

SHERIDAN ROAD SOUTH TIF
REDEVELOPMENT PLAN AND PROJECT

Prepared for:
Village of Beach Park, Illinois

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This plan is subject to review and may be revised prior to its adoption.

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1. INTRODUCTION

This document presents a Tax Increment Financing Redevelopment Plan and Project (hereinafter referred to as the "Plan") pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) as amended, (the "Act") for the Sheridan Road South Redevelopment Project Area (the "Project Area") located in the Village of Beach Park, Illinois (the "Village"). The Plan responds to problem conditions within the Project Area and reflects a commitment by the Village to improve and revitalize the Project Area. As described in the Plan, the Project Area has significant potential for commercial and residential mixed use development.

The Project Area boundaries are delineated on *Figure 1: Redevelopment Project Area Boundary Map* in *Appendix A* and legally described in *Appendix B*. The Project Area includes improved property and vacant land on both sides of Sheridan Road located within the Village of Beach Park and generally bounded by Hendee Road on the north, Lyons Woods (operated by the Lake County Forest Preserve) on the west, the Chicago and Northwestern Railway right-of-way on the east and the City of Waukegan on the south. The Project Area includes Commonwealth Edison right-of-way located south of Hendee Road extending east to the Chicago and Northwestern Railway right-of-way and south along said right-of-way to the Village limits, residential property at the south end of Ganster Road, immediately north of the Village limits, property with Sheridan Road addresses generally south of Ganster Road and land located on the south side of Ganster Road and west of Forest Drive.

The Plan summarizes the analyses and findings of Camiros, Ltd. (hereinafter referred to as the "Consultant") which, unless otherwise noted, is the responsibility of the Consultant. The Village is entitled to rely on the findings and conclusions of this Plan in designating the Redevelopment Project Area as a redevelopment project area under the "Act." The Consultant has prepared this Plan and the related eligibility study with the understanding that the Village would rely: 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Plan, and 2) on the fact that the Consultant has obtained the necessary information to conclude that the Plan and the related eligibility study are in compliance with the Act.

The Plan presents certain factors, research and analysis undertaken to document the eligibility of the Project Area for designation as a tax increment financing ("TIF") district. The need for public intervention, goals and objectives, land use policies, and other policy materials are presented in the Plan. The results of a study documenting the eligibility of the Project Area as a combination of an improved conservation area and a blighted vacant area are presented in *Appendix C: Eligibility Study* (the "Study").

Tax Increment Financing

In adopting the Act, the Illinois State Legislature pursuant to Section 5/11-74.4-2(a) found that:

...there exists in many municipalities within this State blighted, conservation and industrial park conservation areas as defined herein;

and, pursuant to Section 5/11-74.4-2(b), also found that:

...in order to promote and protect the health, safety, morals and welfare of the public, that blighted conditions need to be eradicated... and that redevelopment of such areas be undertaken... The eradication of blighted areas... by redevelopment projects is hereby declared to be essential to the public interest.

In order to use the tax increment financing technique, a municipality must first establish that the proposed redevelopment project area meets the statutory criteria for designation as a “blighted area,” “conservation area” or “industrial park conservation area.” A redevelopment plan must then be prepared pursuant to Section 65 ILCS 5/11-74.4-3 of the Act, which describes the development or redevelopment program intended to be undertaken to reduce or eliminate those conditions which qualified the redevelopment project area as a “blighted area,” “conservation area,” or combination thereof, or “industrial park conservation area,” and thereby enhance the tax base of the taxing districts which extend into the redevelopment project area.

In order to be adopted, a municipality seeking to designate a redevelopment project area must find that the Plan meets the following conditions pursuant to Section 5/11-74.4-3(n) of the Act:

(1) The redevelopment project 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 redevelopment plan; (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality; and (3) the redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs (which dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in 65 ILCS 5/11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted.

Redevelopment projects are defined as any public or private development projects undertaken in furtherance of the objectives of the redevelopment plan and in accordance with the Act. The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible “redevelopment project costs” with incremental property tax revenues. “Incremental Property Tax” or “Incremental Property Taxes” are derived from the increase in the current equalized assessed value (“EAV”) of real property within the redevelopment project area over and above the “Certified Initial EAV” of such real property. Any increase in EAV is then multiplied by the current tax rate to arrive at the Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the redevelopment project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following:

(a) net revenues of all or part of any redevelopment project;

- (b) taxes levied and collected on any or all property in the municipality;
- (c) the full faith and credit of the municipality;
- (d) a mortgage on part or all of the redevelopment project; or
- (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing is a mechanism that allows the municipality to capture, for a certain number of years, the new tax revenues produced by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. This revenue is then reinvested in the area through rehabilitation, developer subsidies, public improvements and other eligible redevelopment activities. Under tax increment financing, all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid and such excess Incremental Property Taxes are not otherwise required, pledged or otherwise designated for other redevelopment projects. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

The Village authorized an evaluation to determine whether a portion of the Village, to be known as the Sheridan Road South Redevelopment Project Area, qualifies for designation as a conservation or blighted area pursuant to the provisions contained in the Act. If the Project Area so qualified, the Village requested the preparation of a redevelopment plan for the Project Area in accordance with the requirements of the Act.

The Sheridan Road South Redevelopment Project Area Overview

The Project Area is approximately 52.4 acres in size. The Project Area is comprised of improved property, vacant land, and public rights-of-way. There are a total of 21 tax parcels within the Project Area. Seven tax parcels are classified as vacant land and 12 tax parcels are improved property. Two other tax parcels are located entirely within public rights-of-way.

The improved portion of the Project Area is characterized by:

- Obsolescence
- Deterioration
- Presence of structures below minimum code standards
- Excessive vacancies
- Inadequate utilities
- Lack of community planning
- Lagging or declining equalized assessed valuation (EAV)

Vacant land within the Project Area suffers from the following statutory qualifying factors:

- Obsolete platting
- Tax or special assessment delinquencies
- Deterioration of structures or site improvements in adjacent areas

- Lagging or declining equalized assessed valuation (EAV)

As a result of these conditions, the Project Area is in need of redevelopment, rehabilitation and/or revitalization. In recognition of the unrealized potential of the Project Area, the Village is taking action to facilitate its revitalization.

The Project Area, as a whole, has not been subject to growth and development by private enterprise and is not reasonably anticipated to be developed without the adoption of the Plan. Despite efforts by the Village to induce private redevelopment of the Project Area in accordance with the Village's Comprehensive Plan, redevelopment has not occurred.

The *Eligibility Study*, attached hereto as *Appendix C*, concludes that property in the Project Area is experiencing deterioration and disinvestment. The analysis of conditions within the Project Area indicates that it is appropriate for designation as a combination improved conservation area and blighted vacant area in accordance with the Act.

The purpose of the Plan is to create a mechanism to allow for the development of new residential, commercial and community facilities on vacant and underutilized land; the redevelopment of obsolete land uses; the improvement of the area's physical environment and infrastructure; and furthering the Village's comprehensive planning goals. The redevelopment of the Project Area is expected to encourage residential and economic revitalization within the Project Area and the surrounding community.

The Plan has been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Project Area.

2. PROJECT AREA DESCRIPTION

The proposed boundaries of the Sheridan Road South Redevelopment Project Area are shown in *Figure 1: Redevelopment Project Area Boundary Map* (see *Appendix A*). The Project Area is approximately 52.4 acres in size, including public rights-of-way. A legal description of the Project Area is included as *Appendix B* of this document. The Project Area includes only those contiguous parcels that are anticipated to be substantially benefited by the proposed redevelopment project improvements and, which, collectively qualify for designation as a combination improved conservation and blighted vacant area.

Community Context

The Project Area is irregular in shape and is generally bounded by Hendee Road on the north, Lyons Woods (operated by the Lake County Forest Preserve) on the west, railroad right-of-way immediately west of Illinois Beach State Park on the east and the City of Waukegan on the south. All of the residential subdivision along Forest Drive and all but two of the single-family houses along Ganster Road have been excluded from the Project Area.

