



City of St. Charles, IL

Seventh Street Commons Redevelopment Project Area

Tax Increment Financing District
Eligibility Report and Redevelopment Plan and Project

October 8, 2026



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Table of Contents

Section Title

1. Introduction 1

2. Eligibility Report 9

3. Redevelopment Plan and Project 22

Appendix 1: Limitations of the Eligibility Report and Consultant Responsibilities33

Appendix 2: Glossary34

Appendix 3: Seventh Street Commons Proposed RPA Boundary Legal Description37

Appendix 4: PINs in Proposed Seventh Street Commons RPA39

List of Maps

Map 1: Community Context.....5

Map 2: Proposed RPA Boundary..... 6

Map 3: Vacant and Improved Parcels in Proposed RPA7

Map 4: Existing Land Use..... 8

Maps 5: Improved Land Factor: Age of Structures17

Map 6: Improved Land Factor: Deterioration.....18

Maps 7A to 7C: Vacant Eligibility Factors (One-Factor and Two-Factor)..... 19-21

Map 8: Proposed Future Land Use.....24

1. Introduction

The City of St. Charles (the “City”) seeks to establish a tax increment financing (TIF) district to serve as an economic development tool and promote the redevelopment of land south of the Union Pacific Railroad tracks roughly between 12th Street and 5th Street. The City engaged SB Friedman Development Advisors, LLC (SB Friedman) in July 2026 to conduct a redevelopment project area eligibility study and prepare a redevelopment plan and project for the proposed TIF district. On July 20, 2026, the City passed an inducement resolution (Resolution No. 2026-97) (the “Resolution”) that expressed the City’s intent to consider reimbursement of eligible project costs incurred prior to the establishment of the proposed RPA, provided the proposed RPA is ultimately established. The Resolution further provides that certain actions taken in advance of TIF adoption may proceed without, in themselves, precluding the City from making the “but for” finding required under the TIF Act.

This document serves as the Eligibility Report and Redevelopment Plan and Project (together, the “Report”) for the proposed Seventh Street Commons Redevelopment Project Area (“Seventh Street Commons RPA” or the “RPA”). Section 2 of the Report, the Eligibility Report, details the eligibility factors found within the proposed RPA in support of its designation as a “blighted area” for vacant land and a “conservation area” for improved land, within the definitions set forth in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4--1 et seq., as amended (the “Act”). Section 3 of this Report, the Redevelopment Plan and Project, (the “Redevelopment Plan”), outlines the comprehensive program to revitalize the proposed RPA, as required by the Act.

Redevelopment Project Area

The proposed Seventh Street Commons RPA is located within the City of St. Charles in Kane County (the “County”), as shown on **Map 1**. The proposed RPA comprises approximately 45 acres of land, of which approximately 27 acres are vacant, approximately 8 acres are improved and approximately 10 acres are right-of-way. The parcels included in the proposed RPA are roughly bounded by the Union Pacific Railroad tracks and parcels to the south, between 12th Street to the west and 5th Street to the east. The RPA boundary extends to just north of Dean Street and State Street, excluding residential properties, as illustrated in **Map 2**.

SB Friedman’s analysis was completed for both vacant parcels and improved parcels, as shown in **Map 3**. The proposed Seventh Street Commons RPA consists of approximately 19 tax parcels, including 8 improved parcels, 10 vacant parcels, and 1 right-of-way (ROW) parcel. The proposed RPA contains 2 primary structures. Vacant land is any real property without industrial, commercial or residential buildings, and has not been used for commercial agricultural purposes in the past five (5) years. Improved land generally consists of property containing buildings or other improvements associated with an established use. For the purposes of analysis, in a previously developed area, parcels that include side yards or parking lots related to an adjacent primary structure are considered improved.

Based on SB Friedman’s research, the proposed RPA currently consists of a mix of light industrial, park and open space, railroad, utility, and vacant land uses, as shown in **Map 4**.

Determination of Eligibility

This Report concludes that the proposed Seventh Street Commons RPA is eligible for designation as a “blighted area” for vacant land and as a “conservation area” for improved land, per the Act.

Improved Parcels: Conservation Area Findings

Under the Act, an improved area may qualify as a “conservation area” where at least 50% of the structures are 35 years of age or older and at least three additional eligibility factors are present.

For the improved land within the proposed RPA, St. Charles Township Assessor’s Office indicated that 100% of primary structures are aged 35 years or older. This satisfies the requirement that 50% or more of the structures in the area have an age of 35 years or more. Further, the following four (4) eligibility factors have been found to be present to a meaningful extent and reasonably distributed throughout the proposed RPA:

1. Lack of Growth in Equalized Assessed Value (EAV);
2. Deterioration;
3. Inadequate Utilities; and
4. Lack of Community Planning.

These factors are defined under the Act at 65 ILCS 5/11-74.4-3-(a) and (b) and are more fully described in **Appendix 2**.

Based on the age of primary structures and the presence of four (4) eligibility factors, the improved parcels in the proposed RPA qualify under a “conservation area” finding.

Vacant Parcels: Blighted Area Findings

Per SB Friedman’s analysis, the vacant portion of the proposed RPA is eligible as a “blighted area” under both the two-factor and one-factor tests outlined in the Act. For both two-factor and one-factor findings, these factors are defined under the Act at 65 ILCS 5/11-74.4-3 (a) and (b) and are more fully described in **Appendix 2**.

One-Factor Eligibility

The City’s Public Works Department evaluated runoff from the vacant parcels in the proposed RPA contributing to flooding within the watershed. Surface water runoff generated within the vacant portion of the proposed RPA drains generally to the south and east and ultimately enters State Street Creek. The southern portion of the proposed RPA is also located within the Federal Emergency Management Agency (FEMA)-mapped 1% annual-chance floodplain. The City of St. Charles’ Public Works Department has determined that runoff from all vacant parcels within the proposed RPA contributes to the Special Flood Hazard Area associated with the State Street Creek and to flooding conditions within the same watershed. Thus, the vacant land is eligible as a “blighted area” using the one-factor test.

Two-Factor Eligibility

SB Friedman’s analysis indicated that the following three factors were found to be present to a meaningful extent and reasonably distributed throughout the proposed RPA:

1. Lack of Growth in EAV;
2. Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land; and
3. Environmental Contamination.

Thus, the vacant parcels in the proposed RPA satisfy both the one-factor and two-factor tests for designation at a “blighted area.”

Summary of Eligibility Findings

SB Friedman has found that the vacant portion of the proposed RPA qualifies to be designated as a “blighted area,” and the improved portion of the proposed RPA qualifies as a “conservation area.” These conditions hinder the potential to redevelop the proposed RPA and capitalize on its unique attributes. The proposed RPA will benefit from a strategy that addresses the challenges of flooding, environmental contamination, aged buildings, lack of growth in EAV, deterioration, inadequate utilities, and lack of community planning to facilitate the overall improvement of its physical condition.

Redevelopment Plan Goal, Objectives and Strategy

Goal. The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the proposed RPA as a vacant blighted area and an improved “conservation area,” and to provide the direction and mechanisms necessary to redevelop the proposed RPA as a vibrant mixed-use district. Redevelopment of the proposed RPA is intended to revitalize the area, strengthen the economic base, and enhance the overall quality of life in the City.

Objectives. The following seven (7) objectives support the overall goal of revitalization of the proposed RPA:

1. Facilitate the physical improvement and/or rehabilitation of existing structures and façades, and encourage the construction of new residential and other development, where appropriate;
2. Foster the replacement, repair, construction and/or improvement of public infrastructure, where needed, to create an environment conducive to private investment;
3. Facilitate the renovation or construction of stormwater management systems and flood control within the proposed RPA;
4. Provide resources for streetscaping, landscaping and signage to improve the image, attractiveness and accessibility of the proposed RPA;
5. Facilitate site assembly and preparation, including demolition and environmental clean-up, where necessary, and marketing of available sites in the proposed RPA for redevelopment and new development by providing resources as allowed by the Act;
6. Support the goals and objectives of other overlapping plans, including the City of St. Charles, Illinois 2013 Comprehensive Plan, published in 2013 and amended in 2020 (the “Comprehensive Plan”), and subsequent plans; and
7. Coordinate available federal, state and local resources to further the goals of this Redevelopment Plan.

Strategy. Redevelopment of the proposed RPA is to be achieved through an integrated strategy that leverages TIF and other available public resources to stimulate and support private investment.

Financial Plan

Eligible Costs. The Act outlines several categories of expenditures that can be funded using incremental property tax revenues. These expenditures, referred to as eligible redevelopment project costs, include all reasonable or necessary costs incurred or estimated to be incurred and any such costs incidental to this Redevelopment Plan pursuant to the Act.

Estimated Eligible Redevelopment Project Costs. The estimated eligible redevelopment project costs of this Redevelopment Plan are \$3.0 million. This amount provides an upper limit on expenditures that are to be funded using tax increment revenues, exclusive of capitalized interest, issuance costs, interest and other financing costs.

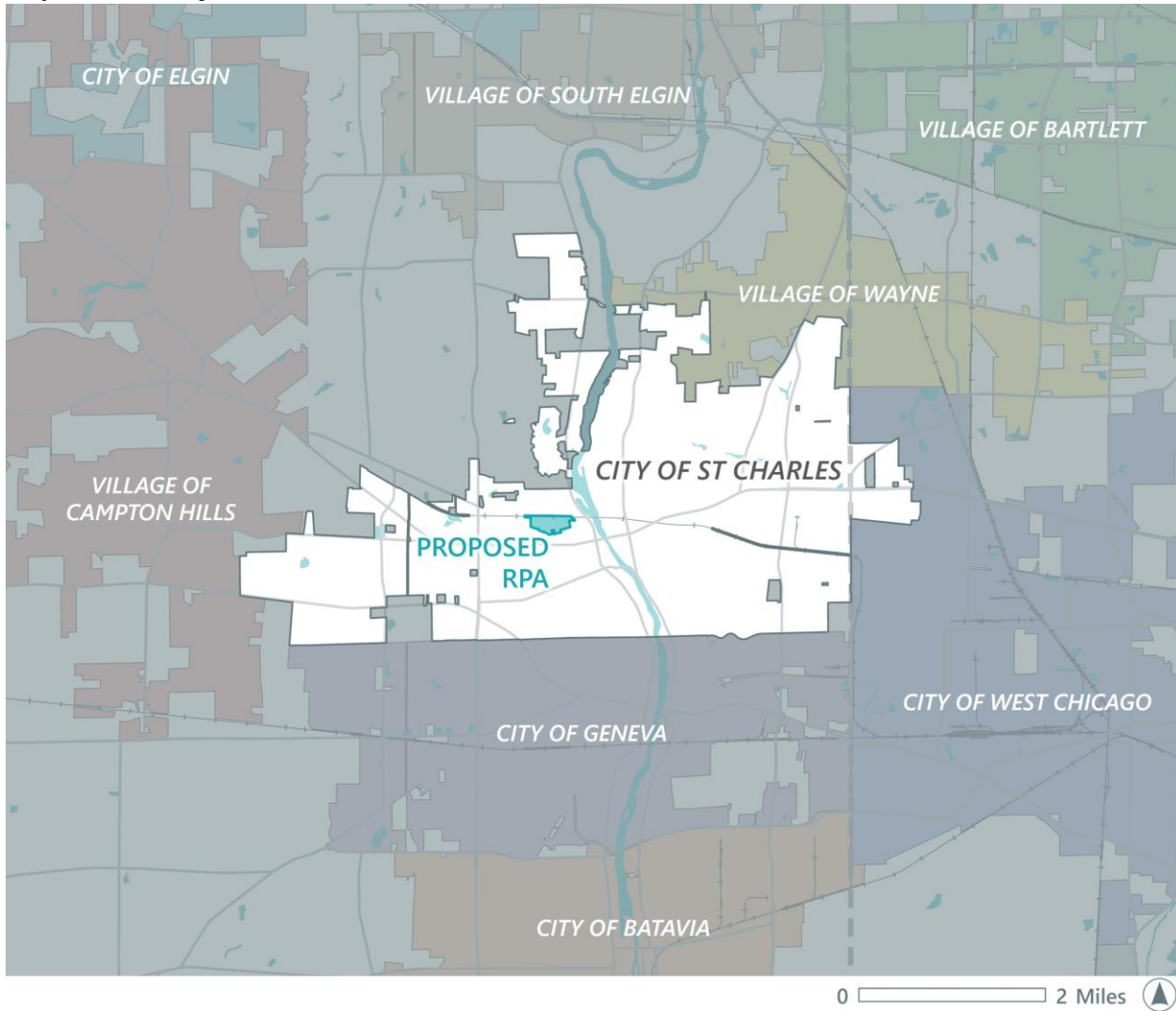
Equalized Assessed Value of Properties in the Proposed RPA. The 2025 EAV (the most recent year in which assessed values and the equalization factor were available) of all taxable parcels in the proposed RPA is \$1,952,358. By tax year 2049 (collection year 2050), the total taxable EAV for the proposed RPA is anticipated to be approximately \$31.6 million.

