VILLAGE OF MORTON GROVE

Dempster/Waukegan Redevelopment Project Area

Tax Increment Financing District Eligibility Study, Redevelopment Plan and Project

DATE: February 29, 2012
Table of Contents

<table>
<thead>
<tr>
<th>SECTION</th>
<th>PAGE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Executive Summary</td>
<td>1</td>
</tr>
<tr>
<td>2. Introduction</td>
<td>5</td>
</tr>
<tr>
<td>3. Eligibility Analysis</td>
<td>11</td>
</tr>
<tr>
<td>4. Redevelopment Plan and Project</td>
<td>24</td>
</tr>
<tr>
<td>5. Financial Plan</td>
<td>32</td>
</tr>
<tr>
<td>6. Required Findings and Tests</td>
<td>38</td>
</tr>
<tr>
<td>7. Provisions for Amending Action Plan</td>
<td>41</td>
</tr>
</tbody>
</table>

Appendix 1: Boundary Legal Description | 43 |
Appendix 2: Summary of EAV (by PIN) | 46 |

LIST OF MAPS

Map 1: Community Context | 7 |
Map 2: Boundary Map | 8 |
Map 3: Existing Land Use Map | 10 |
Maps 4A to 4G: Summary of Improved Eligibility Factors Present to a Major Extent | 16-22 |
Map 5: Proposed Future Land Use Map | 30 |

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1. Executive Summary

In June of 2011, S. B. Friedman & Company (“SB Friedman”) was engaged by the Village of Morton Grove ("the Village") to begin a preliminary eligibility study, and was subsequently engaged to conduct a Tax Increment Financing Eligibility Study ("Eligibility Study") and prepare a Redevelopment Plan and Project ("Redevelopment Plan” or “Plan”). This report details the eligibility factors found within the Dempster/Waukegan Redevelopment Project Area ("Dempster/Waukegan RPA” or “RPA”) Tax Increment Financing District in support of its designation as a “blighted 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”). The report also contains the Redevelopment Plan for the Dempster/Waukegan RPA.

The Dempster/Waukegan RPA consists of 55 tax parcels and 24 buildings. The study area comprises approximately 134 acres of land, of which approximately 71 acres are dedicated parking lots or rights-of-way. The majority of the parcels included in the RPA are located along Dempster Street (including Prairie View Community Center and Park) between the Village boundary to the west and Cook County Forest Preserve to the east and along Waukegan Road south to the north line of Meadow Lane. The RPA consists largely of commercial, retail, office, and public uses.

Determination of Eligibility

This report concludes that the Dempster/Waukegan RPA is eligible for Tax Increment Financing (TIF) designation as a “blighted area” for improved parcels. The following seven eligibility factors were found to be present to a meaningful extent and reasonably distributed throughout the improved portions of the RPA:

1. Obsolescence
2. Deterioration
3. Presence of Structures below Minimum Code Standards
4. Excessive Vacancies
5. Inadequate Utilities
6. Lack of Community Planning
7. Lack of Growth in Equalized Assessed Value

Dempster/Waukegan Redevelopment Plan Goals and Objectives

Goal. The overall goal of this TIF Eligibility Study and Redevelopment Plan is to reduce or eliminate conditions that currently qualify the Dempster/Waukegan RPA as a “blighted area,” and to provide the direction and mechanisms necessary to establish the RPA as a vibrant commercial mixed-use area; stimulate the redevelopment of vacant, obsolete, ill-configured and underutilized parcels; and provide new or improved public infrastructure, facilities and utilities. Redevelopment of the RPA will revitalize the commercial corridor along Dempster Street and Waukegan Road, thus strengthening the economic base and enhancing the quality of life of the Village, as a whole.

Rehabilitation and redevelopment of the RPA is 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 new private investment.

**Objectives.** Six objectives support the overall goal of area-wide revitalization of the Dempster/Waukegan RPA. These objectives include:

1. Foster the replacement, repair, construction and/or improvement of public infrastructure, where needed, including public utilities, sidewalks, streets, curbs, gutters, underground water and sanitary systems, and stormwater detention of adequate capacity to create an environment conducive to private investment;

2. Facilitate the rehabilitation of existing properties within the Dempster/Waukegan RPA and encourage the construction of new commercial, civic/cultural and recreational development, where appropriate;

3. Facilitate the physical improvement and/or renovation of existing building structures and facades in the Dempster/Waukegan RPA;

4. Facilitate the assembly and preparation, including demolition and environmental clean-up, where necessary, and marketing of available sites in the RPA for redevelopment and new development by providing resources as allowed by the Act;

5. Provide resources for streetscaping, landscaping and signage to improve the image, attractiveness and accessibility of the RPA, create a cohesive identity for the RPA and surrounding area, and provide, where appropriate, for buffering between different land uses and screening of unattractive service facilities such as parking lots and loading areas; and

6. Support the goals and objectives of other overlapping plans, including the Village’s 1999 Comprehensive Plan Update, and coordinate available federal, state and local resources to further the goals of this Redevelopment Plan.

**Strategies.** These objectives will be implemented through four specific and integrated strategies. These include:

1. **Implement Public Improvements.** A series of public improvements throughout the Dempster/Waukegan RPA may be designed and implemented to create a more conducive environment for new development, prepare sites for anticipated private investment, and help define and create an identity for the area. Public improvements which are implemented with TIF assistance are intended to complement and not replace existing funding sources for public improvements in the RPA.

These improvements may include new streets and sidewalks, streetscaping, improved street and sidewalk lighting, resurfacing of alleys, sidewalks, streets and other paved surfaces, improvement of underground infrastructure and physical plants, stormwater detention of adequate capacity, the creation of parks, bike paths, trails and open space, and other public improvements and utilities consistent with this 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. **Assist Existing Businesses and Property Owners.** The Village may provide assistance to support existing businesses and property owners in the RPA. This may include but is not limited to financial and other assistance for building rehabilitation, façade improvements, leasehold improvements, and construction of private and public facilities, such as plazas and other pedestrian amenities that are consistent with the goals of this Redevelopment Plan.

3. **Encourage Private Sector Activities.** Through the creation and support of public-private partnerships or through written agreements, the Village may provide financial and other assistance to encourage the private sector, including new and existing property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.

4. **Facilitate Property Assembly, Demolition and Site Preparation.** Financial assistance may be provided to private developers seeking to acquire land and assemble sites for projects supportive of this Redevelopment Plan. To meet the goals, policies or objectives of this Redevelopment Plan, the Village may acquire and assemble property throughout the RPA. Land assemblage by the Village 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 demolition of existing improvements and environmental remediation, where needed. The Village may require written development agreements with developers before acquiring any properties. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.

