



ST. CHARLES
SINCE 1834

AGENDA ITEM EXECUTIVE SUMMARY

Title:	Public Hearing Concerning the Approval of an Amendment to a Redevelopment Plan and Project for the Area Known as the "First Street Redevelopment Project Area"
Presenter:	Rita Tungare, Director of Community & Economic Development

Please check appropriate box:

	Government Operations		Government Services
	Planning & Development	X	City Council – Public Hearing (1/20/15)

Estimated Cost:	N/A	Budgeted:	YES		NO	
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If NO, please explain how item will be funded:

Executive Summary:

Per the Tax Increment Allocation Redevelopment Act, Illinois Compiled Statutes, Chapter 65, Section 5/11-74.4-1et.seq. (the "TIF Act"), as amended, the City Council is required to hold a public hearing considering any proposed amendments to an existing TIF redevelopment plan and existing TIF district.

This public hearing is to consider the "Second Amendment to the First Street TIF Redevelopment Plan". The City has hired Kane McKenna and Associates to conduct the required eligibility study and draft the amended TIF Plan. Representatives from Kane McKenna will present this document for consideration during the public hearing. The City Council may choose to close the Public Hearing if they feel enough information has been gathered. Once the Public Hearing is closed, the City Council must take action on the proposed amendments between 14 and 90 days after the date of the Public Hearing.

Per State Statute, A Joint Review Board (JRB) was convened on December 16, 2014 to consider this amendment. The JRB recommended approval of the "Second Amendment to the First Street TIF Redevelopment Plan". The vote was 8-aye to 0-nay.

Attachments: *(please list)*

Second Amendment to the First Street TIF Redevelopment Plan
Resolution of the JRB dated December 16, 2014
Minutes of the December 16, 2014 JRB Meeting

Recommendation / Suggested Action *(briefly explain):*

Conduct the Public Hearing and close if all pertinent information has been gathered.

For office use only

Agenda Item Number:

CITY OF ST. CHARLES, ILLINOIS

**SECOND AMENDMENT TO THE FIRST STREET
TIF REDEVELOPMENT PLAN**

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

Prepared for: City of St. Charles, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

Original TIF Plan – March 2002
First Amendment – January 2006
Draft Second Amendment – December 2014

**SECOND AMENDMENT TO THE FIRST STREET
REDEVELOPMENT PLAN & PROJECT**

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I. INTRODUCTION

In 2002, the City of St. Charles (the “City”) adopted the *First Street Redevelopment Plan and Project* (the “Original TIF Plan,” attached as Exhibit A. In 2006 the City amended the Original TIF Plan, (the “First Amendment”) that Plan is attached as Exhibit B. The Original First Street TIF, (the “Original TIF District,” “Original Redevelopment Project Area,” or “Original RPA”) was primarily bordered by Main Street on the north, the Fox River on the west, Prairie Street on the south, and South 2nd Street on the west.

The purpose of this report is to update and amend the Original TIF Plan principally by removing all property located east of South 1st Street from the TIF District and adding the property located on the block located northwest of the Original TIF. The additional block is bordered by Main Street on the north, Walnut Street on the south, South 3rd Street on the west and South 2nd Street on the east. These new boundaries constitute the First Street TIF District, Second Amendment (the “Second Amendment,” “TIF District,” “Redevelopment Project Area,” or “RPA”). A secondary goal is to re-state and update some of the goals and objectives from the Original TIF Plan and the First Amendment.

The City is pursuing the proposed amendment as part of its strategy to promote the continued revitalization of key under-utilized properties located west of the Fox River and south of Main Street. The City sees this area as a key economic and cultural space for the community and believes that continued investment within the area is necessary to ensure its success. The City believes that these goals are consistent with the Comprehensive Plan and the principles which guide the City’s development and planning processes.

Kane, McKenna and Associates, Inc. (KMA) has been retained by the City to assist the City in drafting this amendment to the Plan.

Objectives

The City’s general economic development objectives are to enhance commercial, retail, and mixed use opportunities within the City, including the First Street TIF District, as amended.

- 1) Continue efforts to provide the assistance required to eliminate conditions detrimental to successful redevelopment of the downtown area of the City.
- 2) Keep the City’s economic development principles aligned with the comprehensive plan and other community development plans and goals.

TIF Mechanism

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

Housing Impact Study

It is found, and certified by the City, in connection to the process required for the amendment of this Plan and Project pursuant to 65 ILCS Sections 5/11-74.4-3(n)(5) and 5/11-74.4-5(c) of the TIF Act, that this Plan and Project will not result in the displacement of 10 or more inhabited residential units. Therefore, this Plan and Project does not include a housing impact study. If at a later time the City does decide to dislocate more than ten (10) inhabited residential units, this Plan would have to be amended and a housing impact study would be completed.

II. THE PROPOSED FIRST TIF DISTRICT, SECOND AMENDMENT

The purpose of this report is to amend the TIF Plan principally by removing all properties located east of South 1st Street from the TIF District, First Amendment and adding properties located along 200 block of Main Street and the 10 block of South 2nd Street. A secondary goal is to re-state certain goals from the Original TIF Plan and the TIF Plan, as Amended.

The TIF District, pursuant to the Second Amendment, is generally bounded by Main Street on the north, Prairie Street on the south, South 2nd Street and South 3rd Street on the west, and South 1st Street on the east.

The Original TIF Plan attached as Exhibit A provides a boundary map and legal description of the Original TIF District.

The First Amendment attached as Exhibit B provides a corrected legal description of the Original TIF District and provides an updated and increased budget for redevelopment projects.

III. AMENDMENTS TO THE TIF PLAN

In this section, amendments to the First Amendment are presented. Collectively, the amendatory language and revised exhibits comprise the “Second Amendment.”

Section 1, Executive Summary: Amendments

Page 1, paragraph 2 - Amend paragraph to read as follows – “The First Street RPA contains 33 buildings, 55 tax parcels and is approximately 11.24 square acres, excluding right of ways, in size.”

Section 1, Objectives: Amendments

Page 2, point number 8 – Amend the sentence to read as follows – “Support the goals and objectives of other overlapping plans, including the 2013 Comprehensive Plan, 2014 Strategic Plan, 2007 Economic Development Plan, 2003 St. Charles Bicycle and Pedestrian Facilities Plan, 2002 River Corridor Master Plan, and 2000 Downtown Strategy Plan.”

Section 2, Introduction: Amendments

Page 6, paragraph 2 - Amend the paragraph to read as follows - “The community context of the RPA is detailed on Map 1 (at the time of the original TIF Plan).”

Page 6, paragraph 3 - Amend the paragraph to read as follows - “The RPA contains 33 buildings, 55 tax parcels and it approximately 11.24 square acres in size, excluding right of ways. The RPA is generally bounded by West Main Street on the north, Prairie Street on the south, South Second Street on the west, and South First Street on the east.”

Page 6, paragraph 4 - Amend the first sentence to read as follows – “Map 2 details the boundaries of the RPA, at the time of the original TIF Plan, including...”

Page 6, paragraph 5 – Amend the paragraph to read as follows - “Appendix 1 contains the legal description of the RPA at the time of the original TIF Plan.”

Page 7, Map 1 – Amend the title of the map to read as follows – “City of St. Charles: First Street RPA at the Time of the Original TIF Plan”

Page 8, Map 2 – Amend the title of the map to read as follows – “City of St. Charles: First Street RPA at the Time of the Original TIF Plan”

Page 9, subsection “Existing Land Use” – Amend the subsection title to read as follows – “Existing Land Use at the Time of Original TIF Plan”

Page 10, Map 3 – Amend the title of the map to read as follows – “City of St. Charles: First Street RPA at the Time of the Original TIF Plan”

Section 3, Eligibility Analysis

Page 16, Map 3, - Amend the title of the map to read as follows – “City of St. Charles: First Street RPA at the Time of the Original TIF Plan”

Section 4, Redevelopment Project and Plan

Page 20, paragraph 2 – Amend the paragraph to read as follows – “The Redevelopment Plan identifies tools for the City to: support the establishment and improvement of the RPA as a cohesive mixed-use corridor consistent with the City’s 2013 Comprehensive Plan, 2014 Strategic Plan, 2007 Economic Development Plan, 2003 St. Charles Bicycle and Pedestrian Facilities Plan, 2002 River Corridor Master Plan, 2000 Downtown Strategy Plan, Chicago Metropolitan Agency for Planning Go To 2040 Plan, and Kane County 2040 Plan; support other improvements that serve the redevelopment interests of the local community and the City; and assist existing businesses to expand and improve their places of business, and/or mechanisms as set forth in the Redevelopment Plan.”

Page 22, point number 8 – Amend the sentence to read as follows – “Support the goals and objectives of other overlapping plans, including the 2013 Comprehensive Plan, 2014 Strategic Plan, 2007 Economic Development Plan, 2003 St. Charles Bicycle and Pedestrian Facilities Plan, 2002 River Corridor Master Plan, and 2000 Downtown Strategy Plan.”

Page 24, paragraph 1 – Amend the last sentence to read as follows – “The proposed objectives are compatible with the City’s 2013 Comprehensive Plan, 2014 Strategic Plan, 2007 Economic Development Plan, 2003 St. Charles Bicycle and Pedestrian Facilities Plan, 2002 River Corridor Master Plan, and 2000 Downtown Strategy Plan for the future improvement and redevelopment of the First Street TIF District as amended.”

Page 24, subsection “Housing Impact and Related Matters” – Strike the second paragraph.

Page 25, Map 4, - Amend the title of the map to read as follows – “City of St. Charles: First Street RPA at the Time of the Original TIF Plan”

Section 5, Financial Plan

Page 28, subsection, “Estimated Redevelopment Project Costs,” – Amend the table entitled “Table 2: Estimated TIF Eligible Costs” to read as follows:

Table 2
RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Land Acquisition and Relocation	\$11,750,000
Site Preparation, Including Environmental Remediation, Demolition, and Site Grading	\$2,000,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements)	\$3,000,000
Public Improvements/Facilities and Parking Structures	\$13,000,000
Rehabilitation of Existing Structures	\$1,000,000
Interest Costs Pursuant to the Act	\$250,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	\$1,500,000
Job Training	\$500,000
Statutory School and Library District Payments	\$750,000
TOTAL ESTIMATED TIF BUDGET	\$33,750,000

Page 31, subsection, “Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area,” – Amend the second sentence to read as follows: “The base EAV of all taxable parcels in the RPA is approximately \$4,191,829.”

Other Amendments

Figures 1, 2, and 3 of the Original TIF Plan – Amended as attached hereto as Exhibit C. The TIF District boundary maps, existing land use map, and intended land use map are replaced by the maps enclosed herein.

Appendix B of the Original TIF Plan (Legal Description) – Amended as attached hereto as Exhibit D.

Section 3 of the Original TIF Plan – Amended as attached hereto as Exhibit E.

Preliminary Draft
12/16/14

Exhibit A
Original TIF Plan & Qualification Report

First Street Redevelopment Project Area
Tax Increment Financing District
Eligibility Study, Redevelopment Plan and Project

City of St. Charles

Adopted on March 18, 2002

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- Appendix 1: Boundary and Legal Description
- Appendix 2: Eligibility Factors By Block Tables
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1. Executive Summary

In June 2001, *S. B. Friedman & Company* was engaged by the City of St. Charles (the “City”) to conduct a Tax Increment Financing Eligibility Study and prepare a Redevelopment Plan and Project (the “Redevelopment Plan”). This report details the eligibility factors found within the First Street Redevelopment Project Area (the “RPA”) Tax Increment Financing (“TIF”) District in support of its designation as a “conservation area” 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”). This report also contains the Redevelopment Plan and Project for the First Street RPA.

The First Street RPA is located wholly within St. Charles Township, in downtown St. Charles and contains approximately 22 acres of land. It consists of sixty-two (62) tax parcels with thirty-nine(39) buildings (not including ancillary structures such as garages). One (1) of the sixty-two (62) parcels is vacant and ten (10) are improved as parking lots or rights-of-way.

Determination of Eligibility

This report concludes that the RPA is eligible for TIF designation as a “conservation area” because 50% or more of the structures in the area have an age of 35 years or more and because the following four (4) eligibility factors for improved land have been found to be present to a major extent:

- Deterioration;
- Deleterious Land Use or Layout;
- Obsolescence; and
- Lack of Growth in EAV;

The factors are defined under the Act at 65 ILCS 5/11-74.4-3 (a) and (b). Additionally, three other eligibility factors are present to a minor extent and demonstrate that the RPA is in a state of gradual decline through disinvestment. Left unchecked, these conditions could accelerate the decline of the area and, combined with those factors that have been documented to be present to a major extent, could lead to more widespread and intensive disinvestment. These factors are:

- Excessive Land Coverage;
- Inadequate Utilities; and
- Lack of Community Planning.

Redevelopment Plan Goal, Objectives, and Strategies

The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the RPA as a conservation area; to provide the direction and mechanisms necessary to stimulate the redevelopment of vacant and underutilized parcels; and to establish the RPA as a cohesive and vibrant mixed-use corridor that provides a comprehensive range of commercial and retail uses to the surrounding residential community, while accommodating residential and institutional uses where appropriate. Redevelopment of the RPA will strengthen the economic base and improve the image of the City as a whole. The City’s “Priority Survey” of St. Charles residents over the last several years has consistently shown that one of the most important priorities for the City of St. Charles

should be to maintain an attractive and vital downtown.

Rehabilitation and redevelopment of the RPA are to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment.

Objectives. Twelve (12) broad objectives support the overall goal of area-wide revitalization of the RPA. These include:

1. Foster the development of the First Street corridor as an auto- and pedestrian-friendly retail corridor that enhances the overall quality of life of City residents and serves as an appropriate gateway to the downtown district of the City of St. Charles;
2. Provide resources for streetscaping and landscaping to visually link diverse land uses and create a cohesive and integrated identity for a mixed-use First Street corridor that is attractive to pedestrian traffic;
3. Reinforce a downtown identity through such improvements as gateway features, signage, and other public and private improvements;
4. Facilitate the development of new public facilities, parks, and open space in appropriate locations throughout the RPA as needed and in accordance with the Redevelopment Plan, including the creation of a continuous pedestrian loop along the Fox River between Main Street and Prairie Street and the development of pedestrian connections between First Street and the Fox River;
5. Facilitate the provision of adequate on- and off-street parking for visitors, employees, and customers of the RPA;
6. Facilitate the assembly, preparation, and marketing of vacant and underutilized sites for rehabilitation and/or new retail, commercial, institutional, and residential development, and provide for corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
7. Foster the improvement and/or creation of the public infrastructure where needed, including sidewalks, streets, curbs, gutters, underground water and sanitary systems, and stormwater detention of adequate capacity to facilitate the rehabilitation of properties within the RPA as well as the construction of new retail, commercial, residential, and mixed-use development where appropriate;
8. Support the goals and objectives of other overlapping plans, including the *Downtown St. Charles Strategy Plan, 2000* (prepared for the City of St. Charles by the Downtown Professionals Network), and the First Street Business District. Coordinate available federal, state, and local resources to further the goals of this redevelopment plan;

9. Promote a comprehensive development plan that includes a detailed parking and traffic plan that will address potential access/curb-cut consolidation, on-street parking, and the creation of pedestrian links to the Fox River;
10. Strengthen the economic well-being of the RPA and the City of St. Charles by providing resources for rehabilitated and new commercial, residential, and mixed-use development in the RPA, as appropriate;
11. Provide opportunities for women-owned, minority-owned, and locally owned businesses to share in the job and construction opportunities associated with the redevelopment of the RPA; and
12. Support job training programs and increase employment opportunities, including welfare to work programs, for individuals working in area businesses.

Strategies. Redevelopment and rehabilitation of specific sites within the RPA will be supported in order to stimulate private investment and enhance the RPA. Development of vacant and underutilized sites is anticipated to have a positive impact on other properties beyond the individual project sites. These objectives will be implemented through four (4) specific and integrated strategies. These include:

1. **Implement Public Improvements.** A series of public improvements throughout the RPA may be designed and implemented to help define and create an identity for the area and sub-areas, prepare sites for anticipated private investment, and create a more conducive environment for retail, commercial, residential, and institutional development.

Public improvements may include the construction of public parking facilities, streetscaping, new or improved street and sidewalk lighting, new or improved sidewalks and streets, new or improved underground infrastructure, stormwater detention of adequate capacity, the creation of parks, trails, and open space, and other public improvements consistent with the Redevelopment Plan. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation, or restoration of public improvements on one or more parcels.

2. **Facilitate Property Assembly, Demolition, and Site Preparation.** Sites may be acquired and assembled by the City to attract future private investment and development. The consolidated ownership of these sites will make them easier to market to potential developers and will streamline the redevelopment process. In addition, financial assistance may be provided to private developers seeking to acquire land and assemble sites to undertake projects supportive of this Redevelopment Plan.

To meet the goals, policies or objectives of this Redevelopment Plan, the City may acquire and assemble other property throughout the RPA. Land assemblage by the City may be done by purchase, exchange, donation, lease, or eminent domain, and may be for the purposes of

(a) sale, lease, or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. Furthermore, the City may require written development agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

3. **Encourage Private Sector Activities and Support Rehabilitation and New Development.** Through the creation and support of public-private partnerships, or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.
4. **Assist Existing Businesses and Property Owners.** The City may provide assistance to support existing businesses and property owners in the RPA. This may include financial and other assistance for building rehabilitation, facade improvements, leasehold improvements, and new construction of private facilities such as plazas and other pedestrian amenities.

Required Findings

The required conditions for the adoption of a Redevelopment Plan and Project are found to be present within the study area.

First, the City is required to evaluate whether or not the study area has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a tax increment financing district.

New investment that occurred in the study area in the past five years mostly consists of renovations to three buildings: 24 S. Second Street, 111-113 W. Main Street, and 200 S. Second Street. A significant amount of the renovation that has occurred has been undertaken with public assistance through the City's facade treatment program. Taken as a whole, the study area has not been subject to widespread growth and development through investment by private enterprise.

The study area is located entirely within St. Charles Township. From 1995 through 2000 (the last year for which data is available), the growth of equalized assessed valuation ("EAV," which is the value of property from which property taxes are based) in the study area has increased at a rate less than that of the City as a whole. The compound annual growth rate of EAV for the study area was **26%** less than that of the City as a whole between 1995 and 2000.

As another method to examine the scope of new investment in the study area, *S. B. Friedman & Company* examined building permit data provided by the City of St. Charles Building Department. Specifically, we examined building permit data for the period from 1996 through 2000 which revealed that 25 permits were issued within the study area totaling approximately \$916,341, with

no permits issued for new construction, and three permits issued for demolition. However, over 77% of the total value of these permits was due to the remodeling of only three of the 36 buildings in the study area. Excluding these three buildings the total value of permits issued over the five-year period was only \$208,886. On average over our five-year study period, privately initiated permits amounted to approximately \$183,268 per year of total private investment, or less than 2% of the total St. Charles Township Assessor's estimate of market value of all property within the study area. At this rate, it would take the private market a substantial amount of time to replace the current Assessor's market value of the study area.

The impact on surrounding properties of the property investment on which building permits were issued has been isolated and minimal. These investments and existing property improvements have not stimulated widespread new private investment in the study area as a whole. Public investment through the City's facade improvement program (a 50% matching program) totaled approximately \$200,000 (or about 20% the total value of building permits issued). Several buildings in the RPA have remained vacant for over a year.

Second, the City is required to find that, but for the designation of the TIF district and the use of tax increment financing, it is unlikely that significant investment will occur in the study area.

Without the support of public resources, the redevelopment objectives for the study area most likely would not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the study area as a mixed-use commercial district are extensive and costly, and the private market on its own, has shown little ability to absorb all of these costs. Public resources to assist with site preparation, environmental remediation, and public infrastructure improvements are needed to leverage private investment and facilitate area-wide redevelopment consistent with the City's Comprehensive Plan. TIF funds can be used to fund site assembly and preparation, environmental remediation, infrastructure improvements, and building rehabilitation. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

Third, the study area includes only those contiguous parcels of real property that are expected to benefit substantially from the proposed improvements.

