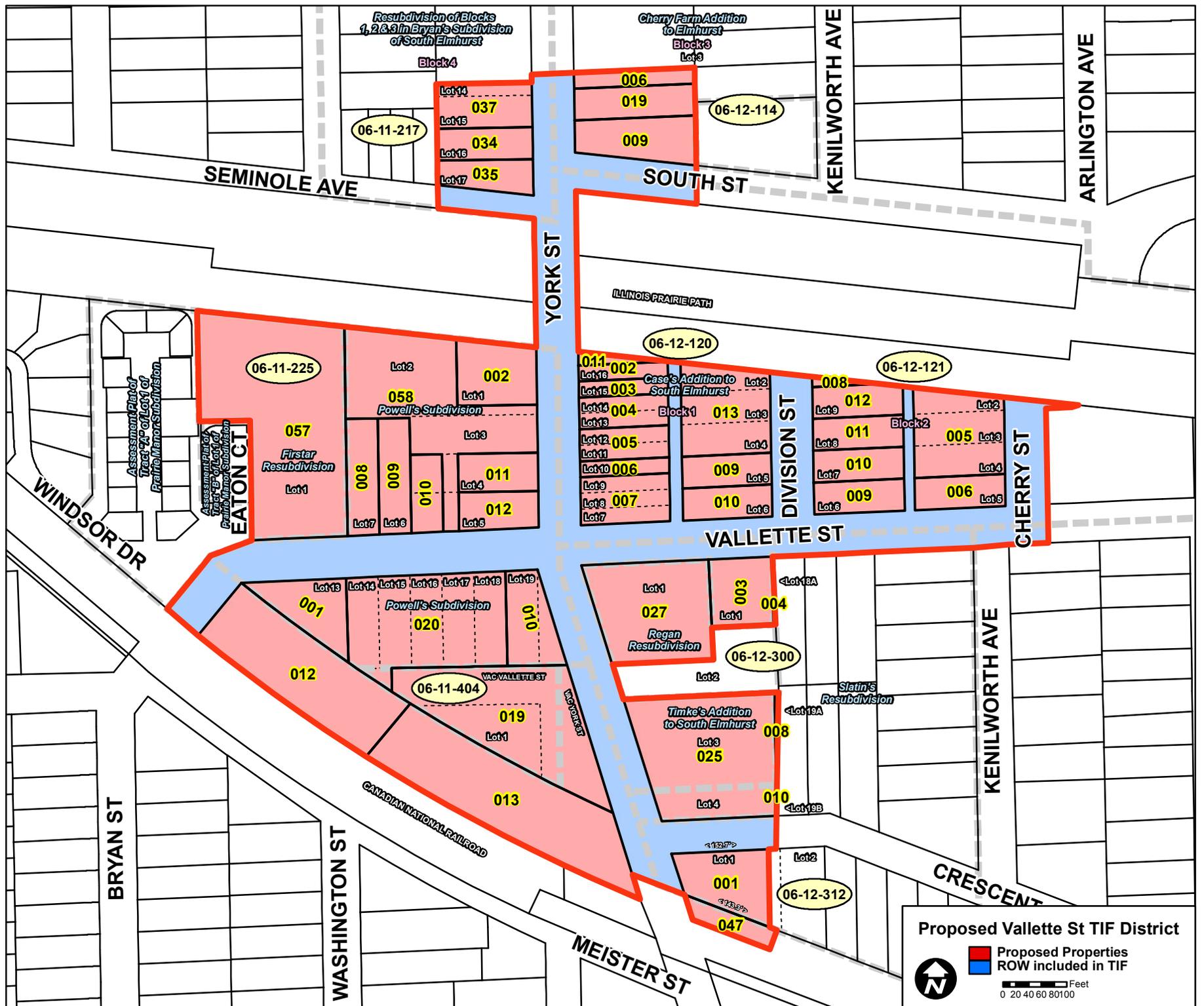


EXHIBIT 2
LEGAL DESCRIPTION

Elmhurst Vallette Street TIF Legal Description

That part of Sections 11 and 12 of Township 39 North, Range 11, East of the Third Principal Meridian described as commencing at the intersection of the North line of Lot 1 in Powell's Subdivision, recorded as Document 160352 on November 3, 1922, and the West right-of-way line of York Street, for a place of beginning, thence Northerly along said West right-of-way line to the Southerly right-of-way line of Seminole Avenue, thence Northwesterly along said Southerly right-of-way line to its intersection with the West line, extended Southerly, of Lot 17 in Block 4 of the Resubdivision of Blocks 1, 2 & 3 in Bryan's Subdivision of South Elmhurst, recorded as Document 50781 on December 23, 1892, thence Northerly along said West line extended to its intersection with a line parallel to, and 20 feet North of the South line of Lot 14 in Block 4 of said Resubdivision, thence Easterly along said parallel line to the West right-of-way line of York Street, thence Northerly along said West right-of-way line to its intersection with a line parallel to, and 330.95 feet South of the South right-of-way line of May Street, thence Easterly 255.5 feet along said parallel line to the West line of the East half of Lot 3 in Block 3 of Cherry Farm Addition to Elmhurst, recorded as Document 90901 on June 4, 1907, thence Southerly along said West line and West line extended to the Southerly right-of-way line of South Street, thence Northwesterly along said Southerly right-of-way line to the East right-of-way line of York Street, thence Southerly along said East right-of-way line of York Street to the Southerly right-of-way line of the former Aurora, Elgin and Chicago Railroad (now the Illinois Prairie Path), thence Southeasterly along said Southerly right-of-way line to the East right-of-way line of Cherry Street, extended Northerly, thence Southerly along said East right-of-way line extended to the South right-of-way line of Vallette Street, thence Westerly along said South right-of-way line to the East line of Lot 18A of Slatin's Resubdivision, recorded as Document 512888 on December 18, 1946, thence Southerly along said East line to the North line of Lot 2 of Regan Resubdivision, recorded as Document R2008-126273 on August 13, 2008, thence Westerly along said North line 100 feet to the East line of Lot 1 in said Regan Resubdivision, thence Southerly along said East line 50.36 feet to the Southeast corner of said Lot 1, thence Westerly 157.67 feet along the South line of said Lot 1 to the Easterly right-of-way line of York Street, thence Southeasterly along said Easterly right-of-way line to its intersection with the North line of Lot 3 of Timke's Addition to South Elmhurst, recorded as Document 121358 on June 30, 1915, thence Easterly along said North line, extended, to the East line of Lot 19A in said Slatin's Resubdivision, thence Southerly along said East line, extended, to the South right-of-way line of Crescent Avenue, thence Westerly along said South right-of-way line to a point 152.7 feet East of the Easterly right-of-way line of York Street, thence Southerly to a point on the Southerly line of said Lot 1, said point being 143.3 feet Southeasterly of said Easterly right-of-way line of York Street, thence Southeasterly 11.83 feet along said Southerly lot line, thence Southwesterly at right angles to the last described course 32 feet to the Northerly right-of-way line of the Canadian National Railroad, thence generally Northwesterly along said Northerly right-of-way line to its intersection with the Northerly right-of-way line of Vallette Street, said intersection also being the most Southerly corner of Assessment Plat of Tract "A" of Lot 1 of Prairie Manor Subdivision, recorded as Document R89-05062 on January 12, 1989, thence Northeasterly along said Northerly right-of-way line of Vallette Street to the West line of Lot 1 of Firstar Resubdivision, recorded as Document R97-106840 on July 23, 1997, thence Northerly along said West line to the Northeast corner of Assessment Plat of Tract "B" of Lot 1 of Prairie Manor Subdivision, recorded as Document R89-103209 on August 22, 1989, thence Westerly 77.34 feet along the North line of said Assessment Plat of Tract "B" to the West line of said Lot 1 in said Firstar Resubdivision, thence Northerly along said West line to the Southerly right-of-way line of the former Aurora, Elgin and Chicago Railroad (now the Illinois Prairie Path), thence Southeasterly along said

