

Exhibit C

**VILLAGE OF SKOKIE
TIF REDEVELOPMENT PLAN
WEST DEMPSTER TIF DISTRICT**

“Redevelopment plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a “blighted area” or “conservation area” or combination thereof or “industrial park conservation area,” and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area” as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

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The Village of Skokie, Illinois

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I. INTRODUCTION

The Village of Skokie (the “Village”) is located in Cook County, Illinois, serving a population of nearly 67,000 citizens. It is an established community located approximately 10 miles north of downtown Chicago and about 2 miles west of Lake Michigan. The Village has a number of assets, and it was the first municipality in the United States with a nationally accredited police, fire and public works department, according to the Village web site.

In this report, the Village of Skokie establishes a Tax Increment Financing (“TIF”) Redevelopment Plan to assist an area in overcoming a number of redevelopment barriers. Kane, McKenna and Associates, Inc. (KMA) has been retained by the Village to conduct an analysis of the potential qualification and designation of the area as a TIF District, and to assist the Village in drafting this TIF Redevelopment Plan.

TIF Plan Requirements. The Village is completing this Plan as required by the Tax Increment Allocation Redevelopment Act, (the “Act”) 65 ILCS 5/11-74.4-1, et. seq., as amended. To establish a Tax Increment Financing district (otherwise known as the “Redevelopment Project Area” or “RPA”), Illinois municipalities must adopt several documents, including a TIF Redevelopment Plan and Eligibility Report.

The Act enables Illinois municipalities to establish TIF districts, either to eliminate the presence of blight or to prevent its onset. The Act finds that municipal TIF authority serves a public interest so as to: “promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas” (65 ILCS 5/11-74.4-2(b)).

By definition, a TIF “Redevelopment Plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualify the Redevelopment Project Area as a “blighted area,” “conservation area” (or combination thereof), or “industrial park conservation area,” and thereby to enhance the tax bases of the taxing districts which extend into the Redevelopment Project Area as set forth in the Tax Increment Allocation Redevelopment Act.

Community Background. The Village of Skokie is one of the oldest settled communities in Illinois. Originally a rural settlement known as Niles Centre, the Village was incorporated in 1888 and later renamed the Village of Skokie in 1940. It grew rapidly during the post-war era and reached a population of 59,432 by 1990. Since then, growth has tapered off with population levels reaching 63,348 in 2000 and an estimated 66,620 in 2008, according to the U.S. Census Bureau.

The Village has a number of important assets. First, it benefits from a broad and deep array of municipal services, including the aforementioned accredited public works, police and fire departments. Secondly, besides having a number of sizable employers within Village limits (e.g., Westfield Old Orchard shopping mall, Oakton Community College, and NorthShore University HealthSystem Skokie Hospital), it is in close proximity to other major employers nearby such as Northwestern University. Moreover, the Village has a number of transportation amenities unique among north suburban communities. It has access to Interstate 94 at three junctures, Metra service just west of Village boundaries, and CTA “El” light rail service to Dempster Avenue (with a second

El stop to be located soon on Oakton Street, in downtown Skokie). O'Hare Airport is located only twelve miles to the west.

In addition to “hard” assets, the Village has many quality of life amenities. For example, the North Shore Center for Performing Arts is home to the Northlight Theater and Centre East, which hosts hundred of performances each year that draw from the greater Chicago area. While difficult to quantify in economic terms, these cultural amenities enhance the area and make the general area more attractive to residents and businesses alike.

The proposed West Dempster TIF District has the potential for redevelopment that would allow it to support commercial and related redevelopment uses. Redevelopment would build upon locational advantages and certain existing uses. As such, the Village has identified a number of objectives for redevelopment, with tax increment financing acting as a tool to achieve them. Please refer to Section III of this report for additional information about the goals, objectives and activities to support anticipated redevelopment of this area.

The Proposed TIF District. The proposed TIF District is a strategically important area for the Village. The West Dempster Street area has been a priority for Village redevelopment efforts since 2001, when the Village conducted a “subarea” redevelopment study as part of an update to the *Comprehensive Plan*. Despite these planning efforts and isolated activities such as the Skokie Swift train station restoration, the area has not benefited from broad-scale redevelopment. As noted in the *TIF Eligibility Report* contained in Appendix V, the area continues to suffer from such redevelopment impediments as obsolescence and has had relatively slow growth in EAV during the past five years (in comparison to Village-wide trends).

Notwithstanding the redevelopment challenges, the West Dempster Street area has the potential to leverage certain key advantages. Aside from the Village-wide assets cited above, Dempster Street is a key regional arterial, has high daily traffic counts, and has mass transit service. Moreover, the area is an important western gateway to the Village and is often the first section of the Village travelers see when arriving in Skokie.

In terms of current land uses, the area is generally commercial in nature with a mix of retail and office space. There are certain ancillary uses in the area, such as vacant right-of-way uses.

The proposed RPA suffers from a variety of economic development impediments as defined under the TIF Act. As documented in the *TIF Eligibility Report* (see Appendix 5), the proposed RPA exhibits certain redevelopment challenges in the improved portion of the proposed TIF district, including:

- Obsolescence
- Excessive vacancies
- Slow growth in EAV, in comparison to the balance of the Village as a whole
- Deleterious layout or land use
- Deterioration
- Environmental contamination.

The vacant area also has certain conditions which impede redevelopment efforts as discussed in the attached *TIF Eligibility Report*.

On balance, the combination of these factors limits the opportunities for private reinvestment within and around the proposed 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 TIF-supported coordination of land uses by the Village, the proposed RPA would become better positioned for redevelopment. Accordingly, under this TIF Redevelopment Plan and as part of its comprehensive economic development planning, the Village intends to attract and encourage commercial and mixed uses to locate, upgrade, expand and/or modernize their facilities within the Village. Through the establishment of the RPA, the Village would implement a program to redevelop key areas within the Village; in so doing, it would stabilize the area, extend benefits to the community, and assist affected taxing districts over the long run.

Rationale for Redevelopment Plan. The Village recognizes the need for a strategy to revitalize properties and promote development within the boundaries of the proposed RPA. The needed private investment may only be possible if a TIF district is adopted pursuant to the terms of the Act. Incremental property tax revenue generated by the development will play a decisive role in encouraging private development. Site conditions that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Plan will benefit both the Village and surrounding taxing districts, by virtue of the expected expansion of the tax base.

The Village does not anticipate that area would be developed in a coordinated manner without the adoption of the TIF Redevelopment Plan. The Village, with the assistance of KMA, has therefore commissioned this Plan to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the proposed RPA will become a more viable area that will attract private investment. The public investment will lay the foundation for the redevelopment of the area with private capital, which in turn will set the stage for future retail, commercial, and other uses surrounding the area. Section III of this report (see page 9) details the various public investments/strategies that the Village would pursue.

Through this Plan, the Village will serve as the catalyst for the coordination and assembly of the assets and investments of the private sector and establish a unified, cooperative public-private redevelopment effort. Myriad benefits will accrue to the area: a stabilized and expanded tax base; retention of existing businesses; entry of new businesses; new employment opportunities; and physical and aesthetic improvements related to the rehabilitation or replacement of existing structures. Ultimately, the implementation of the Plan will benefit (a) the Village, (b) the taxing districts serving the RPA, (c) property owners within the RPA, and (d) existing and new businesses.

Village Findings. The Village, through legislative actions as required by the Act, finds:

- That the proposed 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 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;
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the proposed 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; and
- That the TIF Redevelopment Plan conforms to the Skokie *Comprehensive Plan* as detailed in Section III of this report.

It is further found, and certified by the Village, in connection to the process required for the adoption of this Plan pursuant to the Act, that the projected redevelopment of the proposed RPA will not result in the displacement of 10 or more inhabited residential units. Therefore, *this Plan does not include a Housing Impact Study.*

The redevelopment activities that will take place within the proposed 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. Other alternatives, including the designation of a Business District, appear to be limited in usefulness, as related to the types of redevelopment activities proposed by the Village.

Pursuant to the Act, the proposed 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. A boundary map of the RPA is included in Appendix 2 of this Plan.