Finally, the proposed land uses described in this Redevelopment Plan are consistent with the Comprehensive Plan of the City of St. Charles and the *Downtown St. Charles Strategy Plan*. The redevelopment opportunities identified in earlier area planning initiatives will be supported substantially and their implementation facilitated through the creation of the Redevelopment Plan.

2. Introduction

The Study Area

This document serves as the eligibility study (“Eligibility Study”) and Redevelopment Plan and Project for the First Street Redevelopment Project Area. The RPA is located in the southwest quadrant of the City of St. Charles (the “City”), in Kane County (the “County”). In June 2001, *S. B. Friedman & Company* was engaged by the City to conduct a study of certain properties in this area to determine whether the area containing these properties would qualify for status as a “blighted area” and/or “conservation area” under the Act.

The community context of the RPA is detailed on Map 1.

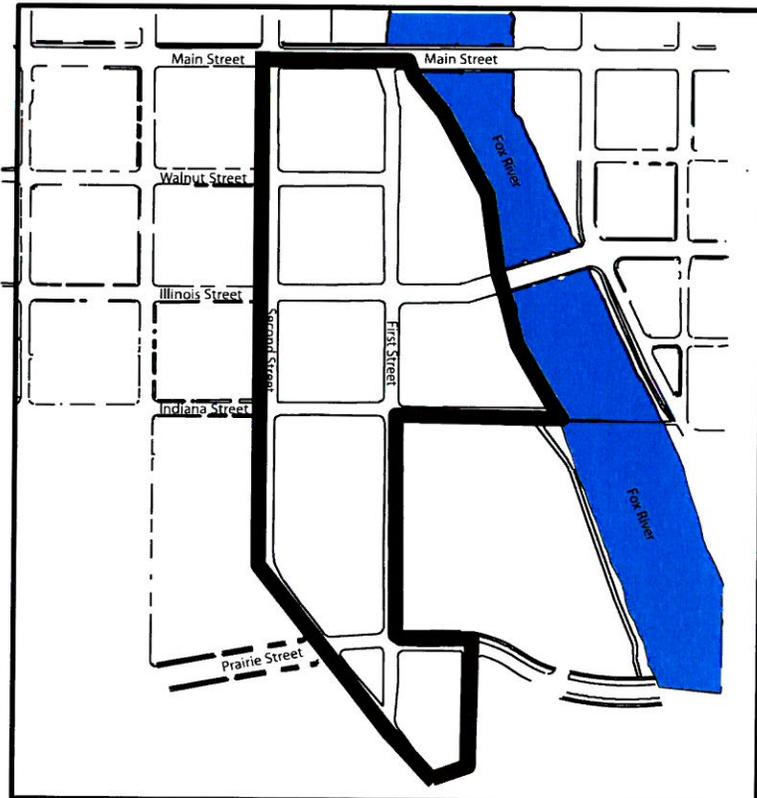
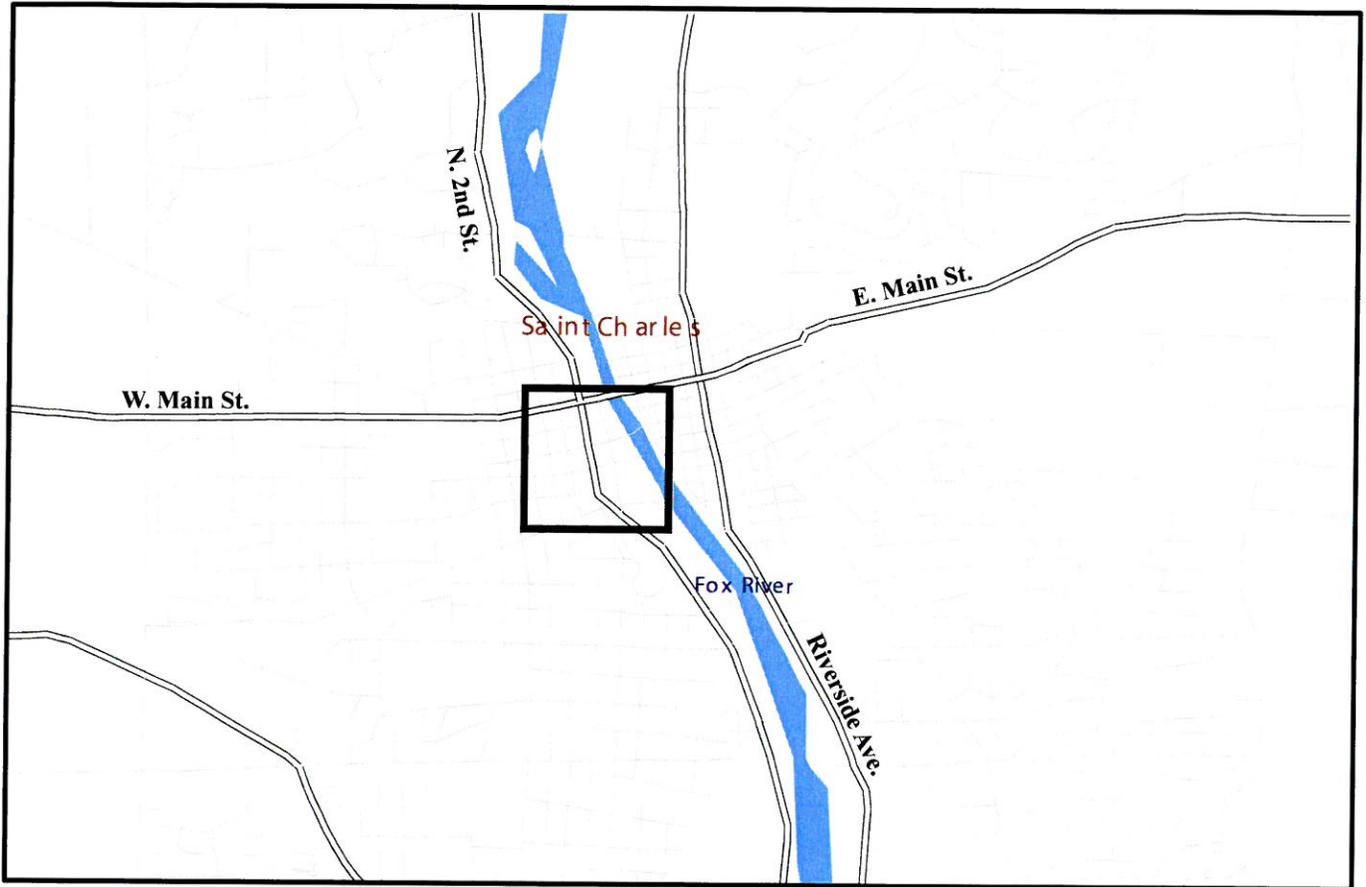
The RPA consists of 62 tax parcels with approximately 39 buildings and contains approximately 22 acres of land. Of the 62 tax parcels, one is vacant. The RPA is generally bounded by Main Street (Route 64) on the north, Second Street (Route 31) on the west, and the Fox River on the east, approximately as far south as Prairie Street (except that the area east of First Street, between Indiana Street and Prairie Street has been excluded).

Map 2 details the boundaries of the RPA including only those contiguous parcels of real property that are expected to benefit substantially from the Redevelopment Plan improvements discussed herein. The boundaries encompass a mixed-use area containing commercial, residential, and public/institutional uses. As a whole, the area suffers from a poor configuration of existing land uses and layouts that has resulted in the under-utilization of property, deteriorated buildings and associated infrastructure, and a lack of growth and investment. Similar observations prompted the identification of First Street as the largest development corridor with the most opportunity for change in the *Downtown St. Charles Strategy Plan, 2000*. Without a comprehensive approach to address these issues, the RPA could continue its decline, thereby discouraging future development opportunities. The redevelopment plan addresses these issues by providing resources for improvements to the area’s infrastructure and public facilities and for the assemblage and marketing of vacant land and under-utilized sites. These area-wide improvements will benefit all of the property within the RPA.

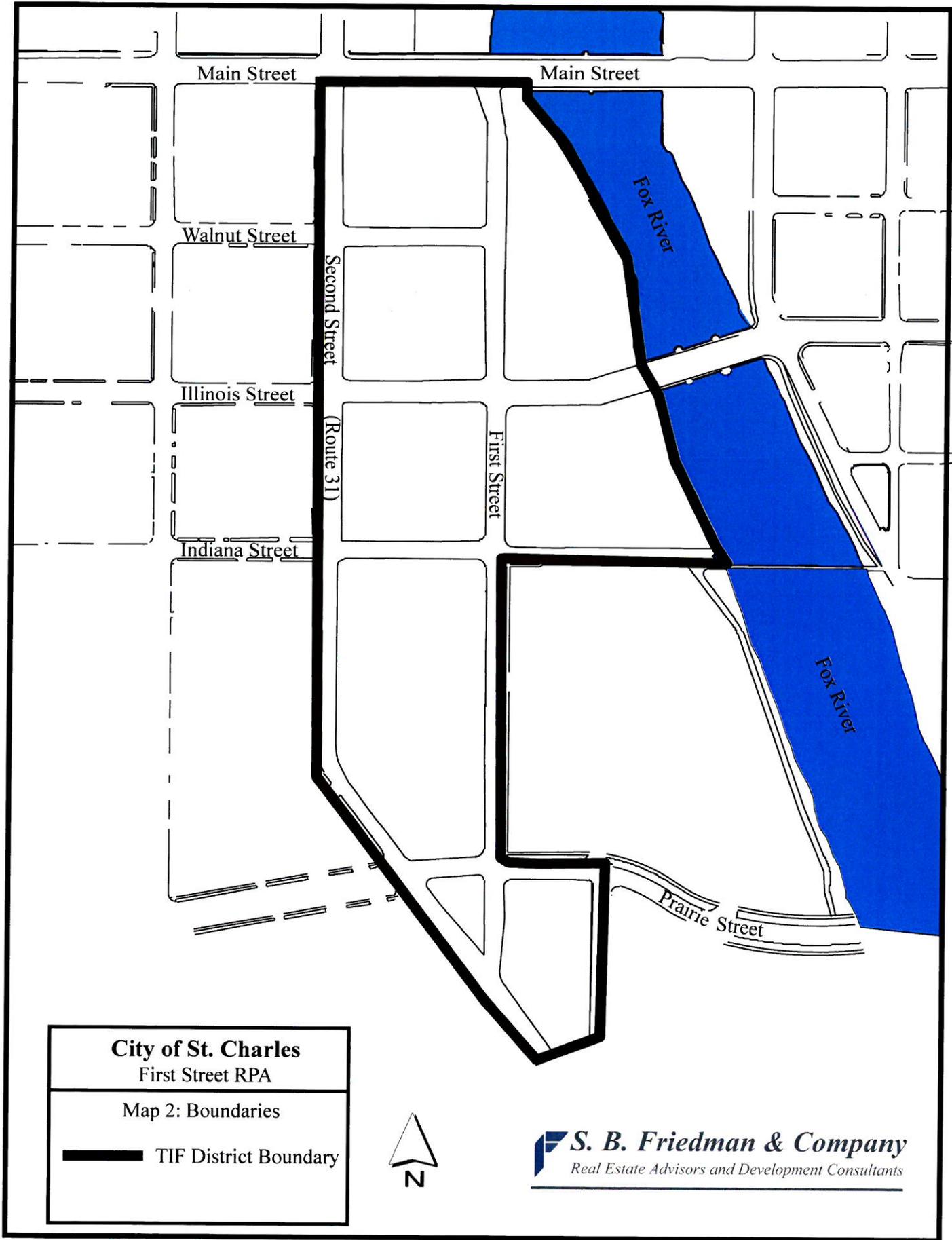
Appendix 1 contains the legal description of the RPA.

The Eligibility Study covers events and conditions that exist and that were determined to support the designation of the RPA as a “conservation area” under the Act at the completion of our research on August 31, 2001 and not thereafter. These events or conditions include, without limitation, governmental actions and additional developments.

This Eligibility Study and Redevelopment Plan summarizes the analysis and findings of the consultant’s work, which, unless otherwise noted, is solely the responsibility of *S. B. Friedman & Company*. The City is entitled to rely on the findings and conclusions of the Redevelopment Plan in designating the RPA as a redevelopment project area under the Act. *S. B. Friedman & Company* has prepared this Redevelopment Plan with the understanding that the City would rely (1) on the



<p>City of St. Charles First Street RPA</p>
<p>Map 1: Community Context</p>
<p> TIF District Boundary</p>



City of St. Charles
First Street RPA

Map 2: Boundaries

 TIF District Boundary



 **S. B. Friedman & Company**
Real Estate Advisors and Development Consultants

findings and conclusions of the Redevelopment Plan in proceeding with the designation of the RPA and the adoption and implementation of the Redevelopment Plan, and (2) on the fact that *S. B. Friedman & Company* has obtained the necessary information including, without limitation, information relating to the equalized assessed value of parcels comprising the RPA, so that the Redevelopment Plan will comply with the Act and so that the RPA can be designated as a redevelopment project area in compliance with the Act.

Existing Land Use

Based upon *S. B. Friedman & Company's* research, four (4) predominant land uses have been identified within the RPA:

- Commercial;
- Residential;
- Vacant Land; and
- Industrial.

Existing predominant land use patterns in the RPA are shown in Map 3. This map represents predominant land use in the area. The predominant land use displayed is not necessarily the only land use present on a given parcel. Some of the parcels within the RPA contain more than one land use.

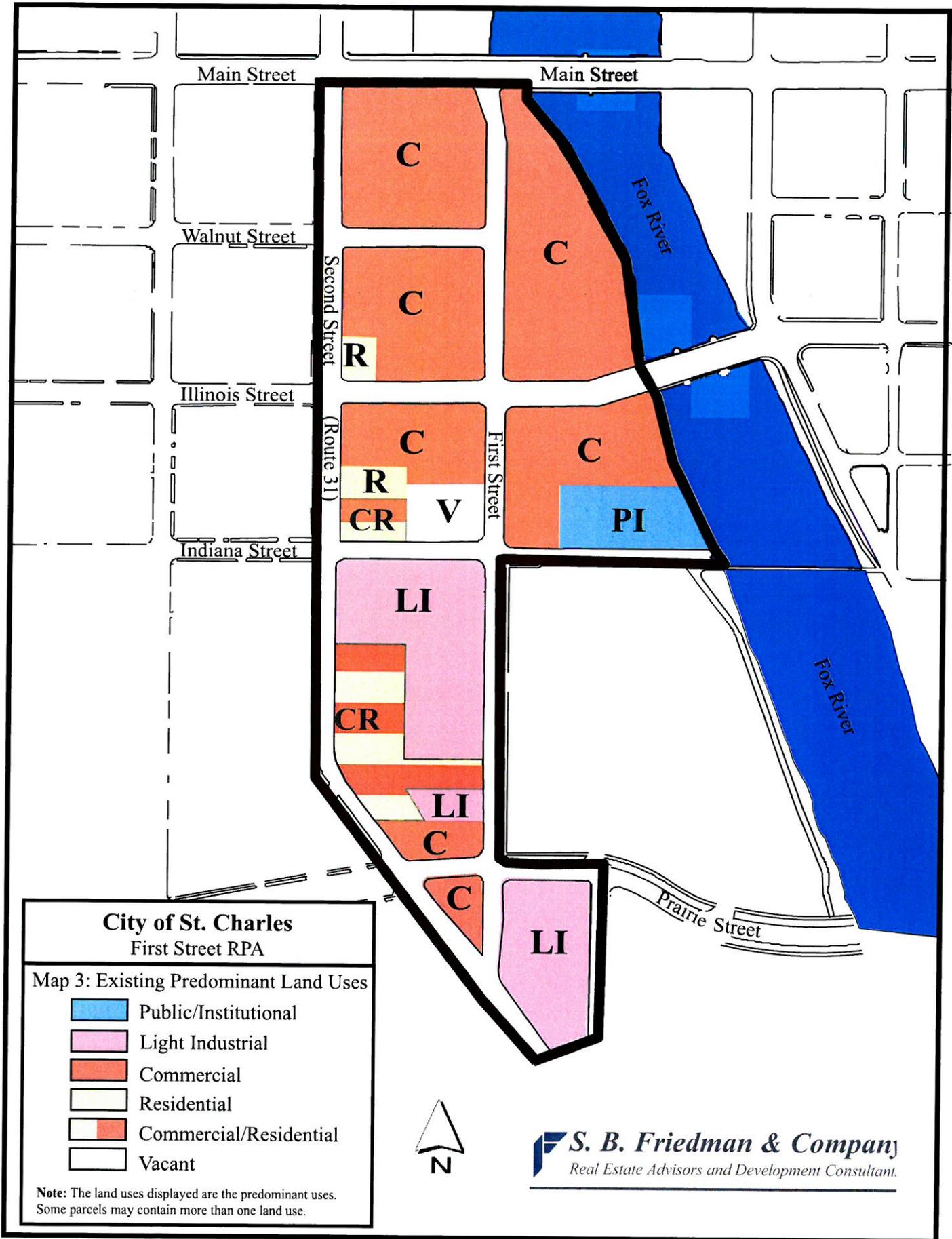
Overall, the RPA consists primarily of a mix of commercial and residential land uses. Commercial uses are concentrated in the north end of the corridor. Residential uses are located mostly along Second Street (Route 31), south of Indiana Street.

Commercial. Commercial and retail uses are found throughout the RPA and do not have adequate parking and provision for loading and service. Commercial uses are interspersed with residential uses south of Indiana Street, and in some cases are part of a single-family residential structure. Obsolescence of several commercial structures has contributed to their long-term vacancy.

Residential. Several single-family residential properties are within the RPA, located mostly along the east side of Second Street, and interspersed with other land uses. Some of these structures also contain commercial uses.

Vacant Land. There is only one parcel of vacant land within the RPA, at the northwest corner of Indiana Street and First Street. The *Downtown St. Charles Strategy Plan, 2000* also identifies the presence of excessive surface lots, and underutilized land in general, throughout the RPA.

Industrial. Several light industrial uses exist within the RPA, located mostly in the southern half of the RPA, especially around the intersection of First Street and Prairie Street. These uses were found to have inadequate buffering from other uses and instances of environmental concern. Most of the property in the RPA south of Indiana Street is zoned as a Limited Manufacturing District (M1), a designation encompassing uses which are often incompatible within the context of the surrounding downtown.



City of St. Charles
First Street RPA

Map 3: Existing Predominant Land Uses

- Public/Institutional
- Light Industrial
- Commercial
- Residential
- Commercial/Residential
- Vacant

Note: The land uses displayed are the predominant uses.
 Some parcels may contain more than one land use.



S. B. Friedman & Company
 Real Estate Advisors and Development Consultant.

3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Based upon the conditions found within the RPA at the completion of *S. B. Friedman & Company's* research, it has been determined that the RPA meets the eligibility requirements of the Act as a blighted area. The following outlines the provisions of the Act to establish eligibility.

Under the Act, two (2) primary avenues exist to establish eligibility for an area to permit the use of tax increment financing for area 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. “Conservation areas” are those improved areas which are deteriorating and declining and soon may become blighted if the deterioration is not abated.

The statutory provisions of the Act specify how a district can be designated as a “blighted” and/or “conservation area” district based upon an evidentiary finding of certain eligibility factors listed in the Act. These factors are identical for each designation.

According to the Act, “blighted areas” must have a combination of five (5) or more of these eligibility factors acting in concert 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 which are detrimental to the public safety, health, morals, or welfare and which could result in such an area becoming a blighted area.

Factors For Improved Property

The thirteen (13) factors are listed at 65 ILCS 5/11-74.4-3 (a) and (b) and are defined in the Act as follows:

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 under-utilized 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 of the last five 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 of the last five 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 of the last five calendar years prior to the year in which the redevelopment project area is designated.