Southerly right-of-way line to the point of beginning, including all adjacent and contiguous Public Alleys and Rights-of-way, all in DuPage County, Illinois.

Revised 06/12/12

EXHIBIT 3
TIF QUALIFICATION REPORT

**CITY OF ELMHURST
QUALIFICATION REPORT
YORK AND VALLETTE TIF DISTRICT**

A study to determine whether all or a portion of an area located in the City of Elmhurst qualifies as a conservation area as set forth in the definition in the Tax Increment Allocation Redevelopment Act of 65 ILCS Section 5/11-74.4-3, et seq., as amended.

Prepared For: City of Elmhurst, Illinois

Prepared By: Kane, McKenna and Associates, Inc.

June 2012

**CITY OF ELMHURST
QUALIFICATION REPORT
YORK AND VALLETTE TIF DISTRICT
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EXHIBIT 1

Proposed TIF Boundary Map

EXHIBIT 2

Legal Description

I. INTRODUCTION AND BACKGROUND

In the context of planning for the York and Vallette proposed Redevelopment Project Area (the “RPA”, or “Study Area”) under the provisions of the Illinois “Tax Increment Allocation Redevelopment Act”, Ch. 65 ILCS Section 5/11-74.4-1 et. seq. of the Illinois Compiled Statutes, as amended (hereinafter referred to as the “Act”), the City of Elmhurst (the “City”) has authorized the study of the RPA in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing District (the “TIF” or “TIF District”). Kane, McKenna and Associates, Inc. (“KMA”) has agreed to undertake the study of the RPA.

The RPA is located in the central portion of the City and consists primarily of neighborhood or community retail/commercial uses with adjacent residential uses. The RPA is a contiguous area the boundaries of which are approximately an area bounded on the north by 3 lots fronting the west side of York Street and 3 lots fronting the east side of York street just north of the Illinois Prairie Path; on the west by the eastern lot lines of the multi-family development north of Vallette Street and by the railroad right-of-way south of Vallette Street; on the south by the railroad right-of-way; and on the east by Cherry Street north of Vallette Street and by the frontage lots of east York Street south of Vallette Street. Adjacent rights of way are also included.

The RPA is approximately fourteen (14) acres in size excluding rights-of-way. There are approximately forty five (45) parcels containing approximately twenty six (26) buildings and including approximately six (6) residential units according to the data available from Du Page County and York Township Assessor’s office. Sixty one (61%) of the structures within the RPA are in excess of thirty-five (35) years in age.

Since much of the RPA was developed before the City undertook its comprehensive planning process, the RPA suffers from adverse impacts associated with a lack of community planning and deleterious land use and layout. The RPA did not have the benefit, over the last several decades, of developing under the guidelines of an economic development plan. The area is categorized by uses that were developed individually and in piece meal fashion with no coordinated parking, pedestrian flow or any unified features (signage, streetscape, etc.). There are few if any instances where businesses can efficiently enter, load, and exit. The RPA is also hindered by a lack of adequately sized commercial lots in relation to present day planning standards and by inadequate loading and unloading areas. The presence of the railroad rights of way (including the Prairie Path as a former railroad right of way) influenced access/egress patterns and lot sizes and configurations.

Throughout the RPA, internal traffic circulation and pedestrian circulation are primary challenges to coordinating future land-use and promoting redevelopment. As noted in the Comprehensive Plan, “the City should pursue shared parking facilities as a long term strategy. In the future the City parking lot on the northeast corner could potentially be redeveloped together with the adjacent commercial uses. The new development should include a parking structure to meet some of the shared parking needs of the business district”.

Finally, the growth of the equalized assessed valuation (EAV) of all the properties in the Study Area was found to lag behind the EAV growth of the remainder of the City for four of the last five tax years. The qualification factors discussed within this TIF Qualification Report (the “Report”) qualify the RPA as a conservation area, as that term is hereinafter defined pursuant to 65 ILCS 5/11-74.4-3 et. seq., as amended.

Many of the surface improvements within the Study Area were found to have varying degrees of deterioration. Sidewalks, drives, and parking lots exhibited significant cracking and uneven surfaces. In addition several buildings components exhibited minor instances of deterioration.