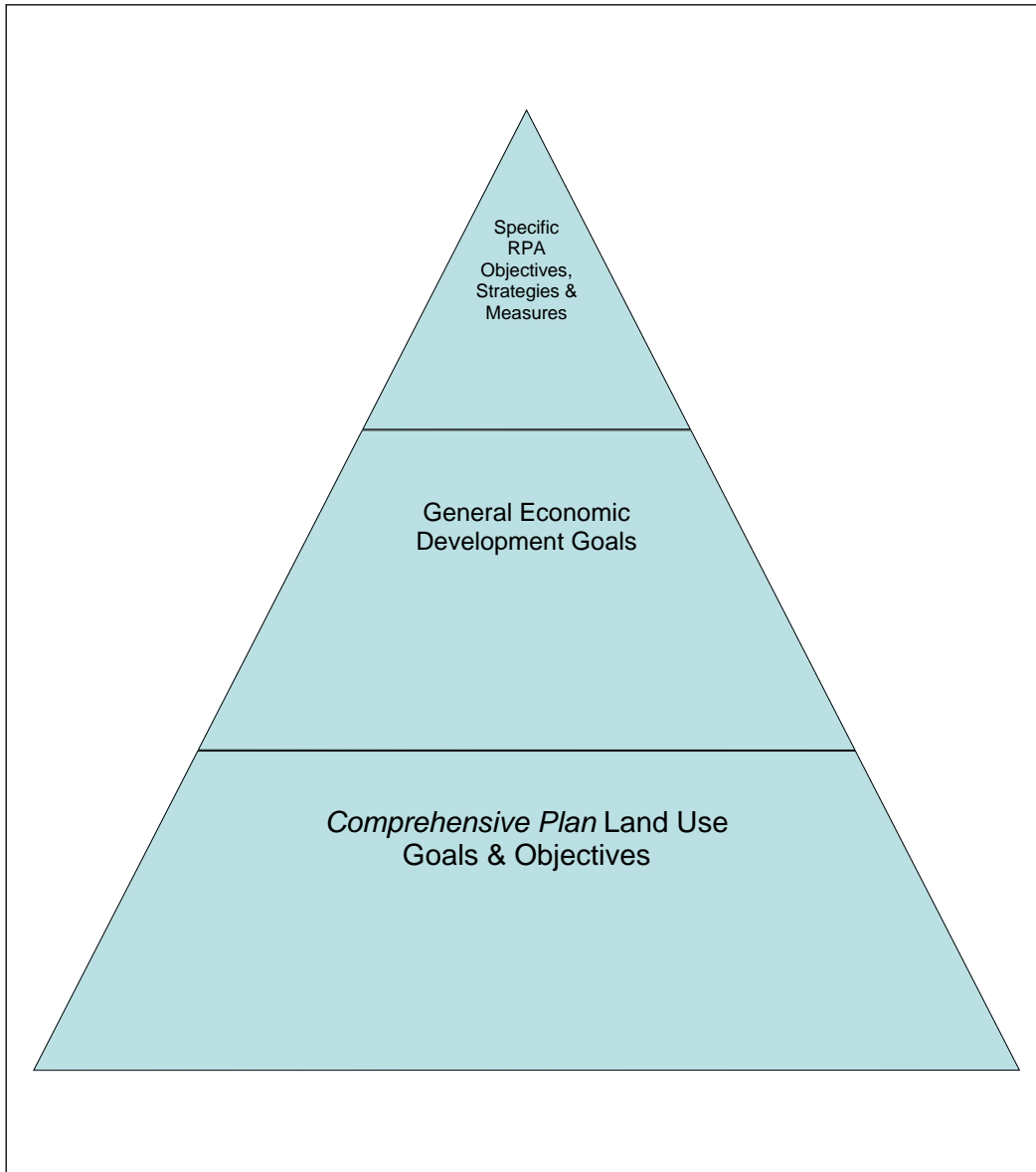
II. RPA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Appendix 1.

III. RPA GOALS AND OBJECTIVES

The Village has established a number of economic development goals, objectives, and strategies which would determine the kinds of activities to be undertaken within the proposed West Dempster TIF District. These efforts would conform to and promote the achievement of land use objectives in the Village's *Comprehensive Plan*. As indicated in the exhibit below, the Village's primary planning document is the *Comprehensive Plan* which describes the overall vision for the Village and is the foundation for Village initiatives such as the proposed West Dempster TIF District. This overarching planning document influences all other Village planning effort such as the TIF planning process.

Exhibit 1
Relationship of Land Use and Economic Development Plans



Comprehensive Plan Land Use Goals and Objectives. The 2005 *Comprehensive Plan* established general goals for the Village which shape subsequent economic redevelopment objectives and strategies. Establishment of the proposed West Dempster RPA supports these Village-wide goals enunciated in the *Comprehensive Plan*. The goals are detailed in Exhibit 2 below.

Exhibit 2

Selected Comprehensive Plan Elements Applicable to the Proposed TIF District

Comprehensive Plan Element	Goals
Transportation	<p>Rapid Transit – Location and access to rapid transit strategically places Skokie in position to provide access to jobs, retail, housing, services, and entertainment opportunities locally and regionally by rapid transit, and we will promote, maintain, and enhance when possible, the economic, environmental, and quality-of-life benefits of this resource.</p> <p>Bus Transit – With more and more Skokie residents without their own personal vehicle and the necessity of this resource as a means for people to link to other modes of transportation (such as rail, walking, biking, or other buses to meet daily needs), we will promote, maintain, and enhance when possible, the economic, environmental, and quality-of-life benefits of this resource.</p> <p>Vehicular – Acknowledging that (a) cars will be important in our short- and long-term future, (b) Skokie is part of a regional vehicular transportation network, and (c) not all people use a personal vehicle to move within and through the Village, we will work to maintain a comprehensive street network that is sensitive to the needs of cars, buses, and trucks that is balanced with the needs of pedestrians, bicycles, and trains.</p> <p>Parking – Since adequate parking is an important (but not the only) component of successful retail, service, and employment centers, we will work to provide adequate and safe on- and off-street parking that meets the needs of vehicles in a way that does not compromise the needs and safety of pedestrians, transit users, and bicyclists.</p> <p>Alleys – Since alleys provide several benefits (they enable efficient and unobtrusive access to vehicle storage, garbage pick-up, and utilities, preserve on-street parking through the elimination of curb cuts, reduce the amount of pavement through the elimination of lengthy driveways, and minimize conflicts with pedestrians), we will work to maintain, enhance, and encourage the use of those alleys in areas that have access to the alley network.</p>
Public Facilities and Services	<p>Utilities – With our basic utility systems established and well maintained, we will continue to maintain the high quality of our nationally accredited Public Works Department and will accommodate changes in these networks, especially in the areas of communications and storm water control.</p>
Land Use	<p>Retail Sales and Services – Since Skokie is a regional leader in retail sales and services, the revenue and employment generated from these uses enhances the fiscal diversity and economic health of the Village, and a broad array of services adds to the overall quality of life for those who live and work here, we encourage the enhancement and redevelopment of appropriate locations in a way that is sensitive to the economic, transportation, and social demands of the Village.</p>

	<p>Manufacturing and Wholesale Trade – Skokie’s access to good transportation and labor, as well as a diversified tax base, makes the Village a good location to operate a business, and we will preserve land for these uses to maintain the economic diversity of the Village and continue its status as a regional employment center.</p> <p>Mixing Uses – As land becomes scarce and attitudes, technology, and uses change, mutually beneficial use combinations will be considered that will provide a net benefit of multiple community objectives.</p>
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Source: Village of Skokie *Comprehensive Plan*, 2005

General Economic Development Goals of the Village. The Village’s general economic development objectives are to enhance commercial and mixed use opportunities within the Village, including the proposed TIF District. To achieve this overarching objective, the Village has proposed the following goals, objectives, and strategies that would apply to the proposed West Dempster TIF District. These initiatives are consistent with the Village *Comprehensive Plan*, and support the realization of long-term *Comprehensive Plan* goals.

General Economic Development Goals of the Village:

- To reverse the effects of piecemeal development by encouraging unified, cohesive development.
- To redevelop vacant uses within the area and reverse the decline in property values.
- To develop a strong and positive image of the West Dempster Street corridor.
- To identify and encourage beneficial tax generating land uses within the RPA.
- To identify appropriate tools for implementation of economic redevelopment.

Specific Objectives for the RPA:

- Encourage redevelopment of the existing facilities, particularly vacant facilities, with new end users.
- Encourage compatible, well designed development in the RPA with an emphasis on quality site design and building orientation, and site improvements as outlined by Village guidelines.
- Undertake infrastructure improvements that will enhance the redevelopment potential of the RPA.
- Encourage redevelopment of underutilized properties.
- Remediate any environmentally contaminated properties.
- Coordinate any transportation improvements, such as those relating to the Skokie Swift Line, Dempster Street or adjacent local roads.

RPA designation will allow the Village to pursue complementary strategies including the following:

- Coordinating land and building assembly in order to provide sites for more modern redevelopment;
- Providing infrastructure that supports subsequent redevelopment plans for the RPA;
- Entering into redevelopment agreements in order to redevelop property and/or to induce new development to locate within the RPA;
- Enhancing area appearance through construction and rehabilitation of structures and improvements to landscape, streetscape and signage; and
- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent current and/or future commercial opportunities, and other Village redevelopments within the RPA and/or surrounding areas.

The implementation of the Redevelopment Project will serve to improve the tax base within the area and contribute to its economic redevelopment. The implementation of the RPA will provide new employment opportunities for community residents, as well as greater marketplace interest within the West Dempster area.

To track success in meeting RPA-specific objectives and strategies, the Village may establish certain performance measures that would help the Village monitor the projects to be undertaken within the proposed RPA. The Government Finance Officers Association recommends that municipalities adopting TIF districts evaluate actual against projected performance (e.g., using metrics such as job creation or tax revenue generation). Exhibit 3 below identifies the types of performance measures the Village may consider to track the performance of projects within the RPA. (Section VI of this report discusses the types of projects that the Village may pursue within the RPA, with the caveat that specific projects at this point are only conceptual in nature.)

Exhibit 3
Examples of TIF Performance Measures

Measure	Examples
Input	Public investment (\$) Private investment (\$) Acres of land assembled for TIF Bond proceeds
Output/Workload	Jobs created or retained Number of streetscaping fixtures installed Linear feet of water main installed Commercial space created (square feet)
Efficiency	Leverage ratio (private investment / public investment) Cost per square foot of commercial space Public subsidies per job created/retained
Effectiveness	% change in assessed value (AV) in TIF versus AV in rest of Village % change in AV within TIF before and after TIF creation Municipal sales taxes before and after TIF creation
Risk	Debt coverage ratio Credit ratings of anchor tenants Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

Source: *An Elected Official's Guide to Tax Increment Financing*, Government Finance Officers Association.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH; FISCAL IMPACT ON TAXING DISTRICTS

Evidence of the Lack of Development and Growth within the RPA. As documented in Appendix 5 of this Plan, the proposed RPA has suffered from a lack of development and would qualify as blighted-vacant area in the portion of the RPA without improvements and as a Conservation Area in the improved portion. In recent years, the area has not benefited from sustained private investment and/or development, and instead has experienced physical and economic decline. Absent intervention by the Village, properties within the RPA would not be likely to gain in market value.

