
**CITY OF ELMHURST
TIF QUALIFICATION REPORT
NORTH YORK STREET 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.

March 2012

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TABLE OF CONTENTS**

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
I.	Introduction and Background	1
II.	Qualification Criteria Used	5
III.	The Proposed RPA	8
IV.	Methodology of Evaluation	9
V.	Qualification of Proposed RPA/Findings of Eligibility	10
VI.	Summary of Findings and Overall Assessment of Qualification	16

EXHIBIT 1

Proposed TIF Boundary Map

EXHIBIT 2

Legal Description

I. INTRODUCTION AND BACKGROUND

In the context of planning for the North York Street 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 north central portion of the City and consists primarily of commercial and industrial uses, with limited residential and institutional uses. The RPA is a contiguous area the boundaries of which are approximately the frontage parcels on the west side of York Street from the alley south of Hahn Street on the South to North Avenue on the north. The Study Area continues north with frontage parcels located on the east and west sides of York Street from North Avenue on the south to Lake Street on the north. The Study Area continues north along only the east side of York Street from the north side of the I-290 right-of way to Crestview Avenue. At Crestview, the Study Area incorporates frontage parcels on both the east and west sides of York street to Wrightwood Avenue; at Wrightwood, the Study Area includes parcels only on the west side of York Street to Grand Ave. In order to maximize lot depth from York Street this section of the Study Area sometimes incorporates up to 3 parcels west of York Street and at Grand Avenue a total of 8 lots are incorporated into the Study Area. Adjacent rights of way are also included.

According to the data available from Du Page County, the Addison Township Assessor’s office, and the York Township Assessor’s Office the RPA is approximately one hundred twenty six (126) acres in size excluding rights of way and contains approximately one hundred seventy five (175) parcels including approximately one hundred twelve (112) buildings with approximately twenty three (23) residential units. Sixty three percent (63%) of the structures within the RPA are in excess of thirty-five (35) years in age.

The RPA exhibits characteristics of deterioration, vacancies, and obsolescence that are often indicative of properties that are extended well into their useful lives. As examined in November of 2011, approximately nineteen percent (19%) of the total square footage of existing commercial and industrial structures were vacant (210,600 square feet out of 1,070,800 square feet) according to data from the Addison Township Assessor’s Office and the York Township Assessor’s Office. Some of these vacancies have existed for several years or more.

Further, because much of the RPA was developed in an era before the City actively practiced modern land use planning, 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 high-level of traffic along the North York Street corridor creates problematic ingress/egress within the RPA and requires the coordination of future parking needs. The RPA is also hindered by a lack of buffering between residential and commercial uses and the lack of modernized site improvements including internal circulation. Both conditions are further examples of the detrimental effects of unguided development.

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 due to the size of the lots and the presence of adjacent single family residential lots.

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 five 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, streets, driveways, and parking lots exhibited significant cracking and uneven surfaces. In addition several buildings exhibited missing or cracked mortar, the need for repairs to exterior siding/fascia and frame components.

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. Further from a planning standpoint, the redevelopment of the North York RPA compliments efforts in the Downtown and expands the ability of the City to unify and coordinate efforts along York Street extending north to the City’s boundaries.

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 TIF 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 than 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 address the piecemeal development practices, older building conditions and vacancies, 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;
- To coordinate area parking facilities and to improve access to site; and
- To install the necessary infrastructure improvements for improved ingress and egress and loading and unloading areas, and buffering to single family residential uses for the commercial areas and support 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 from 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, 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 located in the north central portion of the City and consists primarily of commercial and industrial uses, with limited residential and institutional uses. The RPA is a contiguous area the boundaries of which are approximately the frontage parcels on the west side of York Street from the alley south of Hahn Street on the South to North Avenue on the north. The Study Area continues north with frontage parcels located on the east and west sides of York Street from North Avenue on the south to Lake Street on the north. The Study Area continues north along only the east side of York Street from the north side of the I-290 right-of way to Crestview Avenue. At Crestview, the Study Area incorporates frontage parcels on both the east and west sides of York street to Wrightwood Avenue; at Wrightwood, the Study Area includes parcels only on the west side of York Street to Grand Ave. In order to maximize lot depth from York Street this section of the Study Area sometimes incorporates up to 3 parcels west of York Street and at Grand Avenue a total of 8 lots are incorporated into the Study Area. Adjacent rights of way are also included.