Required Tests and Findings

The required conditions for the adoption of this Redevelopment Plan are found to be present within the proposed Seventh Street Commons RPA:

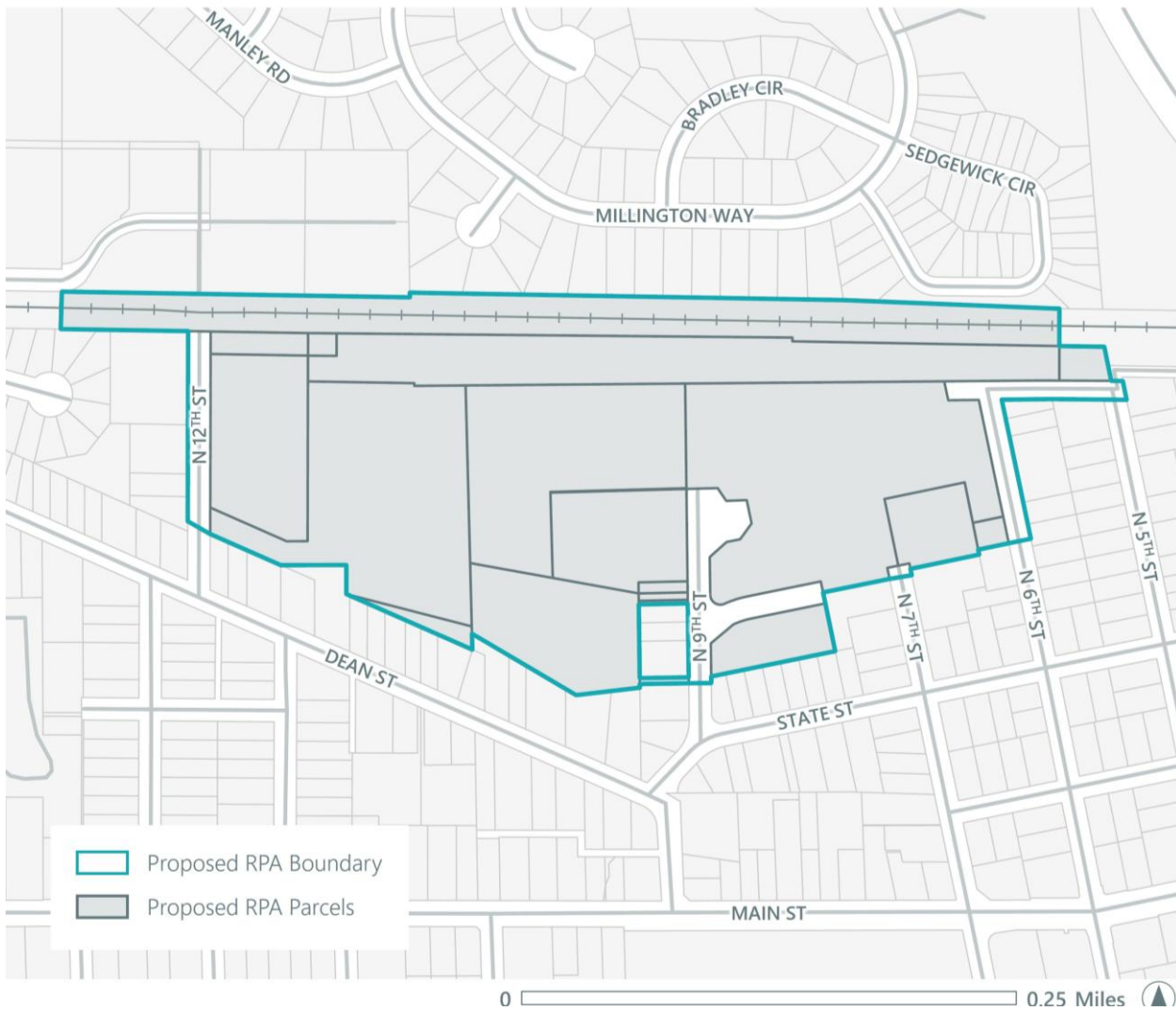
1. The proposed RPA is approximately 45 acres in size and thus satisfies the requirement that it be at least 1.5 acres;
2. Limited private investment has occurred in the proposed Seventh Street Commons RPA over the last five years;
3. Without the support of public resources, the redevelopment objectives for the proposed RPA would most likely not be realized. Accordingly, “but for” the designation of a TIF district, these projects would be unlikely to occur on their own;
4. The proposed RPA includes only those contiguous parcels of real property that are expected to benefit substantially from the proposed Redevelopment Plan;
5. The Redevelopment Plan conforms to and proposes land uses that are consistent with the current Comprehensive Plan;
6. The City certifies that no displacement will occur as a result of activities pursuant to this Redevelopment Plan. Therefore, a Housing Impact Study is not required under the Act; and
7. The Redevelopment Plan is estimated be completed, and all obligations issued to finance redevelopment costs shall be retired no later than December 31, 2050, if the ordinances establishing the proposed RPA are adopted during 2026.

Map 1: Community Context



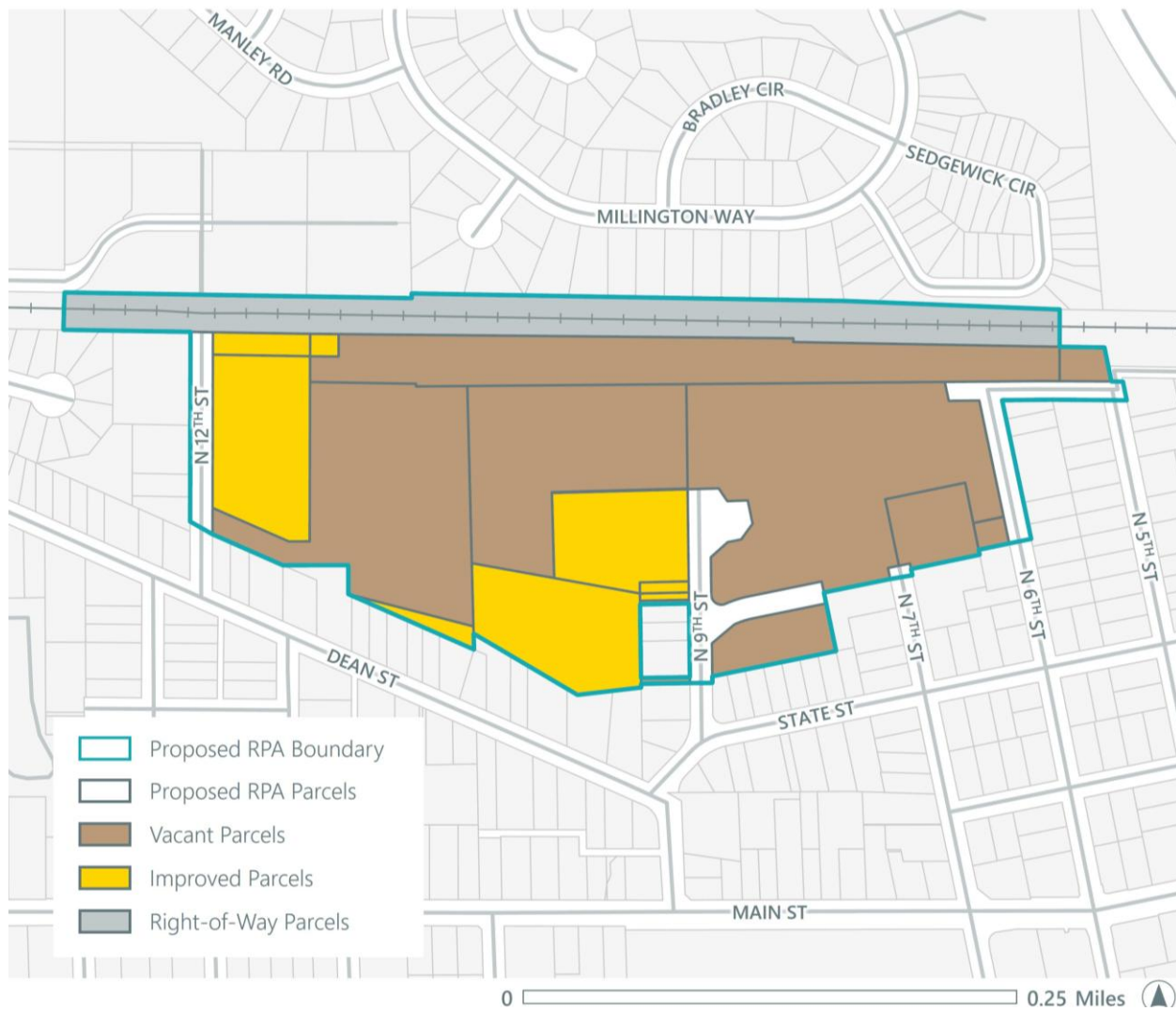
Source: City of St. Charles, Cook County, DuPage County, Esri, Kane County, SB Friedman