The proposed RPA exhibits various conditions which, if not addressed by the Village, would eventually worsen. For example, the area as a whole reflects lagging EAV, economic and functional obsolescence, and excessive vacancies. The unimproved portion of the RPA also has certain negative conditions as identified in the TIF Act. These various conditions discourage private sector investment in business enterprises.

Assessment of Fiscal Impact on Affected Taxing Districts. It is not anticipated that the implementation of this Plan will have a negative financial impact on the affected taxing districts. Instead, action taken by the Village to stabilize and cause growth of its tax base through the implementation of this Plan will have a *positive impact* on the affected taxing districts by arresting the recent lag in property values, as measured by equalized assessed valuations (EAV). In short, the establishment of a TIF district would protect other taxing districts from the potential downside risk of declining EAV.

Any surplus Special Tax Allocation Funds (to the extent annual positive balances in these Funds exist) would be allocated in proportion to the various tax rates imposed by the taxing districts, including the Village. Any such declaration of surplus would be undertaken after all TIF-eligible costs – either expended or incurred as an obligation by the Village – have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the Village as provided by the Act.

An exception to the surplus declaration provision relates to the Village's utilization of TIF funding to mitigate the impact of residential redevelopment upon school and library districts. In such cases, the Village will provide funds to offset the costs incurred by eligible school and the library district in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act. (Refer to Section VI of this Report, which describes allowable TIF project costs.)

V. TIF QUALIFICATION FACTORS PRESENT IN THE RPA

Findings. The proposed 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 the Act. Refer to the TIF Qualification Report, attached as Appendix 5 in this Plan.

Eligibility Survey. Representatives of KMA and Village staff evaluated the RPA from May 2009 to the present. Analysis was aided by certain reports obtained from the Village, reports from Village engineering consultants, on-site due diligence, and other sources. In KMA's evaluation, only information was recorded which would help make a determination about the eligibility of the proposed area as a TIF District.

VI. REDEVELOPMENT PROJECT

Redevelopment Plan and Project Objectives. As indicated in Section III of this Report, the Village has established a planning process which guides economic development and land use activities throughout the Village. Consistent with the established planning process, the Village proposes to achieve economic development goals and objectives through the redevelopment of the RPA, pursuit of projects within the RPA, and the promotion of private investment via public financing techniques (including but not limited to tax increment financing).

The project-specific objectives envisioned for the RPA are as follows:

- 1) Implementing a plan that provides for the attraction of users to redevelop vacant land and underutilized buildings that are available within the RPA.
- 2) Constructing public improvements which may include, as needed:
 - Street and sidewalk improvements (including new street construction and widening of current streets; any street widening would conform with Village standards for context-sensitive design);
 - Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation);
 - Signalization, traffic control and lighting;
 - Off-street parking and public parking facilities; and
 - Landscaping and beautification.
- 3) 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) Providing for site preparation, clearance, and demolition, including grading and excavation (any demolition activities would conform to Village criteria for allowing demolition).
- 5) Exploration and review of job training programs in coordination with any Village, federal, state, and county programs.

Redevelopment Activities. Pursuant to the project objectives cited above, the Village will implement a coordinated program of actions. These include, but are not limited to, acquisition, site preparation, clearance, demolition, provision of public infrastructure and related public improvements, and rehabilitation of structures, if necessary. Such activities conform to the provision of the TIF Act that define the scope of permissible redevelopment activities.

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

Certain properties in the RPA may be acquired, assembled and reconfigured into appropriate redevelopment sites. It is expected that the Village would facilitate private acquisition through reimbursement or write-down of related costs if necessary to implement redevelopment projects. Relocation may also be required and the Village would conform to the provisions of the Act.

Public Improvements

The Village may, but is not required to, provide public improvements in the RPA to enhance the immediate area and support the Plan. 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 sanitary and storm sewer systems and roadways;
- Parking facilities (on grade and parking structures); and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation/Taxing District Capital Costs

The Village may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to Village code provisions. Improvements may include exterior and facade-related work as well as interior-related work. Certain taxing district capital costs may also be funded pursuant to the Act, if necessary and as provided for in the Act.

Interest Rate Write-Down

The Village may enter into agreements with for-profit or non-profit owners/developers whereby a portion of the interest cost for construction, renovation or rehabilitation projects are paid for out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

The Village 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; and
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

General Land Use Plan. As noted in Section I of this report, the proposed RPA currently contains primarily commercial and retail land uses, including certain ancillary uses as well (e.g., public right-of-way).

Existing land uses are shown in Appendix 3 attached hereto and made a part of this Plan. Appendix 4 designates intended land uses in the Redevelopment Project Area, including potential commercial, retail, institutional/recreational, and transit-oriented uses as well as industrial, mixed, and residential uses. Future land uses will conform to the Zoning Ordinance and the *Comprehensive Plan* as either may be amended from time to time.

Additional Design and Control Standards. The appropriate design standards (including any Planned Unit Developments) as set forth in the Village's Zoning Ordinance and/or *Comprehensive Plan* shall apply to the RPA.

Eligible Redevelopment Project Costs. Under the TIF statute, redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred as well as any such costs incidental to the Plan. (Private investments, which supplement "Redevelopment Project Costs," are expected to substantially exceed such redevelopment project costs.) Eligible costs permitted by the Act and pertaining to this Plan include:

- (1) *Professional Service Costs* – Costs of studies, 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, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999 (the effective date of Public Act 91-478), 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 3 years. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a Redevelopment Project Area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the Redevelopment Project Area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;
 - The cost of marketing sites within the Redevelopment Project Area to prospective businesses, developers, and investors;
 - 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 Project Area or approved a redevelopment plan;
 - In addition, redevelopment project costs shall *not* include lobbying expenses;
- (2) *Property Assembly Costs* – Costs including but not limited to acquisition of land and other property (real or personal) or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or

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

- (3) *Improvements to Public or Private Buildings* – Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost 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;
- (4) *Public Works* – Costs of the construction of public works or improvements, 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 November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the 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;
- (5) *Job Training* – Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the Redevelopment Project Area;
- (6) *Financing Costs* – 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 hereunder including (a) interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and (b) reasonable reserves related thereto;
- (7) *Capital Costs* – 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;
- (8) *School-Related Costs* – 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.¹ Certain library district costs may also be paid as provided for in the Act.

¹ The calculation is 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

- (9) *Relocation Costs* – To the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n) of the Act;
- (10) *Payment in lieu of taxes;*
- (11) *Other Job Training* – Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a Redevelopment Project Area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;
- (12) *Developer Interest Cost* – Interest cost 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 redeveloper 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 then the amounts so due shall accrue and be payable when sufficient funds are available in the Special Tax Allocation Fund;

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 the 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 the 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 the 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 districts, 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 the Act; (ii) for elementary school districts, 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 the 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) For any school district in a municipality with a population in excess of 1,000,000, additional provisions apply.

- (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) of paragraph 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. 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).²

The TIF Act prohibits certain costs. Unless explicitly stated herein, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost. In addition, the statute prohibits costs related to retail development that results in the closing of nearby facilities of the same retailers. Specifically, none of the redevelopment project costs enumerated in the Act shall be eligible redevelopment project costs 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.³

Projected Redevelopment Project Costs. Estimated project costs are shown in Exhibit 4 below. Adjustments to estimated line-item costs below are expected and may be made without amendment to the Redevelopment Plan. 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.

² 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) of paragraph (11) 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.

³ 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, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

Further, the projected cost of an individual line-item as set forth below is not intended to place a limit on the described line-item expenditure. Adjustments may be made to line-items, either increasing or decreasing line-item costs for redevelopment. The specific items listed below are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the *total amount* of payment for eligible redevelopment project costs (the “Total Estimated TIF Budget” in Exhibit 4) shall not exceed the amount set forth below, as adjusted pursuant to the Act.

As explained in the following sub-section, incremental property tax revenues from any contiguous RPA may be used to pay eligible costs within the proposed RPA.

Exhibit 4
RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Site Assembly, Land Acquisition and Relocation	\$15,000,000
Site Preparation, Demolition, and Environmental Cleanup	3,500,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, Parking Facilities, and Road Improvements)	3,000,000
Rehabilitation of Existing Structures	2,000,000
Streetscape Improvements	1,000,000
Interest Costs Pursuant to the Act	1,000,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	3,000,000
Job Training	200,000
School District Reimbursements per TIF Act	1,000,000
TOTAL ESTIMATED TIF BUDGET	\$29,700,000

Notes:

- (1) All project cost estimates are in year 2010 dollars. Costs may be adjusted for inflation per the TIF Act.
- (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
- (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. 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 individual line-items set forth above are not intended to place an individual limit on the described expenditures,— provided that the total amount of payments for eligible redevelopment project costs shall not exceed the “total estimated TIF budget” listed above.

Sources of Funds to Pay Redevelopment Project Costs. Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from incremental property tax revenues, proceeds from municipal obligations to be retired primarily with such revenues, and interest earned on resources available but not immediately needed for the Plan. In addition, pursuant to the TIF Act and this Plan, the Village may utilize net incremental property tax revenues received from any current or future contiguous RPAs to pay eligible redevelopment project costs or obligations issued to pay such costs in contiguous project areas. Conversely, incremental revenues from the proposed TIF District may be allocated to any current or future contiguous TIF Districts.

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

The incremental tax 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. The property tax increment would be 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 2008 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 Village may from time to time deem appropriate.