The Project Area is contiguous to the Sheridan Road Tax Increment Financing District, established in 2006. The general area has been the subject of various planning studies in recent years and is designated for commercial and residential development in the Beach Park Comprehensive Plan. The existing Commonwealth Edison right-of-way is designated as “Government/Institutional” in the Beach Park Comprehensive Plan.

Current Land Use and Community Facilities

The current land use within the Project Area consists of residential and commercial uses, utility right-of-way and vacant land. The current land use pattern is shown in *Figure 2: Existing Land Use* (see *Appendix A*).

The Project Area is zoned R-2 Single Family Residential and B-1 Business District 1. Zoning reflects current use rather than the land use policy set forth for the area in the Beach Park Comprehensive Plan. The Comprehensive Plan calls for the transition of certain residential properties to business and commercial use. These properties are included in Beach Park’s Sheridan Road Business District, created in 2003, and Beach Park’s designated Sheridan Road Corridor Overlay District. The purpose of the Sheridan Road Corridor Overlay District is to facilitate opportunities for new development, redevelopment or renovation of uses “in a manner that promotes economic viability and reinforces the potential character of uses in the area. This District seeks to develop a cohesive corridor that contributes effectively to the Village’s community character and economic welfare.”

3. ELIGIBILITY OF THE PROJECT AREA FOR DESIGNATION AS A REDEVELOPMENT PROJECT AREA

The Project Area, on the whole, has not been subject to significant growth and development through investment by private enterprise. Based on the conditions present, the Project Area is not likely to be comprehensively or effectively developed without the adoption of the Plan. A series of studies were undertaken to establish whether the proposed Project Area is eligible for designation as a redevelopment project area in accordance with the requirements of the Act. This analysis concluded that the Project Area qualifies for designation as a combination improved conservation area and a blighted vacant area.

The Project Area contains a total of 21 tax parcels. Twelve tax parcels are classified as improved property and seven tax parcels consist entirely of vacant land, as shown in *Figure C-2: Property Type in Appendix C*. The remaining two tax parcels are part of the Sheridan Road right-of-way and were not considered in the eligibility analysis.

For improved property to be designated as a conservation area, 50% of the structures must be at least 35 years of age and at least three of the 13 conditions set forth in the Act must be meaningfully present and reasonably distributed within the Project Area. The age threshold is met with 85% of structures being at least 35 years old. Of the 13 factors cited in the Act for improved property, seven factors are present within the Project Area. Five of these factors are meaningfully present, while two other factors are present to a more limited extent. All factors are reasonably distributed throughout the Project Area.

The following factors were found to a major extent and are, therefore, meaningfully present and reasonably distributed within the Project Area, as required under the Act:

- Obsolescence (affecting 58% of improved tax parcels)
- Presence of structures below minimum code standards (affecting 50% of improved tax parcels)
- Inadequate utilities (affecting the entire Project Area)
- Lack of community planning (affecting 58% of improved tax parcels)
- Lagging or declining equalized assessed valuation (affecting the entire Project Area)

The following factors are present to a *minor* extent with respect to improved property, affecting fewer than half of the improved tax parcels within the Project Area:

- Deterioration (affecting 33% of improved tax parcels)
- Excessive vacancies (affecting 25% of improved tax parcels)

There are two sets of conditions that are used to establish eligibility as a blighted vacant area under the Act. With respect to the first set of factors, at least two must be meaningfully present and reasonably distributed. The following vacant blighted area factors were found to be meaningfully present and reasonably distributed within the Project Area:

- Obsolete platting (affecting 57% of vacant parcels)
- Deterioration of structure or site improvements in areas adjacent to vacant land (affecting 71% of vacant tax parcels)

- Lagging or declining EAV (affecting the entire Project Area)

The vacant portion of the Project Area qualifies as a blighted area because three of the six factors are meaningfully present and reasonably distributed, one more than required. One other factor (tax or special assessment delinquencies) affected one of the tax parcels that consisted of vacant land. The presence of this factor supports the eligibility of the Project Area for designation as a tax increment finance district, and is evidence of the disinvestment that has occurred in portions of the Project Area.

With respect to the second set of eligibility factors that apply to vacant land, only one condition must be meaningfully present and reasonably distributed. None of these factors were present in the Project Area. For more detail on the basis for eligibility, refer to the *Eligibility Study* in *Appendix C*.

Need for Public Intervention

Public intervention is needed to achieve the Village's development objectives for the Project Area. There has been little significant private investment in the area since the incorporation of the Village of Beach Park in 1989. The growth in taxable value of the Project Area has lagged that of the balance of the Village for each of the last five years. The total EAV of the Project Area experienced a 7.4% decline from the 2008 tax year, a rate that is more than double the 3.6% decline in taxable value experienced by the Village as a whole.

4. REDEVELOPMENT PLAN GOALS AND OBJECTIVES

The proposed Redevelopment Plan and Project is consistent with Village plans for the area. The land uses contained in the General Land Use Plan are consistent with the Beach Park Comprehensive Plan and the Sheridan Road Corridor Overlay District. The following goals and objectives are provided to guide development in the Project Area.

General Goals

- Reduce or eliminate deleterious conditions.
- Provide for the orderly transition from obsolete land uses to more appropriate land use patterns.
- Improve public facilities and amenities, including new utility infrastructure.
- Enhance the tax base of the Project Area.

Redevelopment Objectives

- Encourage private investment, especially new development on vacant land and underutilized property within the Project Area.
- Direct development activities to appropriate locations within the Project Area in accordance with the land use plan and general land use strategies.
- Facilitate development of underutilized property for uses that have demonstrated market support.
- Encourage redevelopment that promotes the economic sustainability of the Village.
- Attract retail uses that generate sales tax revenues.

5. REDEVELOPMENT PLAN

The Village proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques, including all powers afforded to the Village by the Act, including but not limited to some or all of the following:

Property Assembly, Site Preparation and Environmental Remediation

To meet the goals and objectives of the Plan, the Village may acquire and assemble property throughout the Project Area. The Village may acquire or assemble property in accordance with the Act, including but not limited to purchase, exchange, donation or lease. Land assembly may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the Village may require written redevelopment 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. In connection with the Village exercising its power to acquire real property under the Act in implementing the Plan, the Village may utilize any power afforded by law. The acquisition of such property may be paid for using TIF funds.

Intergovernmental and Redevelopment Agreements

The Village may enter into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as “Redevelopment Projects”). Such redevelopment agreements may be needed to support the rehabilitation or construction of allowable private improvements, in accordance with the Plan; incur costs or reimburse developers for other eligible redevelopment project costs as provided in the Act in implementing the Plan; and provide public improvements and facilities which may include, but are not limited to utilities, transit improvements, streetscape enhancements, signalization, parking, surface right-of-way improvements, and community facilities.

Financial Impact on Taxing Districts

The Act requires an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The Village intends to monitor development in the Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

Analysis, Professional Services and Administrative Activities

The Village may undertake or engage professional consultants, engineers, architects, attorneys, and others to conduct various analyses, studies, administrative or legal services to establish, implement, and manage the Plan, or market the land within the Project Area for private development.

Provision of Public Improvements and Facilities

Adequate public improvements and facilities may be provided to service the Project Area. Public improvements and facilities may include, but are not limited to, installation, construction, reconstruction, maintenance, repair and/or extension of water service, sanitary sewers and/or stormwater management facilities, upgrading existing access within the Project Area, right-of-way improvements, provision of streetscape amenities, retaining walls, parking improvements, and other infrastructure improvements.

6. REDEVELOPMENT PROJECT DESCRIPTION

The Plan seeks to encourage redevelopment of the Project Area as a commercial and residential mixed use area. In accordance with the Beach Park Comprehensive Plan and the Sheridan Road Corridor Overlay District, an important focus of the redevelopment project is to attract new commercial development to appropriate locations along Sheridan Road.

The Plan recognizes that new investment in residential and commercial property is needed to improve the Project Area. Attracting new private investment may require the redevelopment of existing properties. Proposals for infrastructure improvements will stress projects that serve and benefit the surrounding residential, commercial and institutional uses. One objective of the Plan is the extension of water and sanitary sewer service to attract and properly serve new development. A comprehensive program of aesthetic enhancements may include streetscape improvements and aesthetically compatible new development. The components will create the quality environment required to sustain the revitalization of the Project Area. The major physical improvement elements anticipated as a result of implementing the proposed Plan are outlined below.