The RPA consists of approximately one hundred twelve (112) buildings and approximately one hundred seventy five (175) tax parcels. The RPA is approximately one hundred twenty six (126) acres in size excluding rights of way and includes approximately twenty three (23) inhabited residential units. The RPA is comprised predominantly of commercial and industrial 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, Addison Township Assessor, and York Township Assessor data and City input that sixty three percent (63%) of the structures in the RPA were thirty-five (35) years or greater. Furthermore, the RPA as a whole was found to evidence six (6) 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, excessive vacancies, and deleterious land use and layout. Additionally, 2005 through 2010 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 TIF 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; and Du Page County, Addison Township, and York Township data, approximately sixty three percent (63%) (approximately 71 of the 112) 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. The RPA exhibits both functional and economic obsolescence.

Functional obsolescence is exhibited in part by a number of the retail/commercial tenant spaces 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 loading and unloading areas and adequate parking. Generally, the existing loading and unloading activities are currently combined with the ingress and egress of customers due to shallow lot sizes or requirements for parking. Multiple curb cuts are present along the Study Area; this condition increases the likelihood of slowing traffic flow on York Street as well as increased accidents.

York Street between Grand Avenue and I-290 generates an average daily traffic count of 23,000 vehicles and between I-290 and North Avenue an average daily traffic count of 18,300 vehicles according to the most recent data posted by the Illinois Department of Transportation on its website. This is one of the highest traffic counts within the City. In 2010 there were 129 vehicle accidents along York Street in the RPA.

The combination of the above referenced factors could limit the ability of mid to large size retailers from locating in the corridor. The combination of potential sites for redevelopment could help to alleviate these concerns, in conjunction with traffic circulation improvements potentially financed with incremental revenues.

Economic obsolescence is demonstrated by higher than average vacancy rates, the age of structures, and the lag in the growth of EAV for the Study Area when compared with the rest of the City (each of these factors is discussed separately below). This condition also has the potential to cause a negative spill over for the surrounding area and may deter other property owners from reinvesting in their own properties.

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.

Approximately forty eight percent (48%) of the parcels displayed signs of deteriorated conditions including, but not limited to, damaged fascias, doors, windows, and entryways, rotting wood, and missing mortar which require repairs, upgrades and replacement. In addition, surface cracking of pavement areas, potholes and depressions in roadway and parking areas, weeds protruding through paved and concrete areas and loose gravel in parking areas and driveways for many of the parcels.

3. Excessive Vacancies. The Act defines excessive vacancies as the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

The Study Area contains one hundred twelve (112) structures. Approximately twenty four (24) commercial and industrial buildings were vacant or partially vacant including approximately 210,600 square feet or nineteen percent (19%) of total commercial and industrial building square footage. Two of the vacancies (former auto related uses) are prominently located and comprise approximately 9.6 acres. Other vacancies are scattered throughout the area, but again are located along highly travelled York Street.

Prominent buildings within the TIF District that are completely or largely vacant include the following:

- The former Elmhurst Ford dealership;
- The former Elmhurst Lincoln Mercury dealership;
- The former AT&T store;
- Vacant restaurant at 476 N. York St.;
- Vacant auto related use at 856 N. York St.;
- Interspersed vacancies associated with office buildings and retail strip outlets; and
- Office space located on Industrial Drive (west of York Street)

Moreover, the buildings have been unoccupied for a lengthy duration; that is, they do not appear to be recently vacated pending a routine real estate transaction, but according to City staff, they have remained unoccupied for a substantial period of time.

In addition, the larger vacant buildings and adjacent surface improvements generally exhibit deterioration and appear to be not well maintained as occupied spaces within the Study Area. They appear to suffer from disinvestment whereby the current owners have chosen not to maintain the buildings' physical condition, in relative terms. Because of

the reduced economic activity associated with vacancies and the relatively poor physical condition – in conjunction with their prominent location along York Street or Grand Avenue, they represent an adverse influence on the overall RPA.

4. 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, Addison Township Assessor, and York Township Assessor records and discussions with City staff, many of the improvements found within the Study Area were built between 40 to 70 years ago. This applies to more than forty eight percent (48%) of the buildings in the area. 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. Properties were developed with little regard to adjacent land uses, and without foresight into the intensity of commercial operations present today, in part due to the importance of automobile traffic and the need for sufficient parking. Thus, in terms of land uses, commercial, retail and residential uses in some cases inappropriately overlap, when compared to the modern land use standards currently employed by the City, or exist in close proximity to each other with limited man made or natural buffers to separate the conflicting land uses. There are instances of single family and attached single family uses located along both York Street and Addison Street.