Nature and Term of Obligations to Be Issued. The Village may issue obligations secured by the Special Tax Allocation Fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the Village by virtue of its power pursuant to the Illinois State Constitution.

Any and all obligations issued by the Village pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the RPA, or as such a later time permitted pursuant to the Act and to the extent such obligations are reliant upon the collection of incremental property tax revenues from the completion of the twenty-third year of the TIF, with taxes collected in the twenty-fourth year. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance.

One or more series of obligations may be issued from time to time in order to implement this Plan. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year. The total principal and interest may be payable from tax incremental revenues (including tax incremental revenue from any contiguous TIF Districts) and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

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

Securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds. Further, the securities may be offered on such terms as the Village may determine, with or without the following features: capitalized interest; deferred principal retirement; interest rate limits (except as limited by law); and redemption provisions. Additionally, such securities may be issued with either fixed rate or floating interest rates.

Most Recent Equalized Assessed Valuation for the RPA. The most recent equalized assessed valuation for the RPA is based on the 2008 assessment, and is estimated to be approximately \$32,746,783 (“Base EAV”). It is anticipated that the estimated Base EAV for establishment of the RPA will be the 2008 EAV for all properties contained within the proposed RPA.

Anticipated Equalized Assessed Valuation for the RPA. Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property within the RPA will be approximately \$77 million.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

Redevelopment Project. The Village will implement a strategy 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 Village zoning and planning requirements. Depending upon the scope of the development as well as the actual uses, the following activities may be undertaken in each phase:

- Land Assembly and Relocation: Certain properties in the RPA may be acquired and assembled into appropriate redevelopment sites, with relocation costs undertaken as provided by the Act. It is expected that the Village would facilitate private acquisition through reimbursement or write-down of related costs as needed.
- 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, environmental remediation, or other requirements necessary to prepare the site for desired redevelopment projects.
- Rehabilitation: The Village may assist in the rehabilitation of buildings or site improvements located within the RPA.
- Landscaping/Buffering/Streetscaping: The Village 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 Village may also undertake the provision of necessary detention or retention ponds.
- Roadway/Street/Parking Improvements: The Village may widen and/or vacate existing roads. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be available to the public. Utility services may also be provided or relocated in order to accommodate redevelopment activities.
- 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 Village 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 Village may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The Village may reimburse itself from annual tax increment revenue if available.

Commitment to Fair Employment Practices and Affirmative Action. As part of any Redevelopment Agreement entered into by the Village and any private developers, both parties will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the Village. The program will conform to the most recent Village 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 compliance with applicable state and federal regulations.

The Village 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.

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) years after the adoption of an ordinance designating the 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 ordinance approving the RPA is adopted.

VIII. PROVISIONS FOR AMENDING THE TIF PLAN AND PROJECT

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

APPENDIX 1
Legal Description of Project Area

SKOKIE WEST DEMPSTER TIF

THAT PART OF THE SOUTH HALF OF SECTIONS 15 AND 16 AND THE NORTH HALF OF SECTIONS 21 AND 22, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF NILES CENTER ROAD (SAID POINT ALSO BEING A POINT ON THE EASTERLY LINE OF LOT 57 IN KRENN & DATO'S MAIN STREET "L" FIRST ADDITION, BEING A SUBDIVISION IN SAID NORTH HALF OF SECTION 21, ACCORDING TO THE PLAT THEREOF RECORDED MAY 15, 1924 AS DOCUMENT NO. 8319546) AND ON THE NORTHERLY RIGHT-OF-WAY LINE OF MAIN STREET (AS WIDENED); THENCE NORTHEASTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE OF NILES CENTER ROAD TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF TERMINAL AVENUE; THENCE NORTHWESTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE OF TERMINAL AVENUE TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF CAROL STREET; THENCE EASTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF THE 16 FOOT PUBLIC ALLEY LYING EASTERLY OF AND ADJOINING THE EASTERLY LINE OF LOT 52 IN TERMINAL SUBDIVISION, BEING A SUBDIVISION IN SAID NORTH HALF, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 16, 1924 AS DOCUMENT NO. 8368019; THENCE NORTHWESTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF A 16 FOOT PUBLIC ALLEY RUNNING EAST-WEST (SAID POINT ALSO BEING THE NORTHEASTERLY CORNER OF SAID LOT 52); THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE NORTHWEST CORNER OF LOT 1 IN WARBURTON'S RESUBDIVISION, BEING A RESUBDIVISION IN SAID NORTH HALF ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 22, 1989 AS DOCUMENT NO. 89611942; THENCE WESTERLY ALONG A STRAIGHT LINE TO

THE NORTHEAST CORNER OF LOT 77 IN KRENN AND DATO'S DEMPSTER STREET TERMINAL SUBDIVISION, BEING A SUBDIVISION IN SAID NORTH HALF, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 28, 1924 AS DOCUMENT NO. 8298343, SAID NORTHEAST CORNER BEING A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF A 16 FOOT PUBLIC ALLEY; THENCE WESTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE AND WESTERLY EXTENSION THEREOF TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF GROSS POINT ROAD; THENCE NORTHEASTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE OF GROSS POINT ROAD (AS WIDENED PER DOCUMENT NO. 20014293) TO THE WESTERLY RIGHT-OF-WAY LINE OF LARAMIE AVENUE; THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE OF LARAMIE AVENUE TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF DEMPSTER STREET, SAID POINT BEING

150.03 FEET EASTERLY OF THE SOUTHWEST CORNER OF LOT 2 IN GROSS POINT CROSSING SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTH HALF OF SAID SECTION 16, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 26, 2008 AS DOCUMENT NO. 0808616026; THENCE EASTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT 25.08 FEET EASTERLY OF SAID SOUTHWEST CORNER OF LOT 2; THENCE SOUTHERLY 4.50 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF GROSS POINT ROAD (AS WIDENED PER DOCUMENT NOS. 20114568 AND 0808616026); THENCE NORTHEASTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTHWESTERLY EXTENSION OF THE NORTHEASTERLY RIGHT-OF-WAY LINE OF THE 20 FOOT PUBLIC ALLEY LYING SOUTHWESTERLY OF AND ADJOINING THE SOUTHWESTERLY LINE OF LOT 6 IN PETER

DAHM'S ADDITION TO NILES CENTER SUBDIVISION, BEING A SUBDIVISION IN SAID SOUTH HALF ACCORDING TO THE PLAT THEREOF RECORDED JUNE 24, 1924 AS DOCUMENT NO. 8481483; THENCE SOUTHEASTERLY ALONG SAID NORTHWESTERLY EXTENSION AND NORTHEASTERLY RIGHT-OF-WAY LINE THEREOF TO A POINT ON THE

NORTHERLY RIGHT-OF-WAY LINE OF THE 16 FOOT PUBLIC ALLEY LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF SAID LOT 6; THENCE EASTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF LECLAIRE AVENUE; THENCE NORTHERLY ALONG SAID WEST RIGHT-OF-WAY LINE TO THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF ENFIELD AVENUE; THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE TO THE NORTHEASTERLY CORNER OF LOT 1 IN SAID PETER DAHM'S ADDITION TO NILES CENTER SUBDIVISION; THENCE NORTHEASTERLY ALONG A STRAIGHT LINE TO THE SOUTHEASTERLY CORNER OF LOT 1 IN GROSS POINT ELDERLY HOUSING RESUBDIVISION, BEING A RESUBDIVISION IN SAID SOUTH HALF, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 21, 1989 AS DOCUMENT NO. 89177682, SAID SOUTHEASTERLY CORNER BEING THE NORTHWESTERLY RIGHT-OF-WAY LINE OF A 16 FOOT PUBLIC ALLEY LYING SOUTHEASTERLY OF AND ADJOINING THE SOUTHEASTERLY LINE OF SAID LOT 1; THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE TO THE NORTHEASTERLY CORNER OF SAID LOT 1; THENCE SOUTHEASTERLY ALONG A STRAIGHT LINE TO THE NORTHWESTERLY CORNER OF LOT 7 IN HUNTSMAN AND COMPANY'S SUBDIVISION, BEING A SUBDIVISION IN SAID SOUTH HALF, ACCORDING TO THE PLAT THEREOF RECORDED MAY 29, 1929 AS DOCUMENT NO. 8927985; THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 7 AND EASTERLY EXTENSION THEREOF TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF THE CHICAGO AND NORTHWESTERN RAILROAD; THENCE SOUTHEASTERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO A POINT ON THE NORTH LINE OF THE SOUTH 310.2 FEET OF SAID SOUTH HALF OF SECTION 16; THENCE EASTERLY ALONG SAID NORTH LINE TO A POINT ON THE EASTERLY RIGHT-OF-

WAY LINE OF SAID CHICAGO AND NORTHWESTERN RAILROAD; THENCE SOUTHEASTERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO A POINT ON THE