As explained, "blighted areas" must have a combination of five (5) or more of these eligibility factors and "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.

Factors For Vacant Land

Under the provisions of the "blighted area" section of the Act, if the land is vacant, a combination of two (2) or more of the following six (6) factors also may be identified which combine to impact the sound growth in tax base for the proposed district.

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

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

Tax and Special Assessment Delinquencies. This factor is present when tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property

Tax Code within the last 5 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 Clean-Up. 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 of the proposed redevelopment project area has declined for three of the last five 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 of the last five 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 of the last five calendar years prior to the year in which the redevelopment project area is designated.

Additionally, under the “blighted area” section of the Act, eligibility may be established for those vacant areas that would have qualified as a blighted area immediately prior to becoming vacant. Under this test for establishing eligibility, building records may be reviewed to determine that a combination of five (5) or more of the 13 “blighted area” eligibility factors were present immediately prior to demolition of the area’s structures.

The vacant “blighted area” section includes six (6) other tests for establishing eligibility, but none of these are relevant to the conditions within the RPA.

Methodology Overview and Determination of Eligibility

Analysis of eligibility factors was done through research involving an extensive exterior survey of all properties within the RPA, as well as a review of building and property records. Property records include building code violation citations, building permit data, and assessor information. Our survey of the area established that there are thirty-nine (39) buildings within the RPA. In addition, to verify the age for the area buildings, field observations were compared to the recorded age of the buildings in property records obtained from the Township Assessor’s office.

The areas located within the RPA are predominantly characterized by commercial structures of varying degrees of deterioration, with some residential and industrial parcels towards the south end of First Street. Our survey of the area established that there are 61 improved parcels and one vacant parcel within the RPA. All properties were examined for qualification factors consistent with either “blighted area” or “conservation area” requirements of the Act. Based upon these criteria, the

properties within the RPA qualify for designation as a TIF Redevelopment Project Area as a “conservation area” as defined by the Act.

To arrive at this designation, *S. B. Friedman & Company* calculated the number of eligibility factors present on a building-by-building or parcel-by-parcel basis and analyzed the distribution of the eligibility factors within the RPA. When appropriate, we calculated the presence of eligibility factors on infrastructure and ancillary properties associated with the structures. The eligibility factors were correlated to buildings using aerial maps, property files created from field observations, and record searches. This information was then graphically plotted on a tax parcel map of the RPA to establish the distribution of eligibility factors, and to determine which factors were present to a major or minor extent.

Major factors are used to establish eligibility. These factors are present to a meaningful extent on a majority of the parcels and reasonably distributed throughout the RPA. Minor factors are supporting factors present to a meaningful extent on some of the parcels or on a scattered basis. Their presence suggests that the area is at risk of experiencing more extensive deterioration and disinvestment.

While it may be concluded under the Act that the mere presence of the minimum number of the stated factors may be sufficient to make a finding as a blighted area, this evaluation was made on the basis that the conservation area factors must be present to an extent that indicates that public intervention is appropriate or necessary. Secondly, the conservation area factors must be reasonably distributed throughout the RPA so that non-qualifying areas are not arbitrarily included in the RPA simply because of proximity to areas that qualify as a conservation area.

Conservation Area Findings

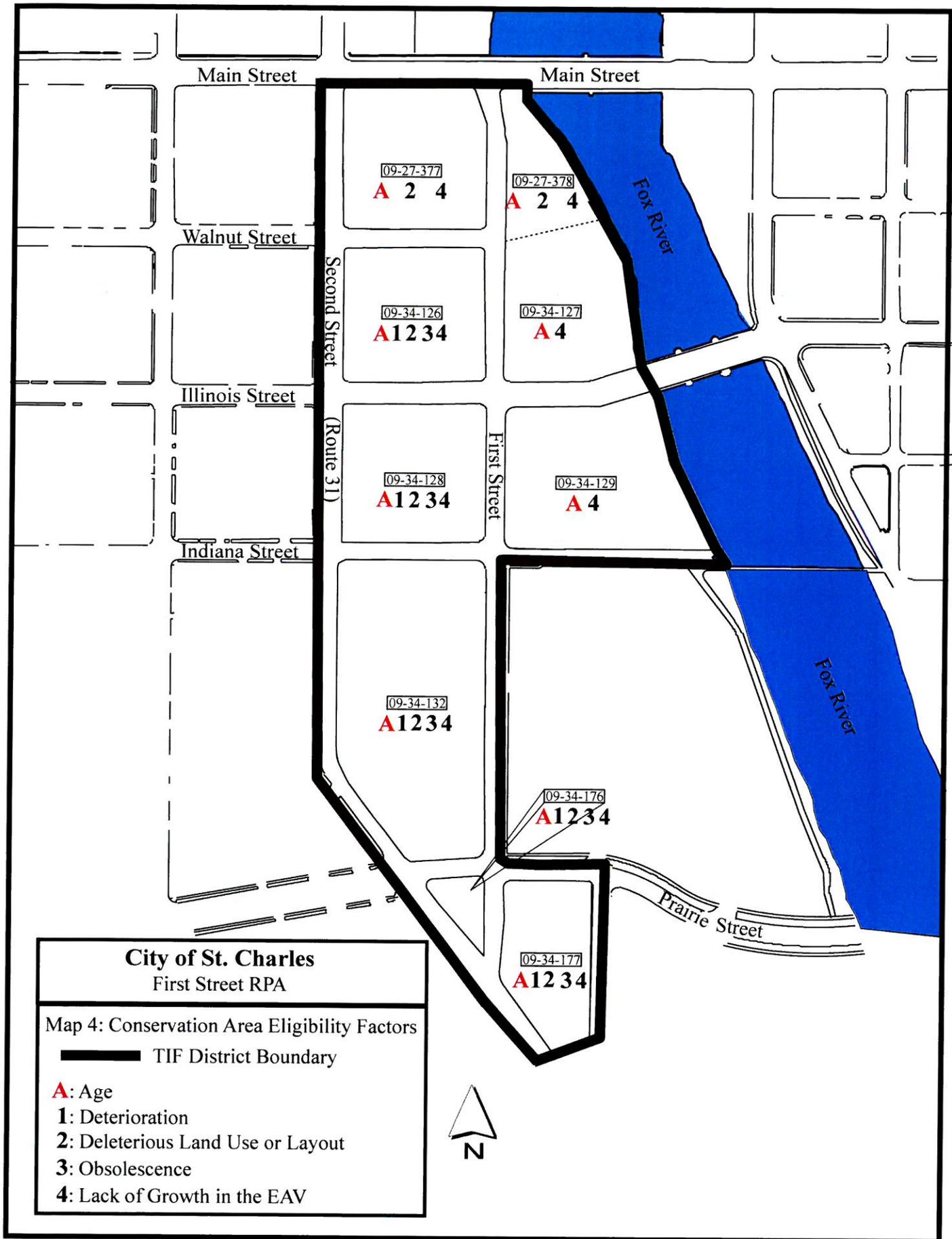
As required by the Act, within a conservation area, at least 50% of the buildings must be 35 years of age and older, and at least three (3) of the thirteen (13) eligibility factors for improved property must be found present to a major extent within the RPA.

Our research has revealed that the following four (4) factors for improved property are present to a major extent:

- Deterioration;
- Deleterious Land Use or Layout;
- Obsolescence; and
- Lack of Growth in EAV.

Based on the presence of these factors, the RPA meets the requirements of a “conservation area” under the Act.

The Eligibility Factors-By-Block Table in Appendix 2 details the eligibility factors by building and by block within the RPA. Map 4 illustrates the distribution of those eligibility factors found to be



present to a major extent by depicting for each block the respective factors were found to be present to a meaningful degree. The following sections summarize our field research as it pertains to each of the identified eligibility factors found within the RPA.

MAJOR FACTORS

1. Deterioration

Twelve (12) of the thirty-nine (39) buildings (31%) within the study area demonstrate a significant level of deterioration. Cataloged deterioration included the occurrence of major defects in building components, including collapsed or missing gutters and down spouts, cracked, broken or missing windows, evidence of roof leaks, building foundation problems, and cracked exterior wall surfaces. These are structural conditions not readily correctable through normal maintenance.

In addition, significant deterioration was documented on accessory buildings and ancillary property within the study area. Accessory buildings and ancillary property include garages, surface parking lots, and property enclosed with fencing.

Structural deterioration, coupled with deterioration of ancillary structures and property is indicative of an area that is at risk of becoming blighted without direct intervention.

2. Deleterious Land Use and Layout

Deleterious land use and layout was evaluated on a parcel-by-parcel and an area-wide basis. This factor may be present regardless of whether or not a structure exists on a parcel. Therefore, it was necessary to evaluate deleterious land use and layout in this manner. There are sixty-one (61) improved parcels within the study area. Twenty-four (24) of the improved parcels (40%), directly exhibit deleterious land use or layout, however the configuration of parcels and land uses on some blocks was such that the entire block can be considered to suffer from deleterious land use and layout when evaluated on an, "area-wide" basis.

Instances of deleterious land use or layout include shallow lot depths, insufficient vehicular access, non-conforming land uses and incompatible land use relationships. Deleterious land use or layout exists in several forms throughout the study area and its impact and extent are sufficient to adversely affect the growth and development of the entire study area and also to aggravate traffic patterns and pose special hazards for pedestrians who shop or live in the study area.

Three of the four blocks between Main Street and Illinois Street have irregularly shaped parcels, or poorly configured parcels and in several cases, insufficient setbacks from these roads. Both west and south of this intersection are parcels encompassing a range of different and often incompatible land uses.

South of Illinois Street, commercial, light industrial, and residential uses exist side-by-side, and have been developed in an uncoordinated manner. This results in immediate hazards to traffic and pedestrians, the potential obsolescence of some of the properties, and significant obstacles to future development. In several documented instances, the layout of the parcels and the uncoordinated

nature of the development has resulted in the obsolescence of parcels which would be very difficult to develop without intervention.

3. Obsolescence

Obsolescence, either functional, economic, or some combination of both, was documented for twelve (12) of the thirty-nine (39) buildings (31%) within the study area. Some of the commercial/light industrial buildings in the study area were designed for uses that have become outmoded. Reconfiguration and rehabilitation of such structures would result in substantial cost to any future user and therefore would render the structure functionally obsolete. This functional obsolescence directly inhibits the redevelopment of these properties due to the enormous practical disadvantages faced by potential new users.

In addition to functional obsolescence, the economic obsolescence of some area properties is demonstrated by the stagnant, or in some cases declining, assessed valuation (other than routine increases attributable to the effect of inflation upon triennial reassessment values), and observations in the field that certain properties are falling into disuse. Economically obsolete buildings and properties have an adverse effect on nearby properties and detract from the physical, functional, and economic vitality of the surrounding community.

4. Lack of Growth in EAV

The total equalized assessed value (EAV) is a measure of the property value in the study area. The Equalized Assessed Value history of all the included tax parcels in the study area was tabulated for the last six years for which information is currently available. A lack of growth in EAV has been found for the study area in that the rate of growth in property values (as measured by EAV) of the study area has been less than that of the balance of the City of St. Charles for four out of the last five years for which information is available (1995 through 2000). The basis for this finding is summarized in Table 1 below. The lack of growth in EAV within the area is one of the strongest indicators that the area as a whole is beginning to fall into decline.

Table 1: Percent Change in Annual Equalized Assessed Valuation (EAV)

	Percent Change in EAV 1995/1996	Percent Change in EAV 1996/1997	Percent Change in EAV 1997/1998	Percent Change in EAV 1998/1999	Percent Change in EAV 1999/2000
TIF Study Area	3.22%	7.05%	-2.24%	10.54%	6.89%
Balance of the City of St. Charles (Kane County portion)	6.40%	7.19%	4.84%	4.07%	10.14%
Balance of the City of St. Charles (Total)	6.33%	7.26%	4.98%	4.65%	10.66%

MINOR SUPPORTING FACTORS

In addition to the factors that previously have been documented as being present to an extent sufficient to qualify the study area, the presence of three additional factors was documented in the study area. These additional factors reinforce the case that the study area is gradually declining through disinvestment. Left unchecked, these conditions could accelerate the continued decline of the study area, and combined with those factors that have been used to qualify the study area as a "conservation area" or "blighted area," could lead to more widespread and intensive commercial and residential disinvestment.

A. Excessive Land Coverage

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Ten (10) of the thirty-nine (39) buildings (25%) within the study area exhibit problem conditions which warrant the finding of this factor to be present. Examples of problem conditions found in the study area which constitute "excessive land coverage" include a lack of reasonably required off-street parking and inadequate provision for loading and service. This factor was found to exist mainly around the intersection of Main Street and First Street. The buildings at this intersection were built in a different context than the present-day standards of development, and do not have adequate provision for loading and service and or reasonably required off-street parking resulting in the over-intensive use of property and exacerbating the problems of traffic and congestion in the general area. Such problems illustrate the adverse impact that excessive land coverage can have on surrounding areas, not just individual properties. These problems limit the opportunities for continued growth and development and have the overall effect of reducing the competitiveness of area businesses. Additionally, the safety of pedestrians may be threatened in this environment.

B. Inadequate Utilities

A review of the City's underground infrastructure in an April 1996 study by Black & Veatch found that inadequate underground utilities affect most of the parcels within the study area south of Indiana Street (approximately 20% of the total parcels in the study area). This limits the potential for growth and development, especially in the southern portion of the study area. Future growth and development in the area would almost certainly require substantial infrastructure investment.

C. Lack of Community Planning

Lack of community planning is an area-wide factor, not necessarily attributable to any one parcel. The study area in general was developed prior to the implementation or guidance of a comprehensive community plan or in some cases, development occurred that is no longer consistent with the current plans of the community. This is evidenced by the fact that the study area contains irregular and obsolescent parcel configurations, has incompatible land uses, and has a lack of buffering between land uses. Lack of community planning limits potential redevelopment opportunities within the study area.

4. Redevelopment Project and Plan

Redevelopment Needs of the RPA

The existing land use pattern and physical conditions in the RPA suggest eight (8) redevelopment needs for the area:

- redevelopment of vacant and underutilized parcels;
- site preparation, site assembly, demolition, and environmental remediation;
- streetscape and infrastructure improvements;
- better vehicular and pedestrian circulation patterns;
- capital improvements for public facilities and institutional uses, including parks and open space, that further the objectives set forth in the Redevelopment Project and Plan;
- creation of a public parking structure;
- resources for retail, commercial, and mixed-use development; and
- job training assistance.

The Redevelopment Plan identifies tools for the City to: support the establishment and improvement of the RPA as a cohesive and vibrant mixed-use corridor consistent with the City's Comprehensive Plan and the *Downtown St. Charles Strategy Plan, 2000*; support other improvements that serve the redevelopment interests of the local community and the City; and assist existing businesses to expand and improve their places of business, and/or other mechanisms as set forth in the Redevelopment Plan.

Currently, the RPA is characterized by conflicting land-use patterns, poor vehicular and pedestrian access and a lack of reasonably required parking, signs of structural deterioration, vacant and underdeveloped properties, and an overall lack of growth in property values. These area and building conditions are minimizing the value of commercial and mixed-use properties in the area compared to other commercial and residential districts elsewhere in the City and surrounding municipalities, limiting local area employment opportunities and growth, and contributing to the lack of new investment within the RPA.

The public improvements outlined in the Redevelopment Plan will create an environment conducive to private investment and redevelopment within the RPA. The goals, objectives, and strategies discussed below have been developed to address these needs and to facilitate the sustainable redevelopment of the RPA. To support specific projects and encourage future investment in the RPA, public resources including tax increment financing may be used to facilitate site assembly, site preparation, and demolition for future private sector redevelopment activities; improve RPA infrastructure and new public facilities; create an identity for the area and the community; and support building rehabilitation. The private sector often acquires and assembles property to create redevelopment opportunities and suitable sites for modern development needs. Property assembly and demolition by the private sector to meet the goals, policies, or objectives of this Redevelopment Plan can be assisted using tax increment revenues.

Ultimately, the goals, objectives and strategies are designed to redevelop the RPA as a vibrant mixed-use commercial district and downtown gateway, providing new and enhanced commercial

and public activities that complement and service the residential population while improving the image and visibility of the City as a whole. Furthermore, redevelopment of the RPA affords an opportunity for creation of a pedestrian-friendly shopping district to complement the businesses found on Main Street as outlined in the *Downtown St. Charles Strategy Plan, 2000*.

Goals, Objectives, and Strategies

Goals, objectives, and strategies designed to address the needs of the community form the overall framework of the Redevelopment Plan for the use of anticipated tax increment funds generated within the RPA.

Goal. The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the RPA as a conservation area; to provide the direction and mechanisms necessary to stimulate the redevelopment of vacant and underutilized parcels; and to establish the RPA as a cohesive and vibrant mixed-use corridor that provides a comprehensive range of commercial and retail uses to the surrounding residential community while accommodating residential and institutional uses where appropriate. Redevelopment of the RPA will strengthen the economic base and improve the image of the City as a whole. The City's "Priority Survey" of St. Charles residents over the last several years has consistently shown that one of the most important priorities for the City of St. Charles should be to maintain an attractive and vital downtown.

Rehabilitation and redevelopment of the RPA are to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment.

These activities are representative of the types of projects contemplated to be undertaken during the life of the RPA. Market forces are critical to the completion of these projects. Phasing of projects will depend on the interests and resources of both public and private sector parties. Not all projects will necessarily be undertaken. Further, additional projects may be identified throughout the life of the RPA. To the extent that these projects meet the goals of this Redevelopment Plan and the requirements of the Act and budget outlined in the next section, these projects may be considered for tax increment funding.

Objectives. Twelve (12) broad objectives support the overall goal of area-wide revitalization of the RPA. These include:

1. Foster the development of the First Street corridor as an auto and pedestrian-friendly retail corridor that enhances the overall quality of life of City residents and serves as an appropriate gateway to the downtown district of the City of St. Charles;
2. Provide resources for streetscaping and landscaping to visually link diverse land uses and create a cohesive and integrated identity for a mixed-use First Street corridor that is attractive to pedestrian traffic;

3. Reinforce a downtown identity through such improvements as gateway features, signage, and other public and private improvements;
4. Facilitate the development of new public facilities, parks, and open space in appropriate locations throughout the RPA as needed and in accordance with the Redevelopment Plan, including the creation of a continuous pedestrian loop along the Fox River between Main Street and Prairie Street and the development of pedestrian connections between First Street and the Fox River;
5. Facilitate the provision of adequate on- and off-street parking for visitors, employees, and customers of the RPA;
6. Facilitate the assembly, preparation, and marketing of vacant and underutilized sites for rehabilitation and/or new retail, commercial, institutional, and residential development, and provide for corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
7. Foster the improvement and/or creation of the public infrastructure where needed, including sidewalks, streets, curbs, gutters, underground water and sanitary systems, and stormwater detention of adequate capacity to facilitate the rehabilitation of properties within the RPA as well as the construction of new retail, commercial, residential, and mixed-use development where appropriate;
8. Support the goals and objectives of other overlapping plans, including the *Downtown St. Charles Strategy Plan, 2000* (prepared for the City of St. Charles by the Downtown Professionals Network), and the First Street Business District. Coordinate available federal, state, and local resources to further the goals of this redevelopment plan;
9. Promote a comprehensive development plan that includes a detailed parking and traffic plan that will address potential access/curb-cut consolidation, on-street parking, and the creation of pedestrian links to the Fox River;
10. Strengthen the economic well-being of the RPA and the City of St. Charles by providing resources for rehabilitated and new commercial, residential, and mixed-use development in the RPA, as appropriate;
11. Provide opportunities for women-owned, minority-owned, and locally owned businesses to share in the job and construction opportunities associated with the redevelopment of the RPA; and
12. Support job training programs and increase employment opportunities, including welfare to work programs, for individuals working in area businesses.