**Required Findings and Tests**

The required conditions for the adoption of this Redevelopment Plan and Project are found to be present within the Dempster/Waukegan RPA:

1. On the whole, the RPA has not been subject to growth and development through investment by private enterprise or not-for-profit resources. The Equalized Assessed Value (EAV) of the RPA grew at a slower rate than the balance of the Village during the past four out of five consecutive year-to-year periods for which data is available (2005 through 2009). The study area also experienced an absolute decline in EAV for the last two years for which data is available (2009 and 2010).

2. Without the support of public resources, the redevelopment objectives of the RPA will most likely not be realized. The area-wide improvements and development assistance resources needed to develop and revitalize the study area as a healthy, commercial mixed-use 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 public infrastructure improvements and project-specific development costs are needed to leverage private investment and facilitate area-wide redevelopment. TIF assistance may be used to fund rehabilitation, infrastructure improvements, and expansion of public facilities. Accordingly, *but for the designation of a TIF district, these*
projects, which would contribute substantially to area- and Village-wide redevelopment, are unlikely to occur.

3. The RPA boundary encompasses a rational planning area including only the contiguous real property that is expected to substantially benefit from the proposed Redevelopment Plan and Project improvements. Public facilities have been included within the RPA to allow for improvements or expansion to accommodate need resulting from development or redevelopment of other sites.

4. This Redevelopment Plan and Project is consistent with the Village of Morton Grove’s 1999 Comprehensive Plan and 1997 Waukegan Road Commercial Corridor Master Plan.
2. Introduction

This document serves as the Eligibility Study and Redevelopment Plan and Project (“Plan”) for the Dempster/Waukegan Redevelopment Project Area (“RPA”). The Dempster/Waukegan RPA is located within the Village of Morton Grove (“the Village”) in Cook County. In June 2011, SB Friedman & Company (“SB Friedman”) was engaged by the Village to conduct a study of the properties in the RPA to determine whether said properties exhibited the eligibility factors necessary to qualify for status as a “conservation area” and/or “blighted area” under the Act.

The Eligibility Study covers events and conditions that exist and were determined to support the designation of the Dempster/Waukegan RPA as a “blighted area” for improved parcels under the Act at the completion of our research in September 2011, and not thereafter. These events or conditions include, without limitation, governmental actions and additional developments.

This Eligibility Study and Plan document summarizes the analysis and findings of the consultant’s work, which, unless otherwise noted, is solely the responsibility of SB Friedman. The Village is entitled to rely on the findings and conclusions of this Eligibility Study and Plan in designating the Dempster/Waukegan RPA as a redevelopment project area under the Act. SB Friedman has prepared this Plan with the understanding that the Village would rely on (1) the findings and conclusions of this Plan and related Eligibility Study in proceeding with the designation of the Dempster/Waukegan RPA, and the adoption and implementation of this Plan, and (2) the fact that SB Friedman obtained the necessary information including, without limitation, information relating to the equalized assessed value of parcels comprising the Dempster/Waukegan RPA. This ensures that the Plan will comply with the Act, and the Dempster/Waukegan RPA can be designated as a redevelopment project area in compliance with the Act.

The Study Area

The location of the Dempster/Waukegan RPA is shown on Map 1 on page 7. The Dempster/Waukegan RPA consists of approximately 55 tax parcels and 24 buildings. The majority of the parcels included in the RPA are located along Dempster Street between the Village boundary on the west and Cook County Forest Preserve to the east, and along Waukegan Road south to the north line of Meadow Lane. Map 2 on page 8 details the boundaries of the Dempster/Waukegan RPA, which includes only those contiguous parcels of real property that are expected to benefit substantially by the redevelopment improvements discussed herein.

The RPA boundaries include a declining commercial area that is focused around the Dempster/Waukegan corridor and the Prairie View Plaza site (“Prairie View”). The area suffers from obsolescence, deterioration, the presence of structures below minimum code standards, excessive vacancies, inadequate utilities, lack of community planning, and stagnating or declining property values due to a lack of private investment. These conditions are hindering the potential to redevelop a formerly vibrant commercial area and capitalize on the unmet consumer demands of the surrounding residential area.

In order to improve this potentially significant commercial corridor, it is critical that the appearance and functionality of the Dempster/Waukegan RPA be improved. Without improved access and visibility, streetscaping, and upgraded public utilities and other infrastructure, including significant stormwater
detention improvements, the RPA could fall into further disrepair and potential development opportunities will not be realized. The Dempster/Waukegan RPA will benefit from a strategy that addresses poor infrastructure and building conditions, and improves its overall physical condition.
Map 1: Community Context

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Dempster/Waukegan Tax Increment Financing District

February 2012

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Existing Land Use

Based upon SB Friedman’s research, four primary land uses have been identified within the Dempster/Waukegan RPA:

- Commercial (Retail, Office and Warehousing)
- Public facilities (Park district facilities and ComEd towers)
- Vacant Land
- Road Right-of-Way

The overall pattern of land use in the Dempster/Waukegan RPA is shown in Map 3 on the following page.
3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Based upon the conditions found within the Dempster/Waukegan RPA at the completion of SB Friedman’s research, it has been determined that the Dempster/Waukegan 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 primary avenues exist to establish eligibility for an area to use Tax Increment Financing for redevelopment: (1) declaring an area as a “blighted area” and/or (2) declaring an area as 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 “conservation area” and/or “blighted 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 for improved land must have a combination of five or more of the 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. In addition, there must be a combination of three or more eligibility factors that are detrimental to the public safety, health, morals or welfare, and which could result in such an area becoming a blighted area. A separate set of factors exists for the designation of vacant land as a blighted area. There is no provision for designating vacant land as a conservation area.

Factors for Improved Areas

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 mean the absence of skylights or windows for interior spaces or rooms, and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

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 previously explained, “blighted areas” must have a combination of five 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 or more additional eligibility factors.

**Factors for Vacant Land**

According to the Act, there are two ways by which vacant land can be designated as “blighted.” One way is to find that at least one of the six factors discussed under “One Factor Test” is present to a meaningful extent and reasonably distributed throughout the study area. The second way is to find that at least two of six factors from the list discussed below under “Two Factor Test” are present to a meaningful extent and reasonably distributed throughout the study area.

**ONE FACTOR TEST**

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

- Contains unused quarries, strip mines or strip mine ponds
- Contains unused rail yards, rail track or railroad rights-of-way
- Is subject to or contributes to chronic flooding
- Contains unused or illegal dumping sites
- Was designated as a town center prior to January 1, 1982, is between 50 and 100 acres, and is 75% vacant land
- Qualified as blighted prior to becoming vacant

**TWO FACTOR TEST**

Under the provisions of the “blighted area” section of the Act, if the land is vacant, an area qualifies as blighted if a combination of two or more of the following factors may be identified that impact the sound growth of the redevelopment project area.