SOUTH LINE OF SAID SECTION 16; THENCE EASTERLY ALONG SAID SOUTH LINE TO A POINT ON A LINE 135.0 FEET EASTERLY OF AND PARALLEL WITH SAID EASTERLY RIGHT-OF-WAY LINE OF THE CHICAGO AND NORTHWESTERN RAILROAD; THENCE NORTHWESTERLY ALONG SAID PARALLEL LINE TO THE SOUTHWESTERLY CORNER OF LOT 1 IN BLOCK 28 OF THE "BRONX", BEING A SUBDIVISION IN SAID SOUTH HALF, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 7, 1924 AS DOCUMENT NO. 8352863, SAID SOUTHWESTERLY CORNER BEING ON THE NORTH RIGHT-OF-WAY LINE OF A 20 FOOT PUBLIC ALLEY LYING SOUTH OF AND ADJOINING SAID LOT 1; THENCE EASTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE SOUTHEAST CORNER OF LOT 14 IN SAID BLOCK 28; THENCE EASTERLY ALONG A STRAIGHT LINE TO THE SOUTHWEST CORNER OF LOT 22 IN BLOCK 27 OF SAID "THE BRONX", SAID SOUTHWEST CORNER BEING ON THE NORTH RIGHT-OF-WAY LINE OF A 20 FOOT PUBLIC ALLEY; THENCE EASTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE AND EASTERLY EXTENSION THEREOF TO A POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF A 16 FOOT PUBLIC ALLEY LYING NORTHWESTERLY OF AND ADJOINING THE NORTHWESTERLY LINE OF LOT 3 IN SAID BLOCK 27; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE TO THE SOUTHWESTERLY CORNER OF SAID LOT 3; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 3 TO A POINT ON THE NORTHWESTERLY RIGHT-OF-WAY LINE OF SAID NILES CENTER ROAD (AS WIDENED PER DOCUMENT NO. 0715710019); THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY RIGHT-OF-WAY LINE TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF SKOKIE BOULEVARD (AS WIDENED PER DOCUMENT NO. 0715710019); THENCE NORTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO A

POINT ON THE NORTH RIGHT-OF-WAY LINE OF GREENWOOD STREET; THENCE
EASTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION
WITH THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 30 IN BLOCK 25 OF

KRENN AND DATO'S DEVONSHIRE MANOR, BEING A SUBDIVISION IN SAID SOUTH
HALF OF SECTION 15, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 6,
1925 AS DOCUMENT NO. 9089499; THENCE SOUTHERLY ALONG SAID NORTHERLY
EXTENSION AND WEST LINE THEREOF TO THE SOUTHWEST CORNER OF SAID LOT 30;
THENCE SOUTHERLY ALONG THE SOUTHERLY EXTENSION OF SAID WEST LINE OF
LOT 30 TO THE CENTERLINE OF A 16 FOOT VACATED ALLEY (AS VACATED PER
DOCUMENT NO. 19363697); THENCE EASTERLY ALONG SAID CENTERLINE OF THE
VACATED ALLEY TO A POINT OF INTERSECTION WITH THE NORTHERLY EXTENSION
OF THE EAST LINE OF LOT 8 IN SAID BLOCK 25; THENCE SOUTHERLY ALONG SAID
NORTHERLY EXTENSION AND EAST LINE THEREOF TO THE SOUTHEAST CORNER OF
SAID LOT 8; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LOT 8 AND THE
SOUTHERLY EXTENSION THEREOF TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE
OF ENFIELD AVENUE; THENCE WESTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE
TO THE NORTHWEST CORNER OF LOT 38 IN BLOCK 26 OF SAID KRENN AND DATO'S
DEVONSHIRE MANOR; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 38
TO THE SOUTHWEST CORNER OF SAID LOT 38, SAID SOUTHWEST CORNER BEING ON
THE NORTH RIGHT-OF-WAY LINE OF A 16 FOOT PUBLIC ALLEY LYING SOUTH OF AND
ADJOINING SAID LOT 38; THENCE EASTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE
AND EASTERLY EXTENSION THEREOF TO A POINT ON THE EASTERLY RIGHT-OF-WAY
LINE OF KILPATRICK AVENUE; THENCE SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY
LINE AND SOUTHERLY EXTENSION THEREOF TO A POINT ON THE SOUTH RIGHT-OF
WAY

LINE OF SAID DEMPSTER STREET; THENCE WESTERLY ALONG SAID SOUTH
RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 24 IN EVANSTON GOLF
CLUB'S WEST BORDER LOT SUBDIVISION, BEING A SUBDIVISION IN SAID NORTH HALF
OF SECTION 22, ACCORDING TO THE PLAT THEREOF RECORDED JULY 10, 1924 AS
DOCUMENT NO. 8503410; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LOT 24

AND THE SOUTHERLY EXTENSION THEREOF TO A POINT 295 FEET SOUTH OF THE
SOUTHEAST CORNER OF SAID LOT 24 AS MEASURED ON SAID SOUTHERLY
EXTENSION; THENCE SOUTHWESTERLY ALONG A STRAIGHT LINE TO THE
SOUTHEAST CORNER OF LOT 17 IN SAID EVANSTON GOLF CLUBS WEST BORDER LOT
SUBDIVISION; THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 17 AND
WESTERLY EXTENSION THEREOF TO A POINT ON THE WESTERLY RIGHT-OF-WAY
LINE OF SAID SKOKIE BOULEVARD; THENCE NORTHERLY ALONG SAID WEST RIGHT-OF-
WAY LINE TO THE SOUTH RIGHT-OF-WAY LINE OF A 16 FOOT PUBLIC ALLEY ,
LYING NORTH OF AND ADJOINING THE NORTH LINE OF LOT 77 IN SAID TERMINAL
SUBDIVISION; THENCE WESTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE AND
WESTERLY EXTENSION THEREOF TO THE NORTHEASTERLY CORNER OF LOT 66 IN
SAID TERMINAL SUBDIVISION, SAID NORTHEASTERLY CORNER BEING ON THE SOUTH
RIGHT-OF-WAY LINE OF A 16 FOOT PUBLIC ALLEY LYING NORTH OF AND ADJOINING
THE NORTH LINE OF SAID LOT 66; THENCE WESTERLY ALONG SAID SOUTH RIGHT-OF
WAY

LINE TO THE EAST RIGHT-OF-WAY LINE OF BRONX AVENUE; THENCE
SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY TO A POINT ON THE SOUTH RIGHT-OF
WAY

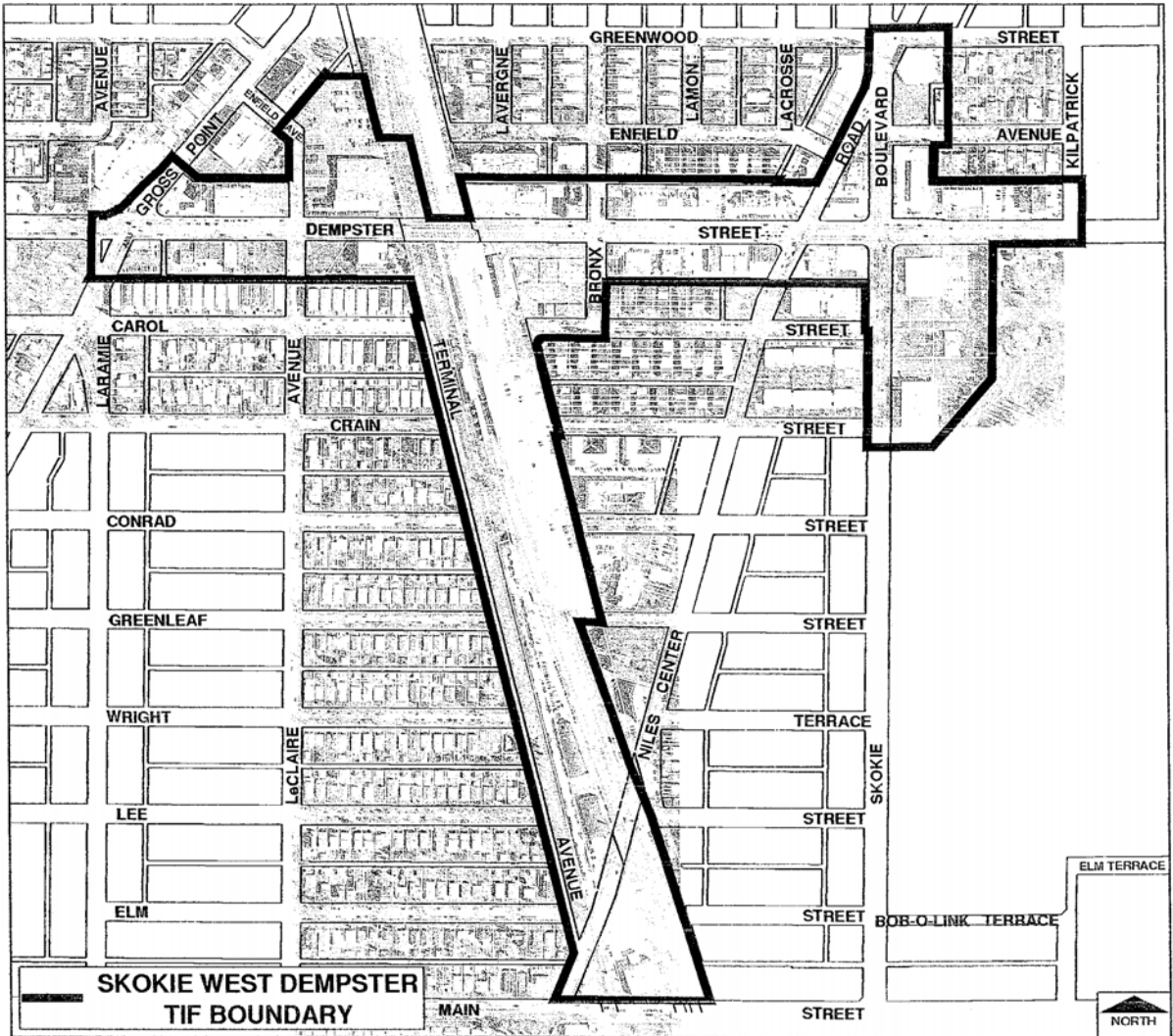
LINE OF CAROL STREET; THENCE WESTERLY ALONG SAID SOUTH RIGHT-OFWAY
LINE TO A POINT 25.74 FEET EAST OF THE NORTHWEST CORNER OF LOT 1 IN
THE SUBDIVISION OF PART OF LOT 2 OF THE ASSESSOR'S DIVISION OF THE
NORTHEAST QUARTER OF SAID SECTION 21; THENCE WESTERLY ALONG A CURVE,
CONVEX NORTHWESTERLY AND HAVING A RADIUS OF 20 FEET (AS DEDICATED PER
DOCUMENT NO. 16481849), 36.41 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF A 16

