



Agenda
Village of Arlington Heights
Redevelopment Commission
Board Room

Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
June 11, 2014
7:30 PM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

IV. REPORTS

V. OLD BUSINESS

VI. NEW BUSINESS

- A. Appointment of Vice Chairperson
- B. Hickory / Kensington TIF Redevelopment Plan

VII. OTHER BUSINESS

VIII. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.



Item: Appointment of Vice Chairperson

Department: Planning & Community Development

ATTACHMENTS:

Description

Type

No Attachments Available



Item: Hickory/Kensington TIF Redevelopment Plan

Department: Planning & Community Development

BACKGROUND:

The Hickory Kensington Area Plan, which was approved by the Village Board in January 2013, amended the Village's Comprehensive Plan setting forth Goals and Objectives and specific Recommendations. Recommendation #7 is to evaluate the use of Tax Increment Financing to provide a mechanism to assist with redevelopment.

As outlined in the Redevelopment Plan and Project, the project area qualifies as a "conservation area" as more than 50% of the buildings are at least 35 years old and the area meets at least three of the qualifying criteria. It was found that 6 factors are present in the proposed TIF area those being: Lag in Equalized Assessed Valuation; Lack of Community Planning; Deleterious Land Use; Inadequate Utilities; Deterioration; and Obsolescence.

RECOMMENDATION:

It is recommended that the Redevelopment Commission determine that the area qualifies as a conservation area and recommend approval of the Village of Arlington Heights Hickory Kensington TIF District Redevelopment Plan and Project and Ordinances establishing a Tax Increment Financing District.

ATTACHMENTS:

Description	Type
Staff Report Memorandum	Correspondence
Hickory/Kensington TIF Redevelopment Plan	Exhibits
Joint Review Board Resolution	Exhibits
Joint Review Board Minutes	Minutes
Ordinance Hickory Kensington Area Approved Plan	Ordinance
Ordinance Hickory Kensington Area Designating District	Ordinance
Ordinance Hickory Kensington Area Financing	Ordinance

MEMORANDUM

To: Chairman Lorenzini and Members of the Redevelopment Commission

From: Bill Enright, Deputy Director of Planning and Community Development

Date: June 4, 2014

Subject: Redevelopment Commission Public Hearing: June 11, 2014
▪Proposed Village of Arlington Heights Tax Increment Financing District
Hickory Kensington Redevelopment Plan

Please find attached the proposed Hickory Kensington TIF District Redevelopment Plan and Project. Also attached are three proposed Ordinances which would establish the TIF District if approved. The purpose of the Redevelopment Commission is to conduct a public hearing to consider the Redevelopment Plan, proposed Ordinances, and the recommendation of the Joint Review Board (also included). The Redevelopment Commission, and the Joint Review Board, are advisory to the Village Board of Trustees.

Background

In 2012, the Village held numerous public meetings with property owners and nearby residents to discuss the Hickory Kensington Area Plan. The Plan, which was approved by the Village Board in January 2013, amended the Village's Comprehensive Plan setting forth Goals and Objectives and specific Recommendations and Actions to implement the Plan. Recommendation #4 was to rezone the area to allow for residential and mixed use development up to five floors. The Village Board subsequently rezoned the area in June 2013, again after numerous public meetings.

Recommendation #7 is to evaluate the use of Tax Increment Financing to provide a mechanism to assist with redevelopment, including the provision of extensive public infrastructure in support of future redevelopment. The Village Board in July 2013, authorized hiring Kane McKenna and Associates to conduct a Qualification Report to determine if the area qualified as a Tax Increment Financing District pursuant to State law. The report was presented to the Village Board in November 2013, at which time the Board authorized Kane McKenna to draft the TIF Redevelopment Plan and for staff to commence the public process to consider a TIF District. A public meeting was held on April 2, 2014 as required by State Statute, in order to provide information on the proposed TIF District, to property owners within the proposed TIF District and the taxing districts. The meeting was attended by approximately 20 persons. Further, on April 21, 2014 the Village Board adopted Ordinance 14-011, fixing the time and place for the Redevelopment Commission public hearing.

Summary

As outlined in the Redevelopment Plan and Project, the project area qualifies as a “conservation area” as more than 50% of the buildings are at least 35 years old and the area meets at least three of the qualifying criteria. It was found that 6 factors are present in the proposed TIF area those being: Lag In Equalized Assessed Valuation; Lack of Community Planning; Deleterious Land Use; Inadequate Utilities; Deterioration; and Obsolescence.

The Joint Review Board, consisting of the various taxing districts, met on May 7, 2014 and held a public meeting to evaluate the Plan and qualifying factors and has determined that the area does qualify as a conservation area as a TIF District. The Resolution (findings) of the JRB are included in the electronic packet.

As mentioned, the purpose of the Redevelopment Commission is to hold the public hearing to consider the TIF District Plan and to evaluate the Plan and whether or not the area meets the qualifying factors identified in the Plan. As outlined in the Plan, the area does qualify as a TIF District, and given the economics involved in redeveloping the project area, in particular the extensive infrastructure costs, it is recommended that the Village establish a TIF district to accomplish the goals and objectives set forth in the Plan.

Recommendation

It is recommended that the Redevelopment Commission determine that the area qualifies as a conservation area and recommend approval of the Village of Arlington Heights Hickory Kensington TIF District Redevelopment Plan and Project and related Ordinances establishing a Tax Increment Financing District.

C: Bill Dixon, Village Manager
Charles Witherington Perkins, Director Planning and Community Development

**VILLAGE OF ARLINGTON HEIGHTS
REDEVELOPMENT PLAN AND PROJECT
TAX INCREMENT FINANCING
HICKORY/KENSINGTON TIF DISTRICT**

Jointly Prepared By:

Village of Arlington Heights, Illinois

And

Kane, McKenna and Associates, Inc.

FEBRUARY, 2014

TABLE OF CONTENTS

<u>Subject</u>	<u>Page</u>
I. Introduction	1
A. Redevelopment Plan	2
B. Summary	3
II. Redevelopment Project Area Legal Description	5
III. Redevelopment Project Area Goals and Objectives	6
A. General Goals of the Village	6
B. Specific Objectives for the RPA Identified in the Hickory Kensington Area Plan	6
C. Purpose of RPA Designation	7
IV. Evidence of the Lack of Development and Growth within The RPA and Assessment of Fiscal Impact on Affected Taxing Districts	9
A. Evidence of the Lack of Development and Growth Within the RPA	9
B. Assessment of Fiscal Impact on Affected Taxing Districts	11
V. TIF Qualification Factors Existing in the Redevelopment Project Area	12
A. Findings	12
B. Eligibility Survey	12
VI. Housing Impact Study Findings	13
VII. Redevelopment Project	14
A. Redevelopment Plan and Project Objectives	14
B. Redevelopment Activities	15
C. General Land Use Plan	16
D. Additional Design and Planning Standards	16
E. Estimated Redevelopment Project Costs	16
F. Sources of Funds to Pay Redevelopment Project Costs Eligible Under Illinois TIF Statute	25
G. Nature and Term of Obligations to be Issued	25
H. Most Recent Equalized Assessed Valuation (EAV) Of Properties in the Redevelopment Project Area	26
I. Anticipated Equalized Assessed Valuation (EAV)	26

TABLE OF CONTENTS (Continued)

<u>Subject</u>	<u>Page</u>
VIII. Description and Scheduling of Redevelopment Project	27
A. Redevelopment Project	27
B. Commitment to Fair Employment Practices and Affirmative Action	28
C. Completion of Redevelopment Project and Retirement Of Obligations to Finance Redevelopment Costs	29
IX. Provisions for Amending the Tax Increment Redevelopment Plan and Project	30

EXHIBITS

Exhibit 1	-	Boundary Map
Exhibit 2	-	Legal Description
Exhibit 3	-	TIF Eligibility Report
Exhibit 4		Proposed Acquisition Map
Exhibit 5	-	Existing Land Use Map
Exhibit 6	-	Proposed Land Use Map

I. INTRODUCTION

In the context of planning for the Hickory/Kensington Redevelopment Project Area, the Village has initiated actions related to the study of the Redevelopment Project Area (the “RPA”) in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing (“TIF”) District.

The Village of Arlington Heights is located approximately twenty-five (25) miles northwest of the City of Chicago’s “Loop”. The municipality is located east of Route 53 and north of I-90. The Village is bounded by the municipalities of Long Grove and Buffalo Grove on the north, Prospect Heights and Mount Prospect on the East, Elk Grove Village to the South and Rolling Meadows to the west.

The Village was incorporated in 1887. According to the 2010 Census, the population of the Village is 75,501. Over half of the Village’s land distribution is designated to residential uses.

The Village produced its first Comprehensive Plan in 1960 and has revised it several times. The most recent version was updated in 1997. In the Village’s amendment to its Comprehensive Plan in 1991 the Village designated an area known as the Hickory/Kensington area (the “Village Planning Area”) as a redevelopment area as part of its Comprehensive Planning Program. In 1993, the Village approved the Hickory/Kensington Redevelopment Plan which outlined goals and objectives for the future of the Village Planning Area (the “Hickory/Kensington Redevelopment Plan”). The Village Planning Area has since the adoption of the Hickory/Kensington Redevelopment Plan experienced the development of the Mariano’s site which is not included as part of the RPA. In January, 2013, the Village approved the Hickory/Kensington Area Plan (the “Hickory/Kensington Area Plan”) in order provide an analysis of current conditions and propose a vision for the remainder of the Village Planning Area.

The RPA includes an area that is located just southeast of the Village’s downtown area and immediately to the north of the Union Pacific railroad line and Northwest Highway. The area generally consists of buildings along the eastern, western and southern part of the proposed RPA with underutilized property that has been improved with streets and utilities in the northern and eastern part of the proposed RPA. On the north, the proposed RPA is bounded primarily by Wing Street and Miner Street and by certain commercial properties north of Wing Street along Hickory Avenue and on the south, primarily by Kensington Road in the eastern part of the proposed RPA and Northwest Highway in the western part of the proposed RPA. On the east, the proposed RPA is bounded by certain residential rental housing and an office development on Dryden Avenue as well as certain properties located on Northwest Highway located just west of Beverly Lane and on the west, primarily by Douglas Avenue.

The RPA consists of approximately thirty five (35) acres (of which approximately twelve (12) acres are existing public right of way/streets and park land), with one hundred fourteen (114) tax parcels and twenty-six (26) buildings.

The proposed RPA currently consists of a variety of land uses. A significant portion of the proposed RPA was at one time occupied by industrial users with access to the Union Pacific Railroad. Certain portions of the proposed RPA were then redeveloped for commercial uses. The improvements within the RPA consists generally of buildings along the eastern, western and southern part of the proposed RPA. The central portion of the RPA includes a stalled residential development and proposed commercial uses along Dryden Avenue that were also not implemented.

Conditions such as: obsolescence, deterioration, lag in equalized assessed valuation (EAV) growth, deleterious land use, inadequate utilities and lack of community planning were identified and have been documented pursuant to site visits and Village review.

The RPA may be suitable for reuse if there is coordination of redevelopment activities by the Village. Under this Redevelopment Plan and Project and as part of its comprehensive economic development planning including but not limited to the Hickory/Kensington Area Plan adopted by the Village in 2013, the Village intends to attract and encourage mixed uses to locate, upgrade, expand and/or modernize their facilities within the Village and to reinvest in the RPA. The Village has undertaken an initiative, through the designation of the RPA, to redevelop the property and, in doing so, stabilize and expand benefits to the community and affected taxing districts.

A. The Redevelopment Plan

The Village recognizes the need for implementation of a strategy to revitalize existing properties within the boundaries of the RPA and to stimulate and enhance private development. Private investment attraction and redevelopment of properties are key components of the strategy. The needed private investment may only be possible if tax increment financing (TIF) is adopted pursuant to the terms of the Tax Increment Allocation Redevelopment Act (the “Act”) Illinois Compiled Statutes, Chapter 65, Section 5/11-74.4-1 et seq., as amended. Incremental property tax revenue generated by redevelopment activities will play a decisive role in encouraging private redevelopment. Site conditions that may have precluded intensive private investment in the past will be eliminated. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the Village and all the taxing districts which encompass the area in the form of a significantly expanded tax base.

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

- Providing viable uses/redevelopment for the property located within the RPA;
- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent uses and other Village redevelopments;
- Providing infrastructure that is adequate in relation to Village redevelopment plans;
- Coordinating and providing adequate storm water management for portions of the Redevelopment Project Area;

- Providing of roadway and traffic improvements within the RPA including the continued review of ingress and egress requirements that satisfy area circulation, parking and connections to major arterials;
- Providing for the improvements and/or rehabilitation of structures;
- Coordinating and providing adequate parking for all redevelopments;
- Improving area appearance through landscape, streetscape and signage programs; and
- Entering into redevelopment agreements in order to include the redevelopment of property and/or to induce new development to locate within the RPA.

A map of the RPA boundaries is included in Exhibit 1 and is a part of this Redevelopment Plan and Project. The area on the whole would not reasonably be anticipated to be redeveloped in a coordinated manner without the adoption of a Redevelopment Plan and Project. The Village, with the assistance of Kane, McKenna and Associates, Inc. has commissioned this Redevelopment Plan and Project to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will assist in the redevelopment of the area with private capital and provide for increased valuation of the property.

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

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

B. Summary

It is found and declared by the Village, through legislative actions as required by the Act, that in order to promote and protect the health, safety, and welfare of the public, that certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken; and, to alleviate the existing 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.

Public/private partnerships are determined to be necessary in order to achieve redevelopment goals. Without the redevelopment focus and resources provided under the Act, the redevelopment goals of the Village would not reasonably be expected to be achieved.

It is found and declared by the Village that the use of incremental tax revenues derived from the tax rates of various taxing districts in the Redevelopment Project Area for the payment of redevelopment project costs is of benefit to the taxing districts. This is because these taxing districts whose jurisdictions are included in the Redevelopment Project Area would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

It is further found, and certified by the Village, in connection to the process required for the adoption of this Redevelopment Plan and Project pursuant to 65 ILCS Section 5/11-74.4-3(n)(5) of the Act, that this Redevelopment Plan and Project will not result in the displacement of 10 or more inhabited residential units. Therefore, this Redevelopment Plan and Project does not include a housing impact study.

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA.

Redevelopment of the RPA is tenable only if a portion of the improvements and other TIF eligible costs are funded by TIF revenues.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

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

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in conformance with the Village's amendment to its Comprehensive Plan in 1991 whereby the Village designated the Village Planning Area as a redevelopment area as part of its Comprehensive Planning Program and this area plan was amended in 1993, 2005 and 2013.

A. General Goals of the Village

The Comprehensive Plan for the Village established many goals and policies for future development of the Village. In particular, the Land Use Goals and Policies and the Economic Development Goals and Policies apply to the Redevelopment Project Area by guiding future decisions which implement the Comprehensive Plan. The specific goals and objectives were developed for redevelopment areas and for corridor study areas, which includes the Hickory/Kensington area. The Village designated the Village Planning Area based on the following vision statement with the Redevelopment Plans Goal and Objectives which should be used to guide efforts to redevelop the RPA as set forth in the Comprehensive Plan and the Hickory/Kensington Area Plan.