Map 2: Proposed RPA Boundary



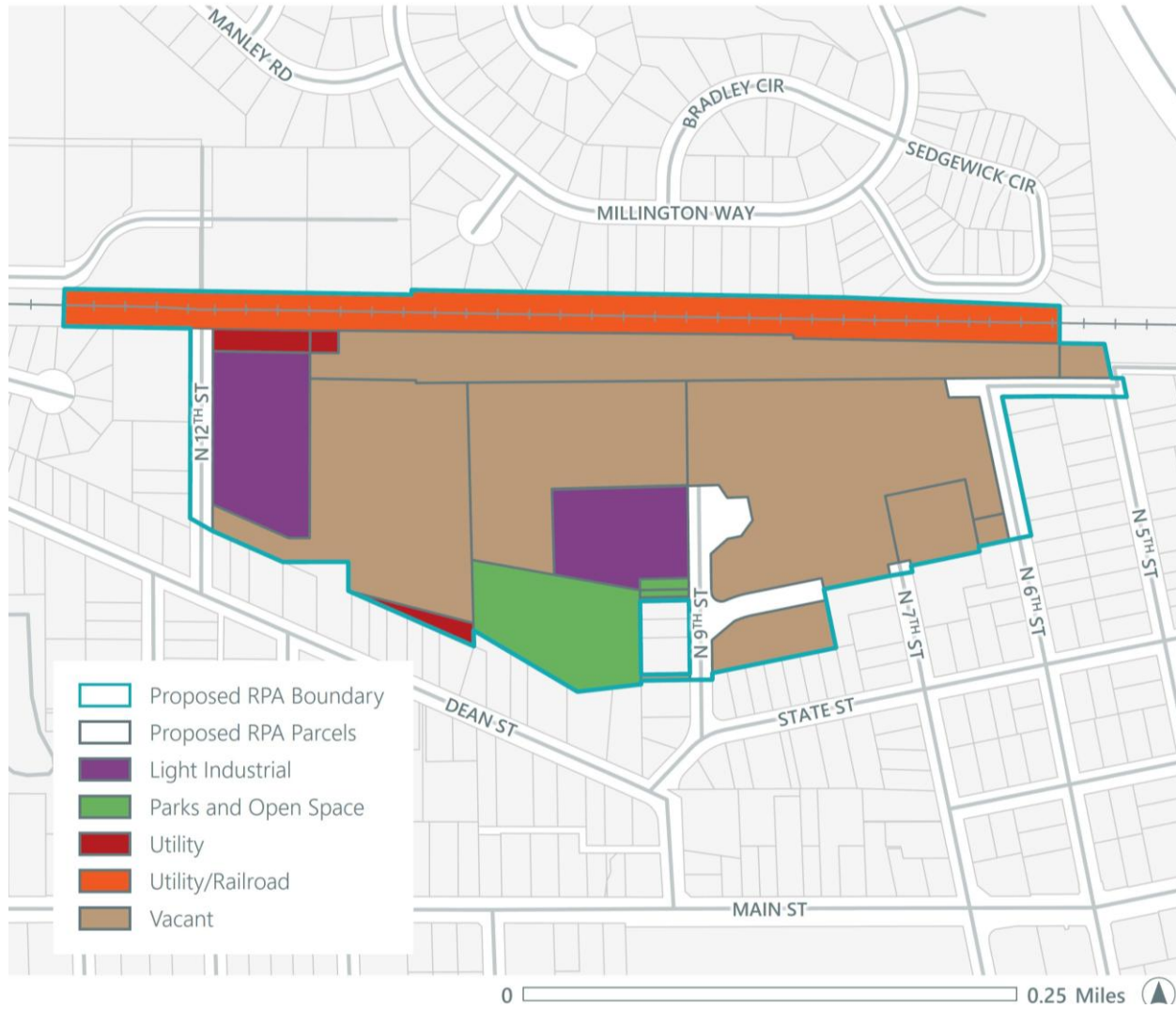
Source: City of St. Charles, Esri, Kane County, SB Friedman

Map 3: Vacant and Improved Parcels in Proposed RPA



Source: City of St. Charles, Esri, Kane County, SB Friedman

Map 4: Existing Land Use



Source: City of St. Charles, Esri, Kane County, SB Friedman

2. Eligibility Report

This report concludes that the proposed Seventh Street Commons RPA is eligible for designation as a “blighted area” for vacant land and as a “conservation area” for improved land, per the Act.

Illinois Tax Increment Allocation Redevelopment Act Provisions

Under the Act, two (2) primary avenues exist to establish eligibility for an area to permit the use of TIF for redevelopment: declaring an area as a “blighted area” and/or a “conservation area.” “Blighted areas” are those improved or vacant areas with blighting influences that are impacting the public safety, health, morals or welfare of the community, and are substantially impairing the growth of the tax base in the area. A “conservation area” consists of improved land exhibiting deterioration and/or decline that may become “blighted” without intervention. A description of the statutory provisions of the Act is provided below.

Factors for Improved Areas

According to the Act, “blighted areas” for improved land must demonstrate at least five (5) of the following eligibility factors, which threaten the health, safety, morals or welfare of the proposed district. “Conservation areas” must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three (3) or more additional eligibility factors that are detrimental to the public safety, health, morals or welfare, and that could result in such an area becoming a “blighted area.” The following are eligibility factors for improved areas:

- Dilapidation
- Obsolescence
- Deterioration
- Presence of Structures below Minimum Code Standards
- Illegal Use of Individual Structures
- Excessive Vacancies
- Lack of Ventilation, Light or Sanitary Facilities
- Inadequate Utilities
- Excessive Land Coverage and Overcrowding of Structures and Community Facilities
- Deleterious Land Use or Layout
- Environmental Clean-Up
- Lack of Community Planning
- Lack of Growth in EAV

Factors for Vacant Land

According to the Act, there are two ways by which vacant land can be designated as “blighted.” One way is to find that at least two (2) of six (6) factors from the “Two-Factor Test” are present to a meaningful extent and reasonably distributed throughout the proposed RPA. The second way is to find at least one (1) of the six (6) factors under the “One-Factor Test” is present to a meaningful extent and reasonably distributed throughout the proposed RPA.

One-Factor Test

Under the provisions of the “blighted area” section of the Act, if the land is vacant, an area qualifies as “blighted” if one (1) or more of the following factors is found.

- The area contains unused quarries, strip mines or strip mine ponds;
- The area contains unused rail yards, rail track or railroad rights-of-way;
- The area, prior to its designation, is subject to or contributes to chronic flooding;
- The area contains unused or illegal dumping sites;
- The area was designated as a town center prior to January 1, 1982, is between 50 and 100 acres, and is 75% vacant land; or
- The area qualified as blighted prior to becoming vacant.

Two-Factor Test

Under the provisions of the “blighted area” section of the Act, if the land is vacant, an area qualifies as “blighted” if a combination of two (2) or more of the following factors may be identified, which combine to impact the sound growth of the proposed RPA.

- Obsolete Platting of Vacant Land
- Diversity of Ownership
- Tax and Special Assessment Delinquencies
- Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land
- Environmental Contamination
- Lack of Growth in EAV

A definition of each factor is provided in **Appendix 2**.

Methodology Overview

SB Friedman conducted the following analyses to determine whether the proposed Seventh Street Commons RPA is eligible for designation as a “blighted area” for vacant land and as a “conservation area” for improved land, per the Act:

- Parcel-by-parcel field observations and photography documenting external property conditions;
- Analysis of historical EAV trends for the last six years (five year-to-year periods) for which data are available and final (2020-2025) from the Kane County Assessment Office;
- Review of building age data from the St. Charles Township Assessor’s Office;
- Review of municipal and county codes, building permit records (2020-2025), and code violation records as of August 2026;
- Review of a memorandum provided by the City regarding locations, ages and conditions of water, stormwater and sanitary sewer infrastructure, dated September 25, 2026;
- Review of a memorandum by Pulte Home Company, LLC and BBJ Group, LLC regarding current environmental conditions and planned environmental remediation, dated September 3, 2026;
- Review of a memorandum by the City’s Public Works Department regarding flooding, dated September 28, 2026;

- Review of current and prior comprehensive plans provided by the City (amended comprehensive plan dated November 14, 2007, and current Comprehensive Plan).

SB Friedman evaluated all parcels within the proposed RPA for qualification factors consistent with requirements of the Act. Factors were assessed on a building-by-building, parcel-by-parcel basis and/or aggregate basis, as applicable, and mapped to determine whether they were present to a meaningful extent and reasonably distributed throughout the proposed RPA.

Conservation Area Findings: Improved Parcels

Based on the conditions found within the proposed RPA at the completion of SB Friedman’s research, it has been determined that the improved land within the proposed RPA meets the eligibility requirements of the Act to be classified as a “conservation area.” Of the 2 primary structures in the proposed RPA, both structures (100%) are 35 years of age or older, as they were constructed before 1991 and the proposed RPA is approved in 2026. **Map 5** shows the location of primary structures that are 35 years or older. SB Friedman’s research indicates that the following four (4) factors are present to a meaningful extent and reasonably distributed throughout the proposed RPA:

1. Lack of Growth in EAV
2. Deterioration
3. Inadequate Utilities
4. Lack of Community Planning

Each eligibility factor that is present to a meaningful extent and reasonably distributed throughout the proposed RPA is summarized below.

Lack of Growth in EAV

Under the Act, lack of growth in EAV is present when the EAV of the improved portion of a redevelopment project area meets one or more of the following conditions for at least three (3) of the last five (5) year-to-year periods: declined; increased at an annual rate that was less than the balance of the Village; or increased at an annual rate that was less than the Consumer Price Index (CPI). A full definition is provided in **Appendix 2**.

SB Friedman tabulated the annual EAV change of all proposed improved RPA tax parcels for the previous five year-to-year periods using EAV data provided by the Kane County Assessment Office and Kane County Clerk. The most recent year for which final information was available was 2025. SB Friedman’s analysis identified a lack of EAV growth within the proposed RPA in accordance with the following criteria, as defined in the Act:

1. The EAV growth rate of the proposed improved RPA parcels has been less than the growth rate of the balance of the City for five (5) of the last five (5) year-to-year periods; and
2. The EAV growth rate for the proposed improved RPA parcels has been less than the growth rate of the Consumer Price Index for five (5) of the last five (5) year-to-year periods.

This eligibility factor is evaluated on an area-wide basis within the improved portion of the proposed RPA. A summary of SB Friedman’s findings is presented in **Table 1**.

Table 1: Percentage Change in Annual EAV, 2020-2025

	2020	2021	2022	2023	2024	2025
Improved Study Area Parcels EAV	\$969.3 K	\$987.8 K	\$1,036 M	\$1,043 M	\$1.09 M	\$1.19 M
Percent Change	---	1.9%	4.9%	0.6%	4.9%	8.5%
Improved Study Area Parcels - Decline in EAV	---	NO	NO	NO	NO	NO
City EAV Less Proposed Improved RPA Parcels	\$1.60 B	\$1.64 B	\$1.74 B	\$1.81 B	\$2.05 B	\$2.26 B
Change in City EAV Less Proposed Improved RPA Parcels	---	2.4%	5.7%	4.6%	13.1%	10.0%
Proposed Improved RPA Parcels - Growth Less Than City	---	YES	YES	YES	YES	YES
Change in CPI [1]	---	4.2%	7.6%	3.3%	3.5%	3.1%
Proposed Improved RPA Parcels - Growth Less Than CPI	---	YES	YES	YES	YES	YES

[1] Consumer Price Index for all urban consumers and all items, in the Chicago-Gary-Kenosha area, not seasonally adjusted.

Source: Kane County Assessment Office; Kane County Clerk; SB Friedman; U.S. Bureau of Labor Statistics CPI data for Chicago-Gary-Kenosha, IL-IN-WI metropolitan area

Deterioration

The Act defines deterioration as 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.

Physical deterioration was observed on 4 of 8 improved parcels (50% of improved parcels), as shown in **Map 6**. The most common form of deterioration was on surface improvements, including streets, driveways and paved walking paths. Catalogued surface improvement deterioration included cracks in infrastructure, crumbling and alligating of pavement, and vegetation growth between cracking surface pavement. Deterioration of surface improvements can make it appear as though the proposed RPA lacks investment and can make it more difficult to attract new businesses or consumers. This factor was found to be meaningfully present and reasonably distributed throughout the improved portion of the proposed RPA.

Inadequate Utilities

The Act defines inadequate utilities as underground and overhead utilities, such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone and electrical services, which are:

1. Of insufficient capacity to serve the uses in the redevelopment project area;
2. Deteriorated, antiquated, obsolete or in disrepair; or
3. Lacking within the redevelopment project area.