FOOT PUBLIC ALLEY, SAID EASTERLY RIGHT-OF-WAY LINE BEING 16 FEET EASTERLY OF AND PARALLEL WITH THE FORMER EASTERLY RIGHT-OF-WAY LINE OF THE CHICAGO, NORTHSHORE AND MILWAUKEE RAILROAD; THENCE SOUTHEASTERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF SAID 16 FOOT PUBLIC ALLEY AND

SOUTHERLY EXTENSION THEREOF TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF CRAIN STREET; THENCE WESTERLY ALONG SAID SOUTH RIGHT-OF-WAY LINE TO A POINT ON SAID FORMER EASTERLY RIGHT-OF-WAY LINE OF THE CHICAGO, NORTHSHORE AND MILWAUKEE RAILROAD; THENCE SOUTHEASTERLY ALONG SAID FORMER EASTERLY RIGHT-OF-WAY LINE TO A POINT ON THE SOUTH LINE OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION 21; THENCE WESTERLY ALONG SAID SOUTH LINE TO A POINT ON THE EASTERLY LINE OF THE

39.08 FEET RIGHT-OF-WAY STRIP DEEDED TO THE PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS (A.K.A. THE COMMONWEALTH EDISON COMPANY) BY DOCUMENT NO. 8614912, RECORDED OCTOBER 2, 1924; THENCE SOUTHEASTERLY ALONG SAID EASTERLY LINE TO A POINT ON SAID NORTH RIGHT-OF-WAY LINE OF MAIN STREET; THENCE WESTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO THE POINT OF BEGINNING.

APPENDIX 2
Boundary Map of RPA

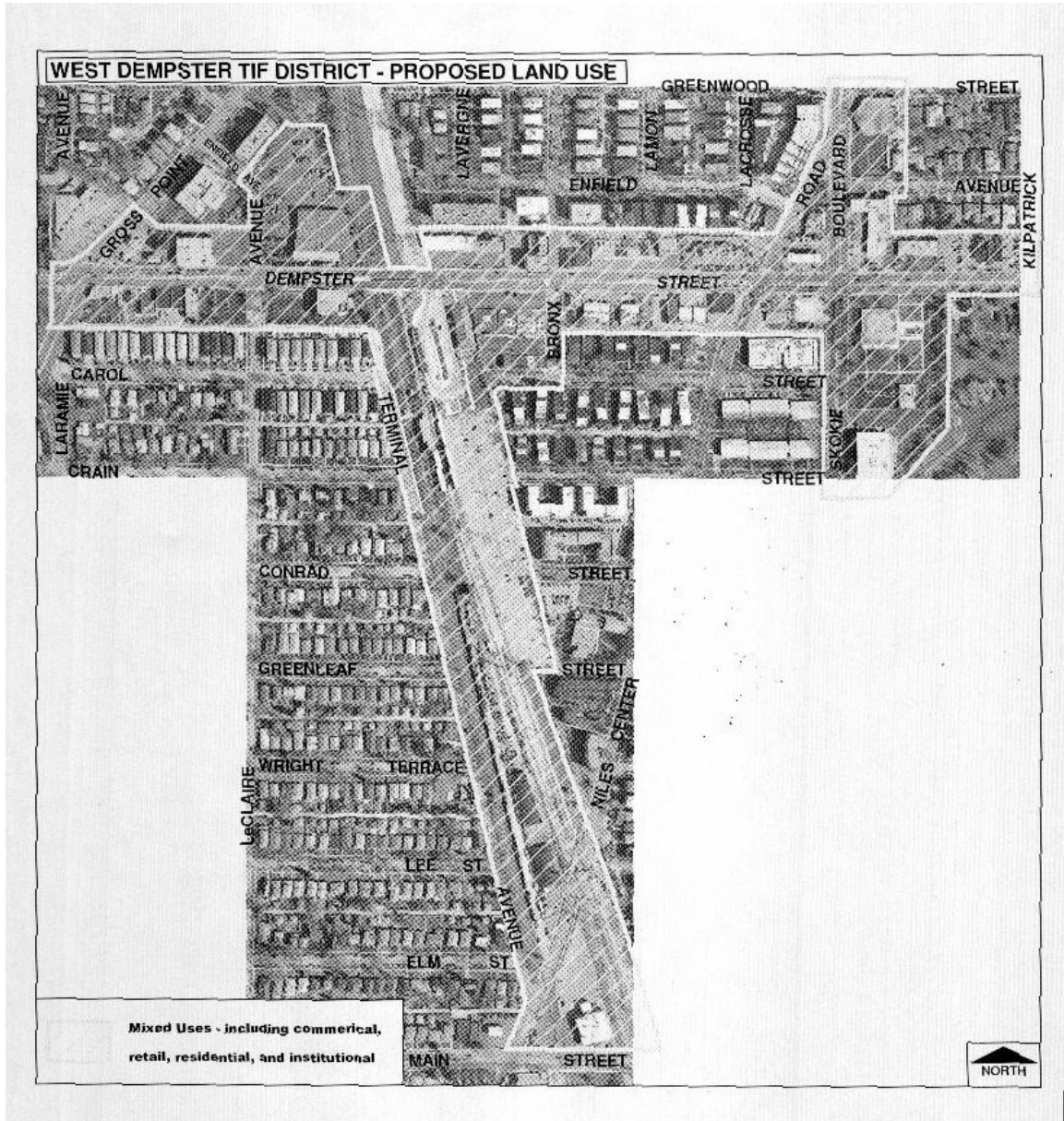


APPENDIX 3
Existing Land Use Map of RPA



APPENDIX 4

Future Land Use Map of RPA



APPENDIX 5

TIF Eligibility Report

Prepared by Kane, McKenna and Associates, Inc.

**VILLAGE OF SKOKIE
TIF ELIGIBILITY REPORT
PROPOSED WEST DEMPSTER TIF DISTRICT**

A study to determine whether all or a portion of an area located in the Village of Skokie qualifies as a conservation area and as a blighted-vacant area as set forth in the definitions in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

Prepared for:
The Village of Skokie, Illinois

Prepared Jointly by:
The Village of Skokie, Illinois and Kane, McKenna and Associates, Inc.

March 2010

**VILLAGE OF SKOKIE
TIF ELIGIBILITY REPORT
PROPOSED WEST DEMPSTER TIF DISTRICT**

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (“KMA”) has been retained by the Village of Skokie (the “Village”) to conduct an analysis of the qualification and designation of an area that would result in the establishment of the West Dempster Tax Increment Finance (TIF) District. The Village is pursuing the creation of the TIF District as part of its strategy to promote the revitalization of key under-utilized properties (the parcels studied and analyzed in this Report to be included within the TIF District) located within the Village.

For purposes of this Report, KMA has subdivided the study area into two categories:

- Vacant land – This classification is for all of the land within the proposed TIF District that is primarily vacant of structures and evidenced a prior use as railroad right-of-way; and
- Improved land – This classification is for all land that is primarily occupied by structures and/or other improvements.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the qualification of the TIF District:

- 1) *Improved land within the proposed TIF District qualifies as a “conservation area” pursuant to the Act* – The TIF District qualifies as a conservation area under the Illinois Tax Increment Allocation Redevelopment Act (ILCS 5/11-74.4-1 et. seq., as amended; hereinafter referred to as the “TIF Act” or “Act”). Overall, the area either has declined, or is in danger of declining, toward a blighted condition. This condition prevents, or threatens to prevent, the healthy economic and physical development of properties in a manner that the community deems essential to its overall economic health. Because 64% of the structures are equal to or over 35 years old, the TIF District meets the threshold criteria under the Act that a “conservation area” have a majority of parcels 35 years in age or greater..
- 2) *Vacant land within the proposed TIF District qualifies as a “blighted-vacant area” pursuant to the Act* – The economic viability of the vacant land for development is diminished due to certain adverse conditions identified in Section V of this report. As a result, it prevents or threatens to prevent the economic and physical development of properties deemed important to the community’s overall economic health. In the opinion of KMA, the subject vacant land meets the requirements for designation as a blighted-vacant area under the Act.
- 3) *Current conditions impede redevelopment* – The existence of certain conditions found within the proposed TIF District present impediments to the area’s successful redevelopment. This is because the factors negatively impact coordinated and substantial private sector investment in the overall TIF District. Without the use of Village planning and economic development resources to mitigate such factors, potential redevelopment projects (along with other activities that require private sector investment) are not likely to be economically feasible.

4) *Viable redevelopment sites could produce incremental revenue* – Within the proposed TIF District, there are parcels which potentially could be redeveloped or rehabilitated and thereby produce incremental property tax revenue. Such revenue, used in combination with other Village resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.

5) *TIF designation recommended* – To mitigate redevelopment area conditions, promote private sector investment, and foster the economic viability of the proposed TIF District, KMA recommends that the Village proceed with the formal TIF designation process for the entire area.

Because the Village (a) will not be considering the redevelopment of residential parcels and (b) will certify that it will not dislocate 10 or more residential units within the proposed TIF district, the Village will not conduct a housing impact study pursuant to the TIF Act.