Redevelopment Plan Vision Statement: *To create a vibrant, mixed use neighborhood which compliments the Village's downtown area, provide new housing and commercial opportunities in a walkable pedestrian friendly environment.*

B. Specific Objectives for the RPA Identified in the Hickory/Kensington Area Plan

The following goals and objectives are presented for the RPA in accordance with the Village's Comprehensive Plan (including any amendments thereto) and the Hickory/Kensington Area Plan. The Redevelopment Plan and Project also conforms to the Village's Comprehensive Plan.

- A) Create a walkable, vibrant neighborhood providing access to parks, schools, commercial amenities and the downtown area.
- B) Expand upon recent new development transitioning the area to multi family residential, commercial and mixed use.
- C) Enhance the tax base by providing contemporary and compatible commercial and residential development.
- D) Provide new housing opportunities at various income levels consistent with Village policies.
- E) Work with existing viable businesses to locate within new commercial areas or relocate to compatible areas zoned for said uses.
- F) Eliminate blighted conditions through redevelopment.

- G) Enhance the aesthetics of the area to create a positive sense of place.
- H) Construct infrastructure improvements as needed including but not limited to public parking, storm water detention, sewer and water systems, streets, sidewalks, relocation or burial of overhead utilities.
- I) To encourage sustainable development including but not limited to the use of bioswales for storm water development, green buildings and energy efficient street lighting.
- J) Develop an architectural vision that is unique to the area.

Source: Page 12, “Hickory/Kensington Redevelopment Plan”, Village of Arlington Heights

Also, more specific descriptions of the goals and objectives developed for the RPA are in the Hickory/Kensington Area Plan.

C. Purpose of RPA Designation

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

- A) Reduce or eliminate certain factors that contribute to conservation area conditions present within the area;
- B) Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal;
- C) Assemble sites for redevelopment through appropriate land assemblage techniques including: the removal of deteriorated and/or obsolete buildings;
- D) Provide certain public improvements in order to facilitate redevelopment of the project area, which may include improvements to water, storm sewer, sanitary sewer and other utilities as necessary;
- E) Provide sufficient ingress and egress to the area for both vehicles and pedestrians;
- F) Reduce or eliminate negative factors as more fully described in the TIF Eligibility Report;
- G) Enter into redevelopment agreements for the rehabilitation or construction of improvements in accordance with this redevelopment plan;
- H) Accomplish redevelopment over a reasonable time period;
- I) Provide for high quality development within the RPA;
- J) Provide for an attractive overall appearance of the area;

- K) Return the property to productive reuse; and
- L) Increase goods and services and tax revenues produced by the RPA.
- M) To maintain and enhance existing affordable housing within the RPA.
- N) To work with existing businesses regarding relocation within the Village or nearby.

The implementation of the Redevelopment Plan and Project will serve to improve the physical appearance of the RPA and contribute to the economic development of the area. The implementation of the RPA will provide new employment opportunities for the community and Village residents.

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

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

As found in Exhibit 3 of this Redevelopment Plan and Project, the RPA has suffered from certain impediments to redevelopment. The area has not in recent years benefited from significant private investment and/or development. As a result, the RPA is not likely to gain in value without encouragement by the Village.

The Equalized Assessed Valuation (EAV) for the proposed RPA derived over the last five (5) years is reflected below.

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Redevelopment Project Area

<u>Assessment Year</u>	<u>Equalized Assessed Valuation</u>	<u>% increase (decrease) over previous year</u>
2012	\$ 9,636,936	-16.53%
2011	\$ 11,545,621	-14.61%
2010	\$ 13,520,380	-11.28%
2009	\$ 15,239,797	0.92%
2008	\$ 15,100,704	-1.18%
2007	\$ 15,280,802	---

Source: Cook County Assessor's Office

Balance of the Village of Arlington Heights

<u>Assessment Year</u>	<u>Equalized Assessed Valuation</u>	<u>% increase (decrease) over previous year</u>
2012	\$ 2,850,321,619	-7.52%
2011	\$ 3,082,223,368	-8.97%
2010	\$ 3,386,121,601	-8.09%
2009	\$ 3,684,016,233	2.05%
2008	\$ 3,609,966,974	7.09%
2007	\$ 3,371,108,698	---

Source: Cook County Assessor's Office

The equalized assessed valuation (EAV) for the RPA has increased at an annual rate that is less than the annual rate for the Village for five (5) of the last five (5) years.

<u>CPI</u>	<u>Percent</u>
2012	2.1%
2011	3.2%
2010	1.6%
2009	-.4%
2008	3.8%

Source: Illinois Department of Labor

The EAV for the RPA has also trailed behind the Consumer Price Index (CPI) for four (4) of the last five (5) years.

The RPA evidences deleterious land use, inadequate utilities, lack of community planning, obsolescence and deterioration among other factors.

B. Assessment of Fiscal Impact on Affected Taxing Districts

It is not anticipated that the implementation of this Redevelopment Plan and Project will have a negative financial impact on the affected taxing districts. Instead, actions taken by the Village to stabilize and cause growth of its tax base through the implementation of this Redevelopment Plan and Project will have a positive impact on the affected taxing districts by arresting potential assessed valuation declines.

It is not anticipated that the RPA will require increased services from any affected taxing districts except by the Village, Arlington Heights School District No. 25, and Township High School District No. 214. Though strategies will be encouraged to promote growth via private investment within the area, specific objectives are geared to stabilize the RPA's existing strengths and revitalize the RPA's redevelopment potential. Should the Village achieve success in attracting private investment which does result in the need for documented increased services from any taxing districts, the Village will consider the declaration of sufficient surplus funds, which funds are neither expended nor obligated, as provided by the Act, to assist affected taxing districts in paying the costs for the increased services.

Any surplus Special Tax Allocation Funds, to the extent any surplus exists, will be proportionately shared, based on the appropriate tax rates for a given year, with the various taxing districts, including the Village, 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 tax-sharing provision relates to the Village's utilization of TIF funding to mitigate the impact of residential development upon school districts. In such cases, the Village will provide funds to offset the costs incurred by eligible school districts in the manner prescribed by 65 ILCS Section 5/11-74.4-3(q)(7.5) of the Act. (Refer to Section VII of this Report, which describes allowable TIF project costs.

V. TIF QUALIFICATION FACTORS EXISTING IN THE REDEVELOPMENT PROJECT AREA

A. Findings

The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF district as a “conservation area” under Illinois law. Refer to the TIF Eligibility Report, (Exhibit 3) which is attached as part of this Plan.

B. Eligibility Survey

The RPA was evaluated in September, 2013, and continuing to the date of this Redevelopment Plan and Project by representatives of Kane, McKenna and Associates, Inc., (KMA) and Village staff. Analysis was aided by certain reports obtained from the Village and other sources. In KMA’s evaluation, only information was recorded which would directly aid in the determination of eligibility for a TIF district.

VI. HOUSING IMPACT STUDY IN THE REDEVELOPMENT PROJECT AREA

The RPA was studied in order to determine if a housing impact study would need to be conducted pursuant to the TIF Act. 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 RPA will not result in the displacement of ten (10) or more inhabited residential units. Therefore, *this Plan does not include a Housing Impact Study.*

VII. REDEVELOPMENT PROJECT

A. Redevelopment Plan and Project Objectives

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

- 1) By implementing a plan that provides for the attraction of investment to redevelop underutilized property and buildings that are available within the RPA.
- 2) By constructing public improvements which may include (if necessary):
 - i. Street and sidewalk improvements (including new street construction and widening of current streets);
 - ii. Utility improvements (including, but not limited to, water, stormwater sewer and stormwater management, sanitary sewer projects consisting of construction and rehabilitation, and relocation or burial of overhead utilities as feasible);
 - iii. Off street parking (if applicable);
 - iv. Signalization, traffic control and lighting;
 - v. Landscaping and beautification; and
 - vi. Public facilities.
- 3) By entering into Redevelopment Agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of interest rate subsidy as allowed under the Act.
- 4) By providing for land assembly, site preparation, environmental remediation (if necessary), clearance, and demolition, including grading and excavation as necessary and appropriate.
- 5) By the redevelopment of certain existing buildings through necessary rehabilitation and improvement of structures, if necessary.
- 6) By exploration and review of job training programs in coordination with any Village, federal, state, and county programs.
- 7) By entering into agreements with other public bodies for the development or construction of public facilities and infrastructure.
- 8) To maintain and enhance existing affordable housing within the RPA.
- 9) To work with existing businesses regarding relocation within the Village or nearby.

B. Redevelopment Activities

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

Land Assembly

Property may be acquired, assembled and reconfigured into appropriate redevelopment sites. Properties owned or acquired by the Village may be assembled and reconfigured into appropriate redevelopment sites. It is expected that the Village would facilitate private acquisition through reimbursement of acquisition and related costs through the write-down of its acquisition costs. Such land may be held or disposed of by the Village on terms appropriate for public or private development, including the acquisition of land needed for construction of public facilities or improvements. Relocation activities may also be undertaken by the Village. A proposed acquisition map is attached as Exhibit 4.

Site Preparation, Clearance, and Demolition

Property within the RPA may be 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.

Public Improvements

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

- Improvements and/or construction of public utilities including extension of water mains as well as sanitary and storm sewer systems and detention related improvements;
- Storm water management; and
- Beautification, identification markers, landscaping, lighting, streetscape, and signage of public right-of-ways.

Rehabilitation

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

Interest Rate Write-Down

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

Job Training

The 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.

C. General Land Use Plan

Existing land use generally consists of a mix of industrial, retail, commercial and residential uses. The proposed land uses will conform to the Village's Comprehensive Plan (including any amendments thereto). Existing land uses are shown in Exhibit 5, attached hereto and made a part of this Plan. Exhibit 6, attached hereto and made a part of this Plan designates intended general land uses in the Redevelopment Project Area. The land uses will conform to the Comprehensive Plan, as amended, of the Village.

D. Additional Design and Control Standards

The appropriate design controls including any Planned Unit Developments, as set forth in the Village's Zoning Ordinance, as amended, shall apply to the RPA.

E. Estimated Redevelopment Project Costs

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

1. Costs of studies and surveys, development of plans and specifications, implementation and administration of the redevelopment plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, or other special services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected; except that after November 1, 1999, no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of three (3) years. In addition, “redevelopment project costs” shall not include lobbying expenses;
 - 1.1 After July 1, 1999, annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment area or approved a redevelopment plan;
2. The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interest therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to, parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;
5. Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification, except that on and after November, 1, 1999 redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to the effective date of this amendatory Act of the 91st General Assembly or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provided that basis for that determination, that the new municipal building is required to meet an increase in the

need for public safety purposes anticipated to result from the implementation of the redevelopment plan;

6. Costs of job training and retraining projects including the costs of ‘welfare to work’ programs implemented by businesses located within the redevelopment project area;
7. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued pursuant to the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
8. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district’s capital (and additional student tuition) costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;
9. For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999 an elementary, secondary, or unit school district’s increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually as follows:
 - a) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district’s increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:
 - (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;

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

Any school district seeking payment shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving

the right to all or a portion of the reimbursement otherwise required by the Act. By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects;

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

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

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

Any library district seeking payment under this paragraph shall, after July 1 and before September 30 of each year, provide the municipality with convincing evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the library district. If the library district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement

- for that year. Library districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by this paragraph. By acceptance of such reimbursement, the library district shall forfeit any right to directly or indirectly set aside, modify, or contest in any manner whatsoever the establishment of the redevelopment project area or projects;
11. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
 12. Payment in lieu of taxes;
 13. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code;
 14. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a) such costs are to be paid directly from the Special Tax Allocation Fund established pursuant to the Act;
 - b) such payments in any one-year may not exceed 30% of the annual interest costs incurred by the developer with regard to the redevelopment project during that year;
 - c) if there are not sufficient funds available in the Special Tax Allocation Fund to make the payment pursuant to this paragraph then the amounts so due shall accrue and be payable when sufficient funds are available in the Special Tax Allocation Fund;
 - d) the total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;

- e) the cost limits set forth in subparagraphs (b) and (d) shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act and the percentage of 75% shall be substituted for 30% in subparagraphs (b) and (d);
- f) Instead of the eligible costs provided by subparagraphs (b) and (d), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (f) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (f).

The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (f) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later;

- 15. If the redevelopment project area is located within a municipality with a population of more than 100,000, the cost of day care services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families

working in businesses located in the redevelopment project area. For the purposes of this paragraph, “low-income families” means families whose annual income does not exceed 80% of the municipal, county, or regional median income, adjusted for family size, as the annual income and municipal, county or regional median income are determined from time to time by the United States Department of Housing and Urban Development.

16. Unless explicitly stated herein the costs of construction of new privately owned buildings shall not be an eligible redevelopment project cost;
17. After November 1, 1999, none of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment projects if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality. For purposes of this paragraph, termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, has become economically obsolete, or was no longer a viable location for the retailer or serviceman;
18. No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008, unless no prudent and feasible alternative exists. “Historic Resource” means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. This restriction does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.

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

Estimated redevelopment project costs are shown on the next page. It is expected that the redevelopment project costs would be supplemented by or undertaken in conjunction with private investment, and such investment would be in excess of the estimated redevelopment project costs. Adjustments to these cost items may be made without amendment to the Redevelopment Plan and Project.

**VILLAGE OF ARLINGTON HEIGHTS
HICKORY/KENSINGTON REDEVELOPMENT PROJECT
ESTIMATED PROJECT COSTS**

<u>Redevelopment Cost Items</u>	<u>Estimated Costs (A)</u>
1. Utility improvements including, but not limited to, water, storm, sanitary sewer, traffic management, and road and streetscape improvements	\$ 9,000,000
2. Site preparation and demolition, including environmental remediation	\$ 5,500,000
3. Land acquisition and assembly costs, including business relocation cost	\$12,000,000
4. Public facilities and infrastructure costs (inclusive of capital costs for the Village and other taxing districts)	\$ 1,000,000
5. Rehabilitation of structures	\$ 2,250,000
6. Interest Costs Pursuant to the Act	\$ 1,250,000
7. Planning, legal, engineering, administrative and other professional service costs	\$ 2,000,000
8. School tuition costs pursuant to the Act	\$ 2,000,000
TOTAL ESTIMATED PROJECT COSTS	<u>\$35,000,000</u>

(A) All project cost estimates are in year 2014 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of any obligations as well as to provide for annual interest costs, capitalized interest and reasonably required reserves. Adjustments to the estimated line item costs above are expected. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the total amount of payment for Estimated Project Costs shall not exceed the amount set forth above, as adjusted pursuant to the Act. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment.

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

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

“Redevelopment Project Costs” specifically contemplate those eligible costs set forth in the Act. The majority of development costs will be privately financed, and TIF or other public sources are to be used, subject to approval by the Village Board, only to leverage and commit private redevelopment activity.