The City believes that the RPA can be a candidate for redevelopment if the qualification factors discussed in this report are mitigated. Further, the City believes that the use of TIF can mitigate these negative obstacles that currently impede redevelopment.

The City does not plan to dislocate ten (10) or more inhabited residential units as part of this redevelopment effort and the RPA contains less than seventy-five (75) inhabited residential units. As such, pursuant to the Act, as amended, the City is not required to prepare a housing impact study. If at some point in the future, the City dislocates more than ten (10) inhabited residential units, or amends the RPA to include more seventy-five (75) inhabited residential units then the City must amend this document and complete a housing impact study.

Objectives

The City's redevelopment objectives propose to ameliorate to the extent possible the negative impact of the qualification factors which are prevalent in much of the Study Area and enhance retail, commercial and mixed use opportunities where appropriate. To achieve these objectives the City proposes the following guidelines:

- To encourage redevelopment within the RPA that will eliminate the deteriorated surface and building conditions, and attract new land uses which are consistent with the existing uses and provide an enhanced tax base to support the entire City;
- To implement coordinated development/design practices as set forth in the City's Comprehensive Plan;
- To assist site assembly and preparation in order to provide for the reuse of properties for this stated purpose; and
- To install the necessary infrastructure improvements for improved ingress and egress, adequate parking, and loading and unloading areas for the commercial areas and support the proposed new development in accordance with modern planning standards.

The City's general economic development goals are to enhance commercial and mixed use opportunities within the City and the RPA. Given the City's goals as well as the conditions described in this Report, the City has made a determination that it is highly desirable to promote the redevelopment of the RPA. Without an implementation plan for redevelopment, City officials believe current conditions will worsen. The City intends to create and implement such a plan in order to restore, stabilize and increase the economic base associated with the RPA which will not only increase tax revenues associated with the RPA but also benefit the community as a whole.

Because of the conditions observed in the RPA and the required coordination of future land uses, the City enthusiastically supports the foregoing redevelopment objectives. The City has determined that redevelopment should take place through the benefit and guidance of comprehensive planning for economic development controlled by the City. Through this coordinated effort, the RPA is expected to improve. Development barriers, inherent with current conditions within the RPA, which impede economic growth under existing market standards, are expected to be eliminated.

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

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

II. QUALIFICATION CRITERIA USED

With the assistance of City staff, Kane, McKenna and Associates, Inc. examined the RPA initially in the spring and early summer of 2011 and again in October of 2011 to the date of this report, and reviewed information collected for the RPA to determine the presence or absence of appropriate qualifying factors listed in the Act. The relevant sections of the Act are found below.

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

“an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both a blighted area and conservation area.”

Under the Act, “Conservation Area” is defined as any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which fifty percent (50%) or more of the structures in the area have an age of thirty-five (35) years or more. Such an area is not yet a blighted area, but because of a combination of three (3) or more of the following factors, may be considered as a Conservation Area:

- (A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- (B) Obsolescence: The condition or process of falling into disuse. Structures have become ill suited for the original use.
- (C) Deterioration: With respect to buildings, defects including, but not limited to major defects in the secondary building components such as doors, windows, porches, gutters and downspouts and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.
- (D) Presence of Structures Below Minimum Code Standards: All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.
- (E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.
- (F) Excessive Vacancies: The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities: Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up: The Proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

(L) Lack of Community Planning: The Proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) Lag in EAV: The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years for which information is available, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years for which information is available, or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years for which information is available.

III. THE PROPOSED RPA

The RPA is a contiguous area the boundaries of which are approximately an area bounded on the north by 3 lots fronting the west side of York Street and 3 lots fronting the east side of York street just north of the Illinois Prairie Path; on the west by the eastern lot lines of the multi-family development north of Vallette Street and by the railroad right-of-way south of Vallette Street; on the south by the railroad right-of-way; and on the east by Cherry Street north of Vallette Street and by the frontage lots of east York Street south of Vallette Street. Adjacent rights of way are also included.

The RPA consists of approximately twenty six (26) buildings and approximately forty five (45) tax parcels. The RPA is approximately fourteen (14) acres in size excluding rights-of-way and includes approximately six (6) inhabited residential units. The RPA is comprised predominantly of commercial with adjacent residential uses.

The RPA described herein meets the eligibility requirements for designation as a Conservation Area under the Act. All of the parcels were examined to determine the number of structures aged thirty-five (35) years or greater, as required under the Conservation Area criteria of the Act. It was determined by site surveys, Du Page County and York Township Assessor data and City input that sixty one percent (61%) of the structures in the RPA were thirty-five (35) years or greater. Furthermore, the RPA as a whole was found to evidence five (5) additional qualification factors. The minimum required for a finding of a Conservation Area is that over fifty percent (50%) of the improved structures are thirty-five (35) years old or greater and the existence of three (3) qualification factors dictated by the Act.

It was further found that the required qualifying factors are reasonably distributed throughout the RPA. KMA and the City reserve the right to make additional findings in connection with this report prior to the adoption of the TIF District. Thus, the report is subject to revisions to the extent such revisions are allowable prior to any action by the City to adopt the TIF District, as permitted in accordance with the Act.

IV. METHODOLOGY OF EVALUATION

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

- 1) Site surveys of the RPA were undertaken by representatives from KMA. Site surveys were completed for each parcel within a block (based upon Sidwell blocks), within the area.
- 2) Exterior evaluation of structures was completed noting such conditions as deterioration, obsolescence, and deleterious land use and layout. Additionally, 2006 through 2011 tax information from the Du Page County Clerk's Office, Sidwell parcel tax maps, site data, local history (discussions with City officials and staff), and an evaluation of area-wide factors that have affected the RPA's development (e.g., lack of community planning, and lag in equalized assessed value) were reviewed. KMA studied the RPA in its entirety. City redevelopment goals and objectives for the RPA were also reviewed with City staff. A photographic recording and analysis of the RPA was conducted and was used to aid this evaluation.
- 3) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, qualification factors of specific structures and site conditions on the parcels.
- 4) The RPA was examined to determine the applicability of age, plus the thirteen (13) other qualification factors for TIF designation as a Conservation Area under the Act. Evaluation was made by reviewing the information from the site surveys and other relevant information collected for the RPA and determining how it measured when evaluated against the qualification factors.