Strategies. Redevelopment and rehabilitation of specific sites within the RPA will be supported in order to stimulate private investment and enhance the RPA. Development of vacant and underutilized sites is anticipated to have a positive impact on other properties beyond the individual

project sites. These objectives will be implemented through four (4) specific and integrated strategies. These include:

- 1. Implement Public Improvements.** A series of public improvements throughout the RPA may be designed and implemented to help define and create an identity for the area and sub-areas, prepare sites for anticipated private investment, and create a more conducive environment for retail, commercial, residential, and institutional development.

Public improvements may include the construction of public parking facilities, streetscaping, new or improved street and sidewalk lighting, new or improved sidewalks and streets, new or improved underground infrastructure, stormwater detention of adequate capacity, the creation of parks, trails, and open space, and other public improvements consistent with the Redevelopment Plan. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation, or restoration of public improvements on one or more parcels.

- 2. Facilitate Property Assembly, Demolition, and Site Preparation.** Sites may be acquired and assembled by the City to attract future private investment and development. The consolidated ownership of these sites will make them easier to market to potential developers and will streamline the redevelopment process. In addition, financial assistance may be provided to private developers seeking to acquire land and assemble sites to undertake projects supportive of this Redevelopment Plan.

To meet the goals, policies or objectives of this Redevelopment Plan, the City may acquire and assemble other property throughout the RPA. Land assemblage by the City may be done by purchase, exchange, donation, lease, or eminent domain, and may be for the purposes of (a) sale, lease, or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. Furthermore, the City may require written development agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

- 3. Encourage Private Sector Activities and Support Rehabilitation and New Development.** Through the creation and support of public-private partnerships, or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.
- 4. Assist Existing Businesses and Property Owners.** The City may provide assistance to support existing businesses and property owners in the RPA. This may include financial and other assistance for building rehabilitation, facade improvements, leasehold improvements, and new construction of private facilities such as plazas and other pedestrian amenities.

Proposed Future Land Use

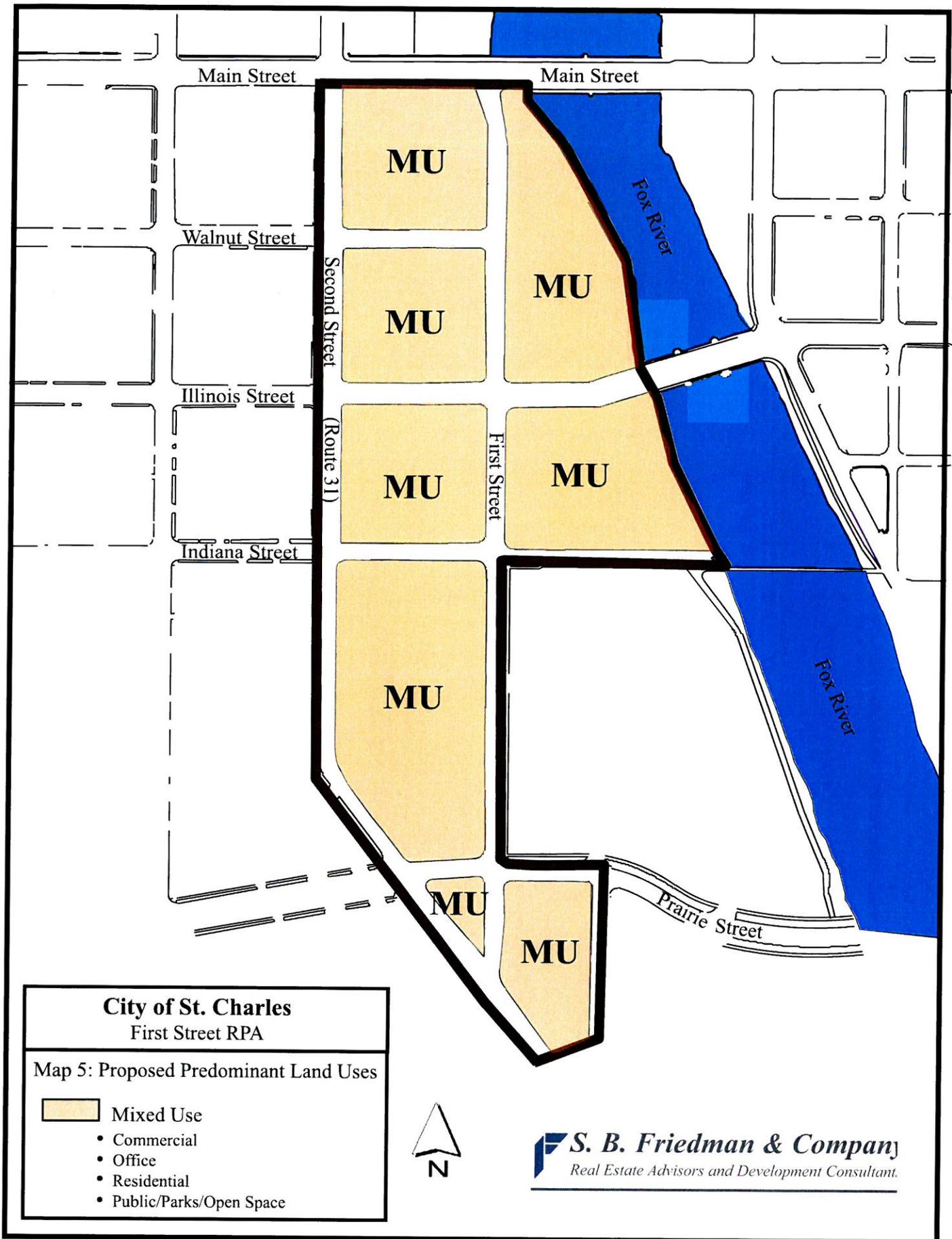
The proposed future land use of the RPA reflects the objectives of the Redevelopment Plan, which works to provide direction for the marketing of vacant and under-utilized sites in the RPA for redevelopment activities, to support the improvement of the RPA as an active mixed-use downtown gateway corridor, and to support other improvements such as public infrastructure and open space that serve the redevelopment interests of the local community and the City. The proposed objectives are compatible with the City's Comprehensive Plan and the *Downtown St. Charles Strategy Plan, 2000* for the future improvement and redevelopment of the First Street corridor prepared by the Downtown Professionals Network.

These proposed predominant land uses are detailed on Map 5. As noted on Map 5, the uses listed are to be predominant future uses for the area indicated, and are not exclusive of any other uses.

Housing Impact and Related Matters

As set forth in the Act, if the redevelopment plan for the 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 in the redevelopment project plan.

The project area contains an estimated nine (9) residential units, of which seven (7) are occupied residential units, therefore a Housing Impact Study is not required by the Act. If occupied residential units whose inhabitants are to be removed as a result of this Plan happen to be households of low- or very low-income then, as set forth in the Act, this Plan shall provide, with respect to inhabited housing units that are to be removed for households of low-income and very low-income persons, affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations under that Act, including the eligibility criteria. For the purposes of this Plan, pursuant to the Act, "low-income households," "very low-income households," and "affordable housing" have the meanings set forth in the Illinois Affordable Housing Act. The municipality shall make a good faith effort to ensure that this affordable housing is located in or near the redevelopment project area within the municipality.



City of St. Charles
First Street RPA

Map 5: Proposed Predominant Land Uses

- Mixed Use
 - Commercial
 - Office
 - Residential
 - Public/Parks/Open Space



S. B. Friedman & Company
 Real Estate Advisors and Development Consultant.

5. Financial Plan

Eligible 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 plan pursuant to the Act. The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including, but not limited to, tax increment financing, and by undertaking certain activities and incurring certain costs. Some of the costs listed below are eligible costs under the Act pursuant to an amendment to the Act that became effective November 1, 1999. Such eligible costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans and specifications, implementation and administration of the Redevelopment Plan, including but not limited to, staff and professional service costs for architectural engineering, legal, marketing sites within the area to prospective businesses, developers, and investors, financial, planning or other services, related hard and soft costs, and other related expenses; provided however, that no such charges for professional services may be based on a percentage of the tax increment collected;
2. 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, and clearing and grading of land, 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;
3. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings or fixtures and leasehold improvements;
4. Costs of the construction of public works or improvements consistent with the Act, including 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 job training and retraining projects including the costs of welfare to work programs implemented by businesses located within the redevelopment project area;
6. 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 and interest accruing during a construction period;
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project

- necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and project, to the extent the municipality by written agreement accepts and approves such costs;
8. An elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
 9. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law, or under the Act;
 10. Payment in lieu of taxes;
 11. Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and taxing district(s), which agreement describes the program to be undertaken, including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by the community college district of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public and Community College Act as cited in the Act and by the school districts of cost pursuant to Section 10-22.20a and 10-23.3a of the School Code as cited in the Act.
 12. Interest costs incurred by a developer 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 (1) year may not exceed thirty percent (30%) of the annual interest costs incurred by the redeveloper 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 paragraph (12) then the amount 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 plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act; and

- e. The percentage increases from thirty percent (30%) to seventy-five percent (75%) for the interest cost incurred by a redeveloper 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.
 - f. Instead of the interest costs described above in paragraphs 12b. and 12d., a municipality may pay from tax incremental revenues up to 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;
13. Unless explicitly stated in the Act and as provided for in relation to low- and very low-income housing units, the cost of construction of new privately owned buildings shall not be an eligible redevelopment project cost.

Estimated Redevelopment Project Costs

The estimated eligible costs of this Redevelopment Plan are shown in Table 2. The total eligible cost 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. Within this limit, adjustments may be made in line items without amendment to this Redevelopment Plan. Additional funding in the form of State and Federal grants, private developers contributions and other outside sources may be pursued by the City as a means of financing improvements and facilities which are of benefit to the general community.

Table 2: Estimated TIF Eligible Costs	
Project/Improvements	Estimated Project Costs*
Professional Services	\$250,000
Property Assembly: including site preparation and environmental remediation	\$5,500,000
Rehabilitation Costs (Commercial and Residential)	\$500,000
Eligible Construction Costs	\$100,000
Relocation	\$100,000
Public Works or Improvements (1)	\$8,000,000

Job Training	\$100,000
Interest Costs	\$100,000
TOTAL REDEVELOPMENT COSTS (2)	\$14,650,000

* Exclusive of capitalized interest, issuance costs, and other financing costs

(1) This category also may include the reimbursement of capital costs of taxing districts including schools resulting from the redevelopment project necessarily incurred in the furtherance of the objectives of the Redevelopment Project Area Plan and Project to the extent the City by written agreement accepts and approves such costs.

(2) All costs are in 2001 dollars and may be increased by the rate of inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, 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 Project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations, including interest costs.

Adjustments to the estimated line item costs in Table 2 are expected and may be made by the City without amendment to the Plan. 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 totals of line items set forth above are not intended to place a limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs as a result of changed redevelopment costs and needs.

In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Board to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/1-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as eligible costs under the Redevelopment Plan. In the event of such amendment(s), the City may add any new eligible redevelopment project costs as a line item in Table 2, or otherwise adjust the line items in Table 2 without amendment to this Redevelopment Plan. In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

Phasing and Scheduling of the Redevelopment

Certain projects within the RPA shall be governed by the terms of written redevelopment agreements entered into between a designated developer and the City. Other projects will consist of City reimbursements of the specified eligible redevelopment costs of applicants who qualify under various programs developed by the City and approved by the City Board.

Where tax increment funds are used to pay eligible redevelopment project costs, to the extent funds are available for such purposes, expenditures by the City shall be coordinated to coincide on a reasonable basis with the actual redevelopment expenditures of the developer(s). The Redevelopment Plan shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31st of the year in which the payment to the City Treasurer

as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third year calendar year following the year in which the ordinance approving this redevelopment project area is adopted (by December 31, 2026, if the ordinances establishing the RPA are adopted in 2002).

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 which are paid from the funds of the City other than incremental taxes, and the City may then 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 equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the redevelopment project area over and above the certified initial equalized assessed value of each such property. Without the use of such incremental revenues, the redevelopment project area is not likely to redevelop.

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 from time to time may deem appropriate.

The First Street RPA is contiguous to the Hotel Baker RPA and may, in the future, be contiguous to, or be separated only by a public right-of-way from, other redevelopment areas created under the Act. The City may utilize net incremental property tax revenues received from the First Street 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 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 RPA, shall not at any time exceed the total Redevelopment Project Costs described in Table 2 (Estimated TIF Eligible Costs) of this Redevelopment Plan.

The First Street RPA may become contiguous to, or separated only by a public right-of-way from, other redevelopment project areas created under the Illinois Industrial Jobs Recovery Law, (65 ILCS 5/11-74.61-1 et. seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the RPA, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Plan that net revenues from the RPA be made available to support any such redevelopment project areas, and vice versa. The City, therefore,

proposes to utilize net incremental revenues received from the RPA to pay eligible redevelopment projects costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred or loaned between the RPA and such areas. The amount of revenue from the RPA so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the RPA or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 2 of this Redevelopment Plan.

If necessary, the redevelopment plans for other contiguous redevelopment project areas that may be or already have been created under the Act may be drafted or amended as applicable to add appropriate and parallel language to allow for sharing of revenues between such districts.

Issuance of Obligations

To finance project costs, the City may issue bonds or obligations secured by the anticipated tax increment revenue generated within the 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 time frame described under “Phasing and Scheduling of the Redevelopment” above. Also, the final maturity date of any such obligations which 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, bond sinking funds, and redevelopment project costs. To the extent that real property tax increment is not required for such purposes or otherwise required, pledged, earmarked, or otherwise designated for anticipated redevelopment costs, revenues shall be declared surplus and become available for distribution annually to area taxing districts in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The purpose of identifying the most recent equalized assessed valuation (“EAV”) of the RPA is to provide an estimate of the initial EAV which the Kane County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the RPA. The 2000 EAV of all taxable parcels in the RPA is approximately \$4,309,765. The total EAV is subject to

verification by the Kane County Clerk. 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 Redevelopment Project Area will be calculated by Kane County. The total EAV amounts by PIN for the RPA are summarized in Appendix 3.

Anticipated Equalized Assessed Valuation

By 2025, the EAV for the RPA will be approximately \$24,000,000. This estimate is based on several key assumptions, including: (1) an inflation factor of 2.5% per year on the EAV of all properties within the RPA, and (2) an equalization factor of 1.000.

6. Required Findings and Tests

Lack of Growth and Private Investment

The City is required under the Act to evaluate whether or not the RPA has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a tax increment financing district.

New investment that occurred in the study area in the past five years mostly consists of renovations to three buildings. A significant amount of the renovation that has occurred has been undertaken with public assistance through the City's facade treatment program. Taken as a whole, the study area has not been subject to widespread growth and development through investment by private enterprise.

The study area is located entirely within St. Charles Township. From 1995 through 2000 (the last year for which data is available), the growth of equalized assessed valuation ("EAV," which is the value of property from which property taxes are based) in the study area has increased at a rate less than that of the City as a whole. The compound annual growth rate of EAV for the study area was **26%** less than that of the City as a whole between 1995 and 2000.

As another method to examine the scope of new investment in the study area, *S. B. Friedman & Company* examined building permit data provided by the City of St. Charles Building Department. Specifically, we examined building permit data for the period from 1996 through 2000 which revealed that 25 permits were issued within the study area totaling approximately \$916,341, with no permits issued for new construction, and three permits issued for demolition. However, almost 70% of the total value of these permits was due to the remodeling of only two of the 36 buildings in the study area. Excluding these two buildings the total value of permits issued over the five-year period was only \$281,341. On average over our five-year study period, privately initiated permits amounted to approximately \$183,268 per year of total private investment, or less than 2% of the total St. Charles Township Assessor's estimate of market value of all property within the study area. At this rate, it would take the private market a substantial amount of time to replace the current Assessor's market value of the study area.

The impact on surrounding properties of the property investment on which building permits were issued has been isolated and minimal. These investments and existing property improvements have not stimulated widespread new private investment in the study area as a whole. Public investment through the City's facade improvement program (a 50% matching program) totaled approximately \$200,000 (or about 20% the total value of building permits issued). Several buildings in the RPA have remained vacant for over a year.

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

But for...

The City is required to find that, but for the designation of the TIF district and the use of tax increment financing, it is unlikely that significant investment will occur in the RPA.

Without the support of public resources, the redevelopment objectives for the study area would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the study area as a mixed-use commercial district are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs. Public resources to assist with site preparation, environmental remediation, and public infrastructure improvements are needed to leverage private investment and facilitate area-wide redevelopment consistent with the City's Comprehensive Plan. TIF funds can be used to fund site assembly and preparation, environmental remediation, infrastructure improvements, and building rehabilitation. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur without TIF designation for the RPA.

Finding: But for the adoption of this Redevelopment Plan, critical resources will be lacking that would otherwise support the redevelopment of the RPA and the RPA would not reasonably be anticipated to be developed.

Conformance to the Plans of the City

The RPA and Redevelopment Plan must conform to the comprehensive plan for the City, conform to the strategic economic development plans, or include land uses that have been approved by the City Council.

Dates of Completion

The dates of completion of the project and retirement of obligations are described under "Phasing and Scheduling of the Redevelopment" in Section 5 above.

Financial Impact of the Redevelopment Project

As explained above, without the adoption of this Redevelopment Plan and tax increment financing, the RPA is not expected to be redeveloped by private enterprise. Additionally, there is a genuine threat that blighting conditions will continue to exist and spread, and that the entire area will become a less attractive place to maintain and improve existing buildings and sites. The decline of property values within the RPA also may lead to a decline of property values in surrounding areas and could lead to a reduction of real estate tax revenue to all taxing districts.

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 staged gradually over the life of the RPA. If a redevelopment project is successful, various new projects will be undertaken that will assist in alleviating blighting conditions, creating new jobs, and promoting rehabilitation and development in the RPA.

This Redevelopment Plan is expected to have short- and long-term financial impacts on the affected taxing districts. During the period when tax increment financing 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 by the City) may be used to pay eligible redevelopment project costs for the RPA. At the time when the RPA is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the RPA will be distributed to all taxing district levying taxes against property located in the RPA. These revenues will then be available for use by the affected taxing districts.

Demand on Taxing District Services and Program 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.

The City intends to monitor development in the area and with the cooperation of the affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

Given the preliminary nature of the 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. The following major taxing districts and associated pension funds, presently levy taxes on properties within the RPA:

- Kane County
- Kane County Forest Preserve
- St. Charles Township
- St. Charles Township Road District
- St. Charles Cemetery
- St. Charles Library
- City of St. Charles
- St. Charles Park District
- St. Charles School District 303
- Elgin Community College
- St. Charles Special Service Area 1A
- St. Charles Special Service Area 1B

The tax incremental revenues derived from the two Special Service Areas which overlap parts of the RPA may be used within the RPA for the purposes permitted by the Special Service Area Tax Act or Law as well as the purposes permitted under the Tax Increment Allocation Redevelopment Act.

Replacement of vacant and under-utilized buildings and sites with active and more intensive uses may result in additional demands on services and facilities provided by the districts. At this time

no special programs are proposed for these taxing districts. Should demand increase, the City will work with the affected taxing districts to determine what, if any, program is necessary to provide adequate services.

7. Provisions for Amending Action Plan

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

Major changes to this redevelopment that take effect after the original public hearing can occur if the City gives notice, convenes a joint review board, and conducts a public hearing as provided by the Act. Minor changes which do not

- Add additional parcels of property to the RPA;
- Substantially affect the general land uses proposed in the redevelopment plan;
- Substantially change the nature of or extend the life of the RPA; or
- Increase the number of low or very low income buildings displaced from the RPA;

can be made provided that the City gives notice to the affected taxing bodies, to the persons listed on the interested party registry, and publishes the changes to a newspaper in general circulation as provided in the Act.

8. Commitment to Fair Employment Practices and Affirmative Action Plan

The City of St. Charles is an equal opportunity employer. As part of this Redevelopment Project and Plan the City will work with any developers who assist in the redevelopment of the RPA to implement an effective affirmative action program that conforms to City policies and practices.