I. INTRODUCTION AND BACKGROUND

In the context of planning for the proposed establishment of the West Dempster Tax Increment Financing District (the “Redevelopment Project Area” or “RPA” or “TIF District”), the Village of Skokie evaluated parcels within the proposed TIF District to determine whether they qualify for inclusion in the district. Kane, McKenna and Associates, Inc. agreed to undertake the study of the proposed RPA on the Village’s behalf.

Economic Development Goals. The Village’s general economic development goals are to enhance commercial and mixed use opportunities and implement transportation-related strategies within the Village, including the proposed TIF District. Given the Village’s goals as well as the conditions described in this Report, the Village has made a determination that it is highly desirable to promote the redevelopment of the proposed RPA. Without an implementation plan for redevelopment, Village officials believe adverse conditions will worsen. The Village intends to create and implement such a plan in order to restore, stabilize, and increase the economic base associated with the TIF District, which will not only benefit the community as a whole but also generate additional tax revenues to support municipal improvements.

Because of the conditions observed in the TIF District and the required coordination for future land uses, the Village is favorably disposed toward supporting redevelopment efforts. The Village has determined that redevelopment should take place through the benefit and guidance of comprehensive economic planning by the Village. Through this coordinated effort, conditions within the TIF District are expected to improve and development barriers to be mitigated.

The Village has further determined that redevelopment currently under consideration for the TIF District is feasible only with public finance assistance. The creation and utilization of a TIF redevelopment plan is intended by the Village to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the TIF District.

The use of TIF relies upon induced private redevelopment in the proposed RPA to create higher real estate values that would otherwise decline without such investment. This would result in increased property taxes compared to the previous land use (or lack of use). In this way, the existing tax base for all tax districts would be protected and a portion of future increased taxes pledged to attract the requisite private investment.

Current Land Use. The proposed TIF District is located along West Dempster Street between Gross Point Road on the west and Kilpatrick Avenue on the east, taking in the majority of parcels adjacent to this roadway on the northern and southern sides. In addition, in the central portion of the RPA, commuter lots, ComEd rights of way, railroad rights of way, and certain other tax parcels extending south from Dempster Street to Main Street are included.

The area currently has a variety of non-residential land uses, such as retail, office, transportation (for the Skokie Swift and commuter parking), and automobile service. Additionally, it has or had in the recent past (prior to closing) a number of restaurants and delicatessens that drew patrons from Skokie and adjacent communities.

The proposed TIF District has excellent transportation amenities: the Chicago Transit Authority (CTA) Skokie Swift line, bus service connecting to the Skokie Swift, and the I-94 Edens Expressway accessible via an exit several blocks to the west of the TIF boundaries. In addition, the area is located nearly equidistant between two Metra train lines with stops in Morton Grove to the west and Evanston to the east.

Despite its potential advantages, many parcels in the area are underutilized. The proposed TIF District as a whole suffers from a variety of economic development impediments, as identified in the TIF Act. For example, it suffers from excessive vacancies and obsolescence. In comparison to the balance of Village taxable value, the proposed TIF district property valuations have lagged behind the Village's annual growth rates. Section V of this report identifies other impediments to redevelopment.

Refer to Appendix 1 of the TIF Plan which provides a detailed map of the TIF District.

General Scope and Methodology. KMA formally began its analysis by conducting a series of meetings and discussions with Village staff, starting in May 2009 and continuing periodically up to the date of this report's issuance. The purpose of the meetings was to establish boundaries for the TIF District and to gather data related to the qualification criteria for properties included in the TIF District. These meetings were complemented by a series of field surveys of the entire area to evaluate the condition of the proposed TIF District on a parcel-by-parcel basis. The field surveys and data collected have been utilized to test the likelihood that various areas located within the proposed TIF District would qualify for TIF designation.

For the purpose of the study, properties within the proposed TIF District were examined in the context of the TIF Act governing improved areas (separate provisions of the TIF Act address unimproved areas). The qualification factors discussed in this report qualify the area as a conservation area, as the term is defined under the TIF Act.

During the course of its work, KMA reported to key Village staff its findings regarding TIF qualification and redevelopment prospects for the area under study. Based on these findings the Village (a) made refinements to the TIF District boundaries and (b) directed KMA to complete this report and to move forward with the preparation of a Redevelopment Plan and Project for the TIF District.

For additional information about KMA's data collection and evaluation methods, refer to Section IV of this report.

II. QUALIFICATION CRITERIA USED

With the assistance of Village staff in 2009 and 2010, Kane, McKenna and Associates, Inc. evaluated the proposed TIF District to determine the presence or absence of qualifying factors listed in the TIF Act. The relevant sections of the TIF Act are found below.

The TIF Act sets out specific procedures which must be adhered to in designating a TIF District/Redevelopment Project Area. By definition, a Redevelopment Project Area is:

“An area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

Under the Act, “conservation area” means any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality where certain conditions are met, as identified below.

TIF Qualification Factors for a Conservation Area. In accordance with the Illinois TIF Act, KMA performed a two-step assessment to determine if the proposed TIF District would qualify as a conservation area. First, KMA analyzed the threshold factor of age to determine if a majority of structures were 35 years of age or older.

If a proposed conservation area meets the age threshold, then the following factors are to be examined to determine TIF qualification:

If a *conservation area*, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of three (3) or more of the following factors, each of which is (i) present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the Redevelopment Project 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 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, 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 refers 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 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. Any such remediation costs would 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) "Stagnant" or Lagging EAV. The total equalized assessed value (EAV) 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.

TIF Qualification Factors for a Blighted-Vacant Area. In accordance with the Illinois TIF Statute, KMA assessed certain factors as indicated below, in order to assess whether the vacant portion of the TIF District would qualify as "blighted-vacant." Per the statute, such an area meets state standards provided that:

If vacant, the sound growth of the redevelopment project area is impaired by a combination of two (2) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(A) Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.

(B) Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

(C) Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last five (5) years.

- (D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- (E) The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- (F) 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 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 (5) calendar years prior to the year in which the redevelopment project area is designated.

TIF Qualification Factors for a Blighted-Vacant Area (Stand-Alone Factors). In accordance with the Illinois TIF Statute, KMA assessed the following “stand-alone” factors to determine TIF qualification for the proposed RPA characterized as “blighted-vacant.” Per the statute, such an area meets state standards provided that one or more factor is present:

If *vacant*, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

- (A) The area consists of one or more unused quarries, mines or strip mine ponds.
- (B) The area consists of unused rail yards, rail tracks or railroad rights-of-way.
- (C) The area, prior to its designation, is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency.
- (D) The area consists of an unused or illegal disposal site containing earth, stone, building debris or similar materials that were removed from construction, demolition, excavation or dredge sites.
- (E) Prior to the effective date of this amendatory Act of the 91st General Assembly, the area is not less than fifty (50) nor more than one hundred (100) acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within

five (5) years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph one (1) of this subsection, the area has been designated as a town or Village center by ordinance or comprehensive plan adopted prior to January 1, 1982 and the area has not been developed for that designated purpose.

- (F) The area qualified as a blighted area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

III. THE PROPOSED TIF DISTRICT

The proposed TIF District contains parcels generally located along the westernmost portion of Dempster Street within the Village of Skokie. The proposed TIF District takes in parcels that directly abut Dempster Street on both the northern and southern sides of the roadway. However, in certain areas there is greater depth, in particular parcels at the western edge of the proposed TIF District where certain larger retailers are located. Additionally, at the eastern edge of the TIF District certain parcels extend north and south along Niles Center Road and Skokie Boulevard, which are two major arterials within the Village.

Currently the TIF District contains primarily improved land for a variety of commercial purposes. The area's appearance is diminished due to the fact that structures are generally underutilized and in some instances vacant. However, the potentially advantageous location – West Dempster Street is a major arterial road serving Village residents, commuters and motorists in the northern suburbs – is a strong asset which would facilitate any redevelopment efforts undertaken by the Village.

In addition to the improved portion of the TIF District, the TIF District contains one vacant parcel. This area, located directly south of Dempster Street, consists of railroad right-of-way vacated by rail providers.

IV. METHODOLOGY OF EVALUATION

In evaluating the West Dempster area for qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the proposed TIF District were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Site surveys were completed for each parcel within the proposed TIF District.
- 2) KMA performed EAV trend analysis to ascertain whether EAV growth in the proposed TIF District underperformed EAV growth in the remaining part of the Village.
- 3) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as deterioration and obsolescence. Additionally, KMA reviewed the following data: 2003-2008 tax information from Cook County, tax parcel maps, site data, local history (based on discussions with Village officials and staff), and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, deleterious land-use and layout, obsolete platting, etc.).
- 4) Existing structures and site conditions were initially surveyed for the purpose of comparing said conditions against the TIF Act criteria, to the best and most reasonable extent possible.
- 5) The TIF District was examined to assess the applicability of the factors required for qualification for TIF designation under the TIF Act. KMA evaluated parcels by reviewing the information obtained for each factor against the relevant statutory criteria. Improved land within the proposed RPA was examined to determine the applicability of the thirteen (13) different conservation area factors for qualification for TIF designation under this statute. Vacant land was reviewed to determine the applicability of the six (6) different blighted-vacant factors listed within the Act as well as the stand-alone factors in the Act (referenced in Section II of this report).

V. QUALIFICATION FINDINGS FOR PROPOSED TIF DISTRICT

Based upon KMA’s evaluation of parcels in the proposed TIF District and analysis of each of the eligibility factors summarized in Section II, the following factors are presented 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 TIF District, as required under the TIF Act. The factors are summarized in the table below.