Residential Development

Residential redevelopment is proposed for a significant portion of the Project Area. Public open space and community facilities may be incorporated into the overall residential development pattern as appropriate.

Commercial Development

The Plan recognizes that attractive new commercial development will help promote investment in residential property and serve the people who live in Beach Park and neighboring communities.

Public Improvements

Improvements to public infrastructure and facilities are needed to complement and attract private sector investment. Infrastructure improvements may include:

- New water, sanitary sewer and stormwater management infrastructure;
- Construction of other public facilities that meet the needs of the community; and
- Streetscape improvements to enhance the image and identity of Beach Park.

7. GENERAL LAND USE PLAN AND MAP

Figure 3: Land Use Plan (see Appendix A), identifies land use policies to be pursued in the implementation of the Plan. The land use categories planned for the Project Area are 1) commercial/residential mixed use and 2) public/open space/institutional. The Land Use Plan allows for a prudent level of flexibility in land use policy to respond to future market forces. This is accomplished through the mixed-use land use category. The Land Use Plan is intended to serve as a guide for future land use improvements and developments within the Project Area.

The land uses proposed for the Project Area are consistent with the redevelopment goals of this Plan and are generally consistent with the land use designation contained in the Beach Park Comprehensive Plan.

The *Land Use Plan* is intended to serve as a broad guide for land use and redevelopment policy. The plan is general in nature to allow adequate flexibility to respond to shifts in the market and private investment. A more specific discussion of the proposed uses within the Project Area is outlined below.

Commercial/Residential Mixed Use

This land use designation applies to portions of the Project Area where supportive commercial and community uses such as retail facilities and various types of office and other commercial uses may be incorporated into new and existing residential development.

Public/Open Space/Institutional

This land use category has been applied to the portions of the Project Area that accommodate existing utility right-of-way, and that provide a visual open space amenity within the Project Area.

These land use strategies are intended to direct development toward the most appropriate land use pattern for the various portions of the Project Area and enhance the overall development of the Project Area in accordance with the goals and objectives of the Plan. Locations of specific uses, or public infrastructure improvements, may vary from the *Land Use Plan* as a result of more detailed planning and site design activities. Such variations are permitted without amendment to the Plan as long as they are consistent with the Plan's goals and objectives and the land uses and zoning approved by the Village of Beach Park.

8. REDEVELOPMENT PLAN FINANCING

Tax increment financing is an economic development tool designed to facilitate the redevelopment of blighted areas and to arrest decline in areas that may become blighted without public intervention. It is expected that tax increment financing will be an important means, although not necessarily the only means, of financing improvements and providing development incentives in the Project Area throughout its 23-year life. Tax increment financing can only be used when private investment is not reasonably expected to occur without public assistance. The Act sets forth the range of public assistance that may be utilized to facilitate redevelopment of the Project Area.

It is anticipated that expenditures for redevelopment project costs will be carefully staged in a reasonable and proportional basis to coincide with expenditures for redevelopment by private developers and the projected availability of tax increment revenues.

The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed to be necessary to implement this Plan (the "Redevelopment Project Costs").

In the event the Act is amended after the date of the approval of this Plan by the Beach Park Village 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 5/11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the Village may add any new eligible redevelopment project costs as a line item in *Table 1* or otherwise adjust the line items in *Table 1* without amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs by more than five percent, after adjustment for inflation from the date of Plan adoption, without a further amendment to this Plan.

Eligible Redevelopment Project Costs

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, or estimated to be incurred, or incidental to the Plan pursuant the Act. Eligible costs may include, without limitation, the following:

1. Costs of studies and surveys, development of plans and specifications, implementation and administration of the Plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided however, that no charges for professional services may be based on a percentage of the tax increment collected;
2. The cost of marketing sites within the Project Area to prospective businesses, developers and investors;
3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site

improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the cost of replacing an existing public building, if pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
5. Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
6. Costs of job training and retraining projects including the cost of "welfare-to-work" programs implemented by businesses located within the Project Area and such proposals featuring a community-based training program which ensures maximum reasonable employment opportunities for residents of the Project Area with particular attention to the needs of those residents who have previously experienced inadequate opportunities and development of job-related skills, including residents of public and other subsidized housing and people with disabilities;
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, including 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 including reasonable reserves related thereto;
8. To the extent the Village, by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.
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 state or federal law or in accordance with the requirements of Section 74.4-3(n)(7) of the Act (see "Relocation" section);
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 Project Area; 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, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 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:
 - such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - 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;
 - the total of such interest payments paid pursuant to the Act may not exceed 30% of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project, plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the Village pursuant to the Act; and
 - up to 75% of 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.
13. An elementary, secondary or unit school district's increased costs attributable to assisted housing units as provided for in the Act;
14. A public library district's increased costs attributable to assisted housing units as provided for in the Act;
15. Up to 50% of the cost of construction, renovation and/or rehabilitation of all low-income and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low-income and very low-income households, only the low- and very low-income households shall be eligible for benefits under the Act; and
16. The cost of day care services for children of employees from low-income families working for businesses located within the Project Area and all or a portion of the cost of operation of day care centers established by Project Area businesses to serve employees from low-income families working in businesses located in the Project Area, within a municipality with a population of more than 100,000. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the Village, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.
17. The cost of constructing new privately-owned buildings is not an eligible redevelopment project cost, unless specifically authorized by the Act;

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 200/27 *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 Project Costs

A range of activities and improvements may be required to implement the Plan. The proposed eligible activities and their estimated costs over the life of the Project Area are briefly described below and also shown in *Table 1: Estimated Redevelopment Project Costs*.

1. Analysis, administration and professional services including planning, legal, surveys, real estate marketing costs, fees and other related development costs. This budget element provides for studies and survey costs for planning and implementation of the Plan, including architectural and engineering services, development of plans and specifications, development site marketing, and financial and special service costs. *(Estimated cost: \$1,540,000)*
2. Property assembly costs, including acquisition of land and other property, real or personal, or rights or interests therein, and other appropriate and eligible costs needed to prepare the property for redevelopment. These costs may include the reimbursement of acquisition costs incurred by private developers. Land acquisition may include acquisition of both improved and vacant property in order to create development sites, accommodate public rights-of-way or to provide other public facilities needed to achieve the goals and objectives of the Plan. Property assembly costs also include demolition of existing improvements, including clearance of blighted properties or clearance required to prepare sites for new development, site preparation, including grading, and other appropriate and eligible site activities needed to facilitate new construction, and environmental remediation costs associated with property assembly which are required to render the property suitable for redevelopment. *(Estimated cost: \$3,850,000)*
3. Rehabilitation, reconstruction, repair or remodeling of existing public or private buildings, fixtures and leasehold improvements, and the cost of construction of low and very-low income housing pursuant to the provisions of the Act. *(Estimated cost: \$1,208,000)*
4. Construction of public works and improvements, including streets and utilities, parks and open space, and public facilities such as schools and other public facilities. These improvements are intended to improve access within the Project Area, stimulate private investment and address other identified public improvement needs, and may include all or a portion of a taxing district's eligible costs, including increased costs attributable to assisted housing units within the Project Area in accordance with the requirements of the Act. *(Estimated cost: \$3,850,000)*
5. Relocation costs, as judged by the Village to be appropriate or required to further implementation of the Plan. *(Estimated cost: \$1,000)*
6. Costs of job training and retraining projects, advanced vocational education, welfare-to-work or career education as provided for in the Act. *(Estimated cost: \$1,000)*
7. Interest subsidy or other financing costs associated with redevelopment projects, pursuant to the provisions of the Act. *(Estimated cost: \$550,000)*

The estimated gross eligible project cost over the life of the Project Area is \$11 million. All project cost estimates are in 2010 dollars. The foregoing simply describes the range of eligible project costs associated with implementation of this Plan. The Village will use its discretion with respect to funding improvements and is not obligated to spend funds beyond those needed to implement the Plan. Any bonds issued to finance portions of the redevelopment project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with issuance of such obligations, as well as to provide for capitalized interest and reasonably required reserves. The total project cost figure excludes any costs for the issuance of bonds. Adjustments to estimated line items, including shifts in

funding among the eligible expense categories, are expected and may be made without amendment to the Plan as long as the Total Redevelopment Project Costs in Table 1 do not increase by more than five percent, after adjustment for inflation from the date of Plan adoption.