Based on the memorandum provided by the City's Public Works Department, all streets within the proposed RPA are serviced by approximately 100-year-old vitrified clay sanitary lines that require upgrades due to their age and condition. Parcels along 12th Street are served by undersized watermain in need of replacement, which the City plans to complete as part of a capital improvement project along 12th Street. Finally, all improved parcels within

the proposed RPA are not served by any existing stormwater retention or detention facilities. Collectively, these inadequate utility lines and absent facilities affect all 8 of the proposed RPA's 8 improved parcels (100%). Based on these conditions, the inadequate utilities factor was found to be present to a meaningful extent and reasonably distributed throughout the improved parcels in the proposed RPA.

Lack of Community Planning

Lack of community planning within the proposed RPA is an area-wide factor not necessarily attributable to any one parcel. The Act provides that “Lack of Community Planning” can be found in areas that have been developed without the benefit of a comprehensive plan, and as a result, have seen negative consequences. Examples of negative consequences include: incompatible land use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other related conditions.

The proposed RPA was developed without the benefit of community planning, resulting in land use and infrastructure conditions that are inconsistent with contemporary development standards and the surrounding development pattern. Land within the proposed RPA has been utilized for industrial purposes for more than a century, and much of the existing vacant land was previously occupied by industrial buildings that have since been demolished. Both primary structures (100%) remaining within the proposed RPA were constructed in the mid- to late-1950s and 1960s, prior to the City's adoption of its first comprehensive plan in 1974.

The historic development pattern has resulted in incompatible land use relationships and other conditions indicative of a lack of community planning. The proposed RPA is largely surrounded by residential development to the north and south, while industrial uses remain within and immediately adjacent to the proposed RPA. Industrial truck traffic must travel through residential areas, industrial parcels have limited ingress and egress, and improved parcels lack sidewalks and curbs that would typically be incorporated into contemporary residential development. These conditions reflect a development pattern that was established without coordinated planning for land use compatibility, access, circulation, and supporting infrastructure.

This factor is evaluated area-wide and is found to be present to a meaningful extent throughout the improved portion of the proposed RPA.

Blighted Area Findings: Vacant Parcels

Per SB Friedman's analysis, the vacant portion of the proposed RPA is eligible to be designated as a “blighted area” per both the one-factor and two-factor findings. These two findings are detailed below and shown in **Maps 7A to 7C** at the end of this eligibility section.

One-Factor Blighted Finding

Surface water runoff generated within the vacant portion of the proposed RPA drains generally to the south and east and ultimately enters State Street Creek. The City of St. Charles' Public Works Department has determined that runoff from all of the vacant parcels within the proposed RPA contributes to the Special Flood Hazard Area associated with the State Street Creek and to flooding conditions within the same watershed. The southern portion of the proposed RPA is also located within the FEMA-mapped 1% annual-chance floodplain. **Map 7A** below shows the vacant parcels that contribute to flooding within the watershed.

The City further determined that there are currently no detention facilities within the proposed RPA. Redevelopment will therefore require stormwater management facilities and improvements to manage runoff associated with development and address its contribution to flooding within the State Street Creek watershed. Such improvements may include detention or other stormwater storage, drainage and conveyance improvements, floodplain-related improvements, and other measures intended to reduce, mitigate or otherwise contribute to the alleviation of flooding within the watershed.

This factor is found to be present to a meaningful extent and reasonably distributed throughout the proposed RPA.

Two-Factor Blighted Finding

The following three factors were found to be present:

Lack of Growth in EAV

Under the Act, lack of growth in EAV is present when the EAV of the vacant portion of a redevelopment project area meets one or more of the following conditions for at least three (3) of the last five (5) year-to-year periods: declined; increased at an annual rate that was less than the balance of the Village; or increased at an annual rate that was less than the CPI. A full definition is provided in **Appendix 2**.

SB Friedman tabulated the EAV history of all vacant parcels in the proposed RPA for the previous six years (five year-to-year periods) using data provided by the County Assessment Office and County Clerk. The most recent year for which final information was available was 2025. SB Friedman's analysis identified a lack of EAV growth within the vacant portion of the proposed RPA in accordance with the following criteria, as defined in the Act:

1. The EAV growth rate of the proposed vacant RPA parcels has been less than the growth rate of the balance of the City for all five (5) of the last five (5) year-to-year periods; and
2. The EAV growth rate of the proposed vacant RPA parcels has been less than the growth rate of the Consumer Price Index for all five (5) of the last five (5) year-to-year periods.

This eligibility factor is present to a meaningful extent and assessed area-wide throughout the vacant portion of the proposed RPA. A summary of SB Friedman's findings is presented in **Table 2**.

Table 2: Annual Percentage Change in EAV, 2020-2025

	2020	2021	2022	2023	2024	2025
Vacant Proposed RPA Parcels EAV	\$574.7 K	\$585.7 K	\$614.4 K	\$630.6 K	\$704.6 K	\$764.7 K
Percent Change	---	1.9%	4.9%	2.6%	11.7%	8.5%
Vacant Proposed RPA Parcels - Decline in EAV	---	NO	NO	NO	NO	NO
City EAV Less Vacant Proposed RPA Parcels	\$1.60 B	\$1.64 B	\$1.74 B	\$1.82 B	\$2.05 B	\$2.26 B
Change in City EAV Less Vacant Proposed RPA Parcels	---	2.4%	5.7%	4.6%	13.1%	10.0%
Vacant Proposed RPA Parcels - Growth Less Than City	---	YES	YES	YES	YES	YES
Change in CPI [1]	---	4.2%	7.6%	3.3%	3.5%	3.1%
Vacant Proposed RPA Parcels - Growth Less Than CPI	---	YES	YES	YES	YES	YES

[1] Consumer Price Index for all urban consumers and all items, in the Chicago-Gary-Kenosha area, not seasonally adjusted.

Source: Kane County Assessment Office; Kane County Clerk, SB Friedman; U.S. Bureau of Labor Statistics CPI data for Chicago-Gary-Kenosha, IL-IN-WI metropolitan area

Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land

The Act defines deterioration as 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. According to the Act, evidence of structural or site improvement deterioration and area disinvestment in the area adjacent to vacant land may substantiate why new development has not previously occurred on the vacant parcels.

Physical deterioration was observed on site improvements adjacent to 7 of the 10 vacant parcels (70%), as shown in **Map 7B**. Catalogued site improvement deterioration included alligating and crumbling streets, driveways and parking lots, crumbling curbs, potholes, and vegetation growth between cracking surface pavement, as more fully discussed above. This factor was found to be meaningfully present and reasonably distributed throughout the vacant portion of the proposed RPA.

Environmental Contamination

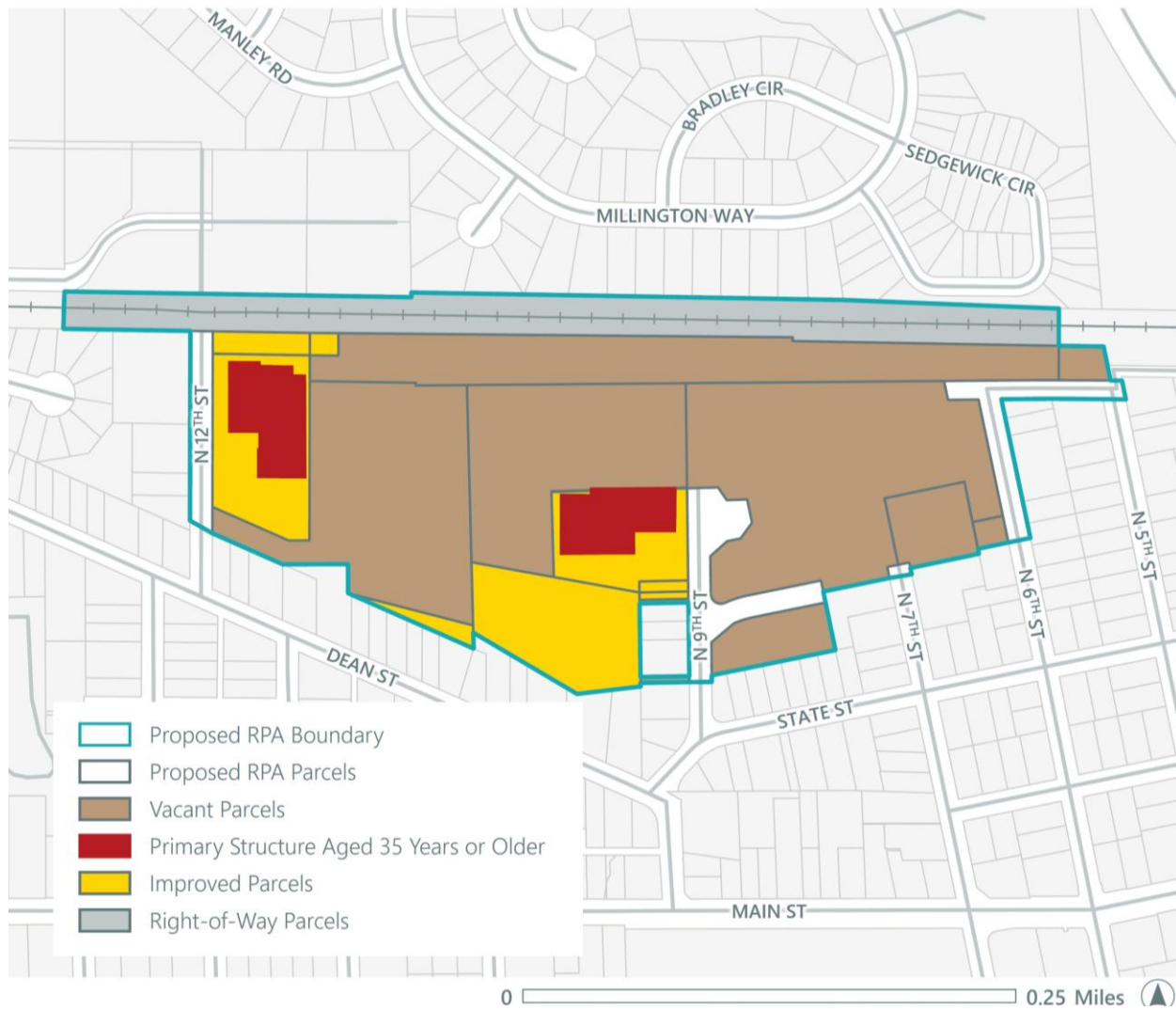
Under the Act, the environmental cleanup eligibility requirements are met when an RPA has been recognized by an independent environmental consultant as having a need for the cleanup of hazardous substances, hazardous waste, or underground storage tanks, and that the remediation costs present a material impediment to redevelopment of the RPA.

Based on the memorandum by Pulte Home Company, LLC and BBJ Group, LLC and conversation with Pulte Home Company, LLC, Phase I and II Environmental Site Assessments (ESAs) completed in late 2025 and early 2026 found widespread environmental contamination present across 5 of the 10 vacant parcels (50%) in the proposed RPA. This included contaminated soils and ground water, requiring soil excavation and off-site disposal and groundwater treatment. This factor was found to be meaningfully present and reasonably distributed throughout the vacant portion of the proposed RPA.