This program will ensure equal opportunity for all personnel regardless of race, color, religion, sex, age, marital status, handicapped status, nation of origin, sexual preference, creed, or ancestry. All entities involved are responsible for conformance to the policy that is put in place.

***Appendix 1:
Boundary and Legal Description***

That part of the Northwest Quarter and the Southwest Quarter of Section 27, Township 40 North, Range 8 East of the Third Principal Meridian in the City of St. Charles, Kane County, Illinois, described as follows:

Beginning at the northeast corner of Block 44 in the Original Town of St. Charles, said point also being the intersection of the south right-of-way line of Main Street (Illinois Route 64) and the westerly right-of-way line of 2nd Street (Illinois Route 31); thence easterly along said southerly right-of-way line to the west bank of the Fox River; thence southerly along said west bank to the southerly right-of-way line of Indiana Street; thence westerly along said southerly right-of-way line to the easterly right-of-way line of 1st Street; thence southerly along the easterly right-of-way line of 1st Street to the northerly right-of-way line of Prairie Street; thence easterly along said northerly right-of-way line of Prairie Street to the northerly extension of the west line of Lot 5 in the Piano Factory of St. Charles Subdivision; thence southerly along the west line of said Lot 5 and the northerly extension thereof to the most southerly corner of said Lot 5; thence southwesterly along the extension of the southeasterly line of said Lot 5 to the westerly right-of-way line of 2nd Street (Illinois Route 31); thence northerly along said westerly right-of-way line of 2nd Street to the Point of Beginning.

***Appendix 2:
Eligibility Factors By Block Table***

Qualifying Eligibility Factors by Block

Tax Parcel Block Number*		Age	Deterioration	Obsolescence	Deteterious Land Use or Layout	Lack of Growth in EAV**
1	09 - 27 - 377	x			x	x
2	09 - 27 - 378	x			x	x
3	09 - 34 - 126	x	x	x	x	x
4	09 - 34 - 127	x				x
5	09 - 34 - 128	x	x	x	x	x
6	09 - 34 - 129	x	x			x
7	09 - 34 - 132	x	x	x	x	x
8	09 - 34 - 176	x	x	x	x	x
9	09 - 34 - 177	x	x	x	x	x
Totals		9 100%	6 67%	5 56%	7 78%	9 100%

* The blocks are depicted on Map 4

** Area-wide factor

Note: Percentages shown refer to the percentage of blocks in the RPA that exhibit the factor to a meaningful extent. Not all factors were able to be evaluated in the field or researched adequately to demonstrate their presence. This does not mean that other factors do not exist in the study area.

***Appendix 3:
Summary of EAV by PIN***

EAV By PIN

	Study Area PINs	2000 EAV	1999 EAV	1998 EAV	1997 EAV	1996 EAV	1995 EAV
1	09 - 27 - 377 - 002	\$ 195,955	\$ 175,939	\$ 200,872	\$ 187,801	\$ 150,965	\$ 147,752
2	09 - 27 - 377 - 004	\$ 59,253	\$ 61,552	\$ 42,466	\$ 43,931	\$ 42,466	\$ 41,561
3	09 - 27 - 377 - 005	\$ 61,917	\$ 64,076	\$ 50,304	\$ 52,040	\$ 50,304	\$ 49,234
4	09 - 27 - 377 - 006	\$ 60,642	\$ 57,471	\$ 22,155	\$ 22,918	\$ 22,155	\$ 21,683
5	09 - 27 - 377 - 007	\$ 108,141	\$ 58,944	\$ 28,112	\$ 29,082	\$ 28,112	\$ 27,513
6	09 - 27 - 377 - 009	\$ 37,853	\$ 35,875	\$ 34,604	\$ 35,798	\$ 34,604	\$ 33,867
7	09 - 27 - 377 - 010			\$ -	\$ -	\$ -	\$ -
8	09 - 27 - 377 - 011			\$ 9,239	\$ 9,558	\$ 9,239	\$ 9,041
9	09 - 27 - 377 - 012	\$ 179,566	\$ 171,835	\$ 137,463	\$ 142,205	\$ 137,463	\$ 136,007
10	09 - 27 - 377 - 014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	09 - 27 - 377 - 015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	09 - 27 - 377 - 016	\$ 48,169	\$ 45,651	\$ 44,252	\$ 45,779	\$ 44,252	\$ 30,518
13	09 - 27 - 377 - 017	\$ 174,882	\$ 165,738	\$ 87,678	\$ 90,702	\$ 87,678	\$ 85,812
14	09 - 27 - 377 - 018	\$ 30,554	\$ 48,630	\$ 49,380	\$ 51,083	\$ 49,380	\$ 48,329
15	09 - 27 - 377 - 019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	09 - 27 - 377 - 020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	09 - 27 - 377 - 021	\$ -	\$ -				
18	09 - 27 - 377 - 022	\$ 17,728	\$ 14,701				
19	09 - 27 - 378 - 001	\$ 100,143	\$ 94,907	\$ 97,274	\$ 102,350	\$ 97,274	\$ 94,184
20	09 - 27 - 378 - 002	\$ 68,685	\$ 65,094	\$ 50,495	\$ 52,236	\$ 50,495	\$ 49,420
21	09 - 27 - 378 - 003	\$ 102,114	\$ 96,785	\$ 85,144	\$ 88,081	\$ 85,144	\$ 83,332
22	09 - 34 - 126 - 002	\$ 60,324	\$ 60,488	\$ 72,544	\$ 73,109	\$ 68,112	\$ 65,980
23	09 - 34 - 126 - 005	\$ 46,773	\$ 44,328	\$ 28,921	\$ 29,918	\$ 28,921	\$ 28,306
24	09 - 34 - 126 - 006	\$ 49,414	\$ 46,831	\$ 28,921	\$ 29,918	\$ 28,921	\$ 28,306
25	09 - 34 - 126 - 007	\$ 39,504	\$ 37,439	\$ 20,091	\$ 20,784	\$ 20,091	\$ 19,663
26	09 - 34 - 126 - 011	\$ 125,507	\$ 125,360	\$ 69,548	\$ 71,947	\$ 69,548	\$ 68,068
27	09 - 34 - 126 - 012	\$ 144,830	\$ 137,258	\$ 105,058	\$ 108,681	\$ 105,058	\$ 102,822
28	09 - 34 - 126 - 013	\$ 27,262	\$ 25,839	\$ 23,641	\$ 24,457	\$ 23,641	\$ 23,138
29	09 - 34 - 126 - 014	\$ 25,966	\$ 24,611	\$ 31,786	\$ 32,882	\$ 31,786	\$ 31,110
30	09 - 34 - 126 - 015	\$ 38,947	\$ 36,915	\$ 38,224	\$ 39,543	\$ 38,224	\$ 37,410
31	09 - 34 - 126 - 016	\$ 18,176	\$ 17,228	\$ 21,598	\$ 22,343	\$ 21,598	\$ 21,138
32	09 - 34 - 126 - 017	\$ 19,355	\$ 18,344	\$ 19,944	\$ 20,632	\$ 19,944	\$ 19,519
33	09 - 34 - 127 - 001	\$ 460,873	\$ 436,778	\$ 483,072	\$ 499,735	\$ 464,331	\$ 448,918
34	09 - 34 - 128 - 001	\$ 128,047	\$ 121,352	\$ 82,880	\$ 77,390	\$ 73,552	\$ 71,216
35	09 - 34 - 128 - 002	\$ 24,631	\$ 23,344	\$ 23,616	\$ 12,959	\$ 12,527	\$ 12,260

	Study Area PINs	2000 EAV	1999 EAV	1998 EAV	1997 EAV	1996 EAV	1995 EAV
36	09 - 34 - 128 - 004	\$ 16,594	\$ 15,726	\$ 15,908	\$ 8,732	\$ 8,441	\$ 8,262
37	09 - 34 - 128 - 005	\$ 26,871	\$ 25,466	\$ 17,855	\$ 18,472	\$ 17,855	\$ 17,475
38	09 - 34 - 128 - 006	\$ 65,789	\$ 62,349	\$ 62,802	\$ 64,968	\$ 62,802	\$ 61,465
39	09 - 34 - 128 - 007	\$ 73,356	\$ 69,521	\$ 68,927	\$ 71,305	\$ 68,927	\$ 56,766
40	09 - 34 - 128 - 008	\$ 22,160	\$ 21,002	\$ 21,979	\$ 22,737	\$ 21,979	\$ 21,511
41	09 - 34 - 129 - 001	\$ 70,636	\$ 66,950	\$ 482,845	\$ 499,499	\$ 436,250	\$ 426,964
42	09 - 34 - 129 - 002	\$ 160,286	\$ 151,905	\$ 132,012	\$ 136,565	\$ 132,012	\$ 129,202
43	09 - 34 - 129 - 003	\$ 73,091	\$ 69,269	\$ 40,042	\$ 41,423	\$ 40,042	\$ 39,190
44	09 - 34 - 129 - 004	\$ 446,031	\$ 422,754				
45	09 - 34 - 132 - 001	\$ 62,845	\$ 59,565	\$ 48,260	\$ 54,344	\$ 52,532	\$ 51,414
46	09 - 34 - 132 - 002	\$ 52,864	\$ 37,033	\$ 24,528	\$ 25,374	\$ 24,528	\$ 24,005
47	09 - 34 - 132 - 003	\$ 50,207	\$ 50,899	\$ 53,109	\$ 53,501	\$ 49,884	\$ 47,431
48	09 - 34 - 132 - 004	\$ 47,151	\$ 48,004	\$ 50,184	\$ 50,648	\$ 47,320	\$ 44,585
49	09 - 34 - 132 - 005	\$ 46,151	\$ 40,832	\$ 44,923	\$ 46,014	\$ 43,333	\$ 37,191
50	09 - 34 - 132 - 006	\$ 46,287	\$ 34,053	\$ 40,526	\$ 41,504	\$ 39,129	\$ 38,296
51	09 - 34 - 132 - 007	\$ 38,628	\$ 39,925	\$ 42,305	\$ 43,294	\$ 40,712	\$ 39,845
52	09 - 34 - 132 - 009	\$ 45,094	\$ 45,152	\$ 56,490	\$ 57,456	\$ 56,490	\$ 55,886
53	09 - 34 - 132 - 010	\$ 23,742	\$ 22,501	\$ 27,042	\$ 27,504	\$ 27,042	\$ 26,753
54	09 - 34 - 132 - 011	\$ 59,734	\$ 56,610	\$ 63,445	\$ 64,530	\$ 63,445	\$ 62,766
55	09 - 34 - 132 - 012	\$ 95,260	\$ 81,793	\$ 95,260	\$ 96,889	\$ 95,260	\$ 94,241
56	09 - 34 - 132 - 013	\$ 191,770	\$ 164,770	\$ 128,887	\$ 133,333	\$ 127,508	\$ 126,144
57	09 - 34 - 176 - 001	\$ 25,789	\$ 24,441	\$ 21,898	\$ 22,653	\$ 21,898	\$ 21,432
58	09 - 34 - 177 - 001	\$ 47,916	\$ 45,410	\$ 49,250	\$ 50,949	\$ 49,250	\$ 48,202
59	09 - 34 - 177 - 002	\$ 64,126	\$ 60,773	\$ 56,454	\$ 67,912	\$ 49,911	\$ 48,849
60	09 - 34 - 177 - 007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	09 - 34 - 177 - 010	\$ 2,176	\$ 2,062	\$ 13,538	\$ 14,004	\$ 13,538	\$ 13,250
62	09 - 34 - 177 - 014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTALS:		\$ 4,309,765	\$ 4,032,078	\$ 3,647,751	\$ 3,731,467	\$ 3,485,873	\$ 3,377,231
Annual Change		6.89%	10.54%	-2.24%	7.05%	3.22%	N/A
City Total EAV		\$ 883,471,157	\$ 798,697,597	\$ 763,629,907	\$ 728,262,531	\$ 678,828,787	\$ 638,590,256
Balance of:		\$ 879,161,392	\$ 794,665,519	\$ 759,982,156	\$ 724,531,064	\$ 675,342,914	\$ 635,213,025
Annual Change		10.63%	4.56%	4.89%	7.28%	6.32%	N/A

Preliminary Draft
12/16/14

Exhibit B
First Amendment

City of St. Charles, Illinois

Ordinance No. 2006-M-6

**An Ordinance of the City of St. Charles, Kane and
DuPage Counties, Illinois, Approving an Amendment to
the Redevelopment Plan and Project for the First Street
Redevelopment Project Area**

**Adopted by the
City Council
of the
City of St. Charles
January 17, 2006**

**Published in pamphlet form by
authority of the City Council
of the City of St. Charles,
Kane and Du Page Counties,
Illinois, January 20, 2006**

Nancy Garrison
City Clerk



DATE OF PUBLICATION 1/20/06
BY ORDER Pamphlet

REFER TO:
MINUTES 1/17/06
PAGE _____

ORDINANCE NO. 2006-M-6

**AN ORDINANCE OF THE CITY OF ST. CHARLES,
KANE AND DUPAGE COUNTIES, ILLINOIS,
APPROVING AN AMENDMENT TO THE
REDEVELOPMENT PLAN AND PROJECT FOR THE
FIRST STREET REDEVELOPMENT PROJECT AREA**

WHEREAS, pursuant to the Tax Increment Allocation Redevelopment Act, Division 74.4 of the Illinois Municipal Code, as amended (the "Act"), the City of St. Charles, Kane and DuPage Counties, Illinois (the "City"), by ordinance, heretofore approved a redevelopment plan and project (the "Plan and Project") for and has designated a redevelopment project area known as the First Street Redevelopment Project Area (the "Area") and has adopted tax increment allocation financing for the Area; and

WHEREAS, it is desirable and in the best interest of the citizens of the City for the City to adopt an amendment to the Plan and Project in order to amend budget as heretofore approved and to correct a scrivener's error in the legal description contained in the ordinances adopted in connection therewith (the "Amendment"); and

WHEREAS, pursuant to Section 11-74.4-5 of the Act, the Mayor and City Council of the City of St. Charles (the "Corporate Authorities") called a public hearing concerning the Amendment for November 7, 2005; and

WHEREAS, due notice with respect to such hearing was given pursuant to Section 11-74.4-5

of the Act, said notice being given to taxing districts and to the Department of Commerce and Economic Opportunity of the State of Illinois by certified mail on September 20, 2005, by publication on October 25 and 28, 2005, and by certified mail to taxpayers within the Area on October 27, 2005; and

WHEREAS, on September 30, 2005, notice was provided by first-class mail to all residential addresses that, after a good faith effort, the City determined were located within 750 feet of the exterior boundaries of the Area; and

WHEREAS, the City has heretofore convened a joint review board to consider the Amendment as required by and in all respects in compliance with the provisions of the Act; and

WHEREAS, the Plan and Project set forth the factors that caused the Area to qualify as a "conservation area," 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 Area that have caused all or part of the Area to be a "conservation area" as defined in the Act; and

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

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

WHEREAS, the Corporate Authorities have reviewed the Plan and Project and the existing comprehensive plan for development of the City as a whole and determined the Plan and Project

conform to the comprehensive plan of the City; and

WHEREAS, the Corporate Authorities have reviewed the proposed Amendment and have determined that it conforms with the existing comprehensive plan of the City and that it is in the best interests of the City and its residents that the proposed Amendment be approved.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of St. Charles, Kane and DuPage Counties, Illinois, as follows:

Section 1. Findings. That the Corporate Authorities hereby make the following findings:

a. The Area is legally described in Exhibit A attached hereto and incorporated herein as if set out in full by this reference. The general street location for the Area is described in Exhibit B attached hereto and incorporated herein as if set out in full by this reference. The map of the Area is depicted on Exhibit C attached hereto and incorporated herein as if set out in full by this reference.

b. Conditions exist which cause the Area to be subject to designation as a redevelopment project area under the Act and to be classified as a conservation area as defined in the Act.

c. The 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 and Project and the Amendment.

d. The Plan and Project and Amendment conform to the comprehensive plan for the development of the City as a whole.

e. As set forth in the Plan and Project, it is anticipated that construction activities of the Project will be completed within twenty-three (23) years after the designation of the Area and that all obligations incurred to finance redevelopment project costs, if any, as defined in the Plan and Project shall be retired within twenty-three (23) years after the Area is designated.

f. The parcels of real property in the Area are contiguous and only those contiguous parcels of real property and improvements thereon that will be substantially benefited by the Project improvements are included in the Area.

Section 2. Amendment Approved. That the Amendment to the Plan and Project, which was the subject matter of the public hearing held November 7, 2005, is hereby adopted and approved. A copy of the Plan and Project is set forth in Exhibit D attached hereto and incorporated herein as if set out in full by this reference. A copy of the Amendment is set forth in Exhibit E attached hereto and incorporated herein as if set out in full by this reference.

Section 3. Legal Description Incorporated. That the legal description of the Area attached hereto as Exhibit "A" be, and it hereby is, deemed to replace each and every other legal description of the Area heretofore set forth in connection with the approval of the Plan and Project, designation of the Area and adoption of tax increment financing therefor, including, specifically, City of St. Charles Ordinances Numbers 2002-M-13, 2002-M-14, and 2002-M-15 adopted on March 18, 2002.

Section 4. Invalidity of Any Section. That if any section, paragraph, or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions of this Ordinance.

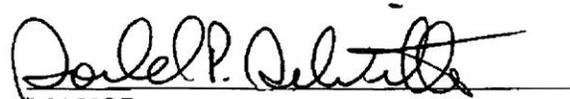
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Section 5. Superseder and Effective Date. All ordinances, resolutions, motions, or orders in conflict herewith shall be, and the same hereby are, repealed to the extent of such conflict, and this Ordinance shall be in full force and effect immediately upon its passage by the Corporate Authorities and approval as provided by law.

PRESENTED to the City Council of the City of St. Charles, Illinois this 17th day of January, 2006.

PASSED by the City Council of the City of St. Charles, Illinois, this 17th day of January, 2006.

APPROVED by the Mayor of the City of St. Charles, Illinois, this 17th day of January, 2006.