**Table 1:
ESTIMATED REDEVELOPMENT PROJECT COSTS**

Eligible Expense	Estimated Cost
Analysis, Administration, Studies, Surveys, Legal, Marketing, etc.	<u>\$ 1,540,000</u>
Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	<u>\$ 3,850,000</u>
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation Cost	<u>\$ 1,208,000</u>
Public Works and Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) ^[1]	<u>\$ 3,850,000</u>
Relocation Costs	<u>\$ 1,000</u>
Job Training, Retraining, Welfare-to-Work, Career Education	<u>\$ 1,000</u>
Interest Subsidy	<u>\$ 550,000</u>
TOTAL REDEVELOPMENT PROJECT COSTS ^{[2] [3]}	<u>\$ 11,000,000</u> ⁴

Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the Village’s ability to finance Redevelopment Project Costs identified above.

¹This category may also include paying for or reimbursing (i) an elementary, secondary or unit school district’s or public library district’s increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts impacted by the redevelopment of the Project Area. 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 the Plan.

²Total 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.

³The amount of the Total Redevelopment Project Costs that can be incurred in the Project Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Project Area 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 Project Area, but will not be reduced by the amount of Redevelopment Project Costs incurred in the Project Area which are paid from Incremental Property Taxes generated in contiguous redevelopment project areas or those separated from the Project Area only by a public right-of-way.

⁴Increases in estimated Total Redevelopment Project Costs of more than five percent, after adjustment for inflation from the date of the Plan adoption, are subject to the Plan amendment procedures as provided under the Act.

Sources of Funds

The funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing, and other legally permissible funds as the Village may deem appropriate. The Village may incur redevelopment project costs (costs for line items listed on *Table 1: Estimated Redevelopment Project Costs*) which are paid for from funds of the Village other than incremental taxes, and the Village may then be reimbursed for such costs from incremental taxes. Also, the Village may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

Additionally, the Village may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

The Project Area is contiguous to the Sheridan Road Tax Increment Financing District and may become contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The Village may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, 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 Project Area, shall not at any time exceed the total redevelopment project costs described in this Plan.

The Project Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.61-1 *et seq.*). If the Village 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 Project Area, the Village may determine that it is in the best interests of the Village and the furtherance of the purposes of the Plan that net revenues from the Project Area be made available to support any such redevelopment project areas and vice versa. The Village therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project 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 Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible redevelopment project costs within the Project Area, or other areas described in the preceding paragraph, shall not at any time exceed the total redevelopment project costs described in *Table 1: Estimated Redevelopment Project Costs*.

Development of the Project Area would not be reasonably expected to occur without the use of the incremental revenues provided by the Act. Redevelopment project costs include those eligible project costs set forth in the Act. Tax increment financing or other public sources will be used only to the extent needed to secure commitments for private redevelopment activity.

Nature and Term of Obligations to be Issued

The Village may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation, the Village may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the Village may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

The redevelopment project 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 as 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 the Project Area is adopted (i.e., assuming Village Board approval of the Project Area and Plan in 2010, by 2034). 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 series of obligations may be sold at one or more times in order to implement this Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having concurrent jurisdiction over the Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation

The purpose of identifying the most recent equalized assessed valuation (“EAV”) of the Project Area is to provide an estimate of the initial EAV, which the Lake County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The 2009 EAV of all taxable parcels within the Project Area is \$1,158,481. This total EAV amount by Parcel Identification Number (PIN) is summarized in *Appendix D* and is subject to verification by the Lake County Clerk. After verification, the final figure shall be certified by the Lake County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by Lake County.

Should the 2010 EAV become available prior to adoption of this Redevelopment Plan and Project the new values may be substituted without amendment of the Plan.

Anticipated Equalized Assessed Valuation

Following substantial completion of the Sheridan Road South Redevelopment Plan and Project, the EAV of the Project Area is estimated at approximately \$9.8 million. This estimate has been calculated assuming that the Project Area will be developed in accordance with *Figure 3: Land Use Plan* in *Appendix A* and is based on several key assumptions, including: 1) that redevelopment of the Project Area will occur in a timely manner and 2) an estimated annual inflation rate in EAV of 2.5 percent.

Financial Impact on Taxing Districts

The Act requires an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The Village intends to monitor development in the Project Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

The following taxing districts presently have the authority to levy taxes on properties located within the Project Area:

Village of Beach Park: The Village is responsible for the provision of a range of municipal services including, enforcement of building and zoning codes, maintenance of local streets, parks and recreation, water and sewer services, and promoting economic development.

Waukegan Public School District 60: Unit School District 60 is responsible for the provision, maintenance and operations of educational facilities and services for approximately 17,000 students, kindergarten through 12th grade. District 60 is composed of twenty-four individual schools, including three preschool sites, one kindergarten center, fourteen elementary schools, five middle schools, and a high school program divided between three buildings.

College of Lake County Junior College District 532: The College of Lake County is a unit of the State of Illinois' system of public community colleges, whose objective is to meet the educational needs of residents of the Village and other students seeking higher education programs and services. The College of Lake County is a comprehensive community college offering a wide range of academic program choices to meet students' educational needs at different points in their lives. The district has a population of almost 650,000 residents, living in more than 50 demographically diverse communities.

Zion-Benton Public Library District: The Zion-Benton Public Library serves Benton Township and the communities of Zion, Beach Park and Winthrop Harbor.

Beach Park Fire Protection District: The Beach Park Fire Protection District is responsible for providing fire protection, rescue and emergency medical services to a district of approximately ten square miles that encompasses the majority of the Village of Beach Park and areas of unincorporated Lake County. The service area includes approximately 15,000 residents as well as daily commuter traffic between Wisconsin and the Chicago area. The District operates with a combination of full time and part time employees supplemented by paid-on-call Firefighter-Paramedics and responds to over 1,200 calls per year. Two thirds of these calls are for medical emergencies or rescues.

Waukegan Park District: The Waukegan Park District serves the southern portions of Beach Park and provides a wide range of recreational and cultural arts programming.

Waukegan Township: Responsibilities of the township include certain roadway improvements, property assessment and the administration of general assistance programs.

Lake County: The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways. Police protection is provided to Beach Park residents and businesses through a service contract.

Lake County Forest Preserves: The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in Lake County for the education, pleasure and recreation of the public.

North Shore Sanitary District: The North Shore Sanitary District (NSSD) is a municipal body which was organized in 1914 under the North Shore Sanitary District Act of 1911. The NSSD owns and operates more than 100 miles of intercepting sewer lines and pumping stations which collect and convey wastewater from local sewer systems to Sewage Treatment Plants (STP's) in Gurnee, Waukegan, and Highland Park, Illinois. Additional NSSD facilities include the NSSD Sludge Recycling Facility in Zion, the Administration Building and Laboratory in Gurnee, and the Maintenance Building in Waukegan.

The proposed revitalization of the Project Area is expected to create moderate demands on public services. The development of new residential property on vacant and deteriorated land could increase the demand for school services as well as parks and other population-based services. Demands on police and fire services may also increase.

The demand for water and sewer services would increase, since one of anticipated purposes of the Plan is to facilitate the extension of these utilities into areas that currently rely on well and septic systems. Proposed commercial development would not increase the demand for population-based services, but would increase demand for water and sewer services and similar types of infrastructure.

Redevelopment of the Project Area may result in changes to the level of required public services. The required level of these public services will depend upon the uses that are ultimately included within the Project Area. Although the specific nature and timing of the private investment expected to be attracted to the Project Area cannot be precisely quantified at this time, a general assessment of financial impact can be made based upon the level of development and timing anticipated by the proposed Plan.

When completed, developments in the Project Area will generate property tax revenues for all taxing districts. Other revenues may also accrue to the Village in the form of sales tax, business fees and licenses, and utility user fees. The costs of some services such as water and sewer service, building inspections, etc. are typically covered by user charges. However, others are not and should be subtracted from the estimate of property tax revenues to assess the net financial impact of the Plan on the affected taxing districts.