The tax increment revenues which will be used to pay debt service on the municipal obligations, if any, and to directly pay redevelopment project costs shall be the incremental increase in property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2012 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, special assessments, 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.

G. Nature and Term of Obligations to be Issued

The Village may issue obligations secured by the tax increment 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 powers pursuant to the Illinois State Constitution.

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

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

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

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

The most recent estimate of equalized assessed valuation (EAV) for tax year 2012 of the property within the RPA is approximately \$9,636,936 for the RPA. The Boundary Map, Exhibit 1, shows the location of the RPA.

I. Anticipated Equalized Assessed Valuation (EAV)

Upon completion of the anticipated private development of the Redevelopment Project Area over a twenty-three (23) year period, it is estimated that the equalized assessed valuation (EAV) of the property within the Redevelopment Project Area will be approximately \$30,000,00 to \$40,000,000.

VIII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

A. Redevelopment Project

An implementation strategy will be employed with full consideration given to the availability of both public and private funding.

Particular redevelopment projects will begin as soon as the specific private entities have obtained financing approvals for appropriate projects and such uses are conformant with Village zoning and planning requirements. Depending upon the scope of the development as well as the actual uses, the following activities may be included in each phase:

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

Demolition, Site Preparation and Relocation: Existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition and site preparation activities may be necessary for future 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 provision of necessary detention or retention facilities may also be undertaken by the Village.

Roadway/Street/Parking Improvements: Widening of existing road improvements and/or vacation of roads may be undertaken by the Village. Certain secondary streets/roads may be extended or constructed. Related sidewalk, curb, gutter, and paving improvements could also be constructed as needed.

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

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

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

Interest Rate Write Down: The Village may fund a portion of 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 for eligible administrative costs pursuant to the Act.

Job Training: Certain job training costs or programs as provided for in the Act may be funded as part of redevelopment activities.

Potential Payments to School Districts: The Village may fund payments to School Districts pursuant to the provisions of the Act.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the Village and any private developers, both will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the 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 the compliance requirements of 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.

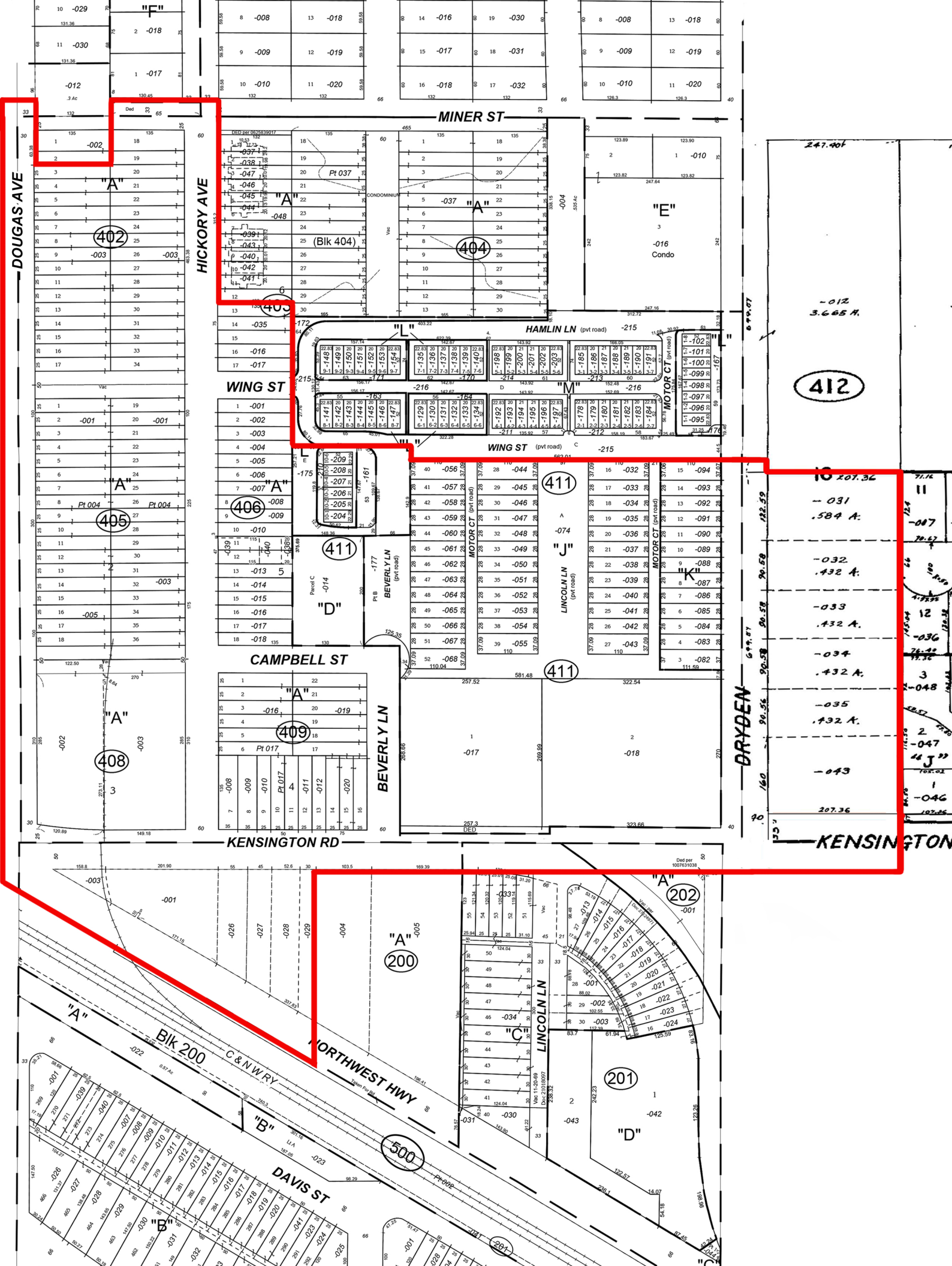
C. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs

This Redevelopment Plan and Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) years after the year of 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 year that the ordinance approving the RPA is adopted.

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

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

EXHIBIT 1
BOUNDARY MAP



DOUGAS AVE

HICKORY AVE

MINER ST

HAMLIN LN (pvt road)

WING ST

WING ST (pvt road)

CAMPBELL ST

KENSINGTON RD

BEVERLY LN

LINCOLN LN (pvt road)

DRYDEN

KENSINGTON

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"A"

"A"

"E"

"A"

"D"

"A"

"A"

"A"

"C"

"D"

"A"

"B"

"A"

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"B"

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EXHIBIT 2
LEGAL DESCRIPTION

That part of the Southeast Quarter of Section 29, the Southwest Quarter of Section 29, and the Northeast Quarter of Section 32, Township 42 North, Range 11 East of the Third Principal Meridian in Cook County, Illinois, described as follows:

Beginning at the northwest corner of Kensington Subdivision in the Southeast Quarter of Section 29, Township 42 North, Range 11 East, according to the plat thereof recorded April 1, 1963, as Document No. 18757711; thence South 00 degrees 42 minutes 50 seconds East (record bearing), 728.04 feet along the west line of said Kensington Subdivision and the west line of Linda Dahlquist Subdivision in said Southeast Quarter of Section 29, according to the plat thereof recorded March 14, 1991, as Document No. 91115696 and the southerly extension thereof to the south line of Kensington Road; thence West along a line 50.00 feet south of and parallel with the south line of said Southeast Quarter of Section 29 to the east line of the west 543.30 feet of the Northwest Quarter of the Northeast Quarter of said Section 32; thence south along said east line to the northerly line of the Chicago & Northwest Railroad Company right-of-way; thence northwesterly along said northerly line to the southerly extension of the west line of Douglas Avenue; thence north along said extension and the west line of Douglas Avenue, being 33 feet west of and parallel with the west line of said Southeast Quarter of Section 29 to the southeast corner of Block 3 of East Side Subdivision of part of the South Half of the Northeast Quarter of the Southwest Quarter of said Section 29, according to the plat thereof recorded April 8, 1921, as Document No. 7106533; thence east 63 feet along the easterly extension of the north line of Miner Street; thence south 121.38 feet along a line 30 feet easterly of and parallel with the west line of said Southeast Quarter of Section 29 to the southwest corner of Lot 2 in Block 1 of Dunton and Bigsby's Addition to Arlington Heights in the Southeast Quarter of said Section 29, according to the plat thereof recorded July 7, 1876, as Document No. 93293; thence east 135 feet along the south line of said Lot 2 to the southeast corner thereof; thence north 121.34 feet along the east line of said Lot 2 and the northerly extension thereof to the southwest corner of Lot 1 in Hoyer's Subdivision of part of the Southeast Quarter of said Section 29, according to the plat thereof recorded June 26, 1978, as Document No. 24506429; thence east 196.45 feet along the south line of said Lot 1 and the easterly extension thereof, also being the north line of Miner Street to the east line of Hickory Avenue; thence south 371.27 feet along the east line of Hickory Avenue to the south line of Lot 12 in Block 6 of said Dunton and Bigsby's Addition to Arlington Heights; thence east 132 feet along the south line of said Lot 12 to the southeast corner thereof; thence south 25 feet along the east line of Lot 13 of said subdivision to the northwest corner of Arlington Crossings in the Southwest Quarter of the Southeast Quarter of said Section 29, according to the plat thereof recorded July 1, 2010, as Document No. 1018229011; thence South 00 degrees 07 minutes 31 seconds East (record bearing) 262 feet along the west line of said Arlington Crossings to the westerly extension of a south line of Lot C in said subdivision; thence South 89 degrees 46 minutes 35 seconds East (record bearing) 215.35 feet along said south line and the westerly and easterly extensions thereof to the northerly extension of the easterly line of Beverly Lane; thence South 00 degrees 13 minutes 25 seconds West (record bearing), 19.78 feet along said extension to the northwest corner of Lot 40 in Arlington Market in the Southwest Quarter of the Southeast Quarter of said Section 29, according to the plat thereof recorded February 28, 2007, as Document No. 0705915065 and corrected per Document No. 0721144016 recorded July 30, 2007; thence South 89 degrees 47 minutes 17 seconds East (record bearing), 662.29 feet along the south line of Wing Street and the easterly extension thereof to the east line of Dryden Place; thence south along the east line of Dryden Place to the north line of the Southeast Quarter of the Southeast Quarter of said Section 29, also being the north line of Lot 16 of A.T. McIntosh's Arlington Heights Farms, according to the plat thereof recorded April 15, 1919, as Document No. 6501829; thence east 207.40 feet along said north line to the northeast corner of said Lot 16 and to the Point of Beginning.

Contains 36.0 acres, more or less.

EXHIBIT 3
TIF ELIGIBILITY REPORT

VILLAGE OF ARLINGTON HEIGHTS
TIF QUALIFICATION REPORT
HICKORY/KENSINGTON TIF DISTRICT

A study to determine whether certain properties within the Village of Arlington Heights located in the area primarily bounded by Wing Street and Miner Street to the north, Northwest Highway and Kensington Road to the south, certain properties located east of Dryden Avenue to the east and Douglas Avenue to the west, qualifies as a conservation area as defined in the Tax Increment Allocation Redevelopment Act of 65 ILCS 5/11-74.4-1, et. seq., as amended.

Prepared for: Village of Arlington Heights, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

February, 2014

**VILLAGE OF ARLINGTON HEIGHTS
TIF QUALIFICATION REPORT
HICKORY/KENSINGTON TIF DISTRICT**

TABLE OF CONTENTS

SECTION	PAGE
INTRODUCTION	i
I. BACKGROUND	1
II. QUALIFICATION CRITERIA USED	4
III. THE PROPOSED RPA	7
IV. METHODOLOGY OF EVALUATION	8
V. QUALIFICATION FINDINGS FOR PROPOSED RPA	9
VI. SUMMARY OF FINDINGS / GENERAL ASSESSMENT OF QUALIFICATION	15
EXHIBIT A – BOUNDARY MAP – TAX PARCEL LIST	

INTRODUCTION

Kane, McKenna and Associates, Inc. (“KMA”) has been retained by the Village of Arlington Heights to conduct an analysis for the potential qualification and designation of the Hickory/Kensington Redevelopment Project Area (“TIF District”) pursuant to 65 ILCS 5/11-74-1 et. seq., as amended (the “Act”) for an area located southeast of the Arlington Heights downtown area and bounded by Wing Street and Miner Street to the north, Northwest Highway and Kensington Road to the south, certain properties located east of Dryden Avenue to the east and Douglas Avenue to the west. The Village is pursuing the TIF District designation as part of its overall strategy to promote (i) the revitalization of key properties generally located along Hickory Avenue, Kensington Road, Dryden Avenue and Northwest Highway, and (ii) to encourage the continued development of the property bounded by Wing Street to the north, Kensington Road to the south, Dryden Avenue to the East and the properties located along Hickory Avenue to the west which includes Lincoln Lane and Beverly Lane platted within such area.

The Village has two principle aims in pursuing the potential designation of the TIF District. The first is to promote redevelopment of certain parcels that have experienced obsolescence, due in part to the economic downturn in recent years, and are under-utilized. The loss of manufacturing related uses and obsolescence related to such uses led to Village revisions in both land use and zoning of properties within the proposed TIF District. The second is to encourage the development of parcels of land relating to an unfinished retail and housing development immediately southeast of the downtown area of the community. This points the Village toward a strategy for the encouragement of growth through the reuse and redevelopment of older properties in the center of Arlington Heights and the continued development of an area in which development has stalled due to economic conditions.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the potential TIF District qualification land within the area:

- 1) *The proposed TIF District qualifies as a “conservation area” under the Act.* Overall, the improved land within the proposed TIF District is found to be in a condition as defined in the Act that prevents, or threatens to prevent, the economic and physical development of properties in a manner that the community deems essential to its overall economic health.
- 2) *The conditions found within the proposed TIF District present a serious barrier to the area’s successful redevelopment.* Factors that negatively impact coordinated and substantial private sector investment in the overall area are part of the consideration for TIF District designation. Without Village planning and use of economic development resources in eliminating such factors, potential redevelopment projects (along with other activities that require private sector investment) are not likely to be economically feasible.
- 3) *There are several potential redevelopment sites within the proposed TIF District.* These sites could produce sufficient incremental property tax revenue that, if used in combination with Village resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the proposed TIF District.

- 4) *Formal designation recommended.* To address current conditions, to promote the economic viability of the proposed TIF District, and to foster private sector investment and redevelopment efforts, KMA recommends that the Village proceed with the formal TIF District designation process for the entire area under consideration.

The KMA analysis of the proposed TIF District in conjunction with the statutory criteria is detailed in the following pages.

I. BACKGROUND

The Village of Arlington Heights (the “Village”) has initiated action related to the study of the proposed Hickory/Kensington Redevelopment Project Area (the “RPA”) to determine whether it qualifies for consideration as a Tax Increment Financing District. Kane, McKenna and Associates, Inc. (“KMA”) has agreed to undertake the study of the area.