V. QUALIFICATION OF PROPOSED RPA/FINDINGS OF ELIGIBILITY

Based upon KMA's evaluation of parcels in the Study Area and analysis of each of the eligibility factors summarized in Section II, the following factors are present to support qualification of the proposed TIF District as a Conservation Area. These factors are found to be clearly present and reasonably distributed throughout the Study Area, as required under the Act. In addition to age at least three other qualifying factors must be present to a meaningful extent throughout the RPA.

A. Threshold Qualification

Age. Based upon site surveys, Du Page County and York Township data, approximately sixty one percent (61%) (approximately 16 of the 26) of the structures in the RPA were found to be thirty-five (35) years of age or older.

B. Other Conservation Factors (must include three or more factors)

1. Obsolescence. The Act states that obsolescence is the condition or process of falling into disuse or structures that have become "ill-suited" for their original use.

Obsolescence is exhibited by a number of the retail/commercial tenant spaces, some of which are currently vacant. Age of the existing structures adds to this finding as well as the fact that most tenant spaces along York Street lack adequate access for separate parking and loading and unloading areas. Reuse/renovation plans could require conversion and retrofitting and in some cases, conversion may not be an economic option due to age or condition of structures.

The area suffers from area-wide obsolescence connected in part to the factor of deleterious layout discussed below, and the age of many of the structures. The strip centers and commercial uses located on Vallette west of York Street also appear to require additional coordination relating to parking, ingress/egress (complicated by the railroad right-of-way), and curb cuts.

Partly because the area is an older area (by definition being an area where a majority of structures exceed 35 years in age), certain buildings within the proposed TIF District are no longer adequate for their original use. For example, the older one and two story buildings north of Vallette Street bordering York Street are obsolete in relation to current standards for convenient parking, building setbacks, and exterior treatments. Modern retail facilities are generally larger in overall enclosed square footage, have higher ceilings and high-end building finishes. In contrast, the older buildings have lower ceilings, have more modest exterior and interior finishes, and are generally small facilities. Additionally, many of the components would need to be refurbished if re-occupied.

Overall, these structures have a disproportionately negative “spill-over” effect on the area given the size of the properties (both the buildings and the associated land areas). Absent private and public sector reinvestment, such conditions may deter other property owners from reinvesting in their own homes and businesses. The obsolete conditions within the area thus hinder City goals to promote a more suitable mix of commercial land uses.

2. Deterioration. The Act defines deterioration with respect to buildings defects, including but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts and fascia. With respect to surface improvements, 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.

Many of the site improvements displayed signs of deteriorated conditions and defects including, but not limited to, damaged fascias, doors, windows, and entryways, missing mortar, and exterior trim which require repairs, upgrades and replacement. The majority of site improvements were characterized by conditions including surface cracking of pavement areas, and potholes and depressions in roadway and parking areas.

3. Deleterious Land Use or Layout. The Act refers to deleterious land use or layout as the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

According to Du Page County and York Township Assessor records and discussions with City officials, fifty per cent (50%) of the improvements found within the Study Area were built between 40 to 70 years ago. As a result, these properties were developed during a period before the City had in place an effective community planning process to guide its zoning map and development procedures.

The area is categorized by uses that were developed individually and in piece meal fashion with no coordinated parking, pedestrian flow or any unified features (signage, streetscape, etc.). There are few if any instances in the RPA where patrons can efficiently enter, load, and/or exit a business.

Many of the problems in the area reflect incompatible uses which are caused by a combination of factors in particular, inadequate traffic circulation, coordinated parking, and insufficient buffers between parcels. Properties lack parking lot screening and landscaping to serve as a buffer to adjacent uses.

Internal traffic circulation is a primary challenge to coordinating future land-use and promoting redevelopment. Cross access between adjacent compatible commercial uses should be encouraged throughout. Cross access would improve safety and efficiency of traffic flow along York Street and Vallette Street. Cross access options should be reviewed and appropriate cross access provided.

Other issues relating to ingress/egress (such as the number of curb cuts on major arterials) also require coordination by the City as part of redevelopment efforts.

The Study Area would be difficult to develop without centralized coordination. This is because most modern development standards call for larger parcels with coordinated parking, access/egress and streetscape or landscape uniformity. A coordinated redevelopment effort could eliminate this situation. Requirements for buffering to adjacent residential uses would also need to be included in planning efforts.

4. Lack of Community Planning. The Act refers to lack of community planning as the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

According to City staff, much of the development that has occurred within the Study Area took place in a period of time prior to the City adopting its amended Comprehensive Plan and Zoning Ordinance and before the City followed its existing comprehensive planning procedures.

A major land use issue is the coordination of ingress/egress and parking. Although the area is served by a stop light, additional issues relating to traffic control exist (additional lanes or restrictions on turns have been studied); furthermore, there are no transitional lanes that would separate slower moving traffic approaching a business (e.g., to park and shop or unload cargo) from faster moving traffic. Circulation relating to parking and pedestrian movement also needs review.

Additionally, the southwest and southeast portions of the RPA have unique layout problems due to the railroad right of way and the configuration of existing uses. These uses have shallow parcel depth that do not afford much room for loading, unloading, or parking, in comparison to modern uses (e.g., newer automobile service facilities elsewhere in the City). Loading and unloading areas are extremely limited and would likely prevent certain types of retailers (e.g., medium or large retailers that require more space for loading/unloading and parking, such as modern drug stores) from locating at this site. This results in a number of odd or irregularly shaped parcels at various corners which can inhibit typical development. Moreover, many of the parcels fronting along York Street have rather short depths, limiting to a degree their usefulness and redevelopment potential. This is compounded by the close proximity of single family homes. Much of the existing development along the street was developed without adequate barriers or buffering measures with residential areas.