Additionally, there are certain issues pertaining to ingress/egress. Many of the retail businesses and offices along north York Street have little space for ingress/egress, much less “transitional” frontage roads that would separate slower moving traffic approaching a business (e.g., to park and shop or unload cargo) from faster moving traffic using north York Street purely to drive through the City. A majority of the businesses have shallow parcel depths that do not afford much room for loading, unloading, or parking, in comparison to modern uses. Additionally, the execution of turns into retail establishments is difficult since (a) vehicles have to slow rapidly to execute the turn, (b) turns need to be made into a tight space due the narrow/shallow parking lots and (c) entering the parking lot areas customers need to avoid closely situated cars already parked in the narrow lots (or which may be backing up to leave the store).

5. 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.

The City adopted its first city wide comprehensive plan in 1990, followed by a comprehensive amendment to its zoning ordinance in 1992. Prior to 1990, smaller scale or area specific plans were in place to guide development on a less coordinated, comprehensive basis. In 2009, the City updated the 1990 comprehensive plan and this effort serves as the basis for coordinated planning within the City. The Zoning Ordinance has also been amended several times.

The widening of York Street north of North Avenue to four lanes extending to Grand Avenue significantly altered the character of land uses adjacent to York Street in this area. Most previous land uses were comprised of single family uses south of I-290. These uses exhibited shallower lot sizes of primarily 130 foot lot depths bordered by primarily single family uses north to the expressway, and extending along the east side of York Street to Wrightwood Avenue. In some cases lot sizes are deeper (260 ft.) but most lots are restricted by adjacent single family residential uses.

Reuse to primarily commercial and retail land uses on smaller lots resulted in a multiplicity of commercial structures (restaurants, office/service establishments, strip centers, auto related uses) that benefited from traffic and visibility along York Street. The new uses though created pressure in relation to provisions for parking, multiple curb cuts, and buffering to adjacent residential uses (e.g., screening of trash receptacles, loading and unloading requirements, and building setbacks). Building setbacks are varied and in many cases limit parking availability as off street parking along York Street is restricted. Conversions of single family buildings to commercial uses are also present and represent uses with limited parking.

In contrast to the shallower lots described above, commercial properties located along the west side of York Street north of I-290 and approaching Grand Avenue exhibit larger footprints and deeper lot sizes. Due to the downturn in the auto industry, several large properties (the former Elmhurst Ford and Lincoln/Mercury dealerships) remain vacant. Other uses such as the moving/storage facility and Freightliner parcels, represent frontage development or “outliers” in relation to similar industrial uses located to the west. These uses are categorized by larger, special use buildings and ancillary storage yards. Given York Street visibility, these uses are not the most favorable in relation to valuation or sales tax generation.

Land uses north of Wrightwood Avenue to Diversey revert to smaller (130 ft) lot depths, again exhibiting multiple uses - restaurants, office, and auto related (rental, sales, repair). The land uses north of Diversey include deeper lot depths, but include older buildings and varied provisions for parking.

The North York area is reviewed in the City's 2009 Comprehensive Plan and the following recommendations are identified:

“Urban Design and Circulation

Streetscape improvements should be implemented along both Grand Avenue and North York Street to enhance their overall appearance and create a distinctive identity.

Because of their high traffic volumes and the strong auto-oriented functions, both Grand Avenue and North York Street will continue to have an auto-oriented character in the future. However, improvements such as coordinated signage, landscaping and decorative banners could significantly improve the appearance of the corridor, creating a more attractive environments for potential shoppers and an impressive entry into the city.

New developments along the corridor should focus on creating a high-quality commercial corridor, with parking located to the rear and attractive façade designs and use of high-quality materials encouraged.

Recommendations

1. Maintain auto-oriented uses along Grand Avenue. The City should work with the auto dealers to meet expansion and redevelopment needs.
2. Transition neighborhood commercial uses along York Street to community or regional commercial uses. Off-street surface parking should be provided to the rear of buildings.
3. Transition residential development on the southeast corner of Grand Avenue and York Street to higher-density residential development over three stories.
4. Follow the process for Planned Developments in site reuse/redevelopment of PD #1 (to be developed by the City) to encourage redevelopment of this area to occur in a cohesive manner. Suggested redevelopment uses include large format retailers.
5. Implement a streetscape program to create a pedestrian-welcome environment, as well as produce a unified image and distinctive identity for the district.
6. Construct gateway features on Grand Avenue and York Street to visually cue entrance into Elmhurst.”