Background on the Village and Proposed RPA

The Village of Arlington Heights is a well established community located approximately 19 miles northwest of the Downtown area of the City of Chicago. The Village is located in Cook County, adjacent to the Villages of Palatine to the west and Wheeling to the northeast, the Village of Mt. Prospect to the southeast, the City of Prospect Heights to the east and the City of Rolling Meadows to the southwest. The Village was established in 1887.

As a mature community experiencing some aging of its population, Arlington Heights has experienced a slight decrease in population. Based on the 2010 Census the Village’s population has decreased slightly to 75,501 from the Village’s 2000 Census population of 76,031.

The proposed RPA includes an area that is located just southeast of the Village’s downtown area and immediately to the north of the Union Pacific railroad line and Northwest Highway. The area generally consists of buildings along the eastern, western and southern part of the proposed RPA with underutilized property that has been improved with streets and utilities in the northern and eastern part of the proposed RPA. On the north the proposed RPA is bounded primarily by Wing Street and Miner Street and by certain commercial properties north of Wing Street along Hickory Avenue on the south, primarily by Kensington Road in the eastern part of the proposed RPA and Northwest Highway in the western part of the proposed RPA. On the east the proposed RPA is bounded certain residential rental housing and an office development on Dryden Avenue as well as certain properties located on Northwest Highway located just west of Beverly Lane and on the west, primarily by Douglas Avenue.

The proposed RPA currently consists of a variety of land uses. A significant portion of the proposed RPA was at one time occupied by industrial users with access to the Union Pacific Railroad. Certain portions of the proposed RPA were then redeveloped for commercial uses. The central portion of the RPA includes a stalled residential development and proposed commercial uses along Dryden Avenue that were also not implemented.

As of the date of this report, the RPA contained approximately one-hundred fourteen (114) tax parcels and approximately twenty-six (26) buildings.

Context for Redevelopment

In the Village's amendment to its Comprehensive Plan in 1991 the Village designated an area known as the Hickory/Kensington area (the "Village Planning Area") as a redevelopment area as part of its Comprehensive Planning Program. In 1993, the Village approved the Hickory/Kensington Redevelopment Plan which outlined goals and objectives for the future of the Village Planning Area. The Village Planning Area has since the adoption of the Hickory/Kensington Redevelopment Plan experienced development of the Mariano's site, which is not included as part of the RPA. In January, 2013, the Village approved the Hickory/Kensington Area Plan in order provide an analysis of current conditions and propose a vision for the remainder of the Village Planning Area. Since the center of the Village Planning Area has not yet been redeveloped and given its proximity to the Village's downtown area, a key goal of the Village is to redevelop the existing improved sites in the proposed RPA in order to attract development of mixed use commercial and residential, enhance the Village's tax base, provide additional housing opportunities and build upon development that has already occurred in the Village Planning Area.

From a Village economic development perspective, the properties within the proposed RPA have significant assets that offer excellent potential for development. The area has an excellent network of transportation options: close proximity to Interstates 90 and 294, local arterial roads, and Metra commuter rail. Additionally, the proposed RPA is near the Village's downtown area with the potential for density that would allow it to support transportation-oriented development and related redevelopment uses. As such, the Village has identified a number objectives for redevelopment with tax increment financing acting as a tool to achieve them. Recent rezoning of the properties by the Village acknowledges the need for reuse of properties from industrial to residential and mixed use.

Without the application of public resources, the proposed RPA is likely to continue to be underutilized and fail to attract significant private sector investment. As mentioned above, stalled development projects have resulted in lost opportunities for increases to tax base, and portions of the proposed RPA are negatively affected by inadequate roadway access and the need for provision of storm water detention. Likewise, existing businesses within the proposed RPA are adversely impacted by over-intensive land uses, shallow lot sizes, as well as limited ingress and egress onto public roadways.

The Village is very mindful of the existing residential area near both the north and east of the proposed RPA. Because of this, the Village wishes both to manage development within the proposed RPA to mitigate land use conflicts, and to ensure that more modern development occurs within the guidelines of the Village's Comprehensive Plan and Hickory/Kensington Area Plan.

General Scope and Methodology

KMA formally began its analysis by conducting a series of meetings and discussions with Village staff, starting in July, 2013 and continuing periodically through the present. The purpose of the meetings has been to establish boundaries for a study area and to gather data related to qualification criteria for properties included in the study area. These meetings were complemented by a series of field surveys for the entire study area. The field surveys and data collected have been utilized to test the likelihood that the properties located within the study area would qualify for TIF designation.

The qualification factors discussed in this report qualify the RPA as a “conservation area,” as such term is defined pursuant to the TIF Act.

During the course of its work, KMA reported to Village staff its findings regarding TIF qualification and feasibility prospects for the study area. Based on these findings the Village made refinements to the study area boundaries, directed KMA to complete this TIF Qualification Report (the “Report”), and moved forward with the preparation of a Redevelopment Plan and Project for the area.

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, Kane, McKenna and Associates, Inc. examined the proposed RPA and reviewed information collected for the area to determine the presence or absence of appropriate qualifying factors listed in the Illinois “Tax Increment Allocation Act” 65 ILCS 5/11-74.4-1 et. seq., as amended (hereinafter referred to as the “Act”).

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

“an area designated by the municipality, which is not less in the aggregate than 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 area and conservation area.”

Under the Act, “blighted area” or “conservation area” means any improved or vacant area within the boundaries of a development project area located within the territorial limits of the municipality where certain conditions are met.

TIF Qualification Factors

In accordance with the Illinois TIF Act, KMA performed a two-step assessment to determine if the proposed RPA qualified as a “conservation” area. First, KMA analyzed the threshold factor of age to determine if 50% or more of structures were 35 years of age or older.

Secondly, 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:

- 1) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- 2) Obsolescence: The condition or process of falling into disuse. Structures become ill-suited for the original use.

- 3) Deterioration: With respect to buildings, defects including but not limited to major defects in the secondary building components such as doors, windows, porches, gutters and downspouts and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including but not limited to surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.
- 8) 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.

- 9) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety; and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings; increased threat of spread of fire due to the close proximity of buildings; lack of adequate or proper access to a public right-of-way; lack of reasonably required off-street parking; or inadequate provision for loading and service.
- 10) 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.
- 11) Environmental Clean-Up: The Proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for – or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for – the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- 12) 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.
- 13) Stagnant EAV: The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

III. THE PROPOSED RPA

The proposed RPA includes properties located on Northwest Highway, Hickory Avenue, Beverly Lane and Dryden Road. In addition the proposed RPA includes properties that have been improved with utilities and roads immediately south of Wing Street just west of Dryden Road and underutilized improved parcels located at the northwest corner of Kensington Road and Dryden Road.

The proposed RPA is closely related to an area that was analyzed as part of the Hickory/Kensington Area Plan. Although not coterminous, the boundaries of the proposed RPA generally follow the area addressed by the Hickory/Kensington Plan. An outgrowth of the Hickory/Kensington Area Plan was a recommendation to evaluate funding options including tax increment financing, for which this qualification report is a key step.

Refer to Exhibit A for additional information.

IV. METHODOLOGY OF EVALUATION

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

- 1) Photographic analysis and site surveys of the proposed RPA were undertaken by representatives from Kane, McKenna and Associates, Inc. Site surveys were completed for the proposed RPA.
- 2) KMA performed EAV trend analysis, to ascertain whether EAV growth in the proposed RPA underperformed EAV growth in the remaining part of the Village or declined per the requirements of the TIF Act.
- 3) Exterior evaluation of structures, noting deterioration or dilapidation as well as vacancies or possible code violations was completed. The inspections conducted by KMA noted signs of aging of certain structures, the current condition of improvements and infrastructure, and current roadway conditions.
- 4) The RPA was studied in relation to available planning reports, Village ordinances, flood maps, local history, and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, obsolescence, lag in EAV growth, deleterious layout, etc.). Kane, McKenna reviewed the area in its entirety. Village redevelopment goals and objectives for the area have also been established and reviewed.
- 5) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act pertaining to criteria specific structures and site conditions on the parcels.
- 6) The proposed RPA was examined to assess the applicability of the different factors required for qualification for TIF designation under the Act. Evaluation was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The 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.

V. QUALIFICATION FINDINGS FOR PROPOSED RPA

As a result of KMA’s evaluation of each parcel in the proposed RPA, and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the proposed RPA as a conservation area under the TIF Act. These factors are summarized in the table below.

Area within Proposed RPA	Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualification Factors Present in Proposed RPA
Conservation Area	13	3	6* <ul style="list-style-type: none"> • Lag in EAV Growth • Lack of Community Planning • Deleterious Land Use • Inadequate Utilities • Deterioration • Obsolescence

*The six factors are in addition to meeting the age requirement that a majority of buildings be over 35 years in age.

Conservation Area

Based upon preliminary analysis, the RPA would qualify as a conservation area under the statutory criteria set forth for a conservation area. As indicated in Section II, KMA performed a two-step assessment, first finding that in 50% or more of the structures within the conservation area were over 35 years of age. Based upon Cook County data, KMA determined that all twenty six (26) structures (100%) within the RPA exceed the age threshold.

As a second step, KMA reviewed the criteria needed to qualify an area as a conservation area, determining that six (6) factors were present:

1) Lag in Equalized Assessed Valuation (EAV) Growth

The total equalized assessed valuation (EAV) for the improved portion of the RPA has increased at an annual rate that is less than the balance of the Village for each of the last five (5) calendar years as evidenced by the data presented in the table below, and has also declined for four (4) years and is less than the CPI over the same four (4) year period. These measures demonstrate a condition regarding lack of growth in development and tax base within the RPA.

	2012	2011	2010	2009	2008	2007
Total EAV for Improved Area within Proposed TIF	\$9,636,936	\$11,545,621	\$13,520,380	\$15,239,797	\$15,100,704	\$15,280,802
Annual Change (%)	(16.53%)	(14.61%)	(11.28%)	0.92%	(1.18%)	
Total Village EAV (Minus EAV in TIF)	\$2,850,321,619	\$3,082,223,368	\$3,386,121,601	\$3,684,016,233	\$3,609,966,974	\$3,371,108,698
Annual Change (%)	(7.52%)	(8.97%)	(8.09%)	2.05%	7.09%	
CPI	2.1%	3.2%	1.6	(.40%)	3.8	

Note: Figures highlighted for those years in which annual EAV growth in conservation areas was outpaced by growth in the remainder of the Village.

Source: Cook County, Village of Arlington Heights, and Bureau of Labor Statistics.

2) Inadequate Utilities

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

The watermain system in the proposed RPA along Kensington is estimated to be sixty (60) years old, constructed largely of cast iron pipe which is obsolete and no longer used for such construction. Valves and hydrants are also of the same age and require replacement. The water main on Kensington Road from Douglas Avenue to Dryden Place has had a number of breaks in recent years and would require replacement.

The combined sanitary and storm sewer system along Hickory from Kensington to Miner is approximately over seventy five (75) years old. The sewers along Hickory Avenue would need to be replaced to provide for a separation of the storm sewer from the sanitary sewer.

In addition, stormwater detention will need to be provided for any new redevelopments with either on site underground stormwater detention or the use of the nearby Park District property under which an underground stormwater detention vault may be constructed.

3) Deleterious Land Use/Layout

Deleterious land use (or layout) is defined as the existence of incompatible land use relationships, buildings occupied by inappropriate mixed-uses, or uses unsuitable for the surrounding area. Unsuitable land uses include offensive or noxious uses in relation to the surrounding area.

In general, poor parcel layout and lack of buffering account for deleterious land use/layout. Certain commercial and industrial uses along Hickory Avenue are immediately to the south of residential housing. Regarding the parcel layout, certain commercial and light industrial/warehouses facilities are not configured to easily accommodate the daily movement and loading of truck traffic.

Furthermore, for Hickory Avenue the existing commercial and industrial facilities have very few instances where vehicles can efficiently enter, load and exit. Ideally, they would be able to enter at one point on the commercial/industrial property, unload into easily accessed loading bays, and then exit at a different point (analogous to a drive-through bank). Instead, most truck traffic has to enter, load/unload, reverse direction, and exit from the same point of entry (i.e., no ability to circulate through the facility). The difficulty in circulating truck traffic is exacerbated by businesses' lack of parking, which causes certain "choke" points where internal rights of way serve as both parking and loading areas.

The foregoing describes deleterious layout in terms of individual parcels. Additionally, there is a broader issue of layout in terms of coordinating movement of traffic within the proposed RPA. As noted in the Hickory/Kensington Area Plan, a portion of Campbell Street is being used for private purposes with a current right-of-way of 50 feet. One of the recommendations of the Hickory/Kensington Area Plan is to address the width of Campbell Street and the extension of Campbell Street to connect the development in the area to Dryden Avenue in order to both provide better access to the area and to provide for a more urban environment.

Lack of buffering is a deficiency observed throughout the RPA.

4) Lack of Community Planning

An area suffers from a lack of community planning if the area was developed prior to, or without the benefit of, a community plan. The original date of the Village's comprehensive plan was 1960, including a major amendment in 1997 and annual reports/updates and other specific area plan amendments. However, the Village prepared an update to their plan in 2013, specific to the area that is largely contained in the proposed RPA. (Hickory/Kensington Area Plan – January, 2013).

Conditions relating to area traffic circulation, infrastructure provision, and standards for residential or mixed use development need to be implemented. Potential redevelopment options include further residential uses and restrictions of industrial areas in order to transition to and complement mixed use and commercial redevelopment within the RPA.

The original uses in the area date to the 1920's, and were originally industrial, given access to railroad transportation. In the 1960's and 1970's industrial uses began locating near the interstate transportation systems, and uses within the RPA were redeveloped for primarily commercial use (Lattoff Chevrolet, Arlington Market Center) although some industrial uses remain. As further new uses reflect current real estate market conditions – Mariano's and residential uses within the central part of the area and outside of the proposed TIF District – the area's characteristics/ conditions require additional attention.

Several uses lack adequate parking, sidewalks, buffering, and/or exhibit distressed condition or vacancies. The apartment buildings located along Dryden Avenue require additional parking as well. Recent development associated with the Mariano's store and residential uses along Wing Street would need to be integrated with proposed developments and the updated Village planning efforts. The proposed Village redevelopment provides the Village with an opportunity to address historical land use planning deficiencies.

The existing street network will require improvements to the existing roadways which include (i) Campbell Street between Hickory Avenue and Beverly Lane ("Segment 1") (ii) extension of Campbell Street east from Beverly Lane to Dryden Avenue ("Segment 2") and (iii) extension of Campbell Street west from Hickory Avenue to Douglas Avenue ("Segment 3"). Segment 1 is currently an existing right of way used for private parking and the reconstruction thereof would include widening the road to 66 feet to accommodate on street parking and sidewalks. The construction of Segment 2 would provide a logical delineation between the residential and commercial portions of the proposed RPA. The construction of Segment 3 would provide access to the Recreation Park just northwest of the proposed RPA to create an urban design and to break down the large north/south blocks into two smaller blocks to encourage mixed use development. The roadway improvements will also enhance vehicular and pedestrian access into and through the area. In addition, Hickory Avenue is a full depth concrete street in need of reconstruction together with the replacement of sidewalks.