Future land uses need to be integrated with the goal of pedestrian-oriented development in the area including:

- Area landscaping and streetscaping;
- Integration to Prairie Path uses;
- Coordinated parking solutions; and
- Tighter regulation of curb cuts.

Until recently, effective and sustained economic development plans and strategies intended to address the coordinated redevelopment of the entire Study Area have been lacking. This is not to say that improvements did not take place over the years, but that they were implemented without the guidance of a master plan directed toward long-term benefit for the Study Area. A lack of such efforts has contributed to the evolution of Conservation Area factors currently present within the Study Area.

Adjoining uses will require coordination (e.g. residential adjacent to commercial). Land uses for the greater part are not well buffered, and mixed uses often exist side by side. Similar to the other Study Areas, properties are categorized by varying setbacks, parking availability, and lot sizes. Several office uses along Vallette appear to be under parked and are not well buffered to residential uses. New or planned redevelopment activities for the area would require integration with the area-wide infrastructure in order to provide efficient and modern service to the users including convenient and available parking.

The City Comprehensive Plan finds:

“The City should consider creating a new mixed use zoning district to serve this sub-area, as well as the similar character type of the Spring Road Business District. In this district, the City should pursue shared parking facilities as a long-term strategy. In the future, the City parking lot on the northeast center could potentially be redeveloped together with the adjacent commercial uses. The new development should include a parking structure to meet some of the shared parking needs of the business district.

The disconnected, obsolete commercial centers on the southwest corner, the bank building and the older office uses on the northwest corner and the commercial and vacant uses on the northeast and southeast side are all subject to redevelopment. The City should promote mixed use buildings on these parcels in a pedestrian-friendly environment to create a stronger and more vibrant commercial district.

A new specialty grocery store and nursery with a rooftop café is proposed on the southeast corner of the district; a pedestrian-friendly design should be encouraged for this key corner location.

Single-family homes predominate along the northern border of the Prairie Path, but the adjacent mix of uses and pedestrian-friendly environment could support comparatively higher-density townhomes to replace the two commercial lots currently located to the north.

URBAN DESIGN AND CIRCULATION

As the York/Valette business district experiences redevelopment, the City should encourage pedestrian-oriented design in the area. Buildings should be brought forward to the sidewalk and parking provided at the rear or on interior lots to create a continuous streetwall. The tallest buildings, four to five stories in height, should be located near the York/Valette intersection, with reduced heights (two or three stories) closer to the single-family neighborhoods. Building facades should be designed to create an engaging pedestrian environment by including elements such as attractive storefronts, well-articulated entryways, awnings and well-designed signage. The City should consider developing and adopting design guidelines to guide future development in the York/Valette business district (see *Chapter 10: Urban Design* for more details).

In addition to regulating building placement and design, the City should implement a streetscape improvement program to create a strong pedestrian character in the York/Valette area.

Improvements such as wide sidewalks, well-defined sidewalks, pedestrian-scale lighting and street furniture will help in creating a safer and more comfortable pedestrian environment. Additionally, the City could consider using elements such as special signage, banners and public art with a distinctive theme to create a unique identity for the area. Its proximity and connections to significant open spaces, including the Prairie Path and York Commons, should be highlighted in the new streetscape program.

Currently, parking for commercial development in the district is provided in disconnected surface parking lots associated with the different commercial center and in a City-owned surface lot. Under the existing system, a significant amount of land in the York/Valette business district is dedicated to parking, and vehicular circulation is often inefficient and confusing. The City could take several measures to reduce the amount of surface parking while improving circulation within the district. These measures include:

- Consolidate parking in locations that are within easy walking distance of the commercial uses to encourage customers to park once and walk to various destinations within the district.
- Encourage shared parking between uses that have different peak usage hours, such as offices and restaurants, to minimize the total number of parking spaces required.
- Provide parking garages within mixed-use developments where feasible.

RECOMMENDATIONS

1. Study and enact an appropriate financing mechanism (i.e. tax-increment finance district, business improvement district, etc.) to raise funds for redevelopment efforts.
2. Encourage mixed-use development with first floor office, retail and/or commercial and upper-story residential. Building heights should be higher in the core of the business district (four- to five-stories) (corners of York and Vallette Streets) with lesser heights (two- to three-stories) surrounding the

- core. Large, vacant parcels should be master planned to create a cohesive development pattern.
3. Construct new parking as warranted and consolidate existing parking to allow additional developable space. Structured and/or shared parking should be encouraged where feasible. Off street parking should be provided to the rear.
 4. Reduce setbacks and construct a continuous streetwall along the sidewalk edge.
 5. Implement a streetscape program to create a pedestrian-welcome environment, as well as produce a unified image for the district.
 6. Develop and enforce “Design Guidelines” to construct new development in a uniform character.”

Source: City Comprehensive Plan

5. Lag in EAV. The Act refers to lag in EAV as the total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

The total Equalized Assessed Value (“EAV”) of the Study Area increased at an annual rate that lagged behind the balance of the City’s EAV for four (4) of the last five (5) years. A summary of this analysis is presented in the table below.

Tax Year	Study Area EAV	Percent Change	Balance of the City's EAV	Percent Change
2011	\$ 7,766,170	-8.55%	\$ 2,146,030,843	-5.49%
2010	\$ 8,492,430	-3.14%	\$ 2,270,651,936	-7.44%
2009	\$ 8,767,720	-2.74%	\$ 2,453,185,283	.11%
2008	\$ 9,014,950	4.17%	\$ 2,450,375,922	9.12%
2007	\$ 8,654,170	7.98%	\$ 2,245,654,493	11.01%
2006	\$ 8,014,570		\$ 2,023,007,225	

Note: the percentage change in years where the EAV of the Study Area lagged behind the balance of the City are in bold.