Source: City of Elmhurst Comprehensive Plan

In addition, planning related efforts along Addison Street (mixture of residential, industrial and commercial uses) and integration with frontage along York Street is important in order to coordinate redevelopment efforts, and potentially increase valuations. Coordinated streetscape, signage, parking, and circulation efforts are also important throughout the area and could be facilitated through the use of TIF resources.

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 as set forth in the updated City Comprehensive Plan. A lack of such efforts has contributed to the evolution of conservation area factors currently present within the Study Area. As noted above forty eight (48%) of the buildings were constructed between forty (40) and seventy (70) years ago prior to both the 1990 and 2009 comprehensive plan initiatives.

6. 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 five (5) 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
2010	\$ 31,937,830	-12.12%	\$ 2,247,206,536	-7.96%
2009	\$ 35,807,210	-2.58%	\$ 2,426,145,793	.14%
2008	\$ 36,729,680	5.44%	\$ 2,422,661,192	8.38%
2007	\$ 34,731,480	-2.48%	\$ 2,219,577,183	10.10%
2006	\$ 35,593,400	4.34%	\$ 1,995,428,395	9.55%
2005	\$ 34,049,030	--	\$ 1,804,943,997	--

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:

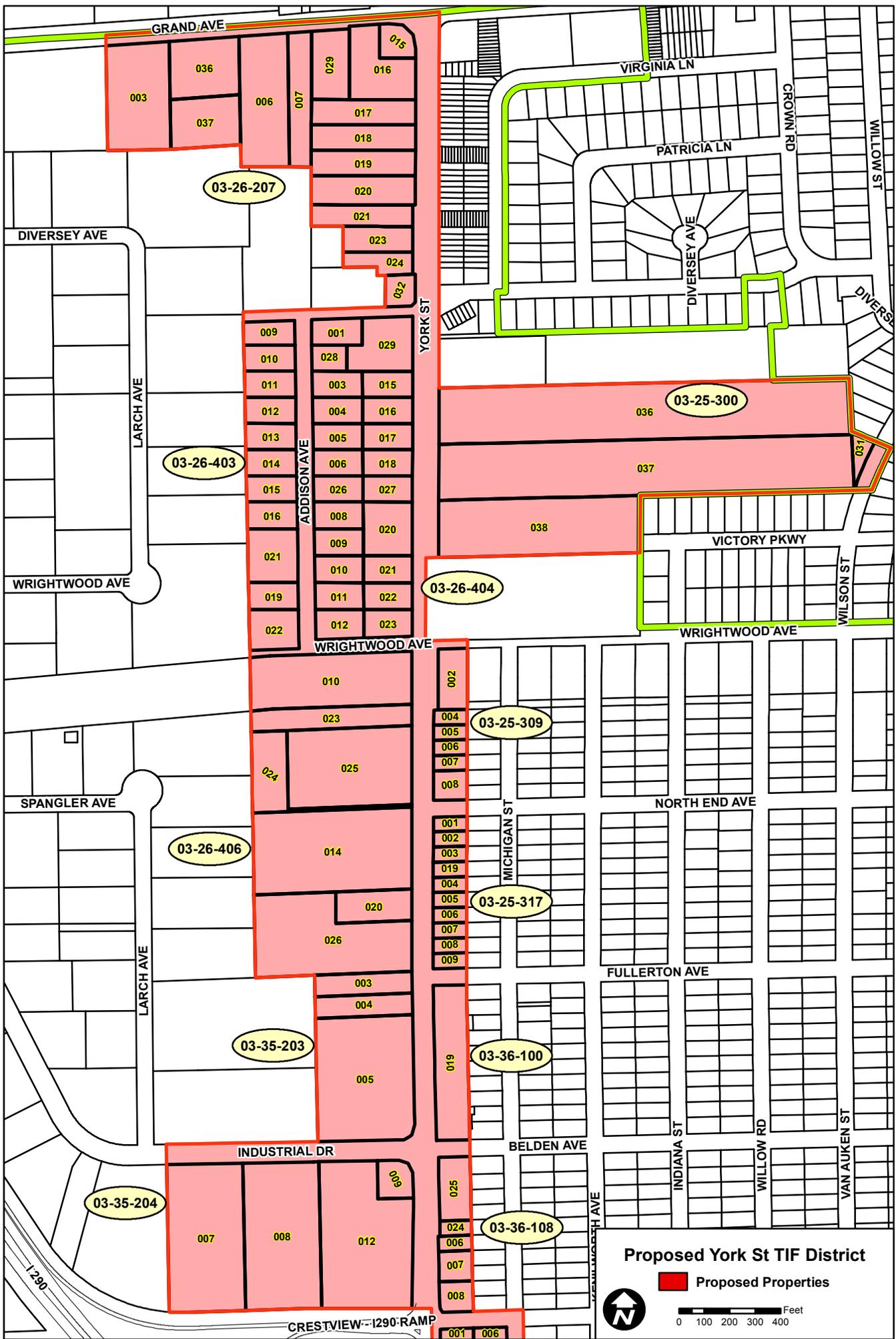
1. The RPA is contiguous and is greater than 1½ acres in size.
2. The RPA qualifies as a Conservation Area. A more detailed analysis of the qualification findings is outlined in Section V of this report.
3. All property in the RPA would substantially benefit by the proposed redevelopment project improvements.
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 infrastructure and property maintenance as well as the coordination of redevelopment efforts for modern uses. These efforts will be important to the RPA's continued improvement and preservation of tax base.