Parking needs will also have to be reviewed as part of the new layout. The Village's rezoning of the area sets forth new standards for proposed redevelopment.

5) Deterioration of Structures and Site Improvements

Per the TIF Act, deterioration can be evidenced in major or secondary building defects or deterioration of surface infrastructure. For example, building defects include, but are not limited to, defects in building components such as windows, siding, and doors.

Regarding surface improvements, the area exhibited a number of problems:

- Rutted and cracked roadways;
- Cracked, uneven sidewalks; and
- Parking lots with potholes and "alligator" cracking.

With respect to street conditions, Hickory Avenue and Beverly Lane would be scheduled for resurfacing/street improvements as part of any future redevelopment activities. The areas exhibiting deterioration had cracked pavement and worn areas. Apart from making the roadway worse for motorists, roads in poor condition tend to "hold" water and counteract the roadway crowning (for shedding water).

With respect to building deterioration, there was dispersed throughout the proposed RPA buildings that exhibited deterioration. Certain components included:

- deteriorated siding or brick (i.e., chipped or warped siding or missing shingles or brick needing tuckpointing or repair);
- ancillary buildings in need of repair;
- bent or rusted gutters;
- rusted or weathered fascia; and
- rotted or deteriorated doors and door frames.

6) Obsolescence

Obsolescence is defined as the condition or process of falling into disuse. This can also be defined as a structure(s) that has become ill-suited for its original use. In general, the proposed RPA has experienced both economic and physical obsolescence.

A number of factors contribute to or reflect obsolescence. First, property valuations have failed to maintain pace with valuations in the remainder of the Village. As noted above in finding #1, in each of the past five years, properties within the proposed RPA have lagged behind properties in the rest of the Village in terms of growth in equalized assessed valuations.

Economic obsolescence stems from certain regulatory barriers to redevelopment and utilities. Village stormwater and ordinances restrict future redevelopment opportunities by limiting the “footprint” of new buildings or improvements or repairs to existing buildings without appropriate onsite or off site stormwater detention. Although clearly fulfilling important public policy objectives (e.g., managing the economic costs of future flooding), it curtails the potential for development and curtails opportunities for private sector reinvestment and a comprehensive program for managing detention will need to be implemented as part of redevelopment activities.

Obsolescence also relates to the aging and physical decline of buildings. As noted above, distributed throughout the proposed RPA are structures and site improvements that need repair. Current investment levels are insufficient to retard deterioration or maintain conditions “as is.” In previous years, older industrial buildings (e.g. Dana Molded site) were razed due to functional and economic obsolescence, further contributing to a need for repositioning of land uses within the area. Recently, stalled commercial and residential projects have contributed to this finding, as previously improved sites have fallen into disuse due to market factors.

Fourthly, certain area-wide factors contribute to obsolescence. For instance, many of the area's parcels are platted in a manner that results in sub-optimally shaped land uses that have proven to be difficult to develop as compared to modern development standards. This is evidenced by (a) the shallow (i.e., lacking depth) lots of certain parcels on Hickory Avenue and Beverly Lane, (b) poor ingress/egress and (c) parcel configurations. Parcel configurations due to railroad rights-of-way contribute to area-wide obsolescence. There are a number of automobile repair and warehouse and commercial uses along Hickory Street that are poorly configured, so that loading and unloading of goods is difficult to execute -- whereas modern commercial districts and industrial parks are configured to accommodate loading/unloading and provide for customer parking. Certain property vacancies are also present with structures "falling into disuse". The age of many structures results in building characteristics (e.g., ceiling height, setbacks, parking availability) that are less desirable in relation to current market requirements for commercial and industrial developments.

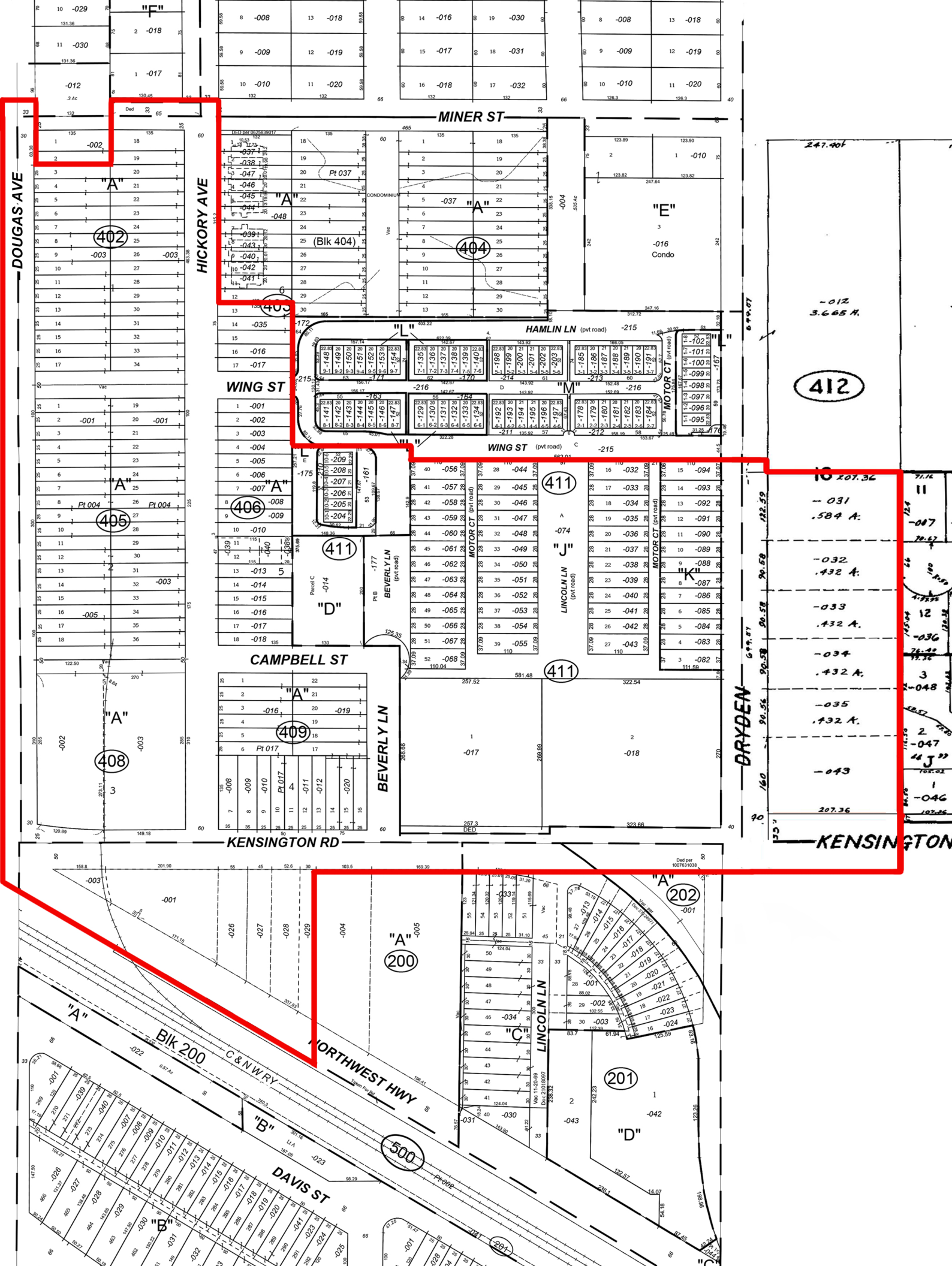
VI. SUMMARY OF FINDINGS / GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to potential designation by the Village of the proposed RPA as a TIF District. The findings herein pertain to the entire area.

1. The area is contiguous and is greater than 1½ acres in size.
2. The proposed RPA will qualify as a “conservation area”. Further, the factors as documented herein are present to a meaningful extent and are distributed throughout the proposed RPA. (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.
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

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

Exhibit A



DOUGAS AVE

HICKORY AVE

MINER ST

HAMLIN LN (pvt road)

WING ST

WING ST (pvt road)

CAMPBELL ST

KENSINGTON RD

BEVERLY LN

LINCOLN LN (pvt road)

NORTHWEST HWY

LINCOLN LN

DAVIS ST

DRYDEN

KENSINGTON

1 -002

"A"

(402)

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Preliminary
Arlington Heights Hickory Kensington TIF

Equalized Assessed Valuation (EAV) Analysis

	PIN	Tax Code	Class	Current Parcels	AV 2013	EAV 2012	EAV 2011	EAV 2010	EAV 2009	EAV 2008	EAV 2007
1	03-32-200-001	38023	5-97	1	274,125	519,033	549,558	610,497	890,030	786,639	895,757
2	03-32-200-003	38023	1-00	1	3,570	23,567	24,953	27,720	28,309	55,045	52,555
3	03-32-200-026	38023	3-18	1	38,611	90,051	82,704	273,969	257,604	149,949	143,168
4	03-32-200-027	38023	3-18	1	37,056	85,703	80,420	266,409	248,103	146,684	104,051
5	03-32-200-028	38023	5-17	1	77,625	151,463	160,371	317,384	307,400	271,684	259,398
6	03-32-200-029	38023	5-90	1	26,139	70,878	75,046	85,077	85,745	115,191	109,982
7	03-29-402-003	38023	0-0	1	0	0	0	0	0	0	0
8	03-29-403-016	38023	5-93	1	19,122	41,893	44,357	49,276	70,250	62,086	70,111
9	03-29-403-017	38023	5-93	1	50,948	106,916	113,204	125,756	178,386	157,660	183,528
10	03-29-403-035	38023	5-22	1	87,997	241,983	438,455	487,073	454,953	402,102	38,918
11	03-29-405-001	38023	0-0	1	0	0	0	0	0	0	0
12	03-29-405-003	38023	5-93	1	10,061	184,516	677,968	670,880	920,007	813,131	776,359
13	03-29-405-004	38023	5-17	1	202,799	546,214	578,337	642,467	589,764	792,308	756,477
14	03-29-405-005	38023	5-90	1	5,737	309,533	327,737	364,079	114,310	153,568	146,632
15	03-29-406-001	38023	5-93	1	14,973	47,984	22,639	78,448	115,871	102,404	97,773
16	03-29-406-002	38023	5-93	1	24,582	79,946	32,760	134,647	198,924	175,815	167,864
17	03-29-406-003	38023	5-93	1	30,294	62,096	34,465	43,131	41,186	73,345	70,028
18	03-29-406-004	38023	5-93	1	30,294	62,096	34,465	43,131	41,186	73,345	70,028
19	03-29-406-005	38023	5-93	1	22,050	60,929	77,506	86,100	74,344	65,708	62,736
20	03-29-406-006	38023	5-93	1	31,282	86,365	110,934	123,235	102,822	90,874	86,765
21	03-29-406-007	38023	5-93	1	8,120	31,490	64,958	145,913	126,584	111,876	106,817
22	03-29-406-008	38023	5-93	1	5,527	19,241	33,933	69,293	64,194	56,733	54,168
23	03-29-406-009	38023	4-97	1	3,140	8,810	9,328	10,362	10,582	9,353	8,930
24	03-29-406-010	38023	4-97	1	2,987	8,380	8,873	9,857	10,066	8,900	8,498
25	03-29-406-013	38023	5-93	1	21,459	73,717	78,053	86,708	85,230	75,332	71,925
26	03-29-406-014	38023	5-93	1	25,928	89,631	94,902	105,425	102,192	90,320	86,236
27	03-29-406-015	38023	5-93	1	8,053	25,971	27,499	30,548	34,358	30,367	28,994
28	03-29-406-016	38023	5-80	1	3,762	10,473	11,374	12,636	12,803	16,296	15,559
29	03-29-406-017	38023	5-17	1	15,234	24,967	89,584	99,518	97,399	86,082	82,189
30	03-29-406-018	38023	5-17	1	15,234	24,967	89,584	99,518	97,399	86,082	82,189
31	03-29-406-038	38023	1-00	1	132	370	392	436	0	393	375
32	03-29-406-039	38023	5-90	1	6,132	17,204	18,216	20,236	20,665	27,764	26,508
33	03-29-406-040	38023	4-90	1	420	1,178	1,248	1,386	1,415	1,251	70,028
34	03-29-408-002	38023	5-90	1	107,124	131,894	139,651	155,136	250,806	336,942	321,705
35	03-29-408-003	38023	5-93	1	19,475	226,457	620,339	776,988	1,021,164	902,534	861,719
36	03-29-409-008	38023	5-17	1	44,301	93,550	99,052	100,300	121,539	118,730	113,361
37	03-29-409-009	38023	5-17	1	43,293	91,625	97,014	98,324	118,961	116,576	111,305
38	03-29-409-010	38023	5-17	1	40,424	83,576	88,491	88,856	109,292	103,590	98,905
39	03-29-409-011	38023	5-93	1	50,218	105,942	208,673	231,812	202,496	178,972	170,879
40	03-29-409-012	38023	5-93	1	28,373	62,391	113,587	126,182	116,875	103,298	98,626
41	03-29-409-016	38023	5-22	1	101,249	274,595	290,745	322,984	466,786	412,560	437,671
42	03-29-409-017	38023	2-12	1	40,591	71,114	125,172	102,597	131,461	143,512	137,022
43	03-29-409-019	38023	5-32	1	161,020	452,420	479,027	532,145	639,335	565,064	539,511
44	03-29-409-020	38023	5-17	1	127,720	451,601	478,160	531,181	559,517	494,519	472,156
45	03-29-411-008	38023	5-90		-----	-----	-----	-----	-----	div. parcel	3,930,716
46	03-29-411-014	38023	5-90	1	57,979	161,302	170,789	189,727	189,942	259,111	247,394
47	03-29-411-017	38023	5-90	1	581,055	1,467,573	1,553,882	1,714,099	2,158,889	1,869,024	new parcel
48	03-29-411-018	38023	5-17	1	211,277	592,759	627,619	697,214	563,979	747,870	new parcel
49	03-29-411-019	38023	5-17		-----	-----	-----	-----	div. parcel	33,780	new parcel
50	03-29-411-020	38023	5-17		-----	-----	-----	-----	div. parcel	25,530	new parcel
51	03-29-411-021	38023	5-17		-----	-----	-----	-----	div. parcel	25,506	new parcel
52	03-29-411-022	38023	5-17		-----	-----	-----	-----	div. parcel	25,482	new parcel
53	03-29-411-023	38023	5-17		-----	-----	-----	-----	div. parcel	25,458	new parcel
54	03-29-411-024	38023	5-17		-----	-----	-----	-----	div. parcel	25,425	new parcel
55	03-29-411-025	38023	5-17		-----	-----	-----	-----	div. parcel	25,399	new parcel
56	03-29-411-026	38023	5-17		-----	-----	-----	-----	div. parcel	25,375	new parcel
57	03-29-411-027	38023	5-17		-----	-----	-----	-----	div. parcel	25,351	new parcel