Source: Du Page County Assessor’s Office

VI. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the potential designation of the RPA by the City as a TIF District:

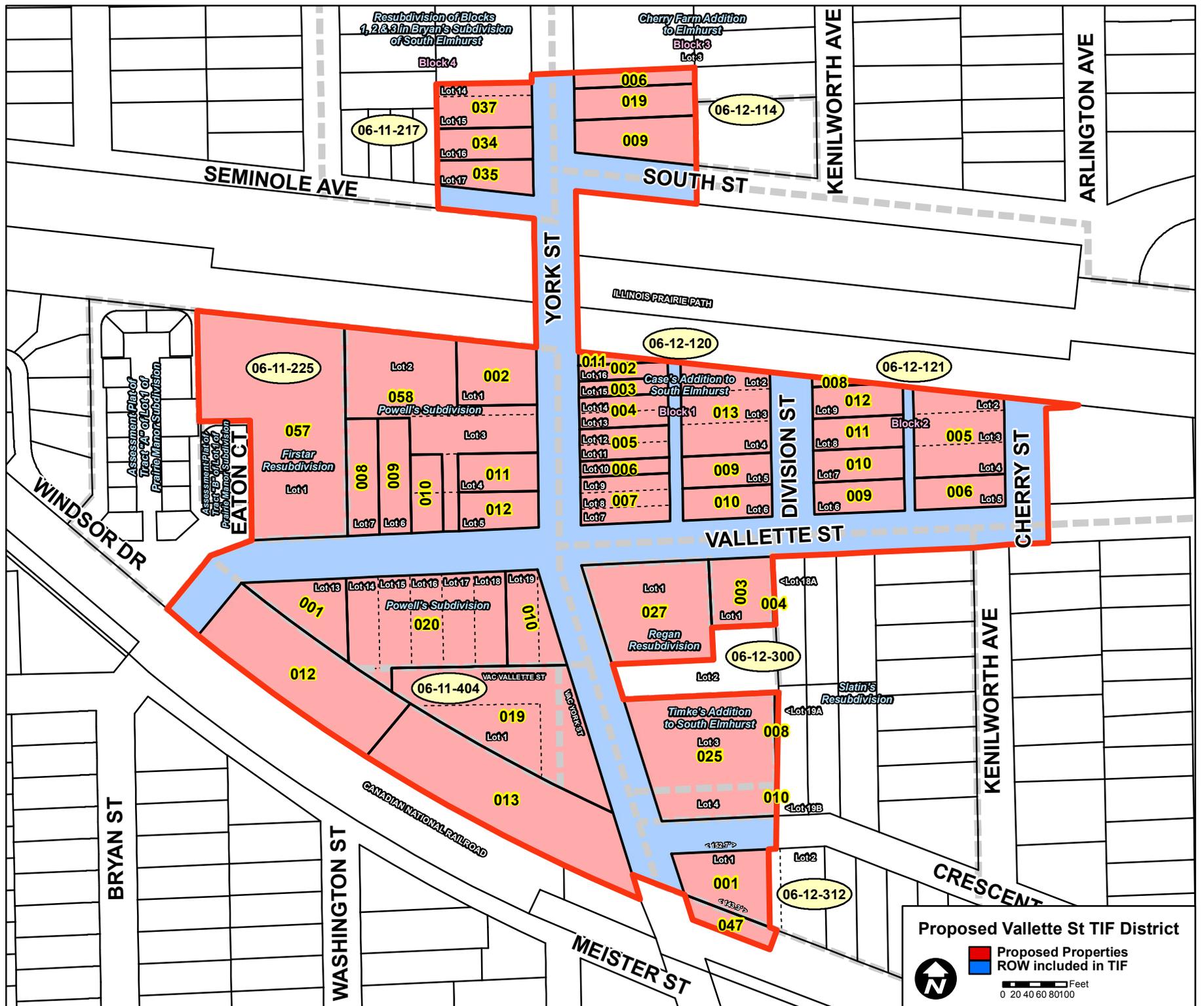
1. The RPA is contiguous and is greater than 1½ acres in size.
2. The RPA qualifies as a Conservation Area. A more detailed analysis of the qualification findings is outlined in Section V of this report.
3. All property in the RPA would substantially benefit by the proposed redevelopment project improvements.
4. The sound growth of taxing districts applicable to the RPA, including the City, has been impaired by the factors found present in the RPA.
5. The RPA would not be subject to redevelopment without the investment of public funds, including property tax increments.

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

The RPA has not benefited from coordinated planning efforts by either the public or private sectors. There is a need to focus redevelopment efforts relating to the improvement of the area as well as the coordination of redevelopment efforts for market uses. These efforts will be important to the RPA's continued improvement and preservation of tax base.

EXHIBIT 1

PROPOSED TIF BOUNDARY MAP



SEMINOLE AVE

SOUTH ST

KENILWORTH AVE

ARLINGTON AVE

YORK ST

ILLINOIS PRAIRIE PATH

WINDSOR DR

EATON CT

DIVISION ST

CHERRY ST

VALLETTE ST

KENILWORTH AVE

BRYAN ST

WASHINGTON ST

MEISTER ST

CRESCENT

06-11-225

Lot 2 002

057 Lot 1

008 009 010 011 012

001

012 020 010

06-11-404

019 Lot 1

013

06-12-120

011-002 Lot 18
003 Lot 15
004 Lot 14
005 Lot 12
006 Lot 10
007 Lot 9
009 Lot 8
010 Lot 7