For most taxing districts levying taxes on property within the Project Area, increased service demands are expected to be negligible because they are already serving the Project Area. Upon completion of the Plan, all taxing districts are expected to share the benefits of a substantially improved tax base. However, prior to the completion of the Plan, certain taxing districts may experience an increased demand for services.

It is expected that most of the increases in demand for the services and programs of the aforementioned taxing districts, associated with the Project Area, can be adequately handled by the existing services and programs maintained by these taxing districts. However, the Redevelopment Project Cost line item for public improvements includes "taxing district capital costs" to address potential demands associated

with implementing the Plan. In addition, it is the intention of the Village to endeavor to designate the portion of Incremental Property Taxes received annually that is the result of general growth in property values, rather than new private investment, as surplus for distribution to all taxing districts in accordance with the procedures set forth in the Act.

Real estate tax revenues resulting from increases in the EAV, over and above the Certified Initial EAV established with the adoption of the Plan, will be used to pay eligible redevelopment costs in the Project Area. Following termination of the Project Area, the real estate tax revenues, attributable to the increase in the EAV over the Certified Initial EAV, will be distributed to all taxing districts levying taxes against property located in the Project Area. Successful implementation of the Plan is expected to result in new development and private investment on a scale sufficient to overcome blighted conditions and substantially improve the long-term economic value of the Project Area.

Completion of the Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs

The Plan will 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 Village Treasurer as 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 the Plan is adopted (assuming adoption in 2010, by December 31, 2034).

9. HOUSING IMPACT AND RELATED MATTERS

Amendments to the Act that became effective November 1, 1999, require the preparation of a housing impact study if implementation of the Plan would result in the displacement of ten or more inhabited residential units or if the Project Area contains 75 or more inhabited residential units and the Village does not certify that the Plan would not result in the displacement of ten or more inhabited residential units.

Eight inhabited residential units were identified during a survey of the Project Area conducted on May 12, 2010. While demolition of inhabited residential units is not anticipated under this Plan, even if that were to occur the total number of units within the Project Area is below the housing impact study threshold. Because there are fewer than ten inhabited residential units that could be displaced, a housing impact study is not a required element of this Plan.

10. PROVISIONS FOR AMENDING THE PLAN

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

11. VILLAGE OF BEACH PARK COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION

As part of any Redevelopment Agreement entered into by the Village and any private developer, both will agree to establish and implement an affirmative action program that serves appropriate sectors of the Village of Beach Park. Developers or redevelopers will meet Village of Beach Park standards for participation of Minority Business Enterprises and Woman Business Enterprises as required in Redevelopment Agreements.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race, religion or creed. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including hiring, upgrading and promotions, terminations, compensation, benefit programs and educational opportunities.

Anyone involved with employment or contracting for this Plan will be responsible for conformance with this policy and the compliance requirements of applicable state and federal regulations.

The Village and the private developers involved in the implementation of this Plan will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts at any level for redevelopment projects being undertaken in the Project Area. Any public/private partnership established with respect to implementation of the Plan will seek to ensure and maintain a working environment free of harassment, intimidation and coercion at all sites, and in all facilities at which employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals. The partnership will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner.

Underlying this policy is the recognition that successful affirmative action programs are important to the continued growth and vitality of the Village of Beach Park.

APPENDIX A

**SHERIDAN ROAD SOUTH
REDEVELOPMENT PROJECT AREA**

FIGURES 1-3

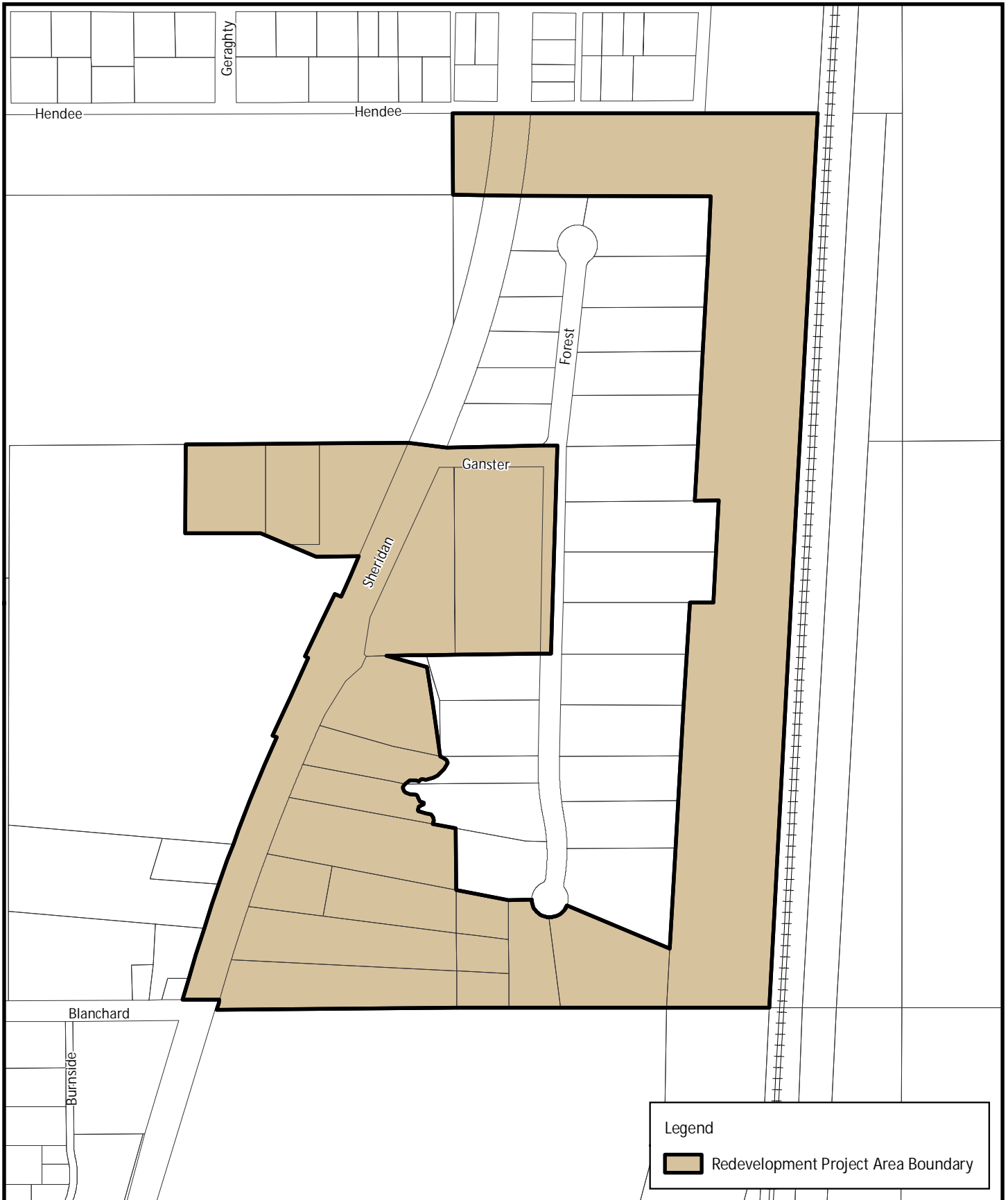
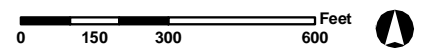