Summary of Findings

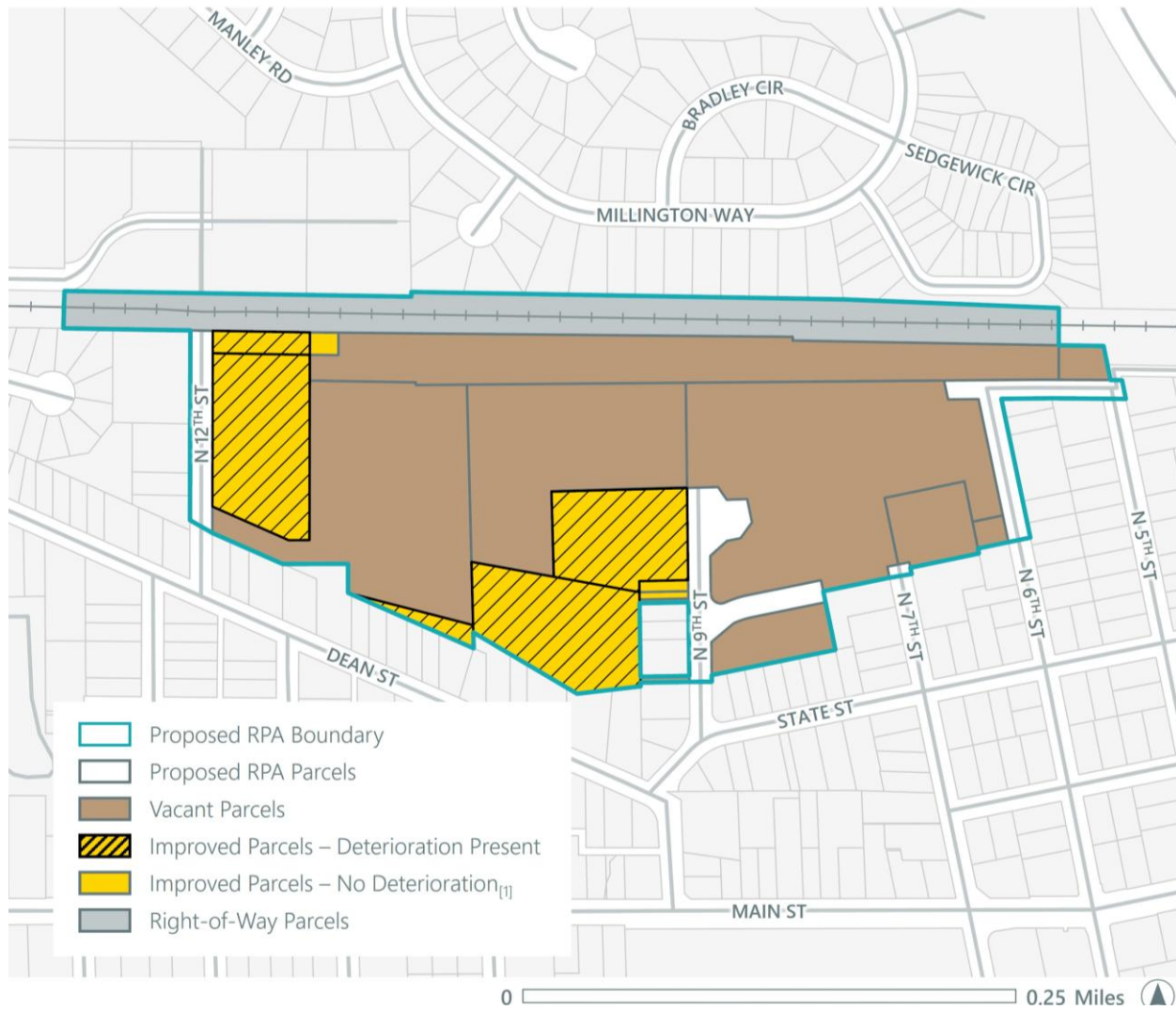
SB Friedman has found that the proposed RPA qualifies to be designated as a “blighted area” for vacant land and as a “conservation area” for improved land. The vacant land satisfies the one-factor test due to flooding and contribution to flooding in the proposed RPA, and is eligible under a two-factor test due to a lack of growth in EAV, deterioration of structures or site improvements in neighboring areas adjacent to the vacant land and environmental contamination. The improved land is eligible as a “conservation area”, with 100% of the structures within the proposed RPA at least 35 years of age or older, and four (4) of the thirteen (13) eligibility factors present to a meaningful extent and reasonably distributed within the improved portion of the proposed RPA.

Map 5: Improved Land Factor: Age of Structures



Source: City of St. Charles, Esri, Kane County, SB Friedman

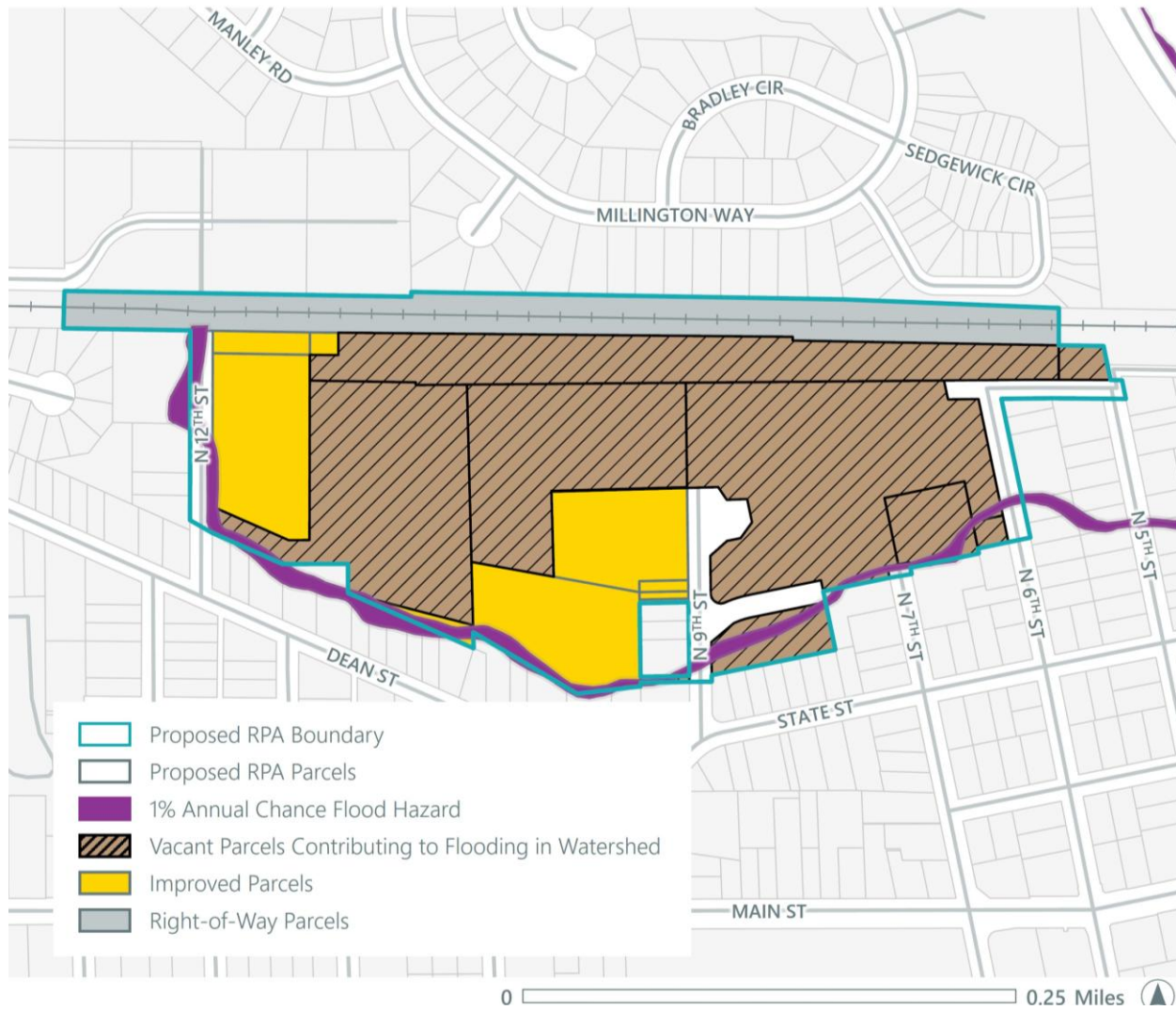
Map 6: Improved Land Factor: Deterioration



[1] Includes parcels where no deterioration was observed or data was unable to be collected

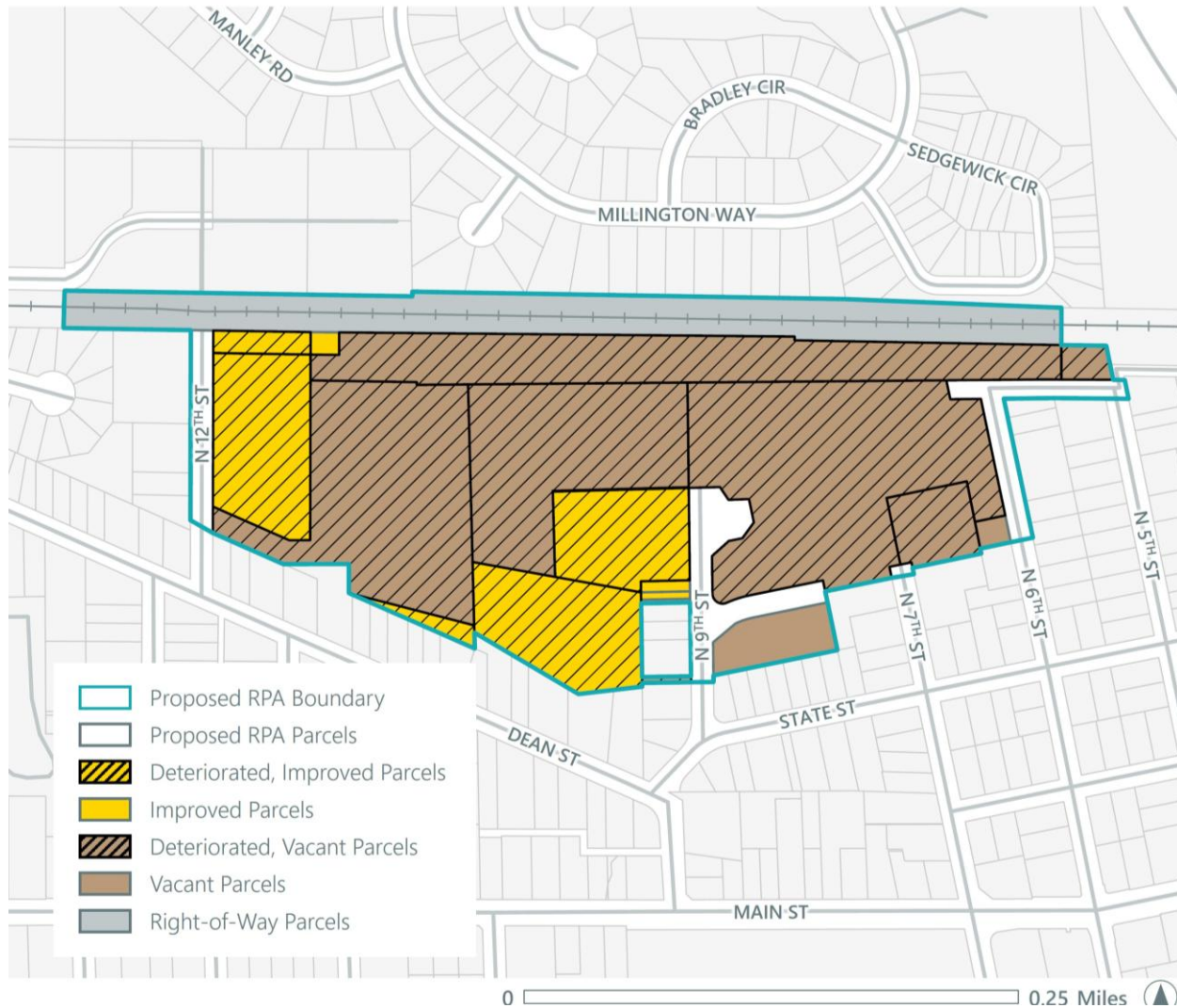
Source: City of St. Charles, Esri, Kane County, SB Friedman