Block 1

013 Lot 3

027 Lot 1

003 004

06-12-300

008 Lot 3

025 Lot 4

001 Lot 1

047 Lot 2

06-12-121

008 Lot 9

012 Lot 8

011 Lot 7

010 Lot 6

009 Lot 5

006 Lot 4

005 Lot 3

Block 2

009 Lot 2

006 Lot 1

<Lot 18A

<Lot 18A

<Lot 18B

<Lot 18B

06-12-312

EXHIBIT 2
LEGAL DESCRIPTION

Elmhurst Vallette Street TIF Legal Description

That part of Sections 11 and 12 of Township 39 North, Range 11, East of the Third Principal Meridian described as commencing at the intersection of the North line of Lot 1 in Powell's Subdivision, recorded as Document 160352 on November 3, 1922, and the West right-of-way line of York Street, for a place of beginning, thence Northerly along said West right-of-way line to the Southerly right-of-way line of Seminole Avenue, thence Northwesterly along said Southerly right-of-way line to its intersection with the West line, extended Southerly, of Lot 17 in Block 4 of the Resubdivision of Blocks 1, 2 & 3 in Bryan's Subdivision of South Elmhurst, recorded as Document 50781 on December 23, 1892, thence Northerly along said West line extended to its intersection with a line parallel to, and 20 feet North of the South line of Lot 14 in Block 4 of said Resubdivision, thence Easterly along said parallel line to the West right-of-way line of York Street, thence Northerly along said West right-of-way line to its intersection with a line parallel to, and 330.95 feet South of the South right-of-way line of May Street, thence Easterly 255.5 feet along said parallel line to the West line of the East half of Lot 3 in Block 3 of Cherry Farm Addition to Elmhurst, recorded as Document 90901 on June 4, 1907, thence Southerly along said West line and West line extended to the Southerly right-of-way line of South Street, thence Northwesterly along said Southerly right-of-way line to the East right-of-way line of York Street, thence Southerly along said East right-of-way line of York Street to the Southerly right-of-way line of the former Aurora, Elgin and Chicago Railroad (now the Illinois Prairie Path), thence Southeasterly along said Southerly right-of-way line to the East right-of-way line of Cherry Street, extended Northerly, thence Southerly along said East right-of-way line extended to the South right-of-way line of Vallette Street, thence Westerly along said South right-of-way line to the East line of Lot 18A of Slatin's Resubdivision, recorded as Document 512888 on December 18, 1946, thence Southerly along said East line to the North line of Lot 2 of Regan Resubdivision, recorded as Document R2008-126273 on August 13, 2008, thence Westerly along said North line 100 feet to the East line of Lot 1 in said Regan Resubdivision, thence Southerly along said East line 50.36 feet to the Southeast corner of said Lot 1, thence Westerly 157.67 feet along the South line of said Lot 1 to the Easterly right-of-way line of York Street, thence Southeasterly along said Easterly right-of-way line to its intersection with the North line of Lot 3 of Timke's Addition to South Elmhurst, recorded as Document 121358 on June 30, 1915, thence Easterly along said North line, extended, to the East line of Lot 19A in said Slatin's Resubdivision, thence Southerly along said East line, extended, to the South right-of-way line of Crescent Avenue, thence Westerly along said South right-of-way line to a point 152.7 feet East of the Easterly right-of-way line of York Street, thence Southerly to a point on the Southerly line of said Lot 1, said point being 143.3 feet Southeasterly of said Easterly right-of-way line of York Street, thence Southeasterly 11.83 feet along said Southerly lot line, thence Southwesterly at right angles to the last described course 32 feet to the Northerly right-of-way line of the Canadian National Railroad, thence generally Northwesterly along said Northerly right-of-way line to its intersection with the Northerly right-of-way line of Vallette Street, said intersection also being the most Southerly corner of Assessment Plat of Tract "A" of Lot 1 of Prairie Manor Subdivision, recorded as Document R89-05062 on January 12, 1989, thence Northeasterly along said Northerly right-of-way line of Vallette Street to the West line of Lot 1 of Firstar Resubdivision, recorded as Document R97-106840 on July 23, 1997, thence Northerly along said West line to the Northeast corner of Assessment Plat of Tract "B" of Lot 1 of Prairie Manor Subdivision, recorded as Document R89-103209 on August 22, 1989, thence Westerly 77.34 feet along the North line of said Assessment Plat of Tract "B" to the West line of said Lot 1 in said Firstar Resubdivision, thence Northerly along said West line to the Southerly right-of-way line of the former Aurora, Elgin and Chicago Railroad (now the Illinois Prairie Path), thence Southeasterly along said

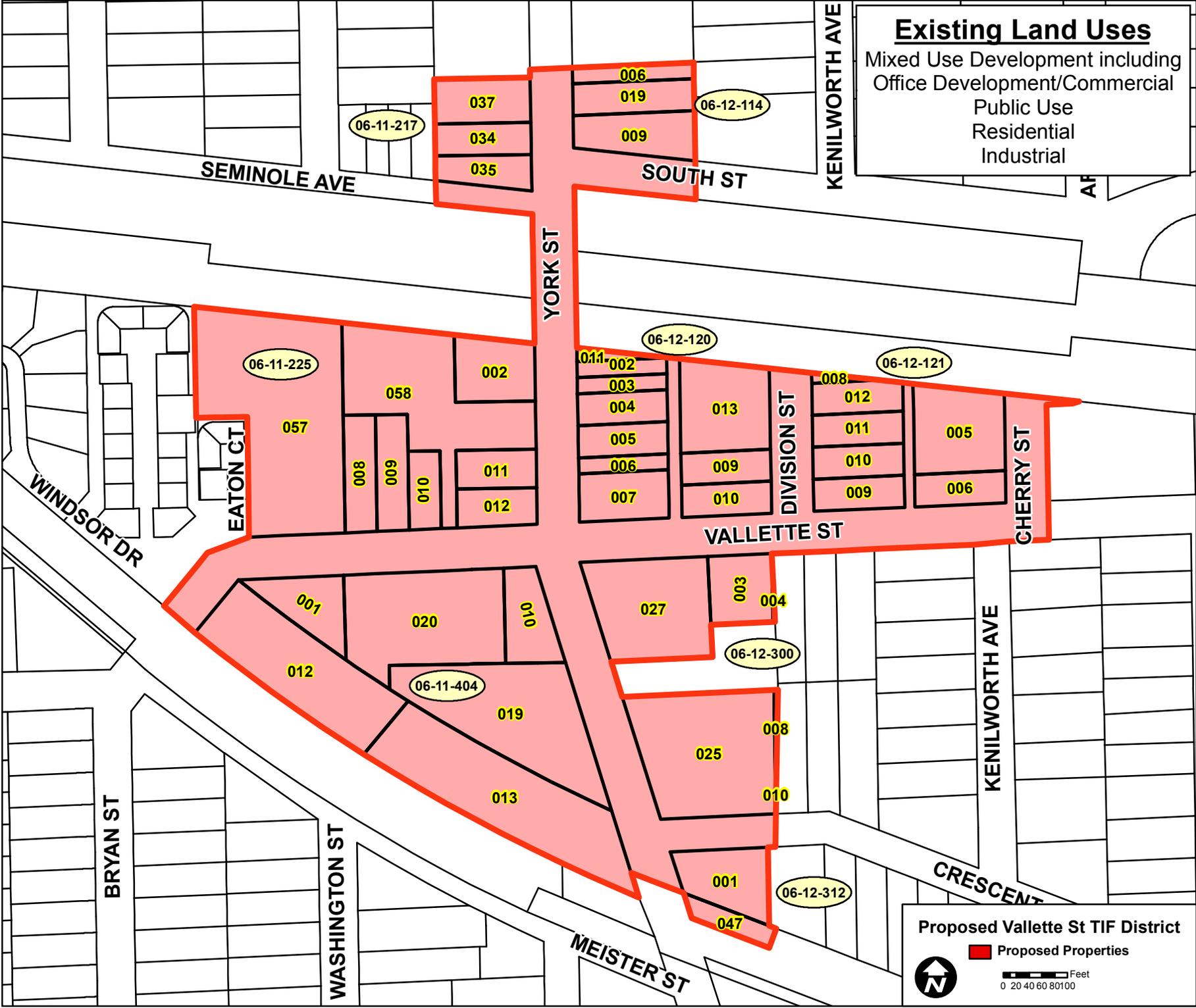
Southerly right-of-way line to the point of beginning, including all adjacent and contiguous Public Alleys and Rights-of-way, all in DuPage County, Illinois.