Figure 1
 Redevelopment Project Area Boundary Map

Sheridan Road South Redevelopment Project Area
 Beach Park, Illinois



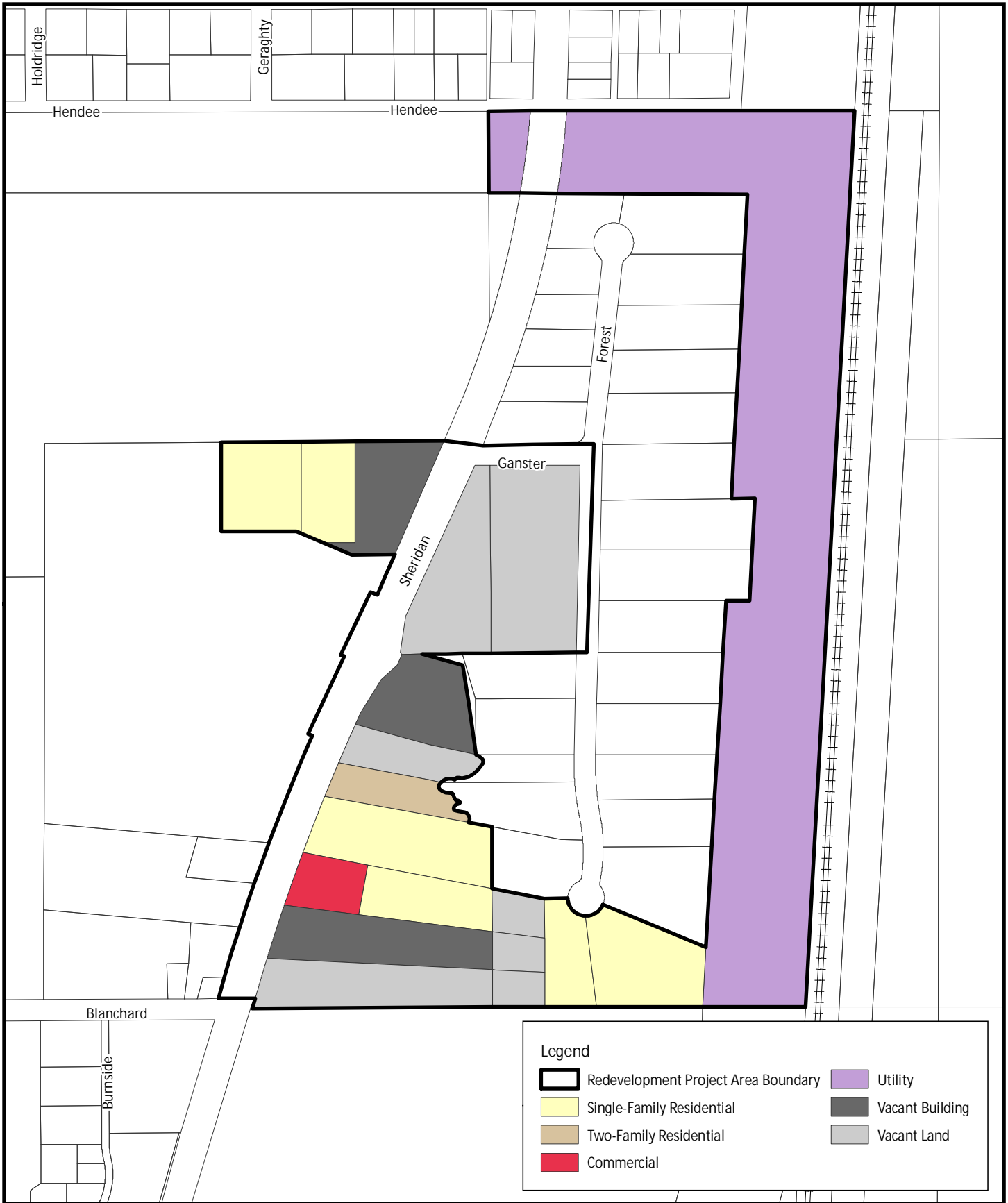
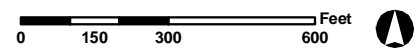


Figure 2
Existing Land Use

Sheridan Road South Redevelopment Project Area
 Beach Park, Illinois



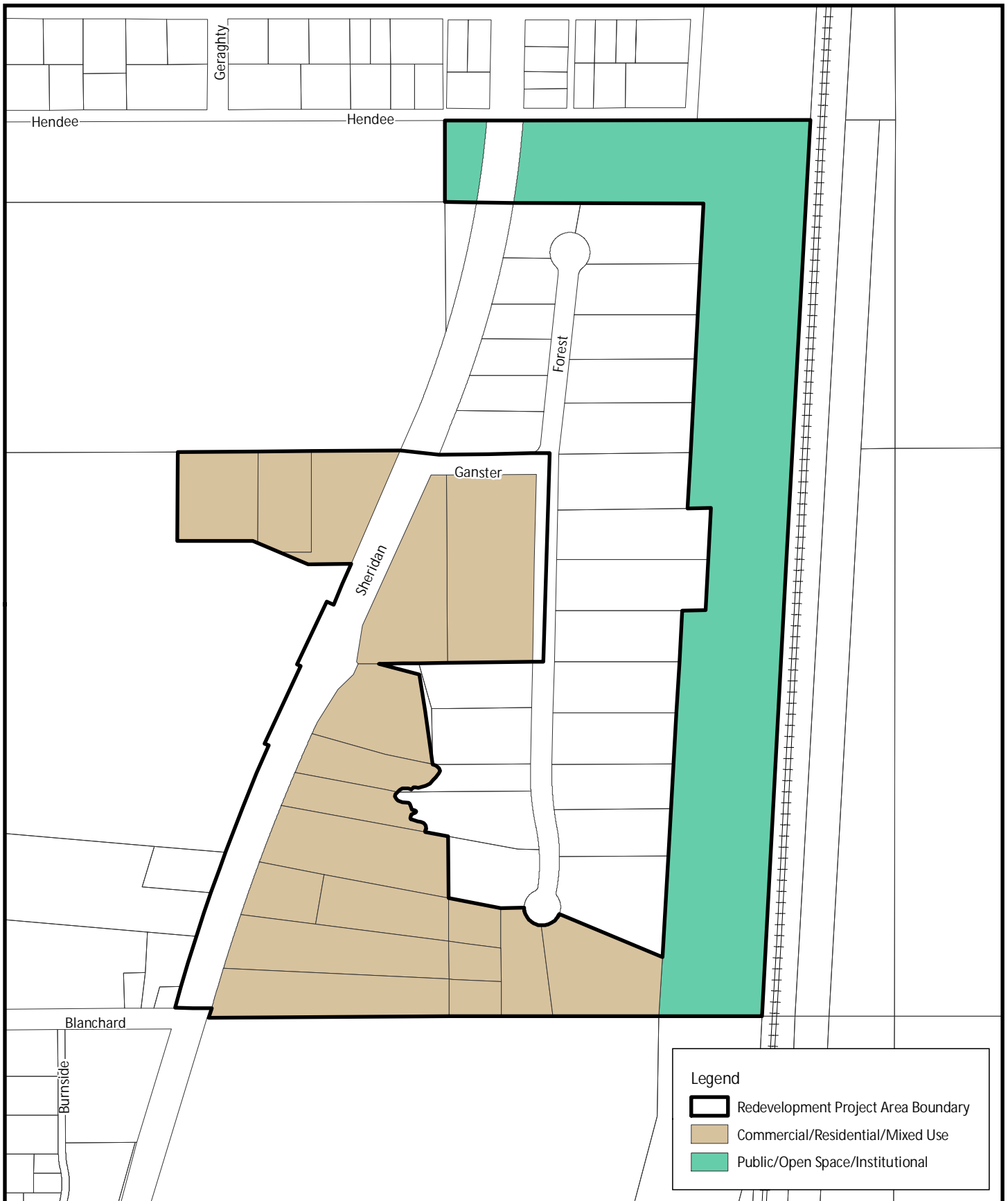
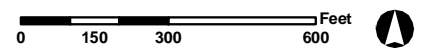