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

**Diversity of Ownership.** Adjacent properties are owned by multiple parties. When diversity of ownership of parcels of vacant land is sufficient in number to retard or impede the ability to assemble the land for development, this factor applies.

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

**Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land.** Evidence of structural deterioration and area disinvestment in blocks adjacent to the vacant land may substantiate why new development had not previously occurred on the vacant parcels.

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

**Lack of Growth in Equalized Assessed Value.** The total equalized assessed value 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.

**Methodology Overview and Determination of Eligibility**

Analysis of the eligibility factors was conducted through research involving an extensive exterior survey of all properties within the Dempster/Waukegan RPA, as well as a review of building and property records, and interviews with Village staff and a major property owner. Property records included building permit data, code violations and assessment data. Our survey of the area established that there are 24 buildings and 55 tax parcels within the Dempster/Waukegan RPA.

All properties were examined for qualification factors consistent with either “blighted area” or “conservation area” definitions of the Act. Based upon these criteria, the properties within the Dempster/Waukegan RPA exhibit the necessary eligibility factors to qualify for designation as a “blighted area” as defined by the Act.

To arrive at this designation, *SB Friedman* inventoried the number of eligibility factors present on a building-by-building or parcel-by-parcel basis and analyzed the spatial distribution of the eligibility factors. When appropriate, we calculated the presence of eligibility factors on infrastructure and ancillary properties associated with the structures. The eligibility factors were matched with buildings
using aerial photographs, property files created from field observations, and record searches. The information was then graphically plotted on a parcel map of the Dempster/Waukegan RPA to establish the distribution of eligibility factors, and to determine which factors were present to a major or minor extent and reasonably distributed throughout the study area.

**Blighted Area Findings: Improved Parcels**

As required by the Act, in order to be designated as a “blighted area,” at least five of the improved land eligibility factors must be found to be present to a major extent within, and reasonably distributed throughout, the RPA in order to characterize such area as a “blighted area.”

Taking into account information obtained from the Village, the Cook County Assessor’s office, historic aerials of the RPA, and the Village’s 1999 Comprehensive Plan Update, our research has revealed that the following seven factors are present to a major extent and reasonably distributed throughout the RPA:

1. Obsolescence
2. Deterioration
3. Presence of Structures below Minimum Code Standards
4. Excessive Vacancies
5. Inadequate Utilities
6. Lack of Community Planning
7. Lack of Growth in Equalized Assessed Value

One minor factor, Excessive Land Coverage, applies to the Prairie View Community Center and Park.

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

**Maps 4A through 4G** on the following pages illustrate the blighted area eligibility factors found within the RPA by indicating each parcel where the respective factors were found to be present to a meaningful degree. The sections following the maps summarize our field research as it pertains to each of the identified eligibility factors found to be present within the Dempster/Waukegan RPA.
Legend

- RPA Boundary
- Eligibility Factor
  - Deterioration

Note:

To qualify, deterioration must be present on buildings, parking surfaces/structures, or on public infrastructure.
Map 4C: Structures Below Minimum Code
IMPROVED LAND - BLIGHTED AREA FACTOR

Dempster/Waukegan Tax Increment Financing District
VILLAGE OF MORTON GROVE, IL

February 2012

Legend
- RPA Boundary
- Eligibility Factor
  - Presence of Structures Below Minimum Code Standards

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Note:
Vacant or under-occupied buildings are considered to be Excessive Vacancies; vacant lots do not qualify.
Map 4E: Inadequate Utilities
IMPROVED LAND - BLIGHTED AREA FACTOR

Dempster/Waukegan Tax Increment Financing District
VILLAGE OF MORTON GROVE, IL

February 2012

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Map 4F: Lack of Community Planning
IMPROVED LAND - BLIGHTED AREA FACTOR

Dempster/Waukegan Tax Increment Financing District
VILLAGE OF MORTON GROVE, IL

February 2012

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Map 4G: Lack of Growth in EAV
IMPROVED LAND - BLIGHTED AREA FACTOR

February 2012
1. OBsolescence

The state TIF statute defines obsolescence as “the condition or process of falling into disuse”, when “[s]tructures have become ill-suited to their original use.” Obsolescence was observed on parcels constituting 45% of the study area, including the Prairie View shopping center, nearby office and retail. When compared to other competitive shopping centers within a three-mile radius, the main Prairie View Plaza building has limited visibility due to a larger setback and grade separation from Dempster Street. Additionally, the mall is characterized by discount stores, non-credit tenants and vacant storefronts, which usually signify that a shopping facility is falling into disuse and nearing the end of its economic life. Economic decline is also reflected in the property’s real estate performance. The impact of limited visibility, age and layout is reflected in the high vacancy and declining EAV of the shopping center, as well as falling sales tax receipts. According to Village 2011 sales tax data, anchor sales receipts from January 1 to April 30 are down more than 20% compared to the same period the previous year. Meanwhile, the office building across Waukegan Road (fronted by IFC Credit Corporation), meanwhile, is dated and of inferior construction and design compared to modern office space. It also suffers from low visibility due to its location behind the IFC Credit Corporation building. According to CoStar, it is 53% vacant as of October 11, 2011. Patterns of obsolescence are shown on Map 4A.

2. DETERiorATION

Building and/or surface deterioration were documented on 60% of parcels within the study area. Examples of building deterioration include corroded window casements, cracks in cement block walls, disconnected pipes, rust, missing tuck-pointing and brick spalling, and sagging or missing soffits. Examples of surface deterioration include cracked and crumbling sidewalks, curbs, streets and parking surfaces throughout the study area. The distribution of deterioration throughout the study area is highlighted in Map 4B.

3. PRESENCE OF STRUCTURES BELOW CODE

Given the absence of stormwater detention mentioned earlier in this chapter, Prairie View Plaza does not comply with the Metropolitan Water Reclamation District’s Sewer Permit Ordinance (SPO). Enacted in 1999, the SPO prohibits runoff after development from exceeding the rate of runoff of the site without development. For similar reasons, Prairie View Plaza does not comply with the Cook County Forest Preserve District’s Stormwater Management Policy, as stormwater runoff currently flows unrestrained into the neighboring forest preserve. If redeveloped, the shopping center would need to be brought into compliance with both policies. Considering that the site is currently more than 90% impervious, this would imply extensive and potentially costly retrofits. As shown in Map 4C, the factor impacts 33% of the land area within the RPA.