Preliminary
Arlington Heights Hickory Kensington TIF

Equalized Assessed Valuation (EAV) Analysis

	PIN	Tax Code	Class	Current Parcels	AV 2013	EAV 2012	EAV 2011	EAV 2010	EAV 2009	EAV 2008	EAV 2007
58	03-29-411-028	38023	5-17		-----	-----	-----	-----	div. parcel	25,327	new parcel
59	03-29-411-029	38023	5-17		-----	-----	-----	-----	div. parcel	25,300	new parcel
60	03-29-411-030	38023	5-17		-----	-----	-----	-----	div. parcel	25,376	new parcel
61	03-29-411-031	38023	5-17		-----	-----	-----	-----	div. parcel	33,420	new parcel
62	03-29-411-032	38023	1-00	1	2,244	11,447	12,120	13,464	24,656	33,420	new parcel
63	03-29-411-033	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
64	03-29-411-034	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
65	03-29-411-035	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
66	03-29-411-036	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
67	03-29-411-037	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
68	03-29-411-038	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
69	03-29-411-039	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
70	03-29-411-040	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
71	03-29-411-041	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
72	03-29-411-042	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
73	03-29-411-043	38023	1-00	1	2,244	11,447	12,120	13,464	21,656	33,420	new parcel
74	03-29-411-044	38023	1-00	1	2,244	11,447	12,120	13,464	21,656	25,229	new parcel
75	03-29-411-045	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
76	03-29-411-046	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
77	03-29-411-047	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
78	03-29-411-048	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
79	03-29-411-049	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
80	03-29-411-050	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
81	03-29-411-051	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
82	03-29-411-052	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
83	03-29-411-053	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
84	03-29-411-054	38023	1-00	1	1,694	8,641	9,149	10,164	16,348	25,229	new parcel
85	03-29-411-055	38023	1-00	1	2,244	11,447	12,120	13,464	21,656	33,420	new parcel
86	03-29-411-056	38023	1-00	1	2,039	10,406	11,018	12,240	19,685	30,379	new parcel
87	03-29-411-057	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
88	03-29-411-058	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
89	03-29-411-059	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
90	03-29-411-060	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
91	03-29-411-061	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
92	03-29-411-062	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
93	03-29-411-063	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
94	03-29-411-064	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
95	03-29-411-065	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
96	03-29-411-066	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
97	03-29-411-067	38023	1-00	1	1,540	7,856	8,318	9,240	14,862	22,935	new parcel
98	03-29-411-068	38023	1-00	1	2,026	10,336	10,944	12,157	19,553	30,176	new parcel

EXHIBIT 4
PROPOSED ACQUISITION MAP

LAND ACQUISITION MAP

 Potential Property to Acquire

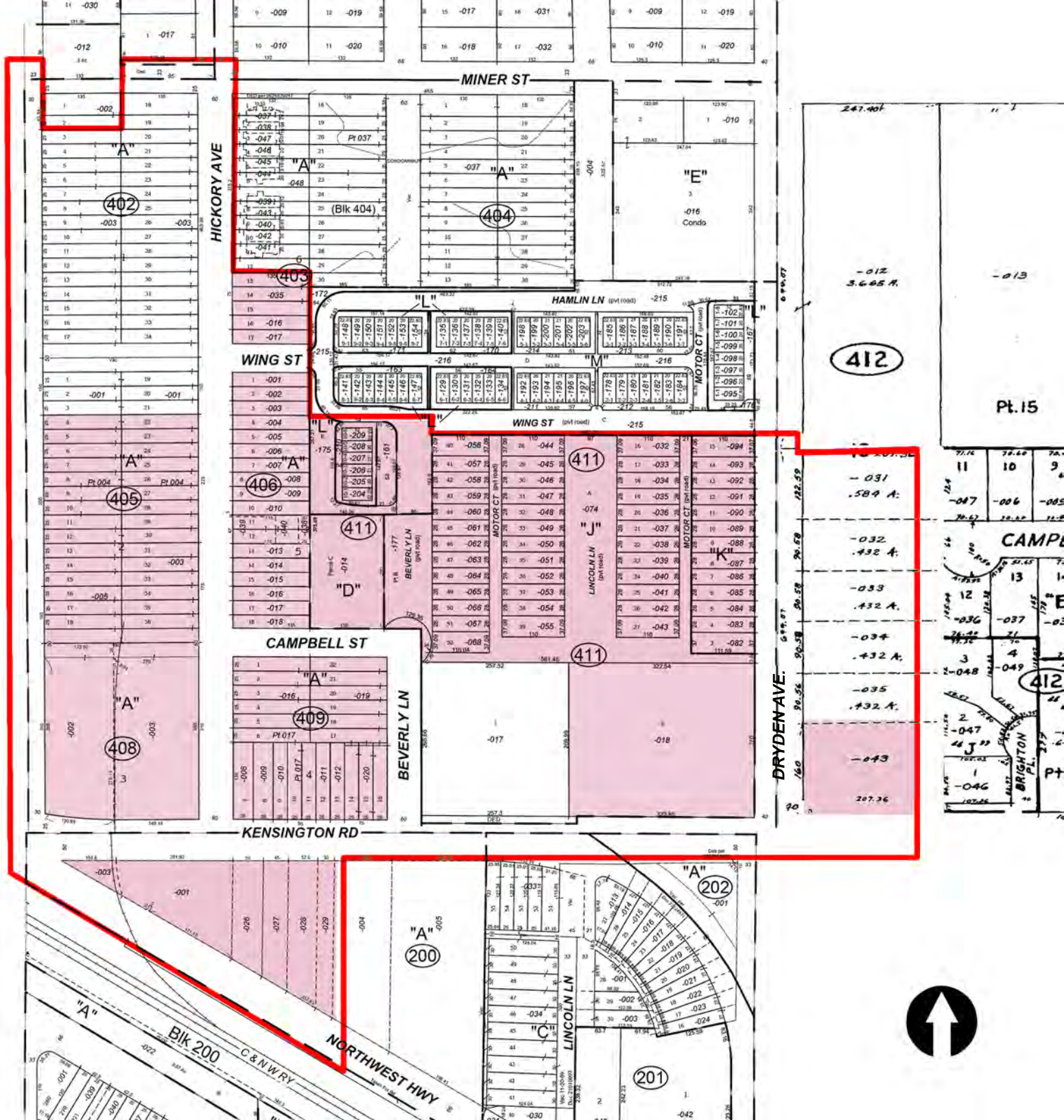


EXHIBIT 5
EXISTING LAND USE MAP

EXISTING LAND USES

-  R & D, Mfg, Warehouse
-  Vacant
-  Commercial
-  Mod. Density, Multi-Family
-  Parks
-  Offices Only



EXHIBIT 6
PROPOSED LAND USE MAP

PROPOSED LAND USE MAP

- TIF Area
- Mod. Density Multi-Family
- Commercial
- Parks
- Mixed Use
- High Density Multi-Family
- Offices Only



**RESOLUTION AND RECOMMENDATION OF JOINT REVIEW BOARD
CREATED AND CONVENED PURSUANT TO ILLINOIS TAX INCREMENT
ALLOCATION REDEVELOPMENT ACT 65 ILCS 5/11-74.4-1 et. seq. (THE "ACT")**

To: Mayor and Village Board
Village of Arlington Heights
22 South Arlington Heights Road
Arlington Heights, Illinois

WHEREAS, the Joint Review Board convened pursuant to the Act did meet on May 7, 2014 at the Village Hall, 33 South Arlington Heights Road, Arlington Heights, Illinois, and was attended by and comprised of representatives of affected taxing jurisdictions within the proposed redevelopment project area, a representative of the Village of Arlington Heights and a public member pursuant to the Act; and

WHEREAS, a public member of the Joint Review Board was willing to serve and was duly selected by a majority vote of all Joint Review Board members, and a chairperson was duly selected by the Joint Review Board by majority vote of all other Joint Review Board members; and

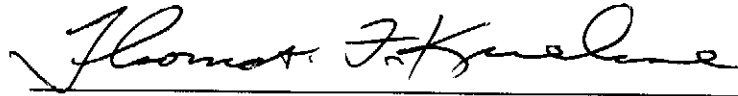
WHEREAS, the Joint Review Board did carefully review and consider the public record, planning documents and proposed ordinances designating the Hickory Kensington Tax Increment Redevelopment Project Area, the Redevelopment Plan and Redevelopment Project, and adopting Tax Increment Financing to be considered by the Village; including the TIF Plan and the Eligibility Study for the aforementioned Redevelopment Area, prepared by Kane, McKenna and Associates, and after considering all of said matters did agree by a vote of the members of the Joint Review Board that the proposed Hickory Kensington Redevelopment Plan and Project, Village of Arlington Heights, Illinois be approved and that the Hickory Kensington Tax Increment Redevelopment Project Area satisfies the eligibility criteria defined in the Act and the Hickory Kensington Tax Increment Redevelopment Project Area qualifies as a "conservation

area” area as defined in the Act. Further, the Redevelopment Project and Plan as presented are conformant with the requirements of the Act.

As such, the majority of the Joint Review Board did direct the chairperson of the Joint Review Board to prepare and submit to the Mayor and Village Board of the Village of Arlington Heights, Illinois, its recommendation so finding.

NOW THEREFORE, BE IT RESOLVED the Joint Review Board does hereby submit its advisory, non-binding recommendation to the Village of Arlington Heights, Illinois that the proposed Hickory Kensington Redevelopment Plan and Redevelopment Project, Village of Arlington Heights, Illinois be approved and that the Hickory Kensington Tax Increment Redevelopment Project Area satisfies the requirements of the Plan and fulfills the objectives of the Act. Further the Joint Review Board makes this recommendation contingent on the Village Of Arlington Heights entering into an Agreement with School District 25 and School District 214 outlining the process for distribution of annual payments as required by Statute, in similar form to the attached Exhibit A.

DATED this 27TH day of MAY, 2014



Representative of Village of Arlington Heights

Representative of School District 25

Representative of School District 214

Representative of Arlington Heights Park District

Representative of the Public

DATED this 4 day of June, 2014

Representative of Village of Arlington Heights

Stacy Mallek

Representative of School District 25

Representative of School District 214

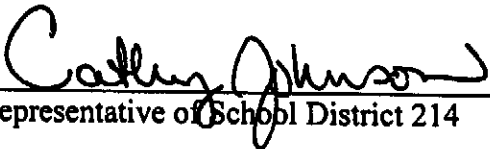
Representative of Arlington Heights Park District

Representative of the Public

DATED this 2 day of July, 2014

Representative of Village of Arlington Heights

Representative of School District 25



Representative of School District 214

Representative of Arlington Heights Park District

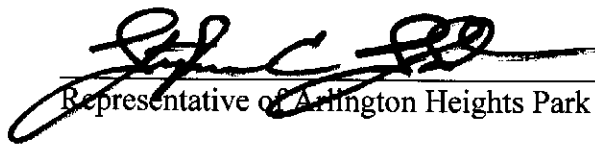
Representative of the Public

DATED this 22 day of May, 2014

Representative of Village of Arlington Heights

Representative of School District 25

Representative of School District 214



Representative of Arlington Heights Park District

Representative of the Public

DATED this 22 day of May, 2014

Representative of Village of Arlington Heights

Representative of School District 25

Representative of School District 214

Representative of Arlington Heights Park District

John G. Ciffone
John G. Ciffone

Representative of the Public

EXHIBIT A

1. Under the Act at the time of adoption of the Plan and TIF financing, the Village is obligated to make annual payments to the School District to compensate the School District for increased costs attributable to assisted housing units located within the redevelopment project area. The Village agrees that in any fiscal year when there are any real property tax increment revenues available, it will make the statutorily required payments to the School District from those tax increment revenues from the Village's Special Tax Allocation Funds as follows below for assisted housing units. If no such tax incremental revenues exist in any fiscal year, the Village shall in no way be obligated to pay any amount of funds to the School District in that year.

2. For the School District's increased costs attributable to assisted housing units in the Project Area, the Village shall make annual payments as calculated below by December 15 unless the Village has not yet received the real property tax increment revenue from Cook County by December 15, in which case the payment date shall be delayed until ten (10) days after the Village receives such payment. Said payments shall be made from the Village's Special Tax Allocation Fund for the applicable TIF District. The annual payments shall begin when the School District has increased costs attributable to assisted housing units in the Project Area and cease upon termination of the Plan.

4. For the District's increased costs attributable to assisted housing units in the Project Area, the Village shall make payments to the School District in an amount determined by multiplying the School District's increases in attendance resulting from the net increase in new students enrolled in the schools of the School District who reside in the Project Area by the most recently available per capita tuition

cost as defined in Section 18-8.05 of the Illinois School Code attributable to these added new students pursuant to Section 3(q)(7.5) of the Act, 65 ILCS 5/11-74.4-3(q)(7.5).

5. For the District's increased costs attributable to assisted housing units in the Project Area, the School District shall transmit to the Village the amount due based on the determinations described in Section 4, above, by September 30 of each year in which the District has increased costs attributable to assisted housing units in the Project Area. The School District shall provide the Village with written documentation of the items listed in Paragraph 4 for the Village's review. Payment shall be made annually by December 15 unless the Village has not yet received the real property tax increment revenue from Cook County by December 15th, in which case the payment date shall be delayed until ten (10) days after the Village receives such payment. Said payments shall be made from the Village's Special Tax Allocation fund, when revenue in that fund is received as result of any housing units constructed in the Project Area.

Minutes

Joint Review Board

Hickory Kensington TIF District: Proposed

May 7, 2014: 3:00p.m.

Community Meeting Room: Village Of Arlington Heights

Joint Review Board - Present:

Tom Kuehne, Village Of Arlington Heights

Stacey Mallek, School District 25

Cathy Johnson, School District 214

Steve Scholten, Arlington Heights Park District

John Ciffone, Public Representative

Also Present:

Charles Witherington Perkins, Director Planning and Community Development

Bill Enright, Deputy Director Planning and Community Development

Bob Rychlicki, Kane McKenna and Associates

Will Coblenz , Kane McKenna and Associates

Bill Dussling, President School District 214

M. Silverberg, Daily Herald

Record of Meeting:

Meeting was called to order by Tom Kuehne. All present were introduced.

First item was to select a member of the public to serve on the JRB.

MOTION: S. Mallek moved, seconded by C. Johnson TO APPOINT JOHN CIFFONE AS THE PUBLIC REPRESENTATIVE TO THE JOINT REVIEW BOARD. All voted aye.

Next item was to select a Chairperson for the JRB.

MOTION: C. Johnson moved, seconded by S. Mallek TO SELECT TOM KUEHNE AS CHAIRPERSON OF THE JOINT REVIEW BOARD. All voted aye.

B. Enright provided a brief overview of the steps the Village has undertaken to redevelop the Hickory Kensington area. First the Village approved a master plan in January 2013 approving the Hickory Kensington Area Plan, setting forth the goals and objectives for the area. Included in the Plan were recommendations to rezone the area and to consider a Tax Increment Financing District. The Village rezoned the area in 2013 to allow for moderate density residential and mixed use development. The third component is to provide a financial tool to pay for the costs of development as public infrastructure costs are extensive, and although the Village utilizes other mechanisms such as sales tax revenue sharing to stimulate development, the only real source that can generate the funds needed is Tax Increment Financing. Private costs to redevelop will be significant as well due to land acquisition, demolition, possible environmental remediation, and infrastructure costs which will likely be shared between a developer and Village. The timing for the TIF is appropriate given market conditions as there have been multiple developers interested in multi family development. As a requirement of the TIF District, the Village will need to reimburse School district 25 and 214 for any new children who live within the TIF and are new to either district. This requirement only applies if a development receives TIF funding assistance. The budget totals \$35 million but that does not include private costs to develop.