MAYOR

ATTEST:

CITY OF

Publicly acknowledged this 17 day of January, 2006

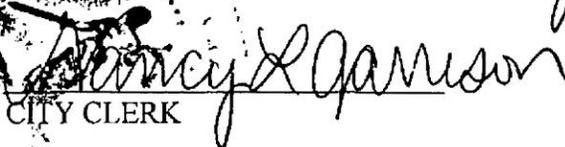

CITY CLERK

EXHIBIT "A"
Legal Description

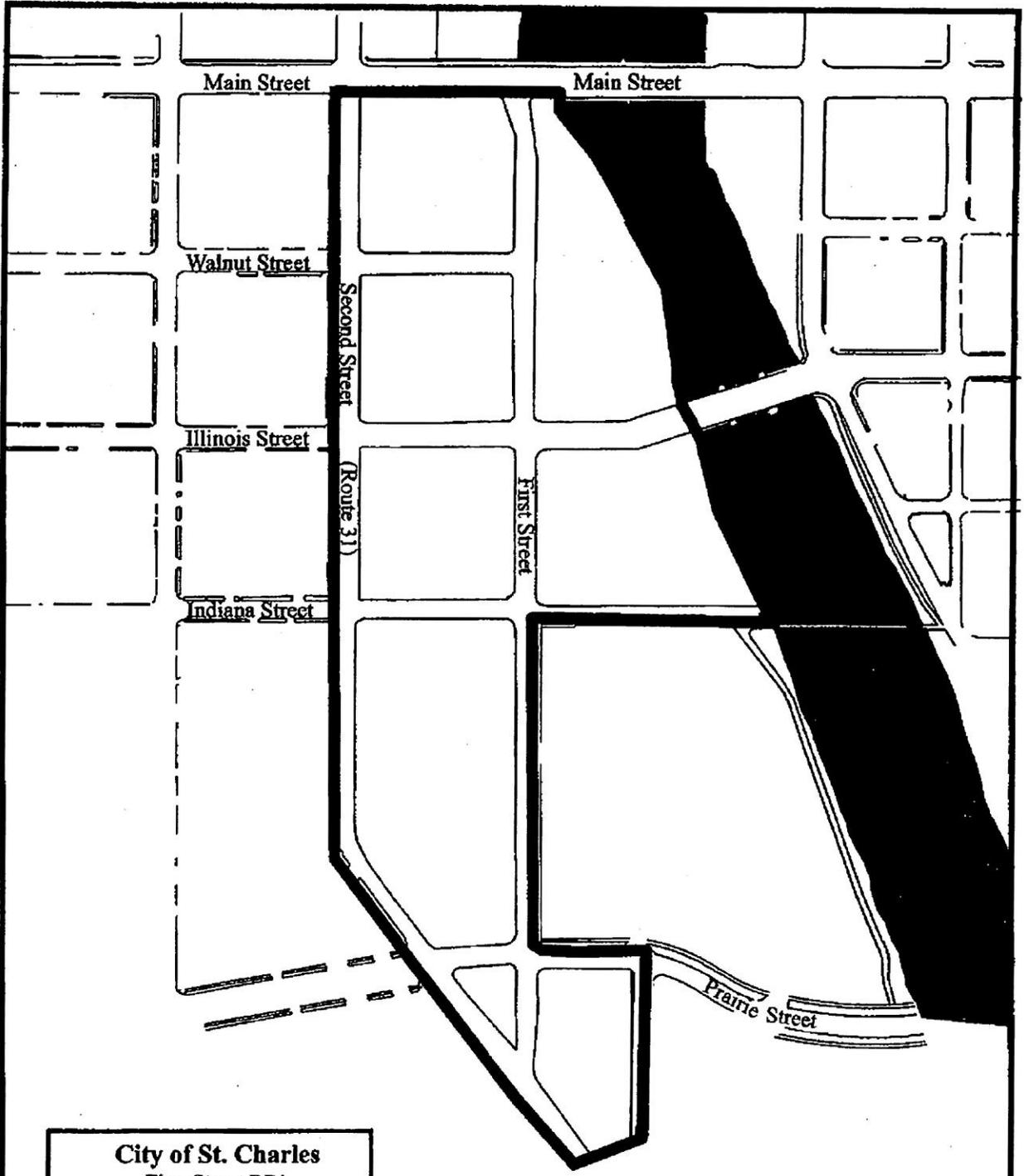
That part of the Northwest Quarter and the Southwest Quarter of Section 27, Township 40 North, Range 8, East of the Third Principal Meridian in the City of St. Charles, Kane County, Illinois, described as follows:

Beginning at the northeast corner of Block 44 in Original Town of St. Charles, said point also being the intersection of the south right-of-way line of Main Street (Illinois Route 64) and the westerly right-of-way line of 2nd Street (Illinois Route 31); thence easterly along said southerly right-of-way line to the west bank of the Fox River; thence southerly along said west bank to the southerly right-of-way line of Indiana Street; thence westerly along said southerly right-of-way line to the easterly right-of-way of 1st Street; thence southerly along the easterly right-of-way line of 1st Street to the northerly right-of-way line of Prairie Street; thence easterly along said northerly right-of-way line of Prairie Street to the northerly extension of the west line of Lot 5 in the Piano Factor of St. Charles Subdivision; thence southerly along the west line of said Lot 5 and the northerly extension thereof to the most southerly corner of said Lot 5; thence southwestery along the extension of the southeasterly line of said Lot 5 to the westerly right-of-way line of 2nd Street (Illinois Route 31); thence northerly along said westerly right-of-way line of 2nd Street to the Point of Beginning.

EXHIBIT "B"
General Street Location

The proposed TIF is generally bounded on the north by Main Street, on the east by the Fox River and First Street, on the south by Mt. St. Mary's Park, and on the west by Second Street, and is within the City of St. Charles, Kane and DuPage Counties, Illinois.

EXHIBIT "C"
Map



City of St. Charles
First Street RPA

Map 2: Boundaries

 TIF District Boundary



S. B. Friedman & Company
Real Estate Advisors and Development Consultants

EXHIBIT "D"
Redevelopment Plan and Project

First Street Redevelopment Project Area
Tax Increment Financing District
Eligibility Study, Redevelopment Plan and Project

City of St. Charles

Date of Adoption:
March 18, 2002

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Appendices

- Appendix 1: Boundary and Legal Description
- Appendix 2: Eligibility Factors By Block Tables
- Appendix 3: Summary of EAV by PIN

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1. Executive Summary

In June 2001, *S. B. Friedman & Company* was engaged by the City of St. Charles (the "City") to conduct a Tax Increment Financing Eligibility Study and prepare a Redevelopment Plan and Project (the "Redevelopment Plan"). This report details the eligibility factors found within the First Street Redevelopment Project Area (the "RPA") Tax Increment Financing ("TIF") District in support of its designation as a "conservation area" 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"). This report also contains the Redevelopment Plan and Project for the First Street RPA.

The First Street RPA is located wholly within St. Charles Township, in downtown St. Charles and contains approximately 22 acres of land. It consists of sixty-two (62) tax parcels with thirty-nine (39) buildings (not including ancillary structures such as garages). One (1) of the sixty-two (62) parcels is vacant and ten (10) are improved as parking lots or rights-of-way.

Determination of Eligibility

This report concludes that the RPA is eligible for TIF designation as a "conservation area" because 50% or more of the structures in the area have an age of 35 years or more and because the following four (4) eligibility factors for improved land have been found to be present to a major extent:

- Deterioration;
- Deleterious Land Use or Layout;
- Obsolescence; and
- Lack of Growth in EAV;

The factors are defined under the Act at 65 ILCS 5/11-74.4-3 (a) and (b). Additionally, three other eligibility factors are present to a minor extent and demonstrate that the RPA is in a state of gradual decline through disinvestment. Left unchecked, these conditions could accelerate the decline of the area and, combined with those factors that have been documented to be present to a major extent, could lead to more widespread and intensive disinvestment. These factors are:

- Excessive Land Coverage;
- Inadequate Utilities; and
- Lack of Community Planning.

Redevelopment Plan Goal, Objectives, and Strategies

The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the RPA as a conservation area; to provide the direction and mechanisms necessary to stimulate the redevelopment of vacant and underutilized parcels; and to establish the RPA as a cohesive and vibrant mixed-use corridor that provides a comprehensive range of commercial and retail uses to the surrounding residential community, while accommodating residential and institutional uses where appropriate. Redevelopment of the RPA will strengthen the economic base and improve the image of the City as a whole. The City's "Priority Survey" of St. Charles residents over the last several years has consistently shown that one of the most important priorities for the City of St. Charles

should be to maintain an attractive and vital downtown.

Rehabilitation and redevelopment of the RPA are to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment.

Objectives. Twelve (12) broad objectives support the overall goal of area-wide revitalization of the RPA. These include:

1. Foster the development of the First Street corridor as an auto- and pedestrian-friendly retail corridor that enhances the overall quality of life of City residents and serves as an appropriate gateway to the downtown district of the City of St. Charles;
2. Provide resources for streetscaping and landscaping to visually link diverse land uses and create a cohesive and integrated identity for a mixed-use First Street corridor that is attractive to pedestrian traffic;
3. Reinforce a downtown identity through such improvements as gateway features, signage, and other public and private improvements;
4. Facilitate the development of new public facilities, parks, and open space in appropriate locations throughout the RPA as needed and in accordance with the Redevelopment Plan, including the creation of a continuous pedestrian loop along the Fox River between Main Street and Prairie Street and the development of pedestrian connections between First Street and the Fox River;
5. Facilitate the provision of adequate on- and off-street parking for visitors, employees, and customers of the RPA;
6. Facilitate the assembly, preparation, and marketing of vacant and underutilized sites for rehabilitation and/or new retail, commercial, institutional, and residential development, and provide for corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
7. Foster the improvement and/or creation of the public infrastructure where needed, including sidewalks, streets, curbs, gutters, underground water and sanitary systems, and stormwater detention of adequate capacity to facilitate the rehabilitation of properties within the RPA as well as the construction of new retail, commercial, residential, and mixed-use development where appropriate;
8. Support the goals and objectives of other overlapping plans, including the *Downtown St. Charles Strategy Plan, 2000* (prepared for the City of St. Charles by the Downtown Professionals Network), and the First Street Business District. Coordinate available federal, state, and local resources to further the goals of this redevelopment plan;

9. Promote a comprehensive development plan that includes a detailed parking and traffic plan that will address potential access/curb-cut consolidation, on-street parking, and the creation of pedestrian links to the Fox River;
10. Strengthen the economic well-being of the RPA and the City of St. Charles by providing resources for rehabilitated and new commercial, residential, and mixed-use development in the RPA, as appropriate;
11. Provide opportunities for women-owned, minority-owned, and locally owned businesses to share in the job and construction opportunities associated with the redevelopment of the RPA; and
12. Support job training programs and increase employment opportunities, including welfare to work programs, for individuals working in area businesses.

Strategies. Redevelopment and rehabilitation of specific sites within the RPA will be supported in order to stimulate private investment and enhance the RPA. Development of vacant and underutilized sites is anticipated to have a positive impact on other properties beyond the individual project sites. These objectives will be implemented through four (4) specific and integrated strategies. These include:

1. **Implement Public Improvements.** A series of public improvements throughout the RPA may be designed and implemented to help define and create an identity for the area and sub-areas, prepare sites for anticipated private investment, and create a more conducive environment for retail, commercial, residential, and institutional development.

Public improvements may include the construction of public parking facilities, streetscaping, new or improved street and sidewalk lighting, new or improved sidewalks and streets, new or improved underground infrastructure, stormwater detention of adequate capacity, the creation of parks, trails, and open space, and other public improvements consistent with the Redevelopment Plan. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation, or restoration of public improvements on one or more parcels.

2. **Facilitate Property Assembly, Demolition, and Site Preparation.** Sites may be acquired and assembled by the City to attract future private investment and development. The consolidated ownership of these sites will make them easier to market to potential developers and will streamline the redevelopment process. In addition, financial assistance may be provided to private developers seeking to acquire land and assemble sites to undertake projects supportive of this Redevelopment Plan.

To meet the goals, policies or objectives of this Redevelopment Plan, the City may acquire and assemble other property throughout the RPA. Land assemblage by the City may be done by purchase, exchange, donation, lease, or eminent domain, and may be for the purposes of

(a) sale, lease, or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. Furthermore, the City may require written development agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

3. **Encourage Private Sector Activities and Support Rehabilitation and New Development.** Through the creation and support of public-private partnerships, or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.
4. **Assist Existing Businesses and Property Owners.** The City may provide assistance to support existing businesses and property owners in the RPA. This may include financial and other assistance for building rehabilitation, facade improvements, leasehold improvements, and new construction of private facilities such as plazas and other pedestrian amenities.

Required Findings

The required conditions for the adoption of a Redevelopment Plan and Project are found to be present within the study area.

First, the City is required to evaluate whether or not the study area has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a tax increment financing district.

New investment that occurred in the study area in the past five years mostly consists of renovations to three buildings: 24 S. Second Street, 111-113 W. Main Street, and 200 S. Second Street. A significant amount of the renovation that has occurred has been undertaken with public assistance through the City's facade treatment program. Taken as a whole, the study area has not been subject to widespread growth and development through investment by private enterprise.

The study area is located entirely within St. Charles Township. From 1995 through 2000 (the last year for which data is available), the growth of equalized assessed valuation ("EAV," which is the value of property from which property taxes are based) in the study area was actually negative as the total taxable value of land has decreased. The compound annual growth rate of EAV for the study area was 5.00% between 1995 and 2000. In comparison, the compound annual growth rate of EAV was 6.72% for the whole of the City of St. Charles over the same period of time.

As another method to examine the scope of new investment in the study area, *S. B. Friedman & Company* examined building permit data provided by the City of St. Charles Building Department. Specifically, we examined building permit data for the period from 1996 through 2000 which

revealed that 25 permits were issued within the study area totaling approximately \$916,341, with no permits issued for new construction, and three permits issued for demolition. However, over 77% of the total value of these permits was due to the remodeling of only three of the 36 buildings in the study area. Excluding these three buildings the total value of permits issued over the five-year period was only \$208,886. On average over our five-year study period, privately initiated permits amounted to approximately \$183,268 per year of total private investment, or less than 2% of the total St. Charles Township Assessor's estimate of market value of all property within the study area. At this rate, it would take the private market a substantial amount of time to replace the current Assessor's market value of the study area.

The impact on surrounding properties of the property investment on which building permits were issued has been isolated and minimal. These investments and existing property improvements have not stimulated widespread new private investment in the study area as a whole. Public investment through the City's facade improvement program (a 50% matching program) totaled approximately \$200,000 (or about 20% the total value of building permits issued). Several buildings in the RPA have remained vacant for over a year.

Second, the City is required to find that, but for the designation of the TIF district and the use of tax increment financing, it is unlikely that significant investment will occur in the study area.

Without the support of public resources, the redevelopment objectives for the study area most likely would not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the study area as a mixed-use commercial district are extensive and costly, and the private market on its own, has shown little ability to absorb all of these costs. Public resources to assist with site preparation, environmental remediation, and public infrastructure improvements are needed to leverage private investment and facilitate area-wide redevelopment consistent with the City's Comprehensive Plan. TIF funds can be used to fund site assembly and preparation, environmental remediation, infrastructure improvements, and building rehabilitation. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

Third, the study area includes only those contiguous parcels of real property that are expected to benefit substantially from the proposed improvements.

Finally, the proposed land uses described in this Redevelopment Plan are consistent with the Comprehensive Plan of the City of St. Charles and the *Downtown St. Charles Strategy Plan*. The redevelopment opportunities identified in earlier area planning initiatives will be supported substantially and their implementation facilitated through the creation of the Redevelopment Plan.

2. Introduction

The Study Area

This document serves as the eligibility study ("Eligibility Study") and Redevelopment Plan and Project for the First Street Redevelopment Project Area. The RPA is located in the southwest quadrant of the City of St. Charles (the "City"), in Kane County (the "County"). In June 2001, *S. B. Friedman & Company* was engaged by the City to conduct a study of certain properties in this area to determine whether the area containing these properties would qualify for status as a "blighted area" and/or "conservation area" under the Act.

The community context of the RPA is detailed on Map 1.

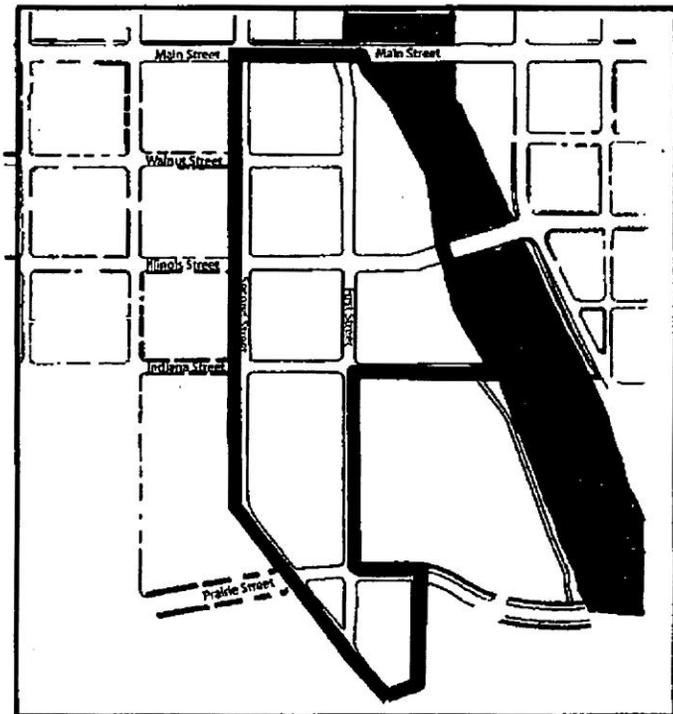
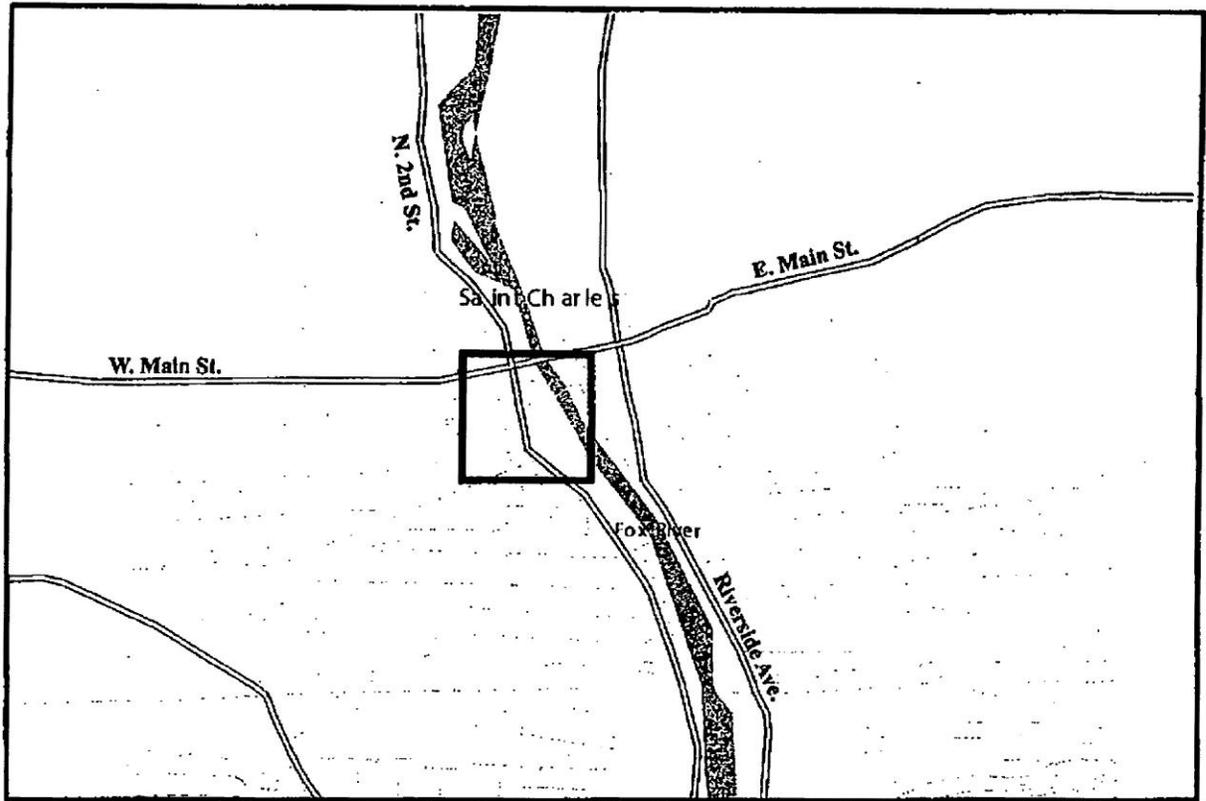
The RPA consists of 62 tax parcels with approximately 39 buildings and contains approximately 22 acres of land. Of the 62 tax parcels, one is vacant. The RPA is generally bounded by Main Street (Route 64) on the north, Second Street (Route 31) on the west, and the Fox River on the east, approximately as far south as Prairie Street (except that the area east of First Street, between Indiana Street and Prairie Street has been excluded).

Map 2 details the boundaries of the RPA including only those contiguous parcels of real property that are expected to benefit substantially from the Redevelopment Plan improvements discussed herein. The boundaries encompass a mixed-use area containing commercial, residential, and public/institutional uses. As a whole, the area suffers from a poor configuration of existing land uses and layouts that has resulted in the under-utilization of property, deteriorated buildings and associated infrastructure, and a lack of growth and investment. Similar observations prompted the identification of First Street as the largest development corridor with the most opportunity for change in the *Downtown St. Charles Strategy Plan, 2000*. Without a comprehensive approach to address these issues, the RPA could continue its decline, thereby discouraging future development opportunities. The redevelopment plan addresses these issues by providing resources for improvements to the area's infrastructure and public facilities and for the assemblage and marketing of vacant land and under-utilized sites. These area-wide improvements will benefit all of the property within the RPA.