Map 7A: Vacant Land One-Factor: Flooding



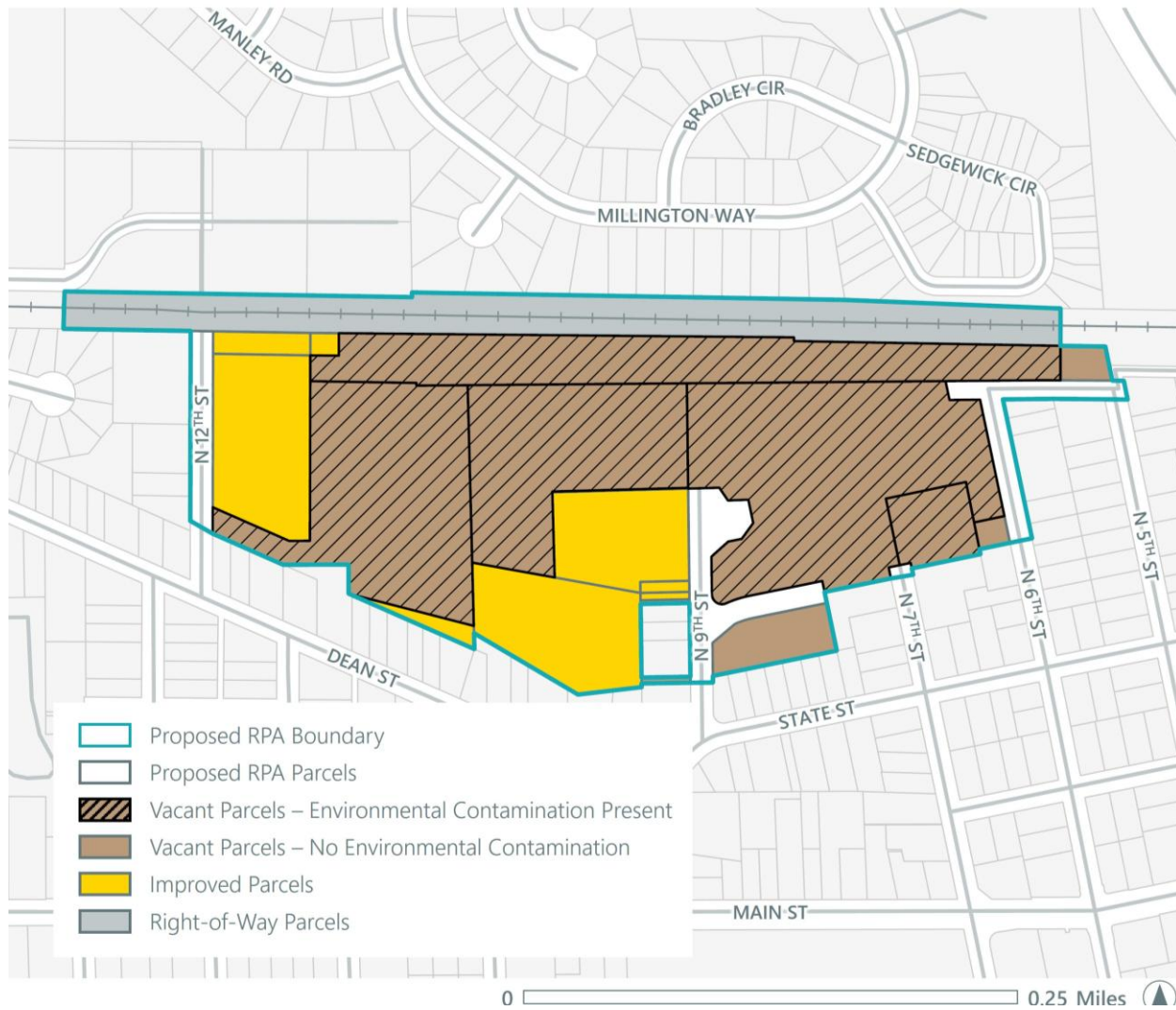
Source: City of St. Charles, Esri, FEMA, Kane County, SB Friedman

Map 7B: Vacant Land Two-Factor: Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to Vacant Land



Source: City of St. Charles, Esri, Kane County, SB Friedman

Map 7C: Vacant Land Two-Factor: Environmental Contamination



Source: City of St. Charles, Esri, Kane County, Pulte Home Company, LLC, SB Friedman

3. Redevelopment Plan and Project

This document describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can reasonably occur. The redevelopment program will be implemented over the life of the proposed RPA. If a redevelopment project is successful, various new projects will be undertaken that will assist in alleviating blighting conditions and promoting rehabilitation and development in the proposed RPA.

Redevelopment Needs of the Proposed RPA

Currently, the proposed RPA is comprised of environmentally contaminated vacant land and aged buildings that are characterized by a lack of growth in property values, deterioration, inadequate utilities and a lack of community planning. These conditions reduce the value of the properties in the area and make the proposed RPA less competitive, overall, with property in other communities, thus limiting local area employment and development opportunities, and contributing to the lack of new investment in the proposed RPA.

The existing conditions for the proposed RPA suggest five (5) major redevelopment needs:

1. Capital improvements that advance the objectives of this Redevelopment Plan;
2. Site preparation, environmental remediation and stormwater management;
3. Redevelopment of underutilized parcels;
4. Streetscape and infrastructure improvements, including utilities; and
5. Resources for commercial, residential, public/private institutional, community facility, park/open space, and utility development.

The goals, objectives and strategies discussed below have been developed to address these needs and facilitate the sustainable redevelopment of the proposed RPA.

Redevelopment Plan Goal, Objectives and Strategy

Goal. The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the proposed RPA as a vacant blighted area and an improved “conservation area,” and to provide the direction and mechanisms necessary to redevelop the proposed RPA as a vibrant mixed-use district. Redevelopment of the proposed RPA is intended to revitalize the area, strengthen the economic base, and enhance the overall quality of life in the City.

Objectives. The following seven (7) objectives support the overall goal of revitalization of the proposed RPA:

1. Facilitate the physical improvement and/or rehabilitation of existing structures and façades, and encourage the construction of new residential and other development, where appropriate;
2. Foster the replacement, repair, construction and/or improvement of public infrastructure, where needed, to create an environment conducive to private investment;
3. Facilitate the renovation or construction of stormwater management systems and flood control within the proposed RPA;

4. Provide resources for streetscaping, landscaping and signage to improve the image, attractiveness and accessibility of the proposed RPA;
5. Facilitate site assembly and preparation, including demolition and environmental clean-up, where necessary, and marketing of available sites in the proposed RPA for redevelopment and new development by providing resources as allowed by the Act;
6. Support the goals and objectives of other overlapping plans, including the City of St. Charles, Illinois 2013 Comprehensive Plan, published in 2013 and amended in 2020 (the “Comprehensive Plan”), and subsequent plans; and
7. Coordinate available federal, state and local resources to further the goals of this Redevelopment Plan.

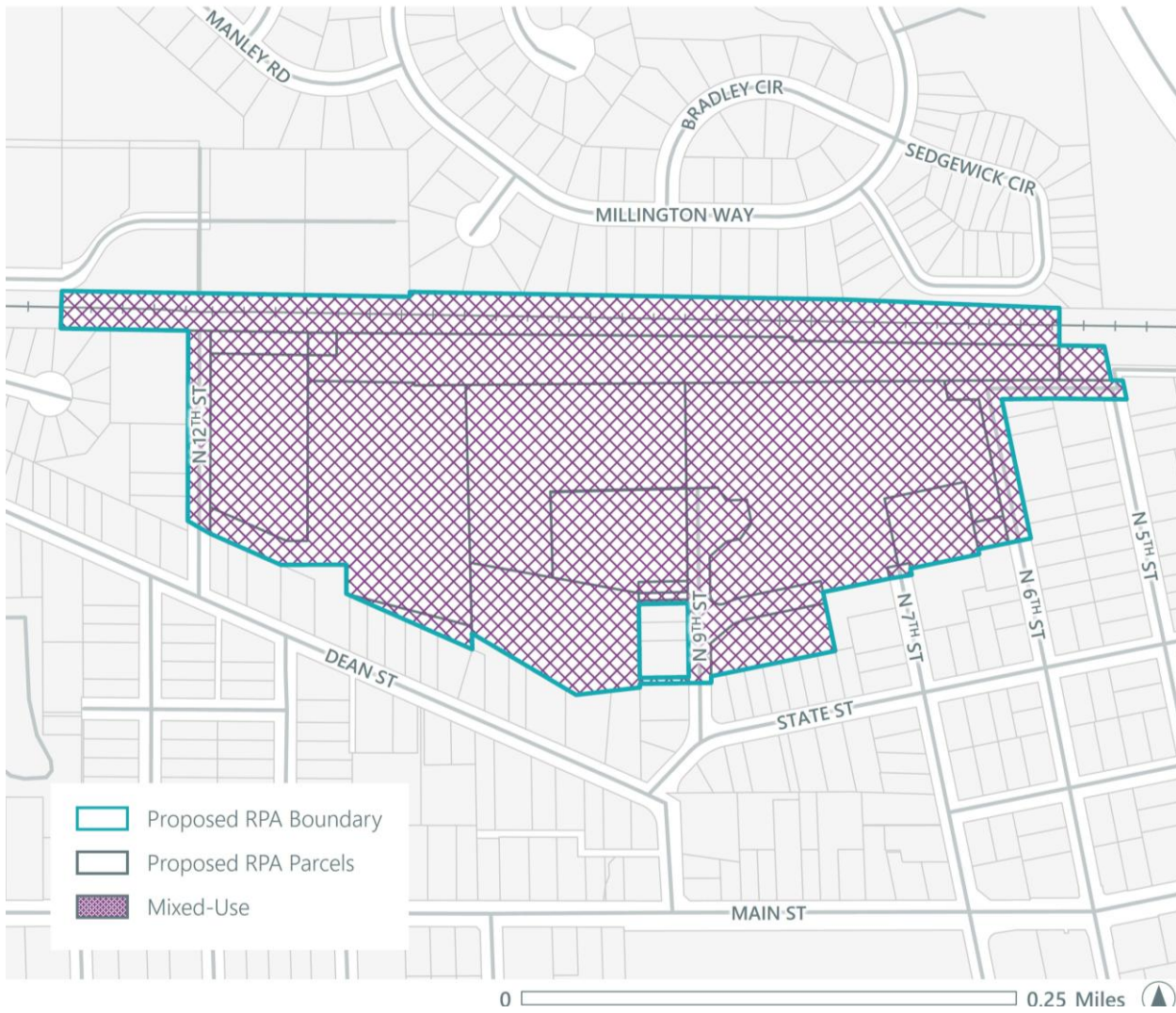
Strategy. Redevelopment of the proposed RPA is to be achieved through an integrated strategy that leverages TIF and other available public resources to stimulate and support private investment.