Figure 3
Land Use Plan

Sheridan Road South Redevelopment Project
 Beach Park, Illinois



APPENDIX B

SHERIDAN ROAD SOUTH REDEVELOPMENT AND PROJECT AREA LEGAL DESCRIPTION

That part of the SW1/4 of Section 3 and of the SE1/4 of Section 4, Township 45 North, Range 12, East of the Third Principal Meridian, described as follows: Beginning at the Southeast corner of said SE1/4 of Section 4; thence West on the South line of said SE1/4 to the East line of Sheridan Road (being the 50 foot right of way line); thence Northerly on the East line of Sheridan Road to a point 33.0 feet North of (as measured at right angles to) the South line of said SE1/4; thence West parallel with the South line of said SE1/4 to a point on the West line of said Sheridan Road (being the 50 foot right of way line); thence Northerly on the West line of said Sheridan Road to a point on the South edge of a widening of Sheridan Road (by instrument recorded as document 1482124); thence Westerly, 10.0 feet, to the 60 foot right of way; thence Northerly, on the 60 foot right of way, 250 feet; thence Westerly, 10.0 feet, to the 70 foot right of way; thence Northerly, on the 70 foot right of way, 200 feet; thence Easterly, 20.0 feet, to a point on the 50 foot right of way line of said Sheridan Road; thence continuing Northerly, on the 50 foot right of way line, to a point on the South line of the North 1315.0 feet of the E1/2 of the SE1/4 of said Section 4; thence Westerly on a line parallel with the North line of said SE1/4 to a point 90 feet West (as measured on said parallel line) of the Westerly 50.0 foot right of way line of Sheridan Road; thence Northwesterly to the Southeast corner of the West 735.0 feet of the North 1250.0 feet of said SE1/4 of Section 4; thence West parallel with the North line of said SE1/4, a distance of 220.0 feet; thence North parallel with the West line of said SE1/4, a distance of 260.0 feet to the South line of the North 15 chains of said SE1/4; thence East on the South line of said North 15 chains to the centerline of said Sheridan Road; thence Easterly to the Southwest corner of Walldan Subdivision (according to the plat thereof recorded as Document 2968593); thence East, on the South line of said Walldan Subdivision, to the centerline extended North of Ganster Road; thence South on said centerline extended and on the centerline of said Ganster Road to a point on a line which is 1051.14 feet North (as measured on the West line of said railroad) from the South line of the SW1/4 of said Section 3; thence West parallel with the South line of said Sections 3 and 4 a distance of 393 feet, more or less, to the thread of a stream; thence Southerly along the thread of the stream to a South line of Lot 4 in Bergmann's Ridge (according to the plat thereof recorded in Book 50 of Plats, page 34) this also being on the North line of premises conveyed to Axel Kanervo (by Deed recorded on September 26, 1938 as document 454257 in Book 438 of Deeds on page 398); thence South 79° East on the Kanervo-Bergmann Boundary to the West line of the SW1/4 of said Section 3; thence South on the West line of said SW1/4 a distance of 177.6 feet; thence South 79° East 155.0 feet, more or less, to a point which is 151.8 feet East of the West line of said SW1/4 and 325.38 feet North (324.50 feet per Bergmann's Ridge) of the South line of said SW1/4; thence East (on the line common to Lots 3 and 4 in said Bergmann's Ridge) parallel with the South line of said SW1/4 a distance of 69.60 feet to the Easterly corner common to said Lots 3 and 4; thence Southeasterly on the cul de sac of Ganster Road being a curved line with a radius of 50 feet a chord distance of 98.12 feet to the Westerly corner common to Lots 2 and 3 in said Bergmann's Ridge; thence Southeasterly on the line common to said Lots 2 and 3 a distance of 330.4 feet to the Easterly corner common to said Lots 2 and 3, said point being on a line 300 feet West of (as measured at right angles to)

the Westerly right of way line of the Chicago and Northwestern Railroad (now known as the Union Pacific Railroad) thence Northerly, parallel with said Westerly line of the railroad, to a point 1201.74 feet North of the South line of said SW1/4 (as measured on the West line of said railroad); thence East parallel with the South line of said SW1/4 to a point 230.0 feet West of (as measured at right angles to) the West line of said railroad; thence Northerly, parallel with the West line of said railroad, 300.40 feet; thence West to a point 300 feet West of (as measured at right angles to) the West line of said railroad; thence Northerly parallel with the West line of the railroad to a point on the South line of the North 234 feet of the SW1/4 of said Section 3; thence West parallel with the North line of said SW1/4 to the West line thereof; thence North, on the West line of said SW1/4, 234 feet to the Northwest corner thereof; thence East on the North line of said SW1/4 to its intersection with the West line of said railroad; thence Southerly on the West line of the railroad to its intersection with the South line of said SW1/4; thence West on the South line of said SW1/4 to the place of beginning, (except that part thereof described as follows: Commencing at a point on the Easterly line of Sheridan Road 869.1 Northerly, as measured on the Easterly line of Sheridan Road, from the South line of said Section 4; thence South 79° 26' East, 439.5 feet to the Northwest corner of lands conveyed to Howard G. Ganster, said point being in the thread of a stream and the true point of beginning of this exception; thence North 08° 24' West, 260.0 feet; thence North 75° 26' West, to a point on a line which is 1051.14 feet North (as measured on the West line of the railroad) from the South line of the SW1/4 of said Section 3; thence East on a line parallel with the South line of the SW1/4 of said Section 3 to a point in the thread of the stream; thence Southerly in the thread of the stream to the true point of beginning of this exception), in Lake County, Illinois.

APPENDIX C

SHERIDAN ROAD SOUTH REDEVELOPMENT AND PROJECT AREA ELIGIBILITY STUDY

The purpose of this study is to determine whether a portion of the Village of Beach Park identified as the Sheridan Road South Redevelopment Project Area qualifies for designation as a tax increment financing district within the definitions set forth under 65 ILCS 5/11-74.4-3 contained in the "Tax Increment Allocation Redevelopment Act" (65 ILCS 5/11-74.4-1 et seq.), as amended. This legislation focuses on the elimination of blighted or rapidly deteriorating areas through the implementation of a redevelopment plan. The Act authorizes the use of tax increment revenues derived in a project area for the payment or reimbursement of eligible redevelopment project costs.

The area proposed for designation as the Sheridan Road South Redevelopment Project Area, hereinafter referred to as the "Study Area," is shown in *Figure C-1: Study Area Boundary Map*. The Study Area includes improved property and vacant land on either side of Sheridan Road located within the Village of Beach Park and generally bounded by Hendee Road on the north, Lyons Woods (operated by the Lake County Forest Preserve) on the west, the Chicago and Northwestern Railway right-of-way on the east and the City of Waukegan on the south. The Study Area includes Commonwealth Edison right-of-way located south of Hendee Road extending east to the Chicago and Northwestern Railway right-of-way and south along said right-of-way to the Village limits, residential property at the south end of Ganster Road, immediately north of the Village limits, property with Sheridan Road addresses generally south of Ganster Road and land located on the south side of Ganster Road and west of Forest Drive. The Study Area is approximately 52.4 acres in size and includes 21 tax parcels.

Improved property within the Study Area totals 36.8 acres on 12 tax parcels, representing approximately 70% of the total Study Area. There are seven vacant parcels within the Study Area that account for approximately 9.5 acres of land, representing approximately 18% of the Study Area. The balance of the Study Area (12%) includes various rights-of-way. There are two tax parcels that are part of the Sheridan Road right-of-way. These parcels are not available for private development and, thus, have not been considered in the eligibility analysis. The distribution of improved property and vacant land within the Study Area is shown in *Figure C-2: Property Type*.

This study summarizes the analyses and findings of the consultant's work, which, unless otherwise noted, is solely the responsibility of Camiros, Ltd. and does not necessarily reflect the views and opinions of potential developers or the Village of Beach Park. Camiros, Ltd. has prepared this report with the understanding that the Village would rely 1) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and 2) on the fact that Camiros, Ltd. has obtained the necessary information to conclude that the Study Area meets the requirements for designation as a redevelopment project area in compliance with the Act.