4. EXCESSIVE VACANCIES

As previously noted, Prairie View Plaza and the IFC Credit Corporation office building have been experiencing high vacancy. In addition, the former Produce World (8800 Waukegan Road) is currently vacant. There is a total of approximately 143,400 square feet of vacant commercial building area within the study area, or 21% of all commercial building square footage. Building vacancies are highlighted by parcel in Map 4D.
5. **INADEQUATE UTILITIES**

It is our understanding that stormwater runoff from the shopping center is not managed by any kind of a detention system, and that the site does not currently contain adequate stormwater utilities to detain and mitigate runoff. Moreover, it appears that all of the other improved parcels within the study area lack appropriate stormwater detention facilities and are covered by a high proportion of impervious surface area. In addition, data provided by Village staff indicate that water and sewer lines on Dempster Street and Waukegan Road were installed before 1960, with some possibly dating back to the 1930s. The 10” water main on Dempster, in particular, is thought to have been installed in 1932. Village staff stated that they consider 80 years to be the normal lifespan of water and sewer lines, which suggests that the water lines are at or near the end of their normal functioning life. Assuming that the 10” water main only serves parcels fronting Dempster Street, 55% of parcels within the study area are impacted by inadequate utilities. The impacted parcels can be seen in Map 4E.

6. **LACK OF COMMUNITY PLANNING**

The Village of Morton Grove adopted its first comprehensive plan in 1978. Fifty-four percent (54%) of the buildings in the study area predate the comprehensive plan. Obsolete platting and building configurations mentioned in the discussion of obsolescence confirm a lack of community planning in the study area. In addition to the platting and configuration issues, parcelization on the north side of Dempster Street does not correspond to building layout, with a number of buildings divided between two or more parcels. Such parcelization is out of step with contemporary development standards. Because a majority of the study area’s development occurred before the benefit of a comprehensive plan, this factor is considered to impact 100% of the study area.

7. **LACK OF GROWTH IN EQUALIZED ASSESSED VALUE**

Total equalized assessed value (EAV) is a measure of the property value in the Dempster/Waukegan RPA. The EAV of the RPA has experienced an absolute decline for three of the last five year-to-year periods for which data is available. Furthermore, property values in the RPA have grown more slowly or declined more quickly than property in the balance of the Village for four out of the last five periods for which information is available, as shown in Table 1 below. The lack of growth in equalized assessed value within an area is one of the strongest indicators that the area is falling into decline.

This eligibility factor was considered to be present to a meaningful extent for the parcels within the Dempster/Waukegan RPA.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Village of Morton Grove less Study Area</td>
<td>1.0%</td>
<td>20.6%</td>
<td>9.1%</td>
<td>-1.9%</td>
<td>-7.52%</td>
</tr>
<tr>
<td>Study Area Parcels</td>
<td>-0.57%</td>
<td>6.50%</td>
<td>4.68%</td>
<td>-13.68%</td>
<td>-6.56%</td>
</tr>
</tbody>
</table>

Source: Cook County Assessor’s Office, Cook County Clerk's Tax Extension Unit

8. **EXCESSIVE LAND COVERAGE (present to a minor extent)**

The Prairie View Community Center and Park’s layout is designed in such a way that is improper when compared to contemporary development standards. While the park has several amenities for area
residents, including a 60,000 square foot community center, tennis courts, sand volleyball courts, a playground, a nature preserve, and baseball fields, most of these features are crowded onto two parcels covering only eight acres of land. As a result, the site’s configuration yields to an awkward internal street/driveway design and a limited amount of on-site parking spaces, especially during peak center hours. Morton Grove’s current zoning code requires one parking space per 150 square feet of gross floor area for recreational centers. With the facility’s estimated 180 parking spaces, the Community Center has approximately half of the required spaces.
4. Redevelopment Plan and Project

Redevelopment Needs of the Dempster/Waukegan RPA

The land use and existing conditions for the RPA suggest six major redevelopment needs for the Dempster/Waukegan RPA:

1. Capital improvements that further the objectives set forth in this Redevelopment Plan
2. Redevelopment of vacant, obsolete, ill-configured and underutilized parcels
3. Site preparation, stormwater management and site remediation
4. Streetscape and infrastructure improvements
5. Rehabilitation of existing buildings
6. Resources for commercial and public development

This Redevelopment Plan identifies tools for the Village to support the re-establishment and improvement of the RPA as a mixed-use, commercial-focused district through provision of necessary infrastructure improvements and public facilities, and to support other public and private improvements to best serve the interests of the Village.

Currently, the Dempster/Waukegan RPA is characterized by lack of growth in property values, inadequate public utilities and infrastructure, lack of community planning, presence of structures that do not meet minimum code standards, excessive vacancies, obsolete platting and deterioration. These area and building conditions are minimizing the value of properties in the RPA compared to districts in other communities with which the RPA must compete for investment. This, in turn, limits local area employment opportunities and growth, and contributes to the lack of new investment within the RPA.

The public improvements outlined in this Redevelopment Plan will create an environment conducive to private investment and redevelopment within the Dempster/Waukegan RPA. The goals, objectives and strategies discussed below have been developed to address these needs and facilitate the sustainable redevelopment of the Dempster/Waukegan RPA. To support specific projects and encourage future investment in the RPA, public resources including Tax Increment Financing may be used to: modernize RPA infrastructure and create new public facilities; beautify public areas and create an identity for the community; support facade and building rehabilitation for existing building owners; and facilitate site assembly, site preparation and demolition for future private sector redevelopment activities. The private sector often seeks to acquire and assemble property to create redevelopment opportunities and suitable sites for modern development needs. Tax increment revenues can assist the private sector in property assembly and demolition when meeting the goals and objectives of this Redevelopment Plan.

Goals, Objectives and Strategies

Goal. The overall goal of this Redevelopment Plan is to reduce or eliminate conditions that qualify the Dempster/Waukegan RPA as a “blighted area” and to provide the direction and mechanisms necessary to: 1) re-establish the RPA as a vibrant commercial district that accommodates a mix of uses including public/institutional and open space through new development; 2) stimulate the redevelopment of vacant, obsolete, ill-configured and underutilized parcels; and 3) provide and improve necessary public infrastructure, facilities and utilities. Redevelopment of the RPA will strengthen the economic base and
enhance the quality of life of the Village as a whole, by revitalizing the commercial corridor along Dempster and Waukegan Road.