Revised 06/12/12

EXHIBIT 4
EXISTING LAND USE MAP

Existing Land Uses

Mixed Use Development including
 Office Development/Commercial
 Public Use
 Residential
 Industrial



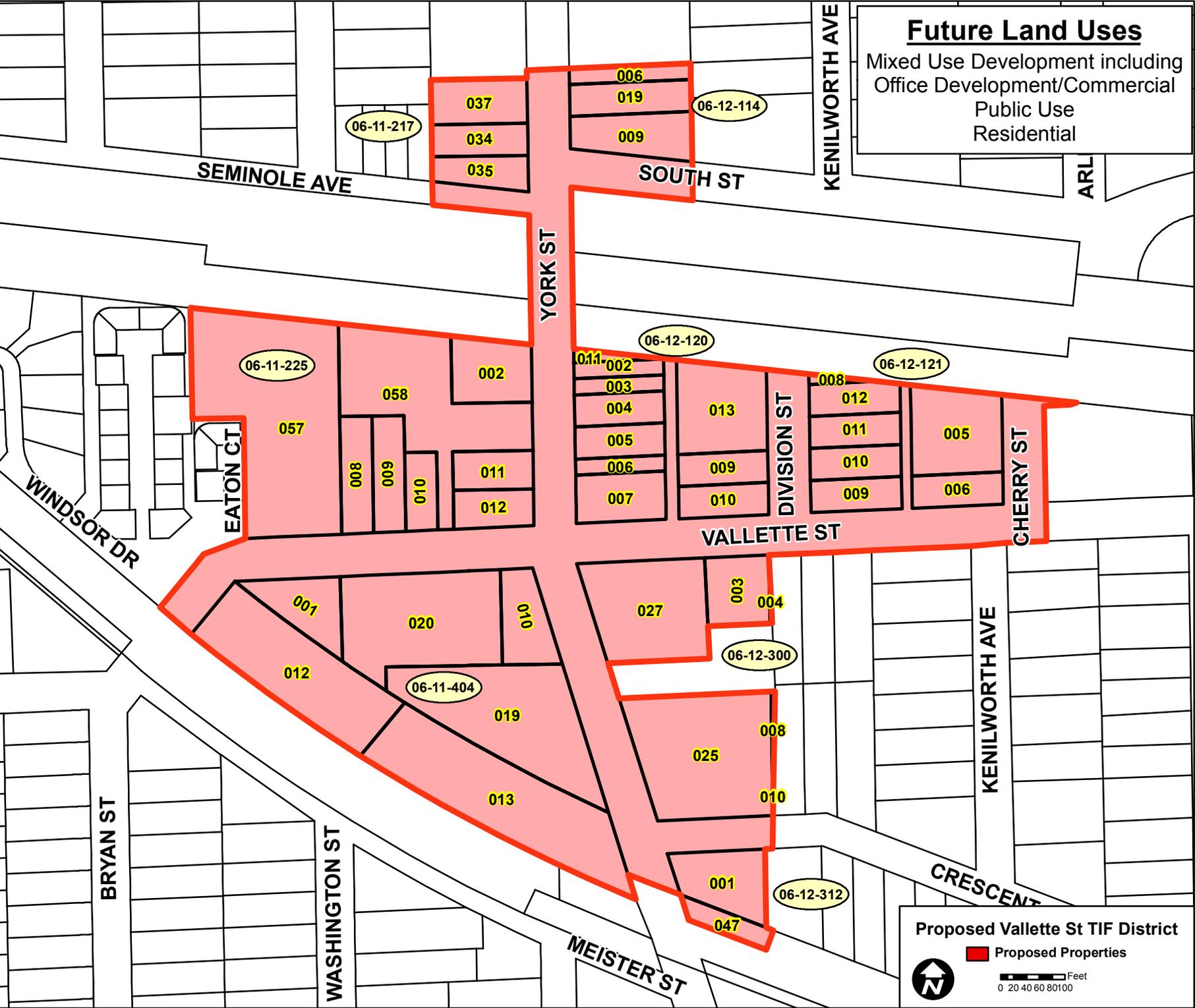
Proposed Vallette St TIF District

■ Proposed Properties

0 20 40 60 80 100 Feet

EXHIBIT 5
PROSPOSED LAND USE MAP

Future Land Uses
 Mixed Use Development including
 Office Development/Commercial
 Public Use
 Residential



Proposed Vallette St TIF District
 ■ Proposed Properties
 0 20 40 60 80 100 Feet