Exhibit 2

Summary of Conservation Area Findings

Area within TIF District	num Possible Factors per Statute	num Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed TIF District
Improved sub-area*			<ul style="list-style-type: none"> • Excessive Vacancies • Obsolescence • Lagging EAV • Deleterious Layout • Deterioration • Environmental Clean-Up
Other sub-area			<ul style="list-style-type: none"> • Unused right-of-way (stand-alone factor)

Notes:

*In addition to the qualifying factors listed above, the proposed TIF District meets the statutory age threshold of 35 years or older.

Findings for Improved Sub-area. The TIF District is found to qualify as a conservation area under the statutory criteria set forth in the TIF Act. As indicated in Section II, KMA performed a two-step assessment, first finding that a majority of buildings within the conservation area was over 35 years of age. Based upon Cook County Assessor data, 23 of 36 structures (64%) were over 35 years in age. This statistical data was consistent with site survey evaluations of exterior structures.

As a second step, KMA reviewed the criteria needed to qualify an area as a conservation area, finding that six factors were present:

- 1) Excessive Vacancies. The Act states that this finding is characterized by the presence of unoccupied or underutilized buildings that represent an adverse influence on the area. Of the 36 buildings within the proposed TIF District, 12 (33%) are currently partially or completely vacant. This includes a former full-service, new car dealership which was converted to a lower-volume used car dealership and then closed operations entirely. By comparison, the greater Chicago area had vacancy rates for retail of approximately 9% in 2008 (the highest level in the past 5 years); for office, approximately 15-20% (suburban Chicago).⁴

⁴ See Grubb & Ellis report, “2009 Real Estate Forecast.” No retail vacancy rates for suburban Chicago were cited.

Moreover, the buildings appear to have been unoccupied for a lengthy duration; that is, the majority of such buildings do not appear to be recently vacated pending a change in tenants or the completion of a real estate transaction, but have remained unoccupied for an extended period of time.⁵

In addition, the vacant buildings and adjacent surface improvements generally exhibit deterioration and appear to be not as well maintained as occupied buildings within the proposed TIF District. 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 relative physical condition – in conjunction with their prominent location along a regional arterial roadway – they represent an adverse influence on the overall TIF District.

- 2) 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 area exhibits both economic and functional obsolescence.

Economic obsolescence is evidenced primarily by stagnating EAV (see sub-section 3 below) and excessive vacancies. Excessive vacancies in particular results in the literal “disuse” of buildings. Furthermore, these obsolete and vacant structures have a negative “spill-over” effect on the area and may deter other property owners from reinvesting in their own businesses.

Functionally, the area is experiencing obsolescence related to its general age. As noted, a majority of structures (64%) are over 35 years in age, according to Cook County Assessor data. The combination of age and certain evolving standards in commercial building design limits the competitiveness of the older buildings – i.e., limits their utility as efficient, marketable workspace. For example, the retail storefronts tend to be narrow, have shorter ceiling heights in relation to modern retail, provide limited parking, have poor circulation for vehicles, and allow only limited rear access for loading/unloading.

Area-wide factors such as deleterious layout (discussed below) also contribute toward the obsolescence factor and act as a development impediment for West Dempster businesses. In the case of deleterious layout, customers and suppliers to the businesses have poor or difficult access to the businesses and limited parking.

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 within the West Dempster corridor. Sites may also have to be combined or assembled in order to accommodate larger projects or projects needing greater density, as allowed by recent Village zoning revisions. These ingress/egress and loading/unloading problems are exacerbated by the fact that West Dempster is a regional arterial road with a consistently heavy volume of traffic.

⁵ Per the Community Development Department, seven buildings with partial/full vacancies have had said vacancies for one year or longer. Three other buildings have had vacancies ranging from approximately three months to eighteen months.

- 3) Lagging or Declining EAV. The EAV of the TIF District has grown at a rate slower than the Village-wide EAV for every year during the last five (5) years (refer to chart below). Therefore, a finding of lagging EAV is made pursuant to the TIF Act.

Exhibit 3

EAV Trends for Proposed TIF District

	2008	2007*	2006	2005	2004*	2003
Total EAV for TIF District	32,746,783	33,002,693	27,591,466	27,943,330	26,636,036	23,865,948
EAV Change (%)	-0.78%	19.61%	-1.26%	4.91%	11.61%	--
Village-wide EAV (Excluding TIF)	3,169,255,304	2,962,158,228	2,409,611,871	2,422,152,435	2,243,594,301	1,908,028,596
Village EAV Change (%)	6.99%	22.93%	-0.52%	7.96%	17.59%	
CPI	3.8%	2.8%	3.2%	3.4%	2.7%	

Notes:

- (1) Figures in **bold** for those years in which Village EAV grew at a faster rate than EAV within proposed TIF District.
(2) Reassessment years asterisked.

Source: Cook County and U.S. Bureau of Labor Statistics

- 4) Deleterious Layout. As noted in Section II, a municipality can make a finding of deleterious layout or land use when there exists (a) incompatible land-use relationships, (b) buildings occupied by inappropriate mixed-uses or uses considered to be noxious, or (c) uses offensive or unsuitable for the surrounding area. Most of the problems in the area reflect incompatible land use relationships. The area reflects piece-meal, uncoordinated development, in which competing land uses abut each other -- e.g., office uses are situated next to retail land uses, and residential uses outside the TIF District abut automotive service stations and other commercial, industrial and utility uses within the TIF District.

A major land use issue is the coordination of ingress/egress. Most of the retail businesses and offices along Dempster 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 West Dempster purely to drive through the Village. Most businesses have shallow parcel depths (“sandwiched” between Dempster and alleys to the back) that do not afford much room for loading, unloading, or parking, in comparison to modern uses (e.g., the new facility at the northwestern corner of Dempster and Gross Point). Additionally, the execution of turns into retail establishments is difficult since (a) commuters have to slow rapidly to execute the turn, and (b) turns need to be made into a tight space due the narrow/shallow parking lots and (c) entering the parking lot zone patrons need to avoid closely situated cars already parked in the narrow lots (or who may be backing up to leave the store).

The issue of poor ingress/egress is magnified by the fact that West Dempster Street is a high-traffic arterial road used by trucks and automobiles (and is crossed by pedestrians who walk across the parking lot on the north side of Dempster Street to reach the Skokie Swift

CTA station on the other side). According to Illinois Department of Transportation data (as reviewed with Village staff), the West Dempster corridor has one of the highest number of average daily vehicle counts in the Village at approximately 30,100 trips per day. By comparison, most other major roads within the Village tracked by IDOT have lower vehicle counts per day (e.g., Skokie Boulevard and Lincoln Avenue). Because of the combination of high vehicular traffic and the placement of a median barrier along Dempster Street, ingress and egress is further limited to “right turn in/right turn out” maneuvers.

- 5) **Deterioration.** As noted in Section II, deterioration is a qualification factor under the TIF Act, if it is observed along surface improvements and/or structures. The most prevalent deterioration was observed in the condition of surface improvements: parking lots, parking lot “aprons” or driveways, and alleys. Off-street parking areas and driveways reflect deterioration in terms of surface cracking, potholes, depressions, and loose paving materials. Alleys had similar problems such as surface cracking and weed growth. Said surface deterioration were identified for the majority of the parcels within the vacant sub-area.

Dempster Street and intersecting side streets had cracks as well, particularly along the edges of the roadways parallel to the curbs (possibly reflecting water infiltration under the roadbed).

- 6) **Environmental Clean-Up.** The Act states that “the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law” and related “remediation costs (that) would constitute a material impediment to the development or redevelopment of the” RPA constitute a Conservation Area factor under the TIF Act. Phase I studies undertaken on behalf of the Village in February 2010 indicate a number of environmental problems and related expenditures incurred on multiple parcels distributed throughout the improved sub-area of the TIF District:

- Five facilities have “confirmed releases from underground storage tanks”;
- One of the five parcels located at a prominent intersection (Niles Center Road/Dempster Street) has not received a “No Further Remediation” letter and therefore still requires resolution, and as such is an impediment to redeveloping an important block;
- Other facilities that had incurred remediation costs include a dry-cleaning facility and “Small Quantity Generators” of non-acute hazardous waste.

Additionally, there are certain ongoing uses that present a risk of further environmental remediation and future redevelopment challenges. These includes several automobile service and dry cleaning operations that due “to the operations performed at the....facilities” involves the assumed use or store hazardous substances on the property.” The report is limited in scope because it did not involve “Phase II” activities such as soil borings that could assist the environmental engineers in forming conclusions about the need for further environmental clean-up efforts.

Findings for Vacant Sub-area (Stand-alone Factor). The proposed RPA contains one tax parcel on vacant land. Within this area, KMA identified one qualification factor: abandoned railroad right-of-way. As previously defined in Section II, an area qualifies for blighted-vacant status with the presence of any one of six factors including unused railroads as a stand-alone factor.

The vacant sub-area contains railroad rights-of-way that have been abandoned since 2002 or earlier.

VI. SUMMARY OF FINDINGS / GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the Village's potential designation of the proposed TIF District.

1. The area is contiguous and is greater than 1½ acres in size;
2. The improved portion of the proposed RPA will qualify as a conservation area, and the vacant portion as a blighted-vacant area. Further, the qualification factors found in the RPA are present to a meaningful extent and are evenly distributed throughout the area. A more detailed analysis of the qualification findings is outlined in Section V of this report;
3. All property in the area would substantially benefit by the proposed redevelopment project improvements;
4. The sound growth of taxing districts applicable to the area, including the Village, has been impaired by the factors found present in the area; and
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

In the judgment of KMA, these findings provide the Village with sufficient justification to consider designation of the TIF District for inclusion within the proposed West Dempster RPA.