Rehabilitation and redevelopment of the RPA is 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.** Six objectives support the overall goal of area-wide revitalization of the Dempster/Waukegan RPA. These objectives include:

1. Foster the replacement, repair, construction and/or improvement of the public infrastructure, where needed, including public utilities, sidewalks, streets, curbs, gutters, underground water and sanitary systems, and stormwater detention of adequate capacity to create an environment conducive to private investment;

2. Facilitate the rehabilitation of existing properties within the Dempster/Waukegan RPA and encourage the construction of new commercial, civic/cultural and recreational development, where appropriate;

3. Facilitate the physical improvement and/or renovation of existing building structures and facades in the Dempster/Waukegan RPA;

4. Facilitate the assembly and preparation, including demolition and environmental clean-up, where necessary, and marketing of available sites in the RPA for redevelopment and new development by providing resources as allowed by the Act;

5. Provide resources for streetscaping, landscaping and signage to improve the image, attractiveness and accessibility of the RPA, create a cohesive identity for the RPA and surrounding area, and provide, where appropriate, for buffering between different land uses and screening of unattractive service facilities such as parking lots and loading areas; and

6. Support the goals and objectives of other overlapping plans, including the Village’s 1999 Comprehensive Plan Update and 1997 Waukegan Road Commercial Corridor Master Plan, and coordinate available federal, state and local resources to further the goals of this Redevelopment Plan.
**Strategies.** These objectives will be implemented through four specific and integrated strategies. These include:

1. **Implement Public Improvements.** A series of public improvements throughout the Dempster/Waukegan RPA may be designed and implemented to create a more conducive environment for new development, prepare sites for anticipated private investment, and create an identity for the area. Public improvements that are implemented with TIF assistance are intended to complement and not replace existing funding sources for public improvements in the RPA.

   These improvements may include streetscaping, improvement of underground infrastructure, stormwater detention of adequate capacity, improved street and sidewalk lighting, resurfacing of alleys, sidewalks, streets and other paved surfaces, the creation of parks, bike paths, trails and open space, and other public improvements and utilities consistent with this 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. **Assist Existing Businesses and Property Owners.** The Village may provide assistance to support existing businesses and property owners in the RPA. This may include financial and other assistance for building rehabilitation, façade improvements, leasehold improvements, and construction of private and public facilities, such as plazas and other pedestrian amenities that are consistent with the goals of this Redevelopment Plan.

3. **Encourage Private Sector Activities.** Through the creation and support of public-private partnerships or through written agreements, the Village may provide financial and other assistance to encourage the private sector, including new and existing property owners and businesses, to undertake rehabilitation and redevelopment projects and other improvements that are consistent with the goals of this Redevelopment Plan.

4. **Facilitate Property Assembly, Demolition and Site Preparation.** Financial assistance may be provided to private developers seeking to acquire land and assemble sites for projects supportive of this Redevelopment Plan. To meet the goals, policies or objectives of this Redevelopment Plan, the Village may acquire and assemble property throughout the RPA. Land assemblage by the Village 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 demolition of existing improvements and environmental remediation, where needed. The Village may require written development agreements with developers before acquiring any properties. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.
Proposed Future Land Use

The future land use of the Dempster/Waukegan RPA reflects the objectives of this Redevelopment Plan, which are to support the improvement of the RPA as an active commercial and mixed-use district and to support other improvements that serve the redevelopment interests of the local community, current business owners and the Village. The proposed objectives are compatible with historic land use patterns and support current development trends in the area and the Village’s Comprehensive Plan.

The proposed land uses are detailed on Map 5 on the following page, which shows commercial mixed use throughout the RPA, with the exception of the Morton Grove Park District and ComEd facilities, which are designated as public/institutional use. The mixed-use designation allows for the following land uses:

- Commercial (Retail/Office/Warehousing)
- Institutional (Including Public Facilities, Hospitals, Social Services)
- Parks/Open Space
- Road Right-of-Way
- Utilities

The public/institutional use designation allows for the following land uses:

- Institutional (Including Public Facilities, Hospitals, Social Services)
- Parks/Open Space
- Road Right-of-Way
- Utilities

It is anticipated that the majority of new development will be commercial in nature and will take place in the central area of the TIF and undeveloped parcels throughout the RPA. Institutional facilities and parks/open space may also be developed or redeveloped throughout the RPA. The uses listed above are to be predominant uses for the area indicated, and are not exclusive of any other uses.
Map 5: Proposed Future Land Use

Dempster/Waukegan Tax Increment Financing District
VILLAGE OF MORTON GROVE, IL

February 2012
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 Plan and Project document.

The Dempster/Waukegan project area does not contain any residential units; therefore, a housing impact study is not required under the Act. The Village of Morton Grove hereby certifies that no residential displacement will occur as a result of activities pursuant to this Redevelopment Plan.
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 the Act. The Village proposes to realize its goals and objectives of redevelopment through public finance techniques, including, but not limited to, Tax Increment Financing, and by undertaking activities that incur certain costs. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans and specifications, implementation and administration of the Redevelopment Plan and Project, including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected.

2. Costs of marketing sites within the RPA to prospective businesses, developers and investors, provided however, that no such charges for professional services may be based on a percentage of the tax increment collected.

3. Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land.

4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements, and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment.

5. Costs of the construction of public works, facilities or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act.

6. Costs of job training and retraining projects including the costs of “welfare to work” programs implemented by businesses located within the RPA.

7. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued thereunder. This includes interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion, and reasonable reserves related thereto and interest accruing during a construction period.
8. All or a portion of a taxing district’s capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of this Redevelopment Plan, to the extent the municipality by written agreement accepts and approves such costs.

9. Relocation costs to the extent that the Village determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law, or by Section 74.4-3(n)(7) of the Act.

10. Payment in lieu of taxes as defined in the Act.

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 RPA; and (ii) when incurred by a taxing district or taxing districts other than the Village, are set forth in a written agreement by or among the Village and the taxing district or taxing districts. This agreement must describe the program to be undertaken, including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a.

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 developer with regard to the development project during that year;

   c. If there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;

   d. The total of such interest payments paid pursuant to the Act may not exceed thirty percent (30%) of the total of: (i) cost paid or incurred by the developer for the redevelopment project; and (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the Village pursuant to the Act;

   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; and

f. Instead of the interest costs described above in paragraphs 12b., 12d. and 12e., a municipality may pay from tax increment revenues up to fifty percent (50%) of the cost of construction, renovation and rehabilitation of new housing units (for ownership or rental) to be occupied by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, as more fully described in the Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for this benefit under the Act.

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

14. An elementary, secondary or unit school district’s increased per pupil tuition costs attributable to net new pupils added to the district living in assisted housing units will be reimbursed, as further defined in the Act.

15. A library district’s increased per patron costs attributable to net new persons eligible to obtain a library card living in assisted housing units, as further defined in the Act.