Appendix 1 contains the legal description of the RPA.

The Eligibility Study covers events and conditions that exist and that were determined to support the designation of the RPA as a "conservation area" under the Act at the completion of our research on August 31, 2001 and not thereafter. These events or conditions include, without limitation, governmental actions and additional developments.

This Eligibility Study and Redevelopment Plan summarizes the analysis and findings of the consultant's work, which, unless otherwise noted, is solely the responsibility of *S. B. Friedman & Company*. The City is entitled to rely on the findings and conclusions of the Redevelopment Plan in designating the RPA as a redevelopment project area under the Act. *S. B. Friedman & Company* has prepared this Redevelopment Plan with the understanding that the City would rely (1) on the findings and conclusions of the Redevelopment Plan in proceeding with the designation of the RPA

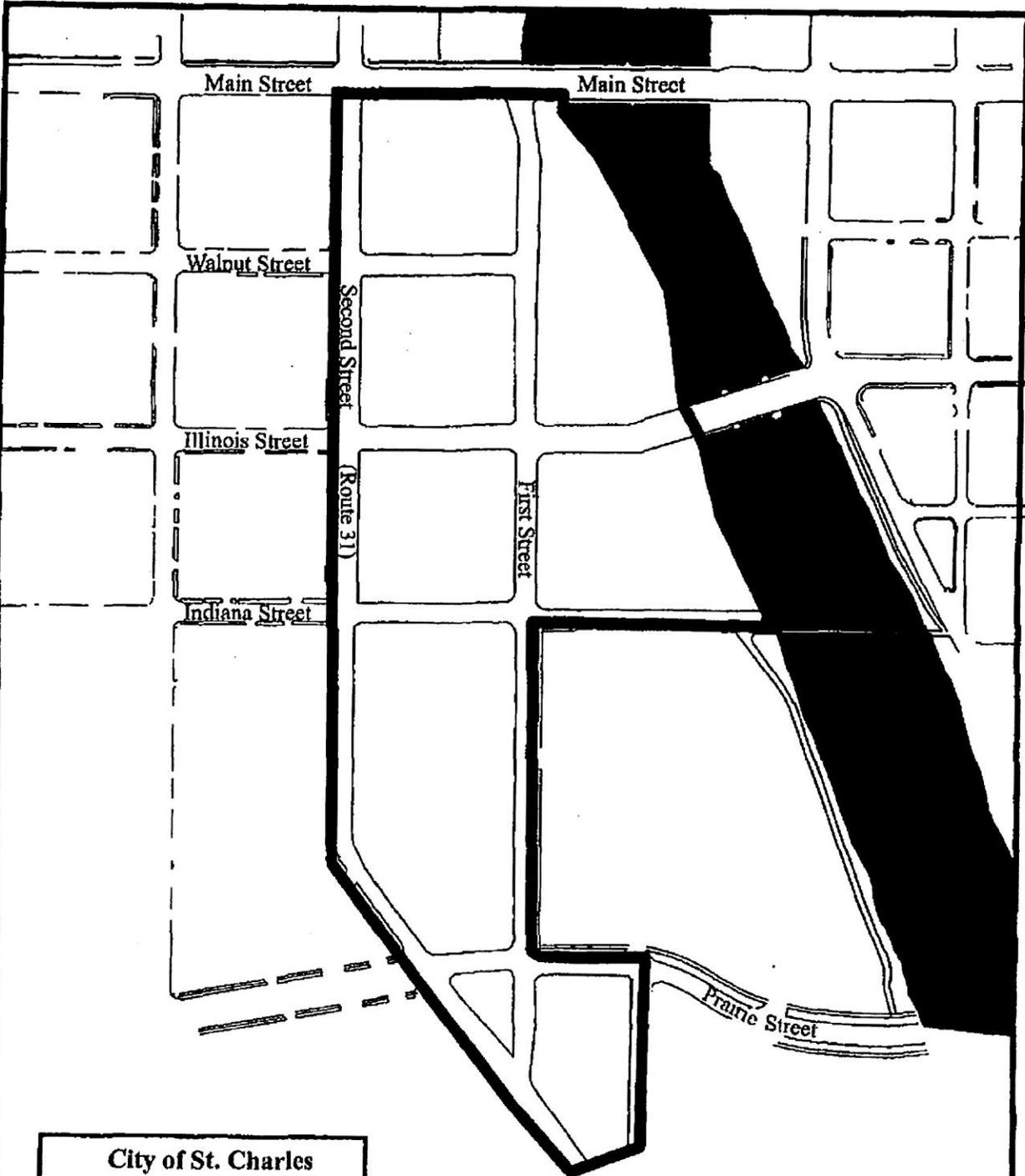


City of St. Charles
First Street RPA

Map 1: Community Context

— TIF District Boundary

S. B. Friedman & Company
Real Estate Advisors and Development Consultants



City of St. Charles
First Street RPA

Map 2: Boundaries

———— TIF District Boundary



S. B. Friedman & Company
Real Estate Advisors and Development Consultants

and the adoption and implementation of the Redevelopment Plan, and (2) on the fact that *S. B. Friedman & Company* has obtained the necessary information including, without limitation, information relating to the equalized assessed value of parcels comprising the RPA, so that the Redevelopment Plan will comply with the Act and so that the RPA can be designated as a redevelopment project area in compliance with the Act.

Existing Land Use

Based upon *S. B. Friedman & Company's* research, four (4) predominant land uses have been identified within the RPA:

- Commercial;
- Residential;
- Vacant Land; and
- Industrial.

Existing predominant land use patterns in the RPA are shown in Map 3. This map represents predominant land use in the area. The predominant land use displayed is not necessarily the only land use present on a given parcel. Some of the parcels within the RPA contain more than one land use.

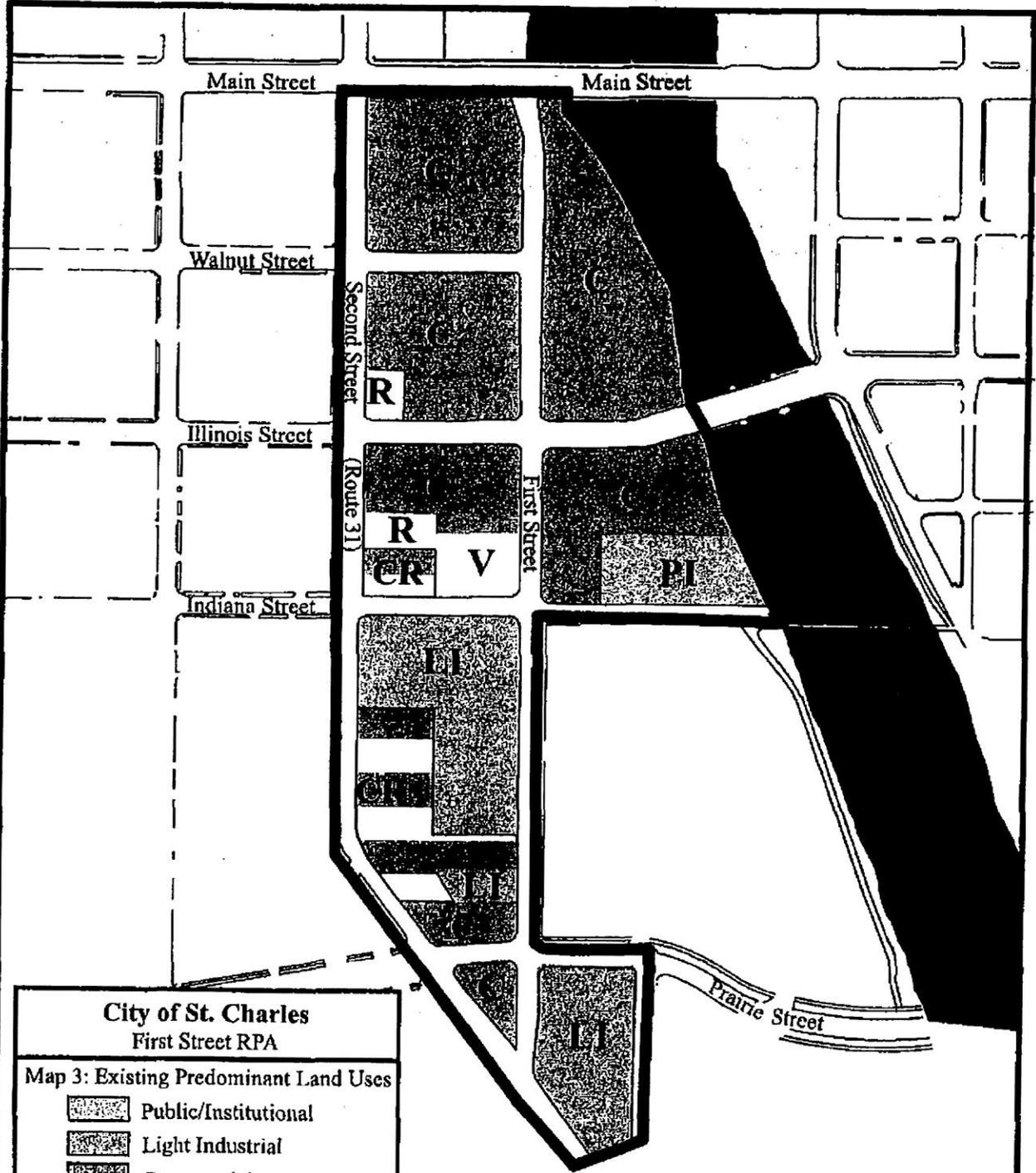
Overall, the RPA consists primarily of a mix of commercial and residential land uses. Commercial uses are concentrated in the north end of the corridor. Residential uses are located mostly along Second Street (Route 31), south of Indiana Street.

Commercial. Commercial and retail uses are found throughout the RPA and do not have adequate parking and provision for loading and service. Commercial uses are interspersed with residential uses south of Indiana Street, and in some cases are part of a single-family residential structure. Obsolescence of several commercial structures has contributed to their long-term vacancy.

Residential. Several single-family residential properties are within the RPA, located mostly along the east side of Second Street, and interspersed with other land uses. Some of these structures also contain commercial uses.

Vacant Land. There is only one parcel of vacant land within the RPA, at the northwest corner of Indiana Street and First Street. The *Downtown St. Charles Strategy Plan, 2000* also identifies the presence of excessive surface lots, and underutilized land in general, throughout the RPA.

Industrial. Several light industrial uses exist within the RPA, located mostly in the southern half of the RPA, especially around the intersection of First Street and Prairie Street. These uses were found to have inadequate buffering from other uses and instances of environmental concern. Most of the property in the RPA south of Indiana Street is zoned as a Limited Manufacturing District (MI), a designation encompassing uses which are often incompatible within the context of the surrounding downtown.



**City of St. Charles
First Street RPA**

Map 3: Existing Predominant Land Uses

-  Public/Institutional
-  Light Industrial
-  Commercial
-  Residential
-  Commercial/Residential
-  Vacant

Note: The land uses displayed are the predominant uses.
Some parcels may contain more than one land use.



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3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Based upon the conditions found within the RPA at the completion of *S. B. Friedman & Company's* research, it has been determined that the RPA meets the eligibility requirements of the Act as a blighted area. The following outlines the provisions of the Act to establish eligibility.

Under the Act, two (2) primary avenues exist to establish eligibility for an area to permit the use of tax increment financing for area 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. "Conservation areas" are those improved areas which are deteriorating and declining and soon may become blighted if the deterioration is not abated.

The statutory provisions of the Act specify how a district can be designated as a "blighted" and/or "conservation area" district based upon an evidentiary finding of certain eligibility factors listed in the Act. These factors are identical for each designation.

According to the Act, "blighted areas" must have a combination of five (5) or more of these eligibility factors acting in concert 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 which are detrimental to the public safety, health, morals, or welfare and which could result in such an area becoming a blighted area.

Factors For Improved Property

The thirteen (13) factors are listed at 65 ILCS 5/11-74.4-3 (a) and (b) and are defined in the Act as follows:

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 under-utilized 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 of the last five 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 of the last five 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 of the last five calendar years prior to the year in which the redevelopment project area is designated.

As explained, "blighted areas" must have a combination of five (5) or more of these eligibility factors and "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.

Factors For Vacant Land

Under the provisions of the "blighted area" section of the Act, if the land is vacant, a combination of two (2) or more of the following six (6) factors also may be identified which combine to impact the sound growth in tax base for the proposed district.

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

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

Tax and Special Assessment Delinquencies. This factor is present when tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property

Tax Code within the last 5 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 Clean-Up. 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 of the proposed redevelopment project area has declined for three of the last five 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 of the last five 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 of the last five calendar years prior to the year in which the redevelopment project area is designated.

Additionally, under the "blighted area" section of the Act, eligibility may be established for those vacant areas that would have qualified as a blighted area immediately prior to becoming vacant. Under this test for establishing eligibility, building records may be reviewed to determine that a combination of five (5) or more of the 13 "blighted area" eligibility factors were present immediately prior to demolition of the area's structures.

The vacant "blighted area" section includes six (6) other tests for establishing eligibility, but none of these are relevant to the conditions within the RPA.

Methodology Overview and Determination of Eligibility

Analysis of eligibility factors was done through research involving an extensive exterior survey of all properties within the RPA, as well as a review of building and property records. Property records include building code violation citations, building permit data, and assessor information. Our survey of the area established that there are thirty-nine (39) buildings within the RPA. In addition, to verify the age for the area buildings, field observations were compared to the recorded age of the buildings in property records obtained from the Township Assessor's office.

The areas located within the RPA are predominantly characterized by commercial structures of varying degrees of deterioration, with some residential and industrial parcels towards the south end of First Street. Our survey of the area established that there are 61 improved parcels and one (1) vacant parcel within the RPA. All properties were examined for qualification factors consistent with either "blighted area" or "conservation area" requirements of the Act. Based upon these criteria, the

properties within the RPA qualify for designation as a TIF Redevelopment Project Area as a "conservation area" as defined by the Act.

To arrive at this designation, *S. B. Friedman & Company* calculated the number of eligibility factors present on a building-by-building or parcel-by-parcel basis and analyzed the distribution of the eligibility factors within the RPA. When appropriate, we calculated the presence of eligibility factors on infrastructure and ancillary properties associated with the structures. The eligibility factors were correlated to buildings using aerial maps, property files created from field observations, and record searches. This information was then graphically plotted on a tax parcel map of the RPA to establish the distribution of eligibility factors, and to determine which factors were present to a major or minor extent.

Major factors are used to establish eligibility. These factors are present to a meaningful extent on a majority of the parcels and reasonably distributed throughout the RPA. Minor factors are supporting factors present to a meaningful extent on some of the parcels or on a scattered basis. Their presence suggests that the area is at risk of experiencing more extensive deterioration and disinvestment.

While it may be concluded under the Act that the mere presence of the minimum number of the stated factors may be sufficient to make a finding as a blighted area, this evaluation was made on the basis that the conservation area factors must be present to an extent that indicates that public intervention is appropriate or necessary. Secondly, the conservation area factors must be reasonably distributed throughout the RPA so that non-qualifying areas are not arbitrarily included in the RPA simply because of proximity to areas that qualify as a conservation area.

Conservation Area Findings

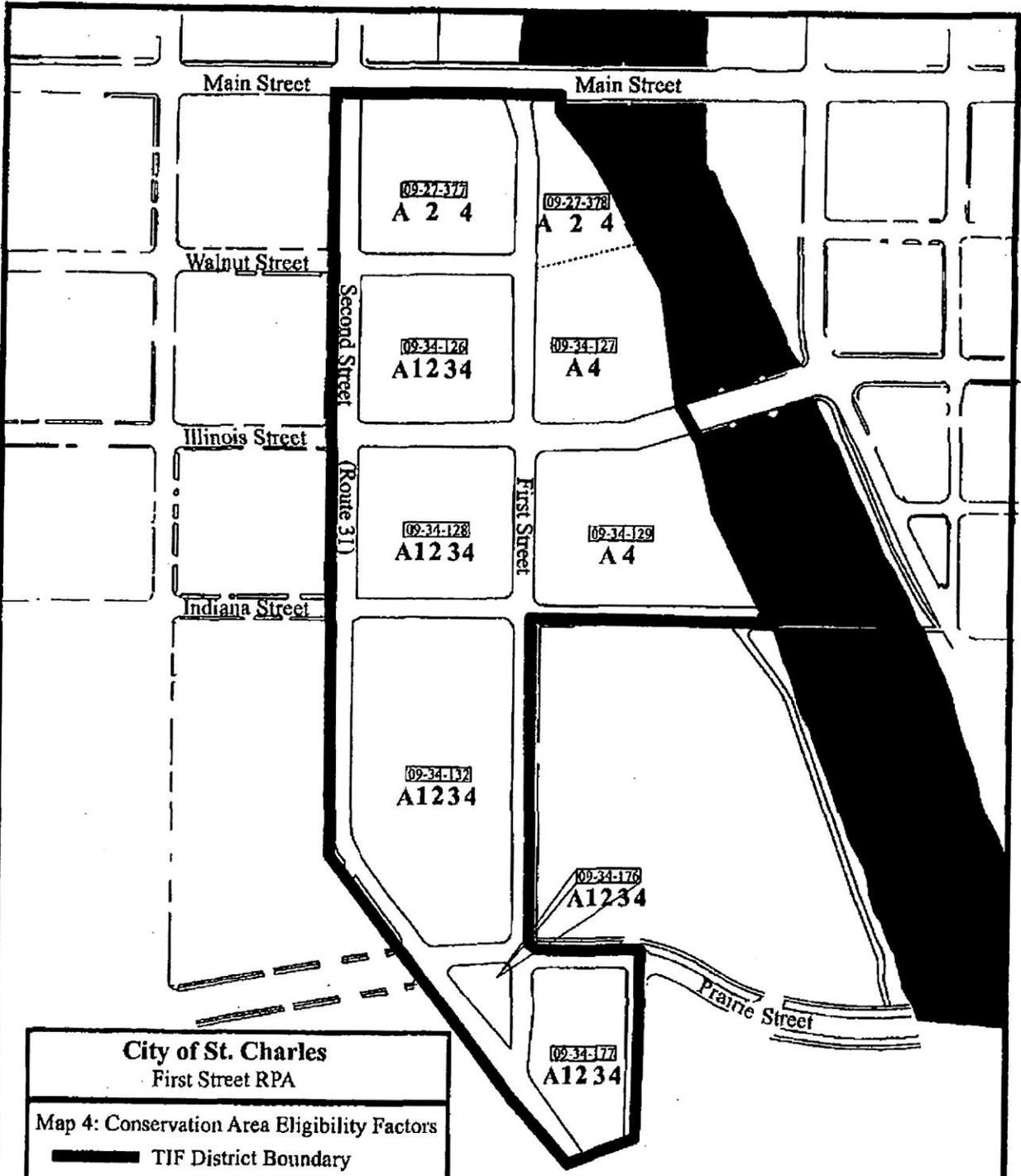
As required by the Act, within a conservation area, at least 50% of the buildings must be 35 years of age and older, and at least three (4) of the thirteen (13) eligibility factors for improved property must be found present to a major extent within the RPA.

Our research has revealed that the following four (4) factors for improved property are present to a major extent:

- Deterioration;
- Deleterious Land Use or Layout;
- Obsolescence; and
- Lack of Growth in EAV.

Based on the presence of these factors, the RPA meets the requirements of a "conservation area" under the Act.

The Eligibility Factors-By-Block Table in Appendix 2 details the eligibility factors by building and by block within the RPA. Map 4 illustrates the distribution of those eligibility factors found to be present to a major extent by depicting for each block the respective factors were found to be present



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A4

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to a meaningful degree. The following sections summarize our field research as it pertains to each of the identified eligibility factors found within the RPA.