B. Rychlicki presented the mechanics of how a TIF District works by generating real estate tax increment to help pay for eligible redevelopment costs. He explained the purpose of the JRB and that they are to evaluate whether or not the area meets the qualifying factors as a TIF District. The area qualifies as a "conservation" area due to a majority of buildings being at least 35 years old and at least three qualifying factors being met. In this case 6 qualifying factors were found to be dispersed throughout the proposed TIF District.

S. Mallek provided an exhibit that outlines how funds would be dispersed to the school districts for all new students in TIF assisted developments. This was written by the School District attorney. SD 25 would like to see some sort of agreement with the Village regarding the disbursement of TIF funds as required by Statute. This could be part of the TIF Ordinances or a separate Intergovernmental Agreement.

C. Johnson concurred that an agreement would be beneficial for SD 214 as well.

B. Enright indicated that it would be best to have a separate Agreement that could go at the same time as the TIF Ordinances to the Village Board. He said he did not think there Village would have any objections to such an agreement as the disbursement of funds is a TIF statute requirement for residential projects which receive TIF assistance and which generate new students to the school districts.

J. Ciffone asked about the proposed budget in the TIF Plan, specifically what the \$12 million for land acquisition was allocated to, and what utility improvements are for?

B. Rychlicki indicated that the land acquisition line item could be used by the Village to acquire land for development or to assist a developer with acquisition costs.

B. Enright indicated that Village staff from Planning, Engineering and Public Works outlined infrastructure improvements that would be needed in order to accommodate new development. These improvements include reconstruction of Hickory Ave, new water and sewer mains in Hickory Ave as now there is a combined sewer. Also included is construction of Campbell St from Douglas to Dryden and related water and sewer lines. We will also look at relocation or burial of overhead utility lines if feasible, as well as relocating a Com Ed substation. In addition, this

area was not developed with storm water detention, so new development will require detention. The Plan envisions storm water detention provided on Park District property at the north end of Hickory Ave in an underground system. This would require an agreement with the Park District.

J. Ciffone asked if utilities would be constructed first? Also how is the M & I Homes development impacted by the TIF?

B. Enright indicated that utilities would be built concurrent with development. In addition, we anticipate there will be environmental remediation costs as well. One reason the Arlington Market site is included in the TIF is that the west portion of the site contains some contaminants which is why the current developer M & I Homes is not acquiring that portion of the site at this time. Other sites as well given past land uses may require remediation, but since the Village does not have access to private property, we don't know the extent of environmental issues.

J. Ciffone asked about the inclusion of Dryden Apartments.

B. Rychlicki stated that there are funds in the proposed TIF budget for renovation of Dryden Place apartments which was generated by using an estimate of \$50 per square foot for rehab costs.

B. Enright added that the budget amount for Rehabilitation of Structures is specifically for rehab of Dryden Place apartments. Further the Plan indicates that these apartments should be preserved as affordable.

T. Kuehne asked since the Plan was made public have any of the property owners approached the Village or talked about any issues that might come up?

B. Enright indicated that occasionally a representative from the Knights of Columbus contacts me regarding the status of the Plan. Also on April 2nd we held a public meeting for the property owners within the proposed TIF and about 20 persons attended to ask questions about the TIF District.. The Plan was then made public and in the three weeks since the plan was made public, I have not received any phone calls, emails or letters objecting to the TIF.

T. Kuehne then opened the floor for comments by the public.

Public Comments

B. Dussling commented on behalf of School District 214 that the District prefers that municipalities do not adopt Tax Increment Financing given the impacts to SD 214, and that there are a lot of existing TIF Districts which impact SD 214, although they do understand the need for TIF as it relates to the "but for" test.

T. Kuehne asked for additional public comments and seeing none asked for a motion.

MOTION: S. Scholten, seconded by J. Ciffone, TO ADOPT THE RESOLUTION THAT THE AREA DOES MEET THE STATUTORY REQUIREMENTS TO QUALIFY AS A CONSERVATION AREA, AND THAT THIS RECOMMENDATION IS CONTINGENT ON INCLUSION OF AN AGREEMENT IN SOME FORM REGARDING THE DISPERSEMENT OF TIF FUNDS FOR NEW SCHOOL AGED CHILDREN PER STATE STATUTE.

In favor of the motion: S. Scholten, J.Ciffone, T. Kuehne, S. Mallek, C. Johnson. Opposed: None. Motion passed 5-0.

Joint Review Board
Tom Kuehne, Chairperson
Bill Enright, Planning and Community Development, Recording Secretary

**AN ORDINANCE OF THE VILLAGE OF ARLINGTON HEIGHTS,
COOK COUNTY, ILLINOIS, APPROVING A TAX INCREMENT
REDEVELOPMENT PLAN AND REDEVELOPMENT PROJECT
FOR THE HICKORY/KENSINGTON AREA**

WHEREAS, it is desirable and for the best interests of the citizens of the Village of Arlington Heights, Cook County, Illinois, (the "Municipality"), for the Municipality to adopt tax increment allocation financing pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code, as amended (the "Act"), for a proposed redevelopment plan and redevelopment project (the "Project" and "Plan") within the municipal boundaries of the Municipality and within a proposed redevelopment project area (the "Area") described in Section One (a) of this Ordinance, which area constitutes in the aggregate more than 1½ acres; and

WHEREAS, pursuant to Section 11-74.4-5 of the Act, the President and Board of Trustees (the "Corporate Authorities") of the Municipality called a public hearing to be held by the Redevelopment Commission relative to the Project and Plan and to the designation of the Area as a redevelopment project area under the Act for June 11, 2014, at 7:30 p.m. at the Village Hall, 3rd floor Council Room, 33 South Arlington Heights Road, Arlington Heights, Illinois; and

WHEREAS, due notice in respect to such hearing was given pursuant to Section 11-74.4-5 of the Act, such notice being given to taxing districts having property in the Area by certified mail on April 23, 2014, by publication on _____, 2014, and _____, 2014, in the Arlington Heights Daily Herald, being a newspaper of general circulation within the taxing districts; and by certified mail to taxpayers within the Area on _____, 2014; and

WHEREAS, the Redevelopment Commission has recommended that the Board of Trustees designate the boundaries of Tax Increment Financing Area as presented to the Commission and described in Exhibit A, attached hereto and incorporated herein as if set out in full by the references, entitled "Village of Arlington Heights, Hickory/Kensington Area Redevelopment Plan and Project," dated _____, and that the Board of Trustees approve and adopt the Redevelopment Project and Redevelopment Plan as described in the same document; and

WHEREAS, the Project and Plan set forth factors which cause the proposed Area to be blighted, and the Corporate Authorities have reviewed the information concerning such factors

presented at the public hearing and have reviewed other studies and are generally informed of the conditions in the proposed Area which cause such area to be a “blighted area” as said term is used in the Act; and

WHEREAS, the Corporate Authorities have reviewed the conditions pertaining to real property in the proposed area to determine whether contiguous parcels of real property and improvements thereon in the proposed area to determine whether contiguous parcels of real property and improvements thereon in the proposed Area would be substantially benefited by proposed Project improvements; and

WHEREAS, the Corporate Authorities have reviewed the conditions pertaining to lack of private investment in the proposed Area to determine whether private development would take place in the proposed Area as a whole without the adoption of the proposed plan; and

WHEREAS, the Corporate Authorities have reviewed the proposed Project and Plan and also the existing comprehensive plan for development of the Municipality as a whole to determine whether the proposed Redevelopment Project and Plan conform to the such comprehensive plan of the Municipality,

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: The Corporate Authorities hereby make the following findings:

(a) The Area, street location (as near as practicable) for the Area, and the map of the Area are depicted in Exhibit A attached hereto and incorporated herein as if set out in full by this reference.

(b) There exist conditions which cause the Area to be subject to designation as a redevelopment project area under the Act and to be classified as a blighted area as defined in Section 11-74.4-3(a) of the Act.

(c) The proposed Area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably anticipated to be developed without the adoption of the Plan.

(d) The Project and Plan conform to the comprehensive plan for the development of the Municipality as a whole.

(e) The estimated date of completion of the entire Project is 23 years after adoption of the ordinance designating the Redevelopment Project Area; the estimated date of completion of all phases of construction of the Project is 23 years after adoption of the ordinance designating the Redevelopment Project Area; and the estimated date of the retirement of all obligations incurred to finance redevelopment project costs as defined in the Plan shall not be later than December 31st 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 23rd calendar year in which the ordinance approving the redevelopment project area is adopted.

(f) The parcels of real property in the proposed Area are contiguous, and only those contiguous parcels of real property and improvements thereon which will be substantially benefited by the proposed Project improvements are included in the proposed area.

SECTION TWO: The Project and Plan which were the subject matter of the hearing held June 11, 2014, is hereby adopted and approved. A copy of the Project and Plan is set forth in Exhibit A attached hereto and incorporated herein as if set out in full by this reference.

SECTION THREE: This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law and shall be recorded by the Village Clerk in the Office of the Recorder of Cook County, Illinois.

AYES:

NAYS:

PASSED AND APPROVED this ____ day of _____, 2014.

Village President

ATTEST:

Village Clerk

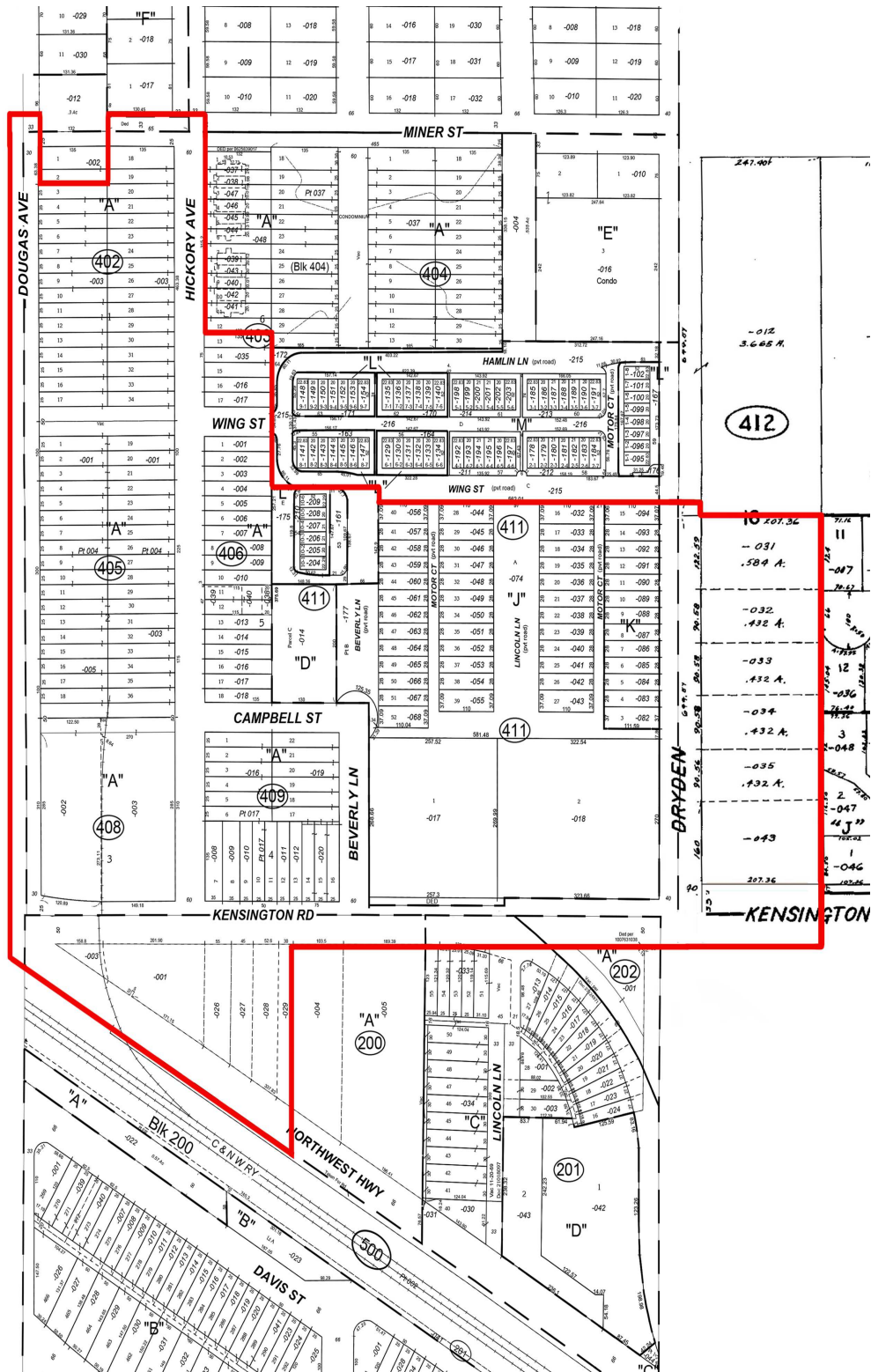
EXHIBIT A
HICKORY/KENSINGTON AREA LEGAL DESCRIPTION

That part of the Southeast Quarter of Section 29, the Southwest Quarter of Section 29, and the Northeast Quarter of Section 32, Township 42 North, Range 11 East of the Third Principal Meridian in Cook County, Illinois, described as follows:

Beginning at the northwest corner of Kensington Subdivision in the Southeast Quarter of Section 29, Township 42 North, Range 11 East, according to the plat thereof recorded April 1, 1963, as Document No. 18757711; thence South 00 degrees 42 minutes 50 seconds East (record bearing), 728.04 feet along the west line of said Kensington Subdivision and the west line of Linda Dahlquist Subdivision in said Southeast Quarter of Section 29, according to the plat thereof recorded March 14, 1991, as Document No. 91115696 and the southerly extension thereof to the south line of Kensington Road; thence West along a line 50.00 feet south of and parallel with the south line of said Southeast Quarter of Section 29 to the east line of the west 543.30 feet of the Northwest Quarter of the Northeast Quarter of said Section 32; thence south along said east line to the northerly line of the Chicago & Northwest Railroad Company right-of-way; thence northwesterly along said northerly line to the southerly extension of the west line of Douglas Avenue; thence north along said extension and the west line of Douglas Avenue, being 33 feet west of and parallel with the west line of said Southeast Quarter of Section 29 to the southeast corner of Block 3 of East Side Subdivision of part of the South Half of the Northeast Quarter of the Southwest Quarter of said Section 29, according to the plat thereof recorded April 8, 1921, as Document No. 7106533; thence east 63 feet along the easterly extension of the north line of Miner Street; thence south 121.38 feet along a line 30 feet easterly of and parallel with the west line of said Southeast Quarter of Section 29 to the southwest corner of Lot 2 in Block 1 of Dunton and Bigsby's Addition to Arlington Heights in the Southeast Quarter of said Section 29, according to the plat thereof recorded July 7, 1876, as Document No. 93293; thence east 135 feet along the south line of said Lot 2 to the southeast corner thereof; thence north 121.34 feet along the east line of said Lot 2 and the northerly extension thereof to the southwest corner of Lot 1 in Hoyer's Subdivision of part of the Southeast Quarter of said Section 29, according to the plat thereof recorded June 26, 1978, as Document No. 24506429; thence east 196.45 feet along the south line of said Lot 1 and the easterly extension thereof, also being the north line of Miner Street to the east line of Hickory Avenue; thence south 371.27 feet along the east line of Hickory Avenue to the south line of Lot 12 in Block 6 of said Dunton and Bigsby's Addition to Arlington Heights; thence east 132 feet along the south line of said Lot 12 to the southeast corner thereof; thence south 25 feet along the east line of Lot 13 of said subdivision to the northwest corner of Arlington Crossings in the Southwest Quarter of the Southeast Quarter of said Section 29, according to the plat thereof recorded July 1, 2010, as Document No. 1018229011; thence South 00 degrees 07 minutes 31 seconds East (record bearing) 262 feet along the west line of said Arlington Crossings to the westerly extension of a south line of Lot C in said subdivision; thence South 89 degrees 46 minutes 35 seconds East (record bearing) 215.35 feet along said south line and the westerly and easterly extensions thereof to the northerly extension of the easterly line of Beverly Lane; thence South 00 degrees 13 minutes 25 seconds West (record bearing), 19.78 feet along said extension to the northwest corner of Lot 40 in Arlington Market in the Southwest Quarter of the Southeast Quarter of said Section 29, according to the plat thereof recorded February 28, 2007, as Document No. 0705915065 and corrected per Document No. 0721144016 recorded July 30, 2007; thence South 89 degrees 47 minutes 17 seconds East (record bearing), 662.29 feet along the south line of Wing Street and the easterly extension thereof to the east line of Dryden Place; thence south along the east line of Dryden Place to the north line of the Southeast Quarter of the Southeast Quarter of said Section 29, also being the north line of Lot 16 of A.T. McIntosh's Arlington Heights Farms, according to the plat thereof recorded April 15, 1919, as Document No. 6501829; thence east 207.40 feet along said north line to the northeast corner of said Lot 16 and to the Point of Beginning.

Contains 36.0 acres, more or less.

HICKORY/KENSINGTON AREA MAP



**AN ORDINANCE OF THE VILLAGE OF ARLINGTON HEIGHTS,
COOK COUNTY, ILLINOIS, DESIGNATING THE HICKORY/
KENSINGTON AREA A REDEVELOPMENT PROJECT
AREA PURSUANT TO THE REAL PROPERTY TAX
INCREMENT ALLOCATION REDEVELOPMENT PROJECT ACT**

WHEREAS, it is desirable and for the best interests of the citizens of the Village of Arlington Heights, Cook County, Illinois (the "Municipality"), for the Municipality to implement tax increment allocation financing pursuant to Real Property Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code, as amended (the "Act"), for a proposed redevelopment plan and redevelopment project (the "Project" and "Plan") within the municipal boundaries of the Municipality and within a proposed redevelopment project area (the "Area") described in Section One of this Ordinance; and

WHEREAS, the Corporate Authorities have heretofore in Ordinance Number _____ adopted and approved the Project Plan, which Project and Plan were identified in the ordinance and were the subject, along with the Area designation hereinafter made, of a public hearing held by the Redevelopment Commission on June 11, 2014, and it is now necessary and desirable to designate the Area as a redevelopment project area pursuant to the Act,

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: The Area, as described in Exhibit A, attached hereto and incorporated herein as if set out in full by this reference, is hereby designated as a redevelopment project area pursuant to Section 11-74.4-4 of the Act. The street location (as near as practicable) for the Area, and the map of the Area are depicted in Exhibit A, attached hereto and incorporated herein as if set out in full by this reference.

SECTION TWO: This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law and shall be recorded by the Village Clerk in the Office of the Recorder of Cook County, Illinois.

AYES:

NAYS:

PASSED AND APPROVED this ____ day of _____, 2014.

Village President

ATTEST:

Village Clerk

LEGLB.TIFOrdinancesandResolutions: Hickory Kensington Designating District

EXHIBIT A

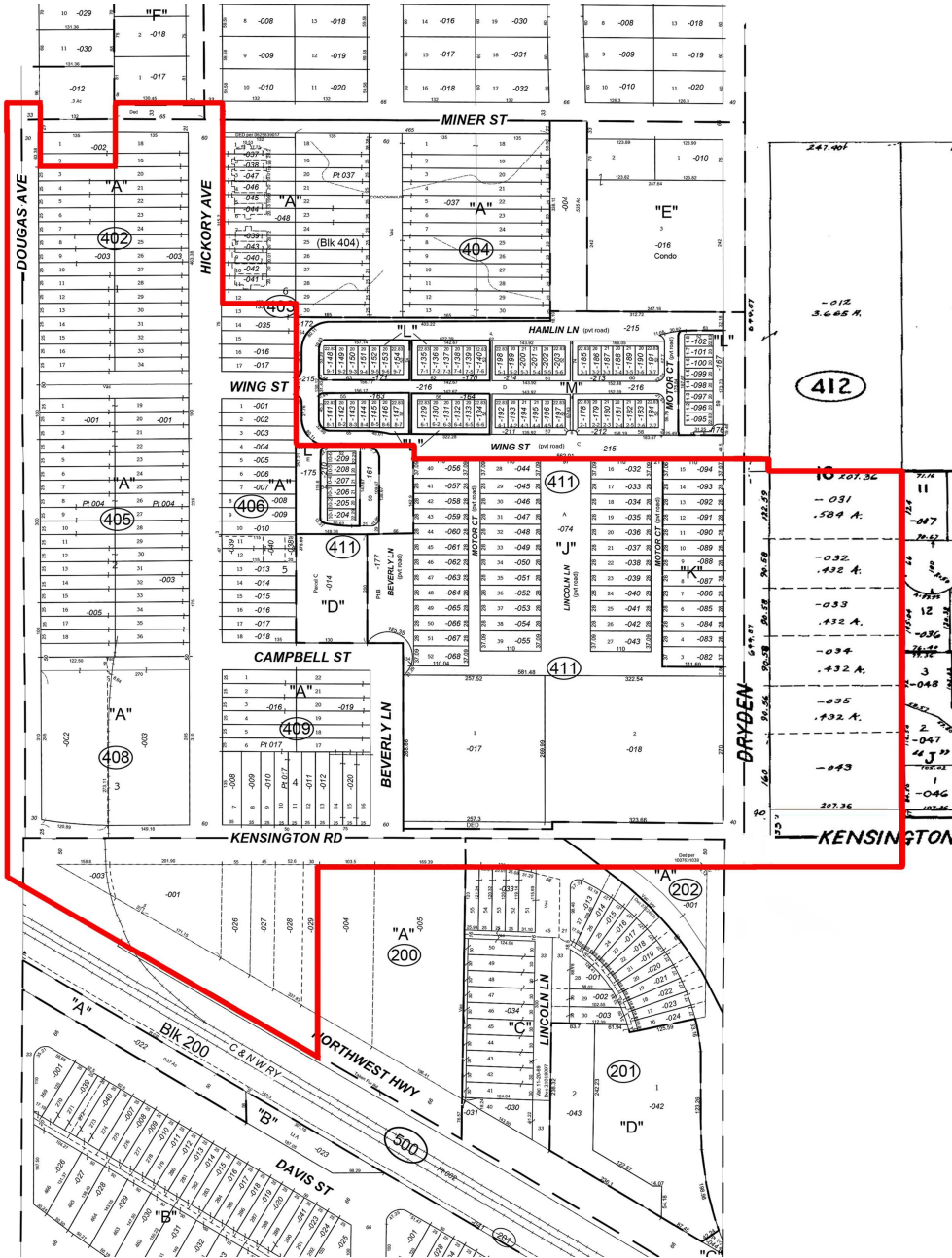
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Contains 36.0 acres, more or less.

MAP OF AREA HICKORY/KENSINGTON AREA MAP



**AN ORDINANCE OF THE VILLAGE OF ARLINGTON HEIGHTS,
COOK COUNTY, ILLINOIS, ADOPTING TAX INCREMENT
ALLOCATION FINANCING FOR THE HICKORY/KENSINGTON AREA**

WHEREAS, it is desirable and for the best interests of the citizens of the Village of Arlington Heights, Cook County, Illinois, (the "Municipality"), for the Municipality to adopt tax increment allocation financing pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Division 74.4 of Article 11 of the Illinois Municipal Code, as amended (the "Act"); and

WHEREAS, the Municipality has adopted a Redevelopment Project and Plan ("Project" and "Plan") as required by the Act by passage of Ordinance Number _____ and has designated a redevelopment project area (the "Area") as required by the Act by the passage of Ordinance Number _____ and has otherwise complied with all other conditions precedent required by the Act,

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: Tax increment allocation financing is hereby adopted to pay redevelopment project costs as defined in the Act and as set forth in the Project and Plan within the Area as described in Exhibit A, attached hereto and incorporated herein, as if set out in full by this reference. The street location (as near as practicable) for the Area and the map of the Area are depicted in Exhibit A, attached hereto and incorporated herein, as if set out in full by this reference.

SECTION TWO: Pursuant to the Act, the ad valorem taxes, if any, arising from the levies upon the taxable real property in the Area by taxing districts and the rates determined in the manner provided in Section 11-74.4-9(b) of the Act each year after the effective date of this Ordinance until the project costs and obligations issued in respect thereto have been paid shall be divided as follows:

- (a) That portion of taxes levied upon each taxable lot, block, tract or parcel of real property which is attributable to the lower of the current equalized assessed valuation or the initial equalized assessed value of each such

taxable lot, block, tract or parcel of real property in the Area shall be allocated to and when collected shall be paid by the country collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing.

- (b) That portion, if any, of such taxes which is attributable to the increase in the current equalized assessed valuation of each lot, block, tract or parcel of real property in the Area over and above the initial equalized assessed value of each property in the Area shall be allocated to and when collected shall be paid to the municipal treasurer who shall deposit said taxes into a special fund, hereby created, and designated the "Hickory/Kensington Special Tax Allocation Fund," of the Municipality and such taxes be used for the purpose of paying Project costs and obligations incurred in the payment thereof, pursuant to such pledges and appropriations as may be subsequently made.

SECTION THREE: This Ordinance shall be in full force and effect from and after its passage and approval in the manner provided by law and shall be recorded by the Village Clerk in the Office of the Recorder of Cook County, Illinois.

AYES:

NAYS:

PASSED AND APPROVED this _____ day of _____, 2014.

Village President

ATTEST:

Village Clerk

EXHIBIT A

HICKORY/KENSINGTON AREA LEGAL DESCRIPTION

That part of the Southeast Quarter of Section 29, the Southwest Quarter of Section 29, and the Northeast Quarter of Section 32, Township 42 North, Range 11 East of the Third Principal Meridian in Cook County, Illinois, described as follows:

Beginning at the northwest corner of Kensington Subdivision in the Southeast Quarter of Section 29, Township 42 North, Range 11 East, according to the plat thereof recorded April 1, 1963, as Document No. 18757711; thence South 00 degrees 42 minutes 50 seconds East (record bearing), 728.04 feet along the west line of said Kensington Subdivision and the west line of Linda Dahlquist Subdivision in said Southeast Quarter of Section 29, according to the plat thereof recorded March 14, 1991, as Document No. 91115696 and the southerly extension thereof to the south line of Kensington Road; thence West along a line 50.00 feet south of and parallel with the south line of said Southeast Quarter of Section 29 to the east line of the west 543.30 feet of the Northwest Quarter of the Northeast Quarter of said Section 32; thence south along said east line to the northerly line of the Chicago & Northwest Railroad Company right-of-way; thence northwesterly along said northerly line to the southerly extension of the west line of Douglas Avenue; thence north along said extension and the west line of Douglas Avenue, being 33 feet west of and parallel with the west line of said Southeast Quarter of Section 29 to the southeast corner of Block 3 of East Side Subdivision of part of the South Half of the Northeast Quarter of the Southwest Quarter of said Section 29, according to the plat thereof recorded April 8, 1921, as Document No. 7106533; thence east 63 feet along the easterly extension of the north line of Miner Street; thence south 121.38 feet along a line 30 feet easterly of and parallel with the west line of said Southeast Quarter of Section 29 to the southwest corner of Lot 2 in Block 1 of Dunton and Bigsby's Addition to Arlington Heights in the Southeast Quarter of said Section 29, according to the plat thereof recorded July 7, 1876, as Document No. 93293; thence east 135 feet along the south line of said Lot 2 to the southeast corner thereof; thence north 121.34 feet along the east line of said Lot 2 and the northerly extension thereof to the southwest corner of Lot 1 in Hoyer's Subdivision of part of the Southeast Quarter of said Section 29, according to the plat thereof recorded June 26, 1978, as Document No. 24506429; thence east 196.45 feet along the south line of said Lot 1 and the easterly extension thereof, also being the north line of Miner Street to the east line of Hickory Avenue; thence south 371.27 feet along the east line of Hickory Avenue to the south line of Lot 12 in Block 6 of said Dunton and Bigsby's Addition to Arlington Heights; thence east 132 feet along the south line of said Lot 12 to the southeast corner thereof; thence south 25 feet along the east line of Lot 13 of said subdivision to the northwest corner of Arlington Crossings in the Southwest Quarter of the Southeast Quarter of said Section 29, according to the plat thereof recorded July 1, 2010, as Document No. 1018229011; thence South 00 degrees 07 minutes 31 seconds East (record bearing) 262 feet along the west line of said Arlington Crossings to the westerly extension of a south line of Lot C in said subdivision; thence South 89 degrees 46 minutes 35 seconds East (record bearing) 215.35 feet along said south line and the westerly and easterly extensions thereof to the northerly extension of the easterly line of Beverly Lane; thence South 00 degrees 13 minutes 25 seconds West (record bearing), 19.78 feet along said extension to the northwest corner of Lot 40 in Arlington Market in the Southwest Quarter of the Southeast Quarter of said Section 29, according to the plat thereof recorded February 28, 2007, as Document No. 0705915065 and corrected per Document No. 0721144016 recorded July 30, 2007; thence South 89 degrees 47 minutes 17 seconds East (record bearing), 662.29 feet along the south line of Wing Street and the easterly extension thereof to the east line of Dryden Place; thence south along the east line of Dryden Place to the north line of the Southeast Quarter of the Southeast Quarter of said Section 29, also being the north line of Lot 16 of A.T. McIntosh's Arlington Heights Farms, according to the plat thereof recorded April 15, 1919, as Document No. 6501829; thence east 207.40 feet along said north line to the northeast corner of said Lot 16 and to the Point of Beginning.

Contains 36.0 acres, more or less.