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

**Estimated Redevelopment Project Costs**

The estimated eligible costs of this Redevelopment Plan are shown in Table 3 on the following page. 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 county, state and federal grants, private developer contributions and other outside sources may be pursued by the Village as a means of financing improvements and facilities which are of benefit to the general community.

Adjustments to the estimated line item costs in Table 3 are expected and may be made by the Village without amendment to this Redevelopment 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 below 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 because of changed redevelopment costs and needs.
Table 3: Estimated TIF Eligible Costs

<table>
<thead>
<tr>
<th>PROJECT/IMPROVEMENTS</th>
<th>ESTIMATED PROJECT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services (including analysis, administration, studies, surveys, legal, etc.)</td>
<td>$500,000</td>
</tr>
<tr>
<td>Marketing of Sites</td>
<td>$500,000</td>
</tr>
<tr>
<td>Property Assembly (including acquisition, site preparation, demolition and environmental remediation)</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Public Works or Improvements (including streets and utilities, parks and open space, public facilities (schools and other public facilities)) [1]</td>
<td>$7,600,000</td>
</tr>
<tr>
<td>Job Training, Retraining, Welfare-to-Work</td>
<td>$100,000</td>
</tr>
<tr>
<td>Financing and Capital Costs</td>
<td>$100,000</td>
</tr>
<tr>
<td>Relocation Costs</td>
<td>$500,000</td>
</tr>
<tr>
<td>Payment in Lieu of Taxes</td>
<td>$100,000</td>
</tr>
<tr>
<td>Interest Subsidy</td>
<td>$4,000,000</td>
</tr>
</tbody>
</table>

[1] This category may include paying for or reimbursing capital costs of taxing districts impacted by the redevelopment of the RPA. As permitted by the Act, to the extent the Village by written agreement accepts and approves the same, the Village may pay, or reimburse all, or a portion of a taxing district’s capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of this Redevelopment Plan.

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

[3] Increases in estimated Total Redevelopment Project Costs of more than five percent, after adjustment for inflation from the date of this Redevelopment Plan adoption, are subject to the Redevelopment Plan amendment procedures as provided under the Act.

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

Each private project that receives TIF funding within the Dempster/Waukegan RPA shall be governed by the terms of a written redevelopment agreement entered into by a designated developer and the Village and approved by the Village 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 Village shall be coordinated to coincide on a reasonable basis with the actual redevelopment expenditures of the developer(s). This Redevelopment Plan shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the Village treasurer provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this redevelopment project area is adopted (by December 31, 2036, if the ordinances establishing the RPA are adopted during 2012).

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 tax increment revenue as a repayment source. To secure the issuance of these obligations and the developer’s performance of redevelopment agreement obligations, the Village may require the utilization of guarantees, deposits, reserves and/or other forms of security made available by private sector developers. The Village may incur Redevelopment Project Costs that are paid from the funds of the Village other than incremental taxes, and the Village then may be reimbursed for such costs from incremental taxes.

The tax increment revenue which will be used to fund tax increment obligations and eligible redevelopment project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase of the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the RPA over and above the certified initial equalized assessed value of each such property. Without the use of such incremental revenues, the RPA 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 Dempster/Waukegan RPA may be or become contiguous to, or be separated only by a public right-of-way or another approved land use, from other redevelopment areas created under the Act (65 ILCS 5/11-74.4-4 et. seq.). The Village may utilize net incremental property tax revenues received from the Dempster/Waukegan 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 other approved land uses, and vice versa. The amount of revenue from the Dempster/Waukegan RPA made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way and other approved land uses, when added to all amounts used to pay eligible Redevelopment Project Costs within the Dempster/Waukegan RPA, shall not at any time exceed the total Redevelopment Project Costs described in Table 3 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 Village may issue bonds or obligations secured by the anticipated tax increment revenue generated within the Dempster/Waukegan RPA, or such other bonds or obligations as the Village may deem, as appropriate. The Village 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 Village may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the Village 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 Village shall not exceed the amounts available from tax increment revenues, or other sources of funds, if any, as may be provided by ordinance. Obligations may be of parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

In addition to paying redevelopment project costs, tax increment revenues may be used for the scheduled and/or early retirement of obligations, and for reserves and bond sinking funds. To the extent that real property tax increment is not required for such purposes, revenues shall be declared surplus and become available for distribution annually to area taxing districts in the manner provided by the Act.

**Most Recent EAV of Properties in the Redevelopment Project Area**

The purpose of identifying the most recent equalized assessed valuation (EAV) of the Dempster/Waukegan RPA is to provide an estimate of the initial EAV, which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Dempster/Waukegan RPA. The 2010 EAV (the most recent year in which assessed values and the equalizer were available) of all taxable parcels in the Dempster/Waukegan RPA is approximately $34.64 million. This total EAV amount by PIN is summarized in Appendix 2. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Cook County.

**Anticipated EAV**

By tax year 2035 (collection year 2036), the EAV for the Dempster/Waukegan RPA will be approximately $65.0 million. This estimate is based on an inflation factor of 2.0% per year on the EAV of all properties within the Dempster/Waukegan RPA and the assumption that redevelopment of the Prairie View Shopping Center occurs.
6. Required Findings and Tests

Lack of Growth and Private Investment

The Village is required 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.

Minimal new investment has occurred in the Dempster/Waukegan RPA in the past five years. Taken as a whole, the RPA has not been subject to widespread growth and development through investment by private enterprise. From 2005 through 2010, the growth of equalized assessed valuation (EAV), which is the value of property from which property taxes are based, of improved parcels in the RPA has fallen behind the balance of the Village for four of the past five periods, and has actually declined for three of the past five years.

To further examine the scope of new investment in the RPA, SB Friedman examined building permit and property characteristic data provided by the Village, and interviewed Village staff regarding recent development in the area. Specifically, we examined building permit data for the period 2008 through mid-2011, and discussed development over the past five years. Approximately 110 permits were issued within the Dempster/Waukegan RPA between 2008 and mid-2011. The vast majority of these permits was for minor necessary maintenance and rehabilitation of existing buildings, such as signage, parking lot and electrical repairs, and for remodeling, build out and certificates of occupancy for new tenants in existing retail centers. Such permits do not constitute substantial new investment in the RPA, but are part of normal operations.

In the past five years, no significant real estate investment has occurred in the RPA with the exception of a 4,500 square foot sporting goods store (Gunzo’s). The impact on surrounding properties of the investment on which building permits were issued has been minimal and isolated to the properties on which new development or significant upgrades were undertaken. These investments and existing property improvements have not stimulated widespread new private investment in the RPA as a whole.

Finding: The Redevelopment Project Area (Dempster/Waukegan 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 this Redevelopment Plan.