MAJOR FACTORS

1. Deterioration

Twelve (12) of the thirty-nine (39) buildings (31%) within the study area demonstrate a significant level of deterioration. Cataloged deterioration included the occurrence of major defects in building components, including collapsed or missing gutters and down spouts, cracked, broken or missing windows, evidence of roof leaks, building foundation problems, and cracked exterior wall surfaces. These are structural conditions not readily correctable through normal maintenance.

In addition, significant deterioration was documented on accessory buildings and ancillary property within the study area. Accessory buildings and ancillary property include garages, surface parking lots, and property enclosed with fencing.

Structural deterioration, coupled with deterioration of ancillary structures and property is indicative of an area that is at risk of becoming blighted without direct intervention.

2. Deleterious Land Use and Layout

Deleterious land use and layout was evaluated on a parcel-by-parcel and an area-wide basis. This factor may be present regardless of whether or not a structure exists on a parcel. Therefore, it was necessary to evaluate deleterious land use and layout in this manner. There are sixty-one (61) improved parcels within the study area. Twenty-four (24) of the improved parcels (39%), directly exhibit deleterious land use or layout, however the configuration of parcels and land uses on some blocks was such that the entire block can be considered to suffer from deleterious land use and layout when evaluated on an, "area-wide" basis.

Instances of deleterious land use or layout include shallow lot depths, insufficient vehicular access, non-conforming land uses and incompatible land use relationships. Deleterious land use or layout exists in several forms throughout the study area and its impact and extent are sufficient to adversely affect the growth and development of the entire study area and also to aggravate traffic patterns and pose special hazards for pedestrians who shop or live in the study area.

Three of the four blocks between Main Street and Illinois Street have irregularly shaped parcels, or poorly configured parcels and in several cases, insufficient setbacks from these roads. Both west and south of this intersection are parcels encompassing a range of different and often incompatible land uses. South of Illinois Street, commercial, light industrial, and residential uses exist side-by-side, and have been developed in an uncoordinated manner. This results in immediate hazards to traffic and pedestrians, the potential obsolescence of some of the properties, and significant obstacles to future development. In several documented instances, the layout of the parcels and the uncoordinated nature of the development has resulted in the obsolescence of parcels which would be very difficult to develop without intervention.

3. Obsolescence

Obsolescence, either functional, economic, or some combination of both, was documented for twelve (12) of the thirty-nine (39) buildings (31%) within the study area. Some of the commercial/light industrial buildings in the study area were designed for uses that have become outmoded. Reconfiguration and rehabilitation of such structures would result in substantial cost to any future user and therefore would render the structure functionally obsolete. This functional obsolescence directly inhibits the redevelopment of these properties due to the enormous practical disadvantages faced by potential new users.

In addition to functional obsolescence, the economic obsolescence of some area properties is demonstrated by the stagnant, or in some cases declining, assessed valuation (other than routine increases attributable to the effect of inflation upon triennial reassessment values), and observations in the field that certain properties are falling into disuse. Economically obsolete buildings and properties have an adverse effect on nearby properties and detract from the physical, functional, and economic vitality of the surrounding community.

4. Lack of Growth in EAV

The total equalized assessed value (EAV) is a measure of the property value in the study area. The Equalized Assessed Value history of all the included tax parcels in the study area was tabulated for the last six years for which information is currently available. A lack of growth in EAV has been found for the study area in that the rate of growth in property values (as measured by EAV) of the study area has been less than that of the balance of the City of St. Charles for four out of the last five years for which information is available (1995 through 2000). The basis for this finding is summarized in Table 1 below. The lack of growth in EAV within the area is one of the strongest indicators that the area as a whole is beginning to fall into decline.

Table 1: Percent Change in Annual Equalized Assessed Valuation (EAV)

	Percent Change in EAV 1995/1996	Percent Change in EAV 1996/1997	Percent Change in EAV 1997/1998	Percent Change in EAV 1998/1999	Percent Change in EAV 1999/2000
TIF Study Area	3.22%	7.05%	-2.24%	10.54%	6.89%
Balance of the City of St. Charles (Kane County portion)	6.40%	7.19%	4.84%	4.07%	10.14%
Balance of the City of St. Charles (Total)	6.32%	7.28%	4.89%	4.56%	10.63%

MINOR SUPPORTING FACTORS

In addition to the factors that previously have been documented as being present to an extent sufficient to qualify the study area, the presence of three additional factors was documented in the study area. These additional factors reinforce the case that the study area is gradually declining through disinvestment. Left unchecked, these conditions could accelerate the continued decline of the study area, and combined with those factors that have been used to qualify the study area as a "conservation area" or "blighted area," could lead to more widespread and intensive commercial and residential disinvestment.

A. Excessive Land Coverage

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Ten (10) of the thirty-nine (39) buildings (25%) within the study area exhibit problem conditions which warrant the finding of this factor to be present. Examples of problem conditions found in the study area which constitute "excessive land coverage" include a lack of reasonably required off-street parking and inadequate provision for loading and service. This factor was found to exist mainly around the intersection of Main Street and First Street. The buildings at this intersection were built in a different context than the present-day standards of development, and do not have adequate provision for loading and service and or reasonably required off-street parking resulting in the over-intensive use of property and exacerbating the problems of traffic and congestion in the general area. Such problems illustrate the adverse impact that excessive land coverage can have on surrounding areas, not just individual properties. These problems limit the opportunities for continued growth and development and have the overall effect of reducing the competitiveness of area businesses. Additionally, the safety of pedestrians may be threatened in this environment.

B. Inadequate Utilities

A review of the City's underground infrastructure in an April 1996 study by Black & Veatch found that inadequate underground utilities affect most of the parcels within the study area south of Indiana Street (approximately 20% of the total parcels in the study area). This limits the potential for growth and development, especially in the southern portion of the study area. Future growth and development in the area would almost certainly require substantial infrastructure investment.

C. Lack of Community Planning

Lack of community planning is an area-wide factor, not necessarily attributable to any one parcel. The study area in general was developed prior to the implementation or guidance of a comprehensive community plan or in some cases, development occurred that is no longer consistent with the current plans of the community. This is evidenced by the fact that the study area contains irregular and obsolescent parcel configurations, has incompatible land uses, and has a lack of buffering between land uses. Lack of community planning limits potential redevelopment opportunities within the study area.

4. *Redevelopment Project and Plan*

Redevelopment Needs of the RPA

The existing land use pattern and physical conditions in the RPA suggest eight (8) redevelopment needs for the area:

- redevelopment of vacant and underutilized parcels;
- site preparation, site assembly, demolition, and environmental remediation;
- streetscape and infrastructure improvements;
- better vehicular and pedestrian circulation patterns;
- capital improvements for public facilities and institutional uses, including parks and open space, that further the objectives set forth in the Redevelopment Project and Plan;
- creation of a public parking structure;
- resources for retail, commercial, and mixed-use development; and
- job training assistance.

The Redevelopment Plan identifies tools for the City to: support the establishment and improvement of the RPA as a cohesive and vibrant mixed-use corridor consistent with the City's Comprehensive Plan and the *Downtown St. Charles Strategy Plan, 2000*; support other improvements that serve the redevelopment interests of the local community and the City; and assist existing businesses to expand and improve their places of business, and/or other mechanisms as set forth in the Redevelopment Plan.

Currently, the RPA is characterized by conflicting land-use patterns, poor vehicular and pedestrian access and a lack of reasonably required parking, signs of structural deterioration, vacant and underdeveloped properties, and an overall lack of growth in property values. These area and building conditions are minimizing the value of commercial and mixed-use properties in the area compared to other commercial and residential districts elsewhere in the City and surrounding municipalities, limiting local area employment opportunities and growth, and contributing to the lack of new investment within the RPA.

The public improvements outlined in the Redevelopment Plan will create an environment conducive to private investment and redevelopment within the RPA. The goals, objectives, and strategies discussed below have been developed to address these needs and to facilitate the sustainable redevelopment of the RPA. To support specific projects and encourage future investment in the RPA, public resources including tax increment financing may be used to facilitate site assembly, site preparation, and demolition for future private sector redevelopment activities; improve RPA infrastructure and new public facilities; create an identity for the area and the community; and support building rehabilitation. The private sector often acquires and assembles property to create redevelopment opportunities and suitable sites for modern development needs. Property assembly and demolition by the private sector to meet the goals, policies, or objectives of this Redevelopment Plan can be assisted using tax increment revenues.

Ultimately, the goals, objectives and strategies are designed to redevelop the RPA as a vibrant mixed-use commercial district and downtown gateway, providing new and enhanced commercial

and public activities that complement and service the residential population while improving the image and visibility of the City as a whole. Furthermore, redevelopment of the RPA affords an opportunity for creation of a pedestrian-friendly shopping district to complement the businesses found on Main Street as outlined in the *Downtown St. Charles Strategy Plan, 2000*.

Goals, Objectives, and Strategies

Goals, objectives, and strategies designed to address the needs of the community form the overall framework of the Redevelopment Plan for the use of anticipated tax increment funds generated within the RPA.

Goal. The overall goal of the Redevelopment Plan is to reduce or eliminate conditions that qualify the RPA as a conservation area; to provide the direction and mechanisms necessary to stimulate the redevelopment of vacant and underutilized parcels; and to establish the RPA as a cohesive and vibrant mixed-use corridor that provides a comprehensive range of commercial and retail uses to the surrounding residential community while accommodating residential and institutional uses where appropriate. Redevelopment of the RPA will strengthen the economic base and improve the image of the City as a whole. The City's "Priority Survey" of St. Charles residents over the last several years has consistently shown that one of the most important priorities for the City of St. Charles should be to maintain an attractive and vital downtown.

Rehabilitation and redevelopment of the RPA are to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use tax increment financing, as well as other funding sources, to reinforce and encourage further private investment.

These activities are representative of the types of projects contemplated to be undertaken during the life of the RPA. Market forces are critical to the completion of these projects. Phasing of projects will depend on the interests and resources of both public and private sector parties. Not all projects will necessarily be undertaken. Further, additional projects may be identified throughout the life of the RPA. To the extent that these projects meet the goals of this Redevelopment Plan and the requirements of the Act and budget outlined in the next section, these projects may be considered for tax increment funding.

Objectives. Twelve (12) broad objectives support the overall goal of area-wide revitalization of the RPA. These include:

1. Foster the development of the First Street corridor as an auto and pedestrian-friendly retail corridor that enhances the overall quality of life of City residents and serves as an appropriate gateway to the downtown district of the City of St. Charles;
2. Provide resources for streetscaping and landscaping to visually link diverse land uses and create a cohesive and integrated identity for a mixed-use First Street corridor that is attractive to pedestrian traffic;

3. Reinforce a downtown identity through such improvements as gateway features, signage, and other public and private improvements;
4. Facilitate the development of new public facilities, parks, and open space in appropriate locations throughout the RPA as needed and in accordance with the Redevelopment Plan, including the creation of a continuous pedestrian loop along the Fox River between Main Street and Prairie Street and the development of pedestrian connections between First Street and the Fox River;
5. Facilitate the provision of adequate on- and off-street parking for visitors, employees, and customers of the RPA;
6. Facilitate the assembly, preparation, and marketing of vacant and underutilized sites for rehabilitation and/or new retail, commercial, institutional, and residential development, and provide for corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
7. Foster the improvement and/or creation of the public infrastructure where needed, including sidewalks, streets, curbs, gutters, underground water and sanitary systems, and stormwater detention of adequate capacity to facilitate the rehabilitation of properties within the RPA as well as the construction of new retail, commercial, residential, and mixed-use development where appropriate;
8. Support the goals and objectives of other overlapping plans, including the *Downtown St. Charles Strategy Plan, 2000* (prepared for the City of St. Charles by the Downtown Professionals Network), and the First Street Business District. Coordinate available federal, state, and local resources to further the goals of this redevelopment plan;
9. Promote a comprehensive development plan that includes a detailed parking and traffic plan that will address potential access/curb-cut consolidation, on-street parking, and the creation of pedestrian links to the Fox River;
10. Strengthen the economic well-being of the RPA and the City of St. Charles by providing resources for rehabilitated and new commercial, residential, and mixed-use development in the RPA, as appropriate;
11. Provide opportunities for women-owned, minority-owned, and locally owned businesses to share in the job and construction opportunities associated with the redevelopment of the RPA; and
12. Support job training programs and increase employment opportunities, including welfare to work programs, for individuals working in area businesses.

Strategies. Redevelopment and rehabilitation of specific sites within the RPA will be supported in order to stimulate private investment and enhance the RPA. Development of vacant and

underutilized sites is anticipated to have a positive impact on other properties beyond the individual project sites. These objectives will be implemented through four (4) specific and integrated strategies. These include:

1. **Implement Public Improvements.** A series of public improvements throughout the RPA may be designed and implemented to help define and create an identity for the area and sub-areas, prepare sites for anticipated private investment, and create a more conducive environment for retail, commercial, residential, and institutional development.

Public improvements may include the construction of public parking facilities, streetscaping, new or improved street and sidewalk lighting, new or improved sidewalks and streets, new or improved underground infrastructure, stormwater detention of adequate capacity, the creation of parks, trails, and open space, and other public improvements consistent with the Redevelopment Plan. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation, or restoration of public improvements on one or more parcels.

2. **Facilitate Property Assembly, Demolition, and Site Preparation.** Sites may be acquired and assembled by the City to attract future private investment and development. The consolidated ownership of these sites will make them easier to market to potential developers and will streamline the redevelopment process. In addition, financial assistance may be provided to private developers seeking to acquire land and assemble sites to undertake projects supportive of this Redevelopment Plan.

To meet the goals, policies or objectives of this Redevelopment Plan, the City may acquire and assemble other property throughout the RPA. Land assemblage by the City may be done by purchase, exchange, donation, lease, or eminent domain, and may be for the purposes of (a) sale, lease, or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. Furthermore, the City may require written development agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

3. **Encourage Private Sector Activities and Support Rehabilitation and New Development.** Through the creation and support of public-private partnerships, or through written agreements, the City may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.
4. **Assist Existing Businesses and Property Owners.** The City may provide assistance to support existing businesses and property owners in the RPA. This may include financial and

other assistance for building rehabilitation, facade improvements, leasehold improvements, and new construction of private facilities such as plazas and other pedestrian amenities.

Proposed Future Land Use

The proposed future land use of the RPA reflects the objectives of the Redevelopment Plan, which works to provide direction for the marketing of vacant and under-utilized sites in the RPA for redevelopment activities, to support the improvement of the RPA as an active mixed-use downtown gateway corridor, and to support other improvements such as public infrastructure and open space that serve the redevelopment interests of the local community and the City. The proposed objectives are compatible with the City's Comprehensive Plan and the *Downtown St. Charles Strategy Plan, 2000* for the future improvement and redevelopment of the First Street corridor prepared by the Downtown Professionals Network.

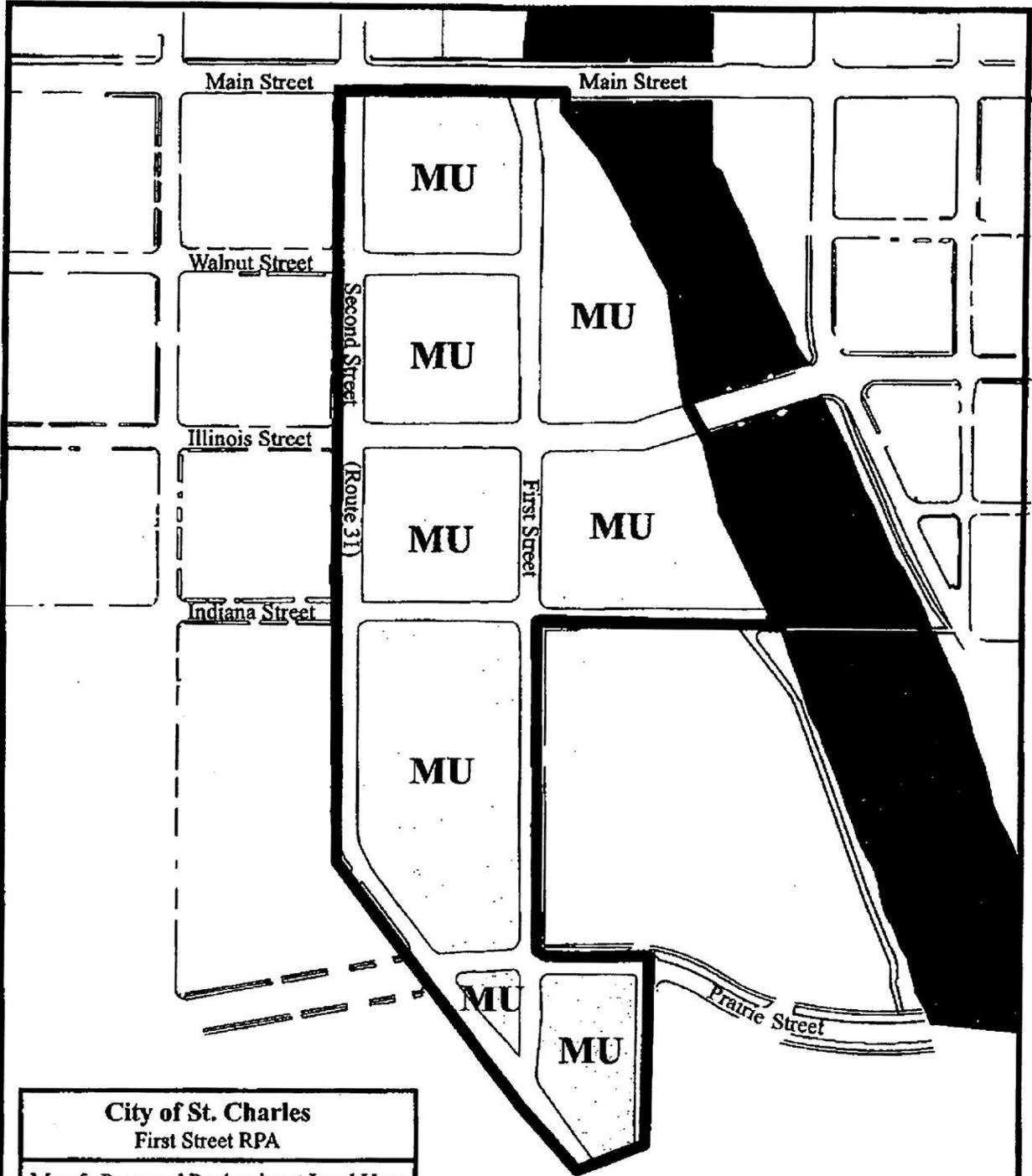
These proposed predominant land uses are detailed on Map 5. As noted on Map 5, the uses listed are to be predominant future uses for the area indicated, and are not exclusive of any other uses.

Housing Impact and Related Matters

As set forth in the Act, if the redevelopment plan for the 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 in the redevelopment project plan.

The project area contains an estimated nine (9) residential units, of which seven (7) are occupied residential units, therefore a Housing Impact Study is not required by the Act. If occupied residential units whose inhabitants are to be removed as a result of this Plan happen to be households of low- or very low-income then, as set forth in the Act, this Plan shall provide, with respect to inhabited housing units that are to be removed for households of low-income and very low-income persons, affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations under that Act, including the eligibility criteria. For the purposes of this Plan, pursuant to the Act, "low-income households," "very low-income households," and "affordable housing" have the meanings set forth in the Illinois Affordable Housing Act. The municipality shall make a good faith effort to ensure that this affordable housing is located in or near the redevelopment project area within the municipality.

The City of St. Charles hereby certifies that the implementation of this Redevelopment Plan and Project will not result in the displacement of residents from 10 or more inhabited residential units.



City of St. Charles
First Street RPA

Map 5: Proposed Predominant Land Uses

	Mixed Use
•	Commercial
•	Office
•	Residential
•	Public/Parks/Open Space



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