EXHIBIT 1

PROPOSED TIF BOUNDARY MAP



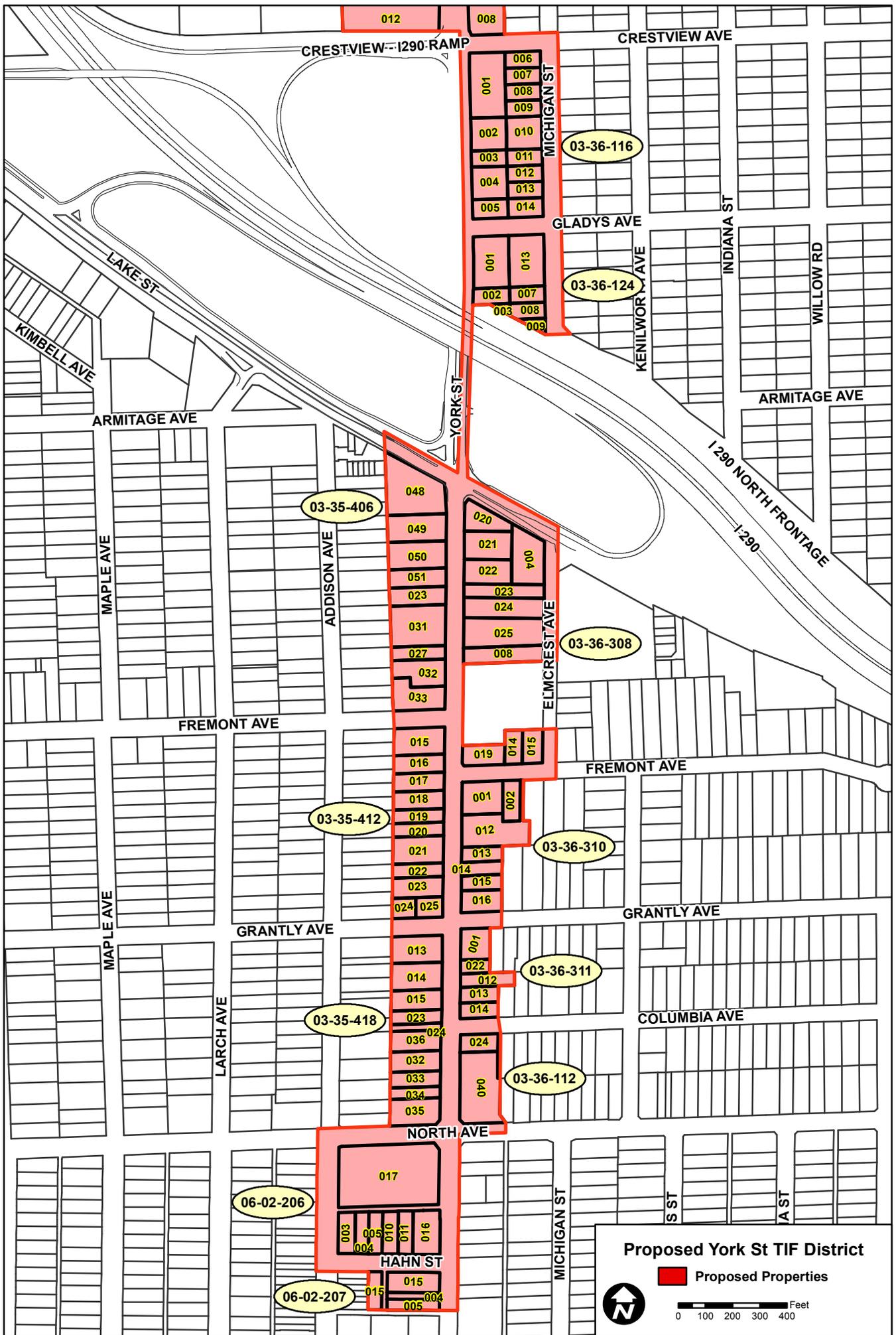


EXHIBIT 2
LEGAL DESCRIPTION

Elmhurst North York Street TIF Legal Description

That part of Sections 25, 26, 35 and 36 of Township 40 North, Range 11, East of the Third Principal Meridian and Section 2 of Township 39 North, Range 11, East of the Third Principal Meridian described as commencing at the intersection of the Northerly corporate boundary of Elmhurst, said Northerly boundary being the centerline of Grand Avenue, with the Westerly lot line, extended north, of Lot 75 in Elmhurst Industrial Park Unit No. 2, recorded as Document R65-24614 on July 9, 1965, for a place of beginning, thence Easterly along said centerline of Grand Avenue to the Easterly right-of-way line of York Street, thence Southerly along said Easterly right-of-way line to the North line of Lot 2 of York Gardens, recorded as Document 456519 on December 3, 1943, thence Easterly along said North lot line to the East line of said Lot 2, thence Southerly along said East line to the Northwest corner of Lot 11 in Block 3 of Country Club Highlands Subdivision Unit 3, recorded as Document 877616 on April 25, 1958, thence Southeasterly along the Northerly line of said Lot 11, extended, to the Easterly right-of-way line of Wilson Street, thence Southwesterly along said Easterly right-of-way line to its intersection with the North line, extended Easterly, of Lots 12 through 24, inclusive, in Block 3 of said Country Club Highlands Subdivision Unit 3, thence Westerly along said North line to the West Line of said Lot 24, thence Southerly along said West line, extended, to the South line of Lot 4 in said York Gardens, thence Westerly along said South line to the Easterly right-of-way line of York Street, thence Southerly along said Easterly right-of-way to the South lot line of York Meadows Condominiums, recorded as Document R80-05482 on January 22, 1980, thence Easterly along said South lot line to the East lot line, extended Northerly, of Lot 20 in Block 12 of H.O. Stone and Co.'s Elmhurst Addition, recorded as Document 161539 on December 20, 1922, thence Southerly along said East lot line, extended, to the South lot line of Lot 10 in Block 37 of said H.O. Stone and Co.'s Elmhurst Addition, said South lot line being the North right-of-way of Crestview