But For...

The Village 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 Dempster/Waukegan RPA.

Without the support of public resources, the redevelopment objectives for the RPA would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the Dempster/Waukegan RPA as a vibrant commercial mixed-use area are extensive and costly, and the private market, on its own, has shown little ability to absorb all such costs. Infrastructure issues related to stormwater management and water distribution affect the entire community, and also impact the redevelopment potential of the RPA. Public resources to assist with
public infrastructure improvements and site preparation are needed to leverage private investment and facilitate area-wide redevelopment consistent with the Village’s Comprehensive Plan. The Village has limited capacity to fund capital improvements of the sort that appear necessary to make the study area attractive for redevelopment. TIF funds can be used to fund infrastructure improvements, environmental remediation, site assembly and preparation, building rehabilitation, streetscape improvements, and other related costs. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

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

Conformance to the Plans of the Village

The Dempster/Waukegan RPA and Redevelopment Plan must conform to the comprehensive plan for the Village, conform to strategic economic development plans, or include land uses that have been approved by the Village Board.

The Land Use Plan Map within the 1999 Comprehensive Plan anticipates that the Dempster/Waukegan RPA will be developed with commercial uses. Thus, the Redevelopment Plan conforms to this vision.

Dates of Completion

The dates of completion of the project and retirement of obligations are described in “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 Dempster/Waukegan 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 lagging growth of property values may also lead to a decline of property values in surrounding areas and to a reduction of the real estate tax base of all taxing districts.

This document describes the comprehensive redevelopment program proposed to be undertaken by the Village to create an environment in which private investment can reasonably occur. The redevelopment program will be staged gradually over the 23-year life of the Dempster/Waukegan 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 Dempster/Waukegan 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) may be used to pay eligible redevelopment project costs for the Dempster/Waukegan RPA. At the time when the Dempster/Waukegan 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 districts 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 Village intends to monitor development in the area and, with the cooperation of the affected taxing districts, work to address any increased needs in connection with any particular development.

Given the preliminary nature of this Redevelopment Plan, specific fiscal impacts on the taxing districts and increases in demand for services provided by those districts cannot accurately be assessed within the scope of this plan. The following major taxing districts presently levy taxes on properties within the Dempster/Waukegan RPA:

- Cook County
- Consolidated Elections
- Forest Preserve District of Cook County
- Niles Township
- General Assistance Niles
- Road and Bridges Niles
- Village of Morton Grove
- Village of Morton Grove Library Fund
- School District 67
- School District 70
- Community High School 219
- Oakton Community College District 535
- Morton Grove Park District
- Metropolitan Water Reclamation District of Greater Chicago
- North Shore Mosquito Abatement District

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. To the extent increases in demand for services would arise from an increase in permanent residential population, the Redevelopment Plan does not include any residential units, and thus taxing districts which might experience an increase in demand from increased population in the district are not expected to be adversely impacted by the activities in furtherance of this Redevelopment Plan. At this time, no special programs are proposed for these taxing districts. Should demand increase, the Village 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.
8. Commitment to Fair Employment Practices and Affirmative Action Plan