Proposed Future Land Use

The proposed future land use of the proposed RPA, as shown in **Map 8**, reflects the objectives of this Redevelopment Plan. For the purposes of this plan, the mixed-use designation is meant to allow for a variety of uses throughout the proposed RPA, in a manner that is in conformance with the Comprehensive Plan. The mixed-use designation allows for the following land uses within the proposed RPA:

- Residential
- Public/Semi-Public
- Parks and Open Space
- Industrial/Business Park
- Right-of-Way (Including Railroad Right-of-Way)

Map 8: Proposed Future Land Use



Source: City of St. Charles, Esri, Kane County, SB Friedman

Financial Plan

Eligible Redevelopment Project Costs

The Act outlines several categories of expenditures that can be funded using tax increment revenues. These expenditures, referred to as eligible redevelopment project costs, include all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan pursuant to the Act. The City may also reimburse private entities for certain costs incurred in the development and/or redevelopment process. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans and specifications, and implementation and administration of the redevelopment plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(1).
2. The costs 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 interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground-level or below-ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land as more fully set forth in 65 ILCS 5/11-74.4-3(q)(2).
4. Costs of rehabilitation, reconstruction, or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(3); 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.
5. Costs of the construction of public works or improvements, subject to the limitations in Section 11-74.4-3(q)(4) of the Act.
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, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(5).
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 hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto.
8. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district’s capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of this Redevelopment Plan.

9. An elementary, secondary or unit school district's increased per pupil tuition costs attributable to net new pupils added to the district living in assisted housing units will be reimbursed, as further defined in the Act.
10. A library district's increased per patron costs attributable to net new persons eligible to obtain a library card living in assisted housing units, as further defined in the Act.
11. Relocation costs to the extent that the municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law, or by Section 11-74.4-3(n)(7) of the Act.
12. Payment in lieu of taxes, as defined in the Act.
13. Costs of job training, retraining, advanced vocational education or career education, including, but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(10).
14. Interest costs incurred by a developer, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(11), 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 thirty percent (30%) of the annual interest costs incurred by the developer with regard to the development 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 provision, 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 thirty percent (30%) of the total of: (i) cost paid or incurred by the developer for the redevelopment project; and (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the municipality, pursuant to the Act;
 - e. For the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, the percentage of seventy-five percent (75%) shall be substituted for thirty percent (30%) in subparagraphs 14b and 14d above; and
 - f. Instead of the interest costs described above in paragraphs 14b and 14d, a municipality may pay from tax incremental revenues up to fifty percent (50%) of the cost of construction, renovation and rehabilitation of new housing units (for ownership or rental) to be occupied by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, as more fully described in the Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for this benefit under the Act.

Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

If a Special Service Area is established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

Estimated Eligible Redevelopment Project Costs

The total eligible redevelopment project costs define an upper expenditure limit that may be funded using tax increment revenues, exclusive of capitalized interest, issuance costs, interest, and other financing costs. The totals of line items are not intended to place a limit on the described expenditures. Adjustments to the estimated line-item costs are expected and may be made administratively by the City without amendment to this Redevelopment Plan, either increasing or decreasing line-item costs because of changed redevelopment costs and needs. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The estimated eligible costs of this Redevelopment Plan are shown in **Table 3**.

Additional funding in the form of state and federal grants, private developer contributions, and other outside sources may be pursued by the City as a means of financing improvements and facilities within the proposed RPA.

Table 3: Estimated Eligible Redevelopment Project Costs

Eligible Expense ¹	Estimated Project Costs
Administration and Professional Service Costs	\$225,000
Site Marketing Costs	\$25,000
Property Assembly and Site Preparation Costs	\$25,000
Building Rehabilitation Costs	\$25,000
Construction of Public Works or Improvements Costs	\$3,000,000
Financing Costs	\$25,000
Taxing District Capital Costs	\$25,000
Interest Costs (Developer or Property Owner)	\$25,000
School District Increased Costs	\$2,500,000
Library District Increased Costs	\$125,000
Total Redevelopment Project Costs^{2,3,4}	\$6,000,000

[1] Described in more detail in Eligible Costs Section.

[2] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest, costs of issuance, and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs.

[3] The amount of the Total Redevelopment Project Costs that can be incurred in the proposed RPA may be reduced by the amount of redevelopment project costs incurred in contiguous RPAs, or those separated from the proposed RPA only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the proposed RPA, but may not be reduced by the amount of redevelopment project costs incurred in the proposed RPA that are paid from incremental property taxes generated in contiguous RPAs or those separated from the proposed RPA only by a public right-of-way.

[4] All costs are in 2026 dollars and may be increased by 5% after adjusting for annual inflation reflected in the CPI, published by the U.S. Department of Labor. In addition to the above stated costs, each issue of obligations issued to finance a phase of the Redevelopment Plan may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations, including interest costs.

Phasing, Scheduling of the Redevelopment, and Estimated Dates of Completion

Each private project within the proposed RPA receiving TIF benefits shall be governed by the terms of a written redevelopment agreement entered into by a designated developer and the City of St. Charles. This Redevelopment Plan is estimated to be completed, and all obligations issued to finance redevelopment costs are estimated to be retired, no later than December 31 of the year in which the payment to the City provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this proposed RPA is adopted. This Redevelopment Plan is estimated to be completed, and all obligations issued to finance redevelopment costs shall be retired no later than December 31, 2050, if the ordinances establishing the proposed RPA are adopted during 2026.

Sources of Funds to Pay Costs

Funds necessary to pay for redevelopment project costs and/or municipal obligations, which may be issued or incurred to pay for such costs, are to be derived principally from tax increment revenues and/or proceeds from municipal obligations, which have as a repayment source tax increment revenue. To secure the issuance of these obligations and the developer's performance of redevelopment agreement obligations, the City may require the utilization of guarantees, deposits, reserves, and/or other forms of security made available by private sector developers. The City may incur redevelopment project costs that are paid from the funds of the City other than incremental taxes, and the City then may be reimbursed for such costs from incremental taxes.

The tax increment revenue, which will be used to fund tax increment obligations and eligible redevelopment project costs, shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase of the current EAV of each taxable lot, block, tract or parcel of real property in the proposed RPA over and above the certified initial EAV of each such property.

Other sources of funds, which may be used to pay for development costs and associated obligations issued or incurred, include land disposition proceeds, state and federal grants, investment income, private investor and financial institution funds, and other sources of funds and revenues as the municipality and developer may deem appropriate.

The proposed RPA may be or become contiguous to or be separated only by a public right-of-way from, other redevelopment areas created under the Act (65 ILCS 5/11 74.4 4 et. seq.). The City may utilize net incremental property tax revenues received from the proposed RPA to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the proposed RPA made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the proposed RPA, shall not at any time exceed the Total Redevelopment Project Costs described in Table 3 of this Redevelopment Plan.

Issuance of Obligations

To finance project costs, the City may issue bonds or obligations secured by the anticipated tax increment revenue generated within the proposed RPA, or such other bonds or obligations as the City may deem as

appropriate. The City may require the utilization of guarantees, deposits or other forms of security made available by private sector developers to secure such obligations. In addition, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within the timeframe described under “Phasing, Scheduling of the Redevelopment, and Estimated Dates of Completion” above. Also, the final maturity date of any such obligations that are issued may not be later than 20 years from their respective dates of issue. One or more of a series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City shall not exceed the amounts available from tax increment revenues, or other sources of funds, if any, as may be provided by ordinance. Obligations may be of parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

In addition to paying redevelopment project costs, tax increment revenues may be used for the scheduled and/or early retirement of obligations, and for reserves and bond sinking funds.

Most Recent Equalized Assessed Value of Properties in the Proposed RPA

The purpose of identifying the most recent EAV of the proposed RPA is to provide an estimate of the initial EAV for the purpose of annually calculating the incremental EAV and incremental property taxes of the proposed RPA. The 2025 EAV (the most recent year in which final assessed values and equalization factor were available) of all taxable parcels in the proposed RPA is \$1,952,358. This total EAV amount by property index number (PIN) is summarized in **Appendix 4**. The EAV is subject to verification by the Kane County Assessment Office. After verification, the final figure shall be certified by the Kane County Clerk, and shall become the “Certified Initial EAV” from which all incremental property taxes in the proposed RPA will be calculated by the County.

Anticipated Equalized Assessed Value

By tax year 2049 (collection year 2050), the total taxable EAV for the proposed RPA is anticipated to be approximately \$31.6 million.

Impact of the Redevelopment Project

This Redevelopment Plan is expected to have short- and long-term financial impacts on the affected taxing districts. During the period when TIF is utilized, real estate tax increment revenues from the increases in EAV over and above the Certified Initial EAV (established at the time of adoption of this document) may be used to pay eligible redevelopment project costs for the proposed RPA. To the extent that real property tax increment is not required for such purposes, revenues shall be declared surplus and become available for distribution annually to area taxing districts in the manner provided by the Act. At the time when the proposed RPA is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the proposed RPA will be distributed to all taxing districts levying taxes against property located in the proposed RPA. These revenues will then be available for use by the affected taxing districts.

Demand on Taxing District Services and Programs to Address Financial and Service Impact

In 1994, the Act was amended to require an assessment of any financial impact of a redevelopment project area on, or any increased demand for service from, any taxing district affected by the redevelopment plan, and a description of any program to address such financial impacts or increased demand.

Replacement of vacant and underutilized buildings and sites with active and more intensive uses may result in additional demands on services and facilities provided by the districts. Given the preliminary nature of this Redevelopment Plan, specific fiscal impacts on the taxing districts and increases in demand for services provided by those districts cannot accurately be assessed within the scope of this Plan. At this time, no special programs are proposed for these taxing districts. The City intends to monitor development in the area and should demand increase, the City intends to work with the affected taxing districts to determine what, if any, program is necessary to provide adequate services.

The following taxing districts presently levy taxes on properties within the proposed RPA:

- Kane County
- Kane County Forest Preserve
- St. Charles Township
- St. Charles Township Road
- St. Charles Township Cemetery
- City of St. Charles
- St. Charles Library District
- St. Charles School District 303
- St. Charles Park District
- Elgin College District 509

Required Tests and Findings

As a part of establishing the proposed RPA, the following additional findings must be made:

Finding 1: Lack of Growth and Development Through Private Investment

The City is required to evaluate whether the redevelopment project area has been subject to growth and development through private investment and must substantiate a finding of lack of such investment. Limited private investment has occurred in the proposed Seventh Street Commons RPA during the past six years (2020-2026), as demonstrated by the following:

- **Lack of Growth in EAV.** In order to assess whether the proposed RPA has been subject to growth and private investment, SB Friedman analyzed growth in property taxable value in the rest of the City and compared that growth to the trends within the proposed RPA. Between 2020 and 2025, EAV increased at compound annual growth rate (CAGR) of 4.8% across all properties within the proposed RPA. Within the City, excluding the proposed RPA, values increased by a CAGR of 7.1% over the last five years. Thus, based on this data, the proposed RPA has significantly lagged behind the rest of the City and has not been subject to growth and development through investment by private enterprise.

- Limited Construction-Related Permit Activity.** Building permit data provided by the City indicates that within the past five years, only one building permit was issued. This investment was limited to only parking lot-related improvements on an improved parcel in the proposed RPA. The permitted work does not involve construction of a new primary structure, expansion or rehabilitation of an existing building, or another substantial investment that would materially alter the existing development pattern within the proposed RPA. Further, given the limited scope and recent timing of the permit, any associated investment has not resulted in demonstrable changes to property values, redevelopment activity, or broader development momentum within the proposed RPA. One isolated parking lot improvement is not indicative of sustained private investment or market-driven redevelopment across the area. Thus, the proposed RPA has not been subject to growth and development through investment by private enterprise.