Avenue, thence Easterly along said North right-of-way line to the East right-of-way line of Michigan Street, thence Southerly along said East right-of-way line to the South lot line of Lot 15 in Block 54 of said H.O. Stone and Co.'s Elmhurst Addition, thence generally Westerly along the Northerly right-of-way line of Interstate 290 to the East right-of-way line of York Street, thence Southerly along said East right-of-way line to the Northerly right-of-way line of Lake Street, thence Southeasterly along said Northerly right-of-way line to the East right-of-way line, extended Northerly, of Elmcrest Avenue, thence Southerly along said East right-of-way line to the North line, extended Easterly, of Lot 5 in Block 1 of Robertson's Addition to Elmhurst, recorded as Document 92032 on October 30, 1907, thence Westerly along said North lot line to the East right-of-way line of York Street, thence Southerly along said East right-of-way line 350 feet, thence Easterly 155 feet, thence Northerly 50 feet to the North line of Lot 7 in Block 1 of said Robertson's Addition to Elmhurst, thence Easterly along said lot line, extended, to the East right-of-way line of Elmcrest Avenue, thence Southerly along said East right-of-way line and right-of-way line extended, to the South right-of-way line of Fremont Avenue, thence Westerly along said South right-of-way line 120 feet, thence Southerly 150 feet, thence Easterly 25 feet, thence Southerly 90 feet to a point on the North line of Robertson's Second Addition to Elmhurst, recorded as Document 95683 on January 20, 1909, said point being 250 feet East of the Northwest corner of said Robertson's Second Addition to Elmhurst, thence Westerly along said North line to the East line of Lot 49 in said Robertson's Second Addition to Elmhurst, thence Southerly along said East lot line, extended, to the North line of Paul J. Lowe Resubdivision, recorded as Document R96-024157 on February 14, 1996, thence Westerly, thence Southerly, thence Easterly along said Paul J. Lowe Resubdivision to the East line of Lot 26 in said Robertson's Second Addition to Elmhurst, thence Southerly along said lot line to the North line of "A Resubdivision of Lots 1,2,23,24 and the South 115 feet of Lots 25 and 26 of Robertson's Second Addition to Elmhurst", recorded as Document 111786 on