The Village of Morton Grove is an equal opportunity employer. As part of this Redevelopment Project and Plan, the Village will work with any developers who assist in the redevelopment of the RPA to implement an effective affirmative action program that conforms to Village 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. This program will also meet Village standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees. All entities involved are responsible for conformance to the policy that is put in place.
THAT PART OF THE SOUTH HALF OF SECTION 18 AND THAT PART OF THE NORTH HALF OF SECTION 19 IN TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 1 IN DEMPSTER-WAUKEGAN ROAD SUBDIVISION, BEING A SUBDIVISION IN SAID SOUTH HALF OF SECTION 18, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 15, 1925 AS DOCUMENT NO. 9066534; THENCE NORTHERLY ALONG THE EAST LINE OF SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION TO THE NORTHEAST CORNER OF LOT 5 IN LOCHNER’S RESUBDIVISION, BEING A SUBDIVISION IN SAID SOUTH HALF OF SECTION 18, ACCORDING TO THE PLAT THEREOF RECORDED JULY 10, 1997 AS DOCUMENT NO. 97497619; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 5 AND IT’S WESTERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF NORMANDY AVENUE; THENCE SOUTHERLY ALONG SAID WEST RIGHT-OF-WAY LINE TO A POINT ON THE SOUTH LINE OF THE NORTH 10 FEET OF LOT 18 IN SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE WESTERLY ALONG SAID SOUTH LINE TO A POINT ON THE WEST LINE OF SAID LOT 18; THENCE SOUTHERLY ALONG SAID WEST LINE TO THE SOUTHEAST CORNER OF LOT 28 IN SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID LOT 28 TO THE SOUTHWEST CORNER OF SAID LOT 28; THENCE WESTERLY TO THE SOUTHEAST CORNER OF LOT 59 IN SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID LOT 59 TO THE SOUTHWEST CORNER OF SAID LOT 59; THENCE NORTHERLY ALONG THE WEST LINE OF SAID LOT 59 AND ALONG THE WEST LINE OF LOTS 58 THRU 44 INCLUSIVE IN SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION TO THE NORTHWEST CORNER OF SAID LOT 44; THENCE NORTHERLY ALONG A LINE TO THE SOUTHEAST CORNER OF LOT 16 IN STEELE’S MORTON GROVE HIGHLANDS, BEING A SUBDIVISION IN SAID SOUTH HALF OF SECTION 18, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 6, 1924 AS DOCUMENT NO. 8540426; THENCE NORTHERLY ALONG THE EAST LINE OF SAID LOT 16 AND ALONG THE EAST RIGHT-OF-WAY LINE OF THE PUBLIC ALLEY ADJOINING THE EAST LINE OF SAID STEELE’S MORTON GROVE HIGHLANDS TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF HAZEL STREET; THENCE NORTHERLY ALONG A LINE TO A POINT OF INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF SAID HAZEL STREET AND SAID EAST RIGHT-OF-WAY LINE OF THE PUBLIC ALLEY ADJOINING THE EAST LINE OF SAID STEELE’S MORTON GROVE HIGHLANDS; THENCE NORTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF SAID STEELE’S MORTON GROVE HIGHLANDS; THENCE WESTERLY ALONG THE NORTH LINE OF SAID STEELE’S MORTON GROVE HIGHLANDS TO THE EAST RIGHT-OF-WAY LINE OF THE PUBLIC ALLEY ADJOINING THE WEST LINE OF SAID STEELE’S MORTON GROVE HIGHLANDS; THENCE SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF SAID HAZEL STREET; THENCE SOUTHERLY ALONG A LINE TO A POINT OF INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID HAZEL STREET AND SAID EAST RIGHT-OF-WAY LINE OF THE PUBLIC ALLEY ADJOINING THE WEST LINE OF SAID STEELE’S MORTON GROVE HIGHLANDS; THENCE SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE CHURCHHILL STREET; THENCE WESTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY EXTENTION OF THE WEST RIGHT OF WAY LINE OF NEW ENGLAND AVENUE; THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENTION AND WEST RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 127 IN SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 127 TO THE NORTHWEST CORNER OF SAID LOT 127; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 127 TO A POINT OF INTERSECTION WITH THE
EASTERLY EXTENSION OF THE NORTH LINE OF LOT 170 IN SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND NORTH LINE TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF WAUKEGAN ROAD; THENCE SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT ON THE SOUTH LINE OF LOT 156 IN DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE EASTERLY ALONG THE SOUTH LINE OF LOT 156 AND IT'S EASTERLY EXTENSION THEREOF TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF THE PUBLIC ALLEY ADJOINING SAID LOT 156; THENCE SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 151 IN SAID DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND NORTH LINE TO A POINT ON SAID EAST RIGHT-OF-WAY LINE OF WAUKEGAN ROAD; THENCE SOUTHERLY ALONG SAID EAST RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 24 IN FOREST VIEW SUBDIVISION, BEING A SUBDIVISION IN SAID SOUTH HALF OF SECTION 18, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 23, 1925 AS DOCUMENT NO. 8824972; THENCE WESTERLY ALONG SAID EASTERLY EXTENSION, SOUTH LINE AND WESTERLY EXTENSION THEREOF TO A POINT OF INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF THE PUBLIC ALLEY ADJOINING SAID LOT 24; THENCE NORTHERLY ALONG SAID WEST RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 114 IN SAID FOREST VIEW SUBDIVISION; THENCE WESTERLY ALONG THE NORTH LINE OF SAID LOT 114 AND IT'S WESTERLY EXTENSION THEREOF TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF SAYRE AVENUE; THENCE SOUTHERLY ALONG SAID WEST RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE SOUTH LINE OF SAID LOT 114; THENCE EASTERLY ALONG SAID WESTERLY EXTENSION AND SOUTH LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 26 IN SAID FOREST VIEW SUBDIVISION; THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION AND WEST LINE TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF DEMPSTER STREET; THENCE WESTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 5 IN FINK AND OTHERS SUBDIVISION, BEING A SUBDIVISION IN SAID SOUTH HALF OF SECTION 18 AND NORTH HALF OF SECTION 19 ACCORDING TO THE PLAT THEREOF RECORDED APRIL 12, 1893 AS DOCUMENT NO. 1847465; THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION AND WEST LINE TO THE SOUTHWEST CORNER OF SAID LOT 5; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 5 TO THE NORTHWEST CORNER OF LOT 460 IN THE FIRST ADDITION TO DEMPSTER-WAUKEGAN ROAD SUBDIVISION, BEING A SUBDIVISION IN SAID NORTH HALF OF SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 11, 1927 AS DOCUMENT NO. 9576777; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 460 AND THE SOUTHERLY EXTENSION THEREOF TO THE NORTHWEST CORNER OF LOT 430 IN SAID FIRST ADDITION TO DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 430 AND THE SOUTHERLY EXTENSION THEREOF TO THE NORTHWEST CORNER OF LOT 401 IN SAID FIRST ADDITION TO DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE SOUTHERLY ALONG THE WEST LINE OF SAID LOT 401 TO A POINT ON A LINE MEASURED PERPENDICULAR TO THE WEST RIGHT-OF-WAY LINE OF WAUKEGAN ROAD AT A POINT 355.29 FEET (AS MEASURED ALONG SAID WEST RIGHT-OF-WAY LINE) SOUTH OF THE NORTHEAST CORNER OF LOT 206 IN SAID FIRST ADDITION TO DEMPSTER-WAUKEGAN ROAD SUBDIVISION; THENCE EASTERLY ALONG SAID PERPENDICULAR LINE TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF WAUKEGAN ROAD; THENCE SOUTHERLY ALONG SAID WEST RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE WESTERLY EXTENSION OF THE SOUTH LINE OF THE NORTH 330 FEET OF LOT 2 IN WHITE’S SUBDIVISION, BEING A SUBDIVISION IN SAID NORTH HALF OF SECTION 19, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 6, 1882 AS DOCUMENT NO. 368124; THENCE EASTERLY ALONG SAID WESTERLY EXTENSION AND SOUTH LINE OF THE NORTH 330 FEET TO A POINT ON THE CENTER LINE OF THE 16 FOOT PUBLIC ALLEY (NOW VACATED) IN BLOCK 7 IN SCHRADER’S ADDITION TO MORTON GROVE (NOW VACATED) BEING A SUBDIVISION OF SAID LOT 2 IN WHITE’S SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 11, 1892 AS
DOCUMENT NO. 1595582; THENCE NORTHERLY ALONG SAID CENTERLINE TO A POINT ON THE CENTERLINE OF MAIN STREET (NOW VACATED) AS LAID OUT IN SAID SCHRADER’S ADDITION TO MORTON GROVE; THENCE EASTERLY ALONG SAID CENTERLINE TO A POINT ON THE CENTERLINE OF OAK PARK AVENUE (NOW VACATED) AS LAID OUT IN SAID SCHRADER’S ADDITION TO MORTON GROVE; THENCE NORTHERLY ALONG SAID CENTERLINE TO A POINT ON THE NORTH LINE OF SAID LOT 2 IN WHITE’S SUBDIVISION; THENCE EASTERLY ALONG SAID NORTH LINE TO A POINT ON THE EAST LINE OF THE WEST 763 FEET OF THE EAST 26.31 ACRES OF LOT 1 IN SAID WHITE’S SUBDIVISION; THENCE NORTHERLY ALONG SAID EAST LINE TO A POINT ON THE SOUTH LINE OF THE PARCEL OF LAND DESCRIBED BY DOCUMENT NO. 90402807, RECORDED AUGUST 17, 1990; THENCE EASTERLY ALONG SAID SOUTH LINE TO A POINT ON THE EAST LINE OF SAID PARCEL OF LAND DESCRIBED BY DOCUMENT NO. 90402807; THENCE NORTHERLY ALONG SAID EAST LINE AND NORTHERLY EXTENSION THEREOF TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF DEMPSTER STREET; THENCE WESTERLY ALONG SAID NORTH RIGHT-OF-WAY LINE TO SAID POINT OF BEGINNING.
## Appendix 2:
### Summary of EAV (by PIN)

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