Finding. The proposed RPA, on the whole, has not been subject to growth and development through investment by private enterprise.

Finding 2: “But For...” Requirement

The City is required to find that the redevelopment project area would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan.

Without the support of public resources, the redevelopment objectives for the proposed RPA would most likely not be realized. The investments required to update and maintain buildings and surface improvements exhibiting deterioration, that have inadequate utilities and suffer from a lack of community planning and to remediate environmental contamination throughout the proposed Seventh Street Commons RPA are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs. TIF and other public resources are therefore necessary to leverage private investment, address redevelopment barriers and facilitate comprehensive redevelopment of the proposed RPA.

Finding. But for the adoption of this Redevelopment Plan, critical resources will be lacking to support the redevelopment of the proposed RPA, and the proposed RPA would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan.

Finding 3: Contiguity and Substantial Benefit

No redevelopment project area can be designated unless a plan and project are approved prior to the designation of the area; and the area can only include those contiguous parcels that are to be substantially benefited by the proposed redevelopment project improvements.

Finding. The proposed RPA includes only those contiguous parcels of real property that are expected to benefit substantially from this Redevelopment Plan.

Finding 4: Conformance to the Plans of the City

The redevelopment plan must conform to the comprehensive plan for the development of the municipality as a whole.

The City's current Comprehensive Plan identifies a mix of future land uses within the proposed RPA, including single-family detached and attached residential, parks/open space, public/semi-public, and industrial/business park uses. Much of the vacant land within the proposed RPA is designated for future residential use, while certain existing industrial and utility areas retain nonresidential designations.

The Redevelopment Plan is consistent with and intended to further the land use and redevelopment objectives established in the City's current Comprehensive Plan. In all cases, the Redevelopment Plan is subordinate to the Comprehensive Plan and other applicable City plans and policies.

Finding. The Seventh Street Commons Redevelopment Plan conforms to and proposes predominant land uses that are consistent with the Comprehensive Plan.

Finding 5: Housing Impact and Related Matters

As set forth in the Act, if a redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a Housing Impact Study and incorporate the study into the Redevelopment Plan and Project document.

Finding. SB Friedman found that there are no inhabited housing units within the proposed RPA. The City hereby certifies that no displacement will occur as a result of activities pursuant to this Redevelopment Plan. Therefore, a Housing Impact Study is not required under the Act.

Finding 6: Estimated States of Completion

As set forth in the Act, the redevelopment plan must establish the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs.

Finding. The estimated dates of completion of the project and retirement of obligations are described in "Phasing and Scheduling of the Redevelopment" above. This Redevelopment Plan is estimated to be completed, and all obligations issued to finance redevelopment costs shall be retired no later than December 31, 2050, if the ordinances establishing the proposed RPA are adopted during 2026.

Provisions for Amending Action Plan

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

Commitment to Fair Employment Practices

The City of St. Charles hereby affirms its commitment to fair employment practices and equal employment opportunity consistent with applicable federal and State laws and City policies.

Appendix 1: Limitations of the Eligibility Report and Consultant Responsibilities

The Eligibility Report covers events and conditions that were determined to support the designation of the proposed Redevelopment Project Area (“RPA” or “TIF District”) as a “blighted area” for vacant land and a “conservation area” for improved land under the Act at the completion of our field research in August 2026 and not thereafter. These events or conditions include, without limitation, governmental actions and additional developments.

This Eligibility Report and Redevelopment Plan and Project (together, the “Report”) summarizes the analysis and findings of the consultant’s work, which, unless otherwise noted, is solely the responsibility of SB Friedman. The City is entitled to rely on the findings and conclusions of the Report in designating the proposed RPA as a redevelopment project area under the Act. SB Friedman has prepared the Report with the understanding that the City would rely: (1) on the findings and conclusions of this Redevelopment Plan in proceeding with the designation of RPA and the adoption and implementation of this Redevelopment Plan; and (2) on the fact that SB Friedman has obtained the necessary information including, without limitation, information relating to the equalized assessed value of parcels comprising the proposed RPA, so that the Report will comply with the Act and that the proposed RPA can be designated as a redevelopment project area in compliance with the Act.

The Report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the Report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved will necessarily vary from those described in our Report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the Report to reflect events or conditions which occur subsequent to the date of the Report. These events or conditions include, without limitation, economic growth trends, governmental actions, additional competitive developments, interest rates and other market factors. However, we will be available to discuss the necessity for revision in view of changes in economic or market factors.

Preliminary Tax Increment Financing (TIF) projections were prepared for the purpose of estimating the approximate level of increment that could be generated by proposed projects and other properties within the proposed TIF District boundary and from inflationary increases in value. These projections were intended to provide an estimate of the final equalized assessed value (EAV) of the proposed TIF District.

As such, our report and the preliminary projections prepared under this engagement are intended solely for the City’s information, for the purpose of establishing a TIF District. These projections should not be relied upon for purposes of evaluating potential debt obligations or by any other person, firm or corporation, or for any other purposes. Neither the Report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan or other agreement or document intended for use in obtaining funds from individual investors, without prior written consent.

Appendix 2: Glossary

Factors for Vacant Land – One-Factor Test

Under the provisions of the “blighted area” section of the Act, if the land is vacant, an area qualifies as “blighted” if one (1) or more of the following factors is found to be present to a meaningful extent.

- The area contains unused quarries, strip mines or strip mine ponds;
- The area contains unused rail yards, rail track, or railroad rights-of-way;
- The area, prior to its designation, is subject to or contributes to chronic flooding;
- The area contains unused or illegal dumping sites;
- The area was designated as a town center prior to January 1, 1982, is between 50 and 100 acres, and is 75% vacant land; or
- The area qualified as blighted prior to becoming vacant.

Factors for Vacant Land – Two-Factor Test

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

Diversity of Ownership. Diversity of ownership is when adjacent properties are owned by multiple parties. This factor applies when diversity of ownership of parcels of vacant land is sufficient in number to retard or impede the ability to assemble the land for development.

Tax and Special Assessment Delinquencies. Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last five years.

Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land.

Evidence of structural deterioration and area disinvestment in blocks adjacent to the vacant land may substantiate why new development had not previously occurred on the vacant parcels.

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

Lack of Growth in Equalized Assessed Value. The total equalized assessed value (“EAV”) of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated; or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years for which information is available; or is increasing at an

annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

Factors for Improved Land

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.

Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.

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.

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.

Illegal Use of Individual Structures. The use of structures in violation of the applicable federal, state or local laws, exclusive of those applicable to the Presence of Structures below Minimum Code Standards.

Excessive Vacancies. The presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

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

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.

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.

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.

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.

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.

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

Appendix 3: Proposed Seventh Street Commons RPA

Boundary Legal Description

OF PROPERTY DESCRIBED AS:

Part of the Southwest Quarter of Section 27 and the Southeast Quarter of Section 28, Township 40 North, Range 8 East of the Third Principle Meridian, Kane County, Illinois, more particularly described as follows:

Beginning at the intersection of the centerline of Fifth Street as platted in the City of St. Charles with the South Line of a tract of land described in a warranty deed recorded June 4, 1886, in Book 243, Page 17; thence North 89°41'25" East 30.60 feet to the East Right of Way line of said street; thence South 11°41'01" East along said East Right of Way line 51.00 feet to the extended South Right of Way line of Mark Street; thence South 89°41'25" West along said South Right of Way line 331.48 feet to the intersection of said South Right of Way line and the East Right of Way line of Sixth Street; thence South 11°43'06" East along said East Right of Way line 383.57 feet; thence South 78°28'06" West 140.00 feet; thence South 11°43'06" East 19.85 feet, thence South 78°39'16" West 185.05 feet to the East Right of Way line of Seventh Street; thence South 11°33'41" East along said East Right of Way line 5.99 feet to the extended centerline of vacated Ryan Street recorded October 11, 1983 as Document 1648957; thence South 78°23'42" West along said extended centerline 242.00 feet to the West line of said vacated Ryan Street; thence South 11°33'41" East along said West line extended 160.00 feet; thence South 78°26'50" West 337.57 feet to the East Right of Way line of Ninth Street; thence South 00°55'11" East along said East Right of Way line 24.93 feet to the extended South line of Lot 16 of Millington's Third Addition to St. Charles recorded May 4, 1926 as Document 272865; thence South 89°41'25" West along said South line 192.01 feet to the Southwest corner of said Lot 16; thence South 00°55'11" East 8.82 feet; thence South 82°45'00" West 164.06 feet; thence North 60°19'00" West 332.49 feet; thence South 01°31'00" East 42.00 feet; thence North 64°34'00" West 370.90 feet; thence North 00°00'00" West 67.19 feet; thence South 90°00'00" West 175.00 feet; thence North 66°13'00" West 274.27 feet to the West Right of Way line of Twelfth Street; thence North 00°00'28" East along said West Right of Way line 512.12 feet to the South Right of Way line of the Chicago and Northwest Transportation Company, said line being coincident with the North line of Fox Meadow Estates recorded December 14, 1993 as Document 93K100653; thence North 89°11'00" West along said South Right of Way line 336.06 feet to the West line of said Southeast Quarter; thence North 00°00'28" East along said West line 100.01 feet to the North Right of Way line of the Chicago and Northwest Transportation Company, said line being coincident with the South line of Porter Business Park recorded September 25, 2006 as Document 2006K104660; thence South 89°11'00" East along said North Right of Way line 931.85 feet; thence North 01°07'05" West along said North Right of Way line 15.01 feet to a line coincident with Said North Right of Way line and the South line of Unit Number 1 Timbers recorded June 4, 1986 as Document 1774209; thence South 89°11'00" East along said North Right of Way line to the East line of Said Southeast Quarter; thence southerly along said East line to said South Right of Way line of the Chicago and Northwest Transportation Company, said South Right of Way line being coincident with the North line of said tract; thence South 89°11'00" East along said South Right of Way line to the intersection of said South Right of Way line and the extended centerline of Fifth Street; thence South 11°41'01" East along said extended centerline 93.59 feet to the Point of Beginning.

Excepting therefrom the following described parcels:

Lots 12, 13, 14, and 15 of Block 5 of Millington's Third Addition to St. Charles, recorded May 4, 1926 as Document 272865, a subdivision being part of the Southwest Quarter of Section 27 and the Southeast Quarter of Section 28, Township 40 North, Range 8 East of the Third Principle Meridian, in the City of St. Charles, Kane County, IL. Said excepted parcels contain 0.636 acres, more or less. Said parcel without the excepted 0.636 acres contains 44.965 acres, more or less.

Appendix 4: PINs in Proposed Seventh Street Commons RPA

Record Number	PIN	2025 EAV
1	0927303001	\$12,324
2	0928400002	\$158,976
3	0928400003	\$0
4	0928452001	\$0
5	0928452002	\$614,401
6	0928452003	\$164,830
7	0928476008	\$0
8	0928476012	\$0
9	0928476018	\$0
10	0928476019	\$115,535
11	0928476020	\$1,364
12	0928476023	\$573,262
13	0928476026	\$0
14	0928476027	\$0
15	0928477003	\$26,804
16	0928477008	\$4,527
17	0928477014	\$249,247
18	0928478011	\$31,088
19	0928502004	\$0
Total		\$1,952,358

Source: Kane County Assessment Office, SB Friedman