April 23, 1913, thence Westerly along said North line to the West line of Lot 11 in said Resubdivision, thence Southerly along said West line and west line extended, of Lots 11, 7 and 8 in said Resubdivision to the Southerly right-of-way of North Avenue, thence Westerly 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 to the North line, extended Easterly, of Lot 25 in Hahn's Subdivision, recorded as Document 47483 on December 8, 1891, thence Westerly along said North lot line, extended, to the West line, extended Southerly, of Lot 16 in said Hahn's Subdivision, thence Northerly along said West lot line to the South right-of-way line of Hahn Street, thence Westerly along said South right-of-way line, extended, to the West right-of-way line of Addison Avenue, thence Northerly along said West right-of-way line to the Northerly right-of-way line of North Avenue, thence Easterly along said North right-of-way to the West line of Lot 7 in Block 1 of Albert D. Graue's Subdivision of North Elmhurst, recorded as Document 86803 on February 23, 1906, thence Northerly along said West line of Lot 7, extended, to the South right-of-way line of Fremont Avenue, thence Northwesterly to the Southwest corner of Lot 9 in North Elmhurst Third Addition to the Village of Elmhurst, recorded as Document 97862 on August 9, 1909, thence Northerly along the west line of Lots 9 and 8 of said North Elmhurst Third Addition to the Southwest corner of Lot 5 of "County Clerk's Assessment Division of Lots 1 and 2 of the Plat of North Elmhurst Third Addition to the Village of Elmhurst", recorded as Document 233179 on April 8, 1927, thence Northerly along the West line, and West line extended, of Lots 1 through 5, inclusive, in said County Clerk's Assessment Division to the Northerly right-of-way line of Lake Street, thence Southeasterly along said Northerly right-of-way line to the West right-of-way line of York Street, thence Northerly along said West right-of-way line to the South line of Elmhurst Industrial Park Unit No. 1, recorded as Document R65-2240 on January 22, 1965, thence Westerly along said South line to the West line of Lot 7 in said Elmhurst Industrial Park Unit No. 1, thence Northerly along said West lot line, extended, to the North right-of-way line of Industrial Drive, thence Easterly along said right-of-way line to the East line of Lot 31 in said Elmhurst Industrial Park Unit No. 1, thence Northerly along the East line of Lots 31 and 27 in said Elmhurst Industrial Park Unit No. 1 to the North line of said Lot 27, thence Westerly along said North line to the West line of Lot 26 in said Elmhurst Industrial Park Unit No. 1, thence Northerly along said East line, extended, to the Northeast corner of Lot 22 in said Elmhurst Industrial Park Unit No. 1, thence Northerly to the Southeast corner of York Grand Estates Unit Number One, recorded as Document 426473 on July 23, 1941, thence Northerly along the West line of said York Grand Estates Unit Number One, extended, to the Southwest corner of Lot 2 of Klefstad's Elmhurst Subdivision, recorded as Document R93-172175 on August 4, 1993, thence Easterly, thence Northerly, thence generally Westerly along said Klefstad's Elmhurst Subdivision to the Southeast corner of said Lot 75 in said Elmhurst Industrial Park Unit No. 2, thence Westerly along the South line of said Lot 25 to the Southwest corner, thence Northerly along the West line, and West line extended, of said Lot 75 to the place of beginning, all in DuPage County, Illinois.

Revised 03/14/12