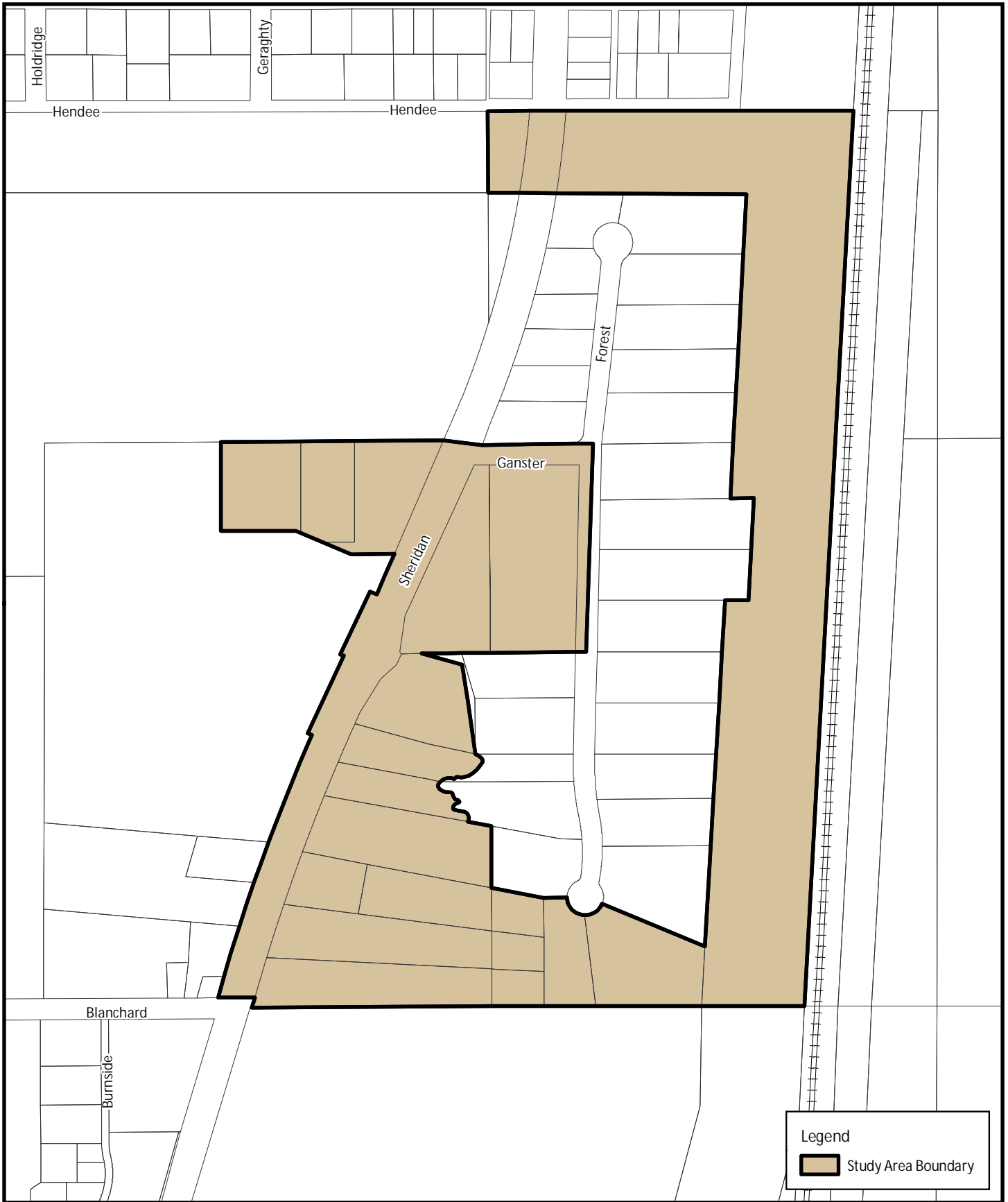
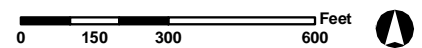


Figure C-1
Study Area Boundary Map

Sheridan Road South Redevelopment Project
 Beach Park, Illinois



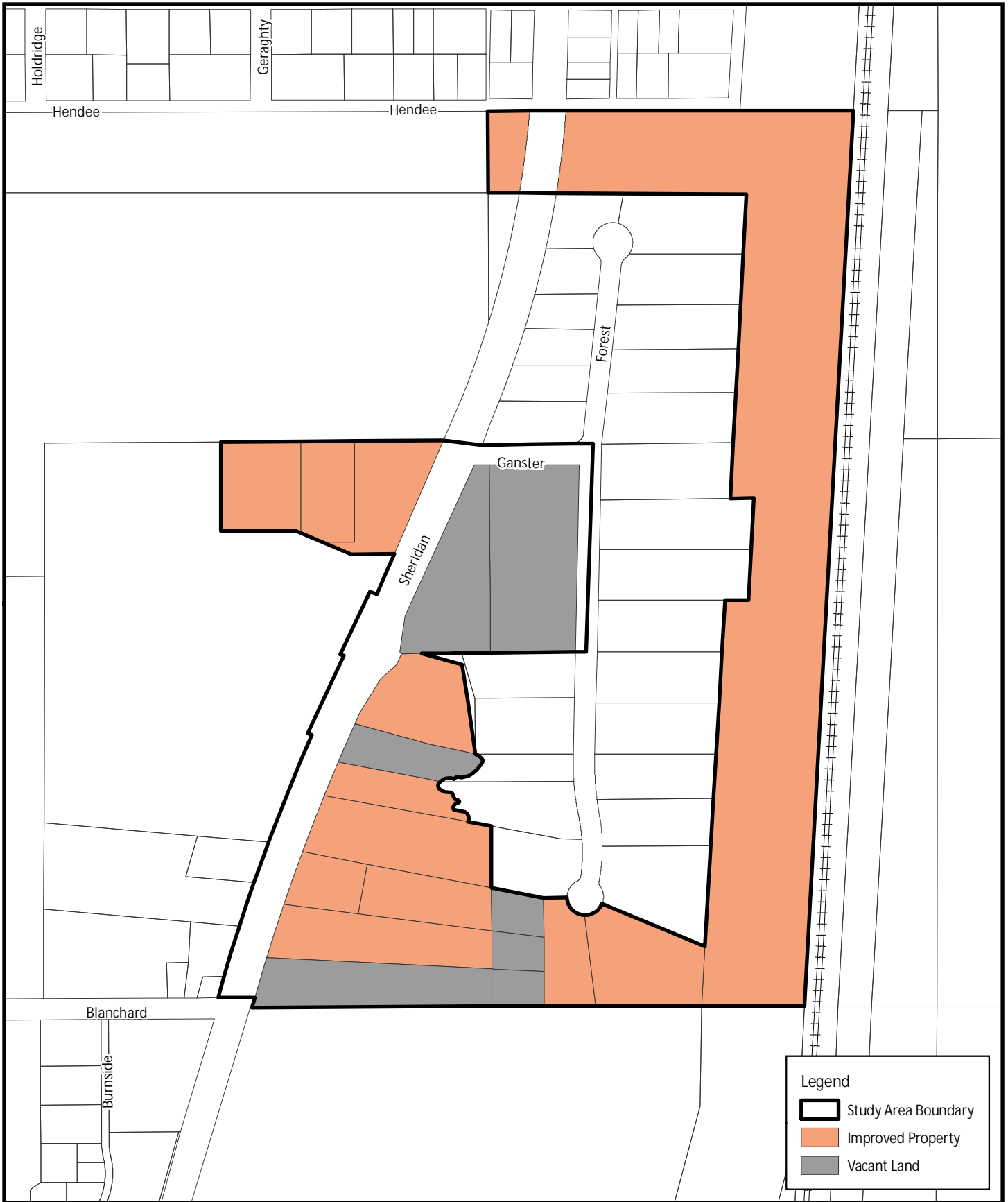
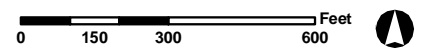


Figure C-2
Property Type

Sheridan Road South Redevelopment Project
 Beach Park, Illinois



1. INTRODUCTION

The Tax Increment Allocation Redevelopment Act (the "Act") permits municipalities to induce redevelopment of eligible "blighted," "conservation" or "industrial park conservation areas" in accordance with an adopted redevelopment plan. The Act stipulates specific procedures, which must be adhered to, in designating a redevelopment project area. One of those procedures is the determination that the area meets the statutory eligibility requirements. Under 65 ILCS 5/11-74.4-3(p), the Act defines a "redevelopment project area" as:

"... an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area, conservation area or industrial park conservation area, or combination of both blighted and conservation areas."

In adopting the Act, the Illinois State Legislature found that:

1. ...there exists in many municipalities within this State blighted, conservation and industrial park conservation areas...(65 ILCS 5/11-74.4-2(a)); and
2. ...the eradication of blighted areas and treatment and improvement of conservation areas by redevelopment projects is hereby declared to be essential to the public interest (65 ILCS 5/11-74.4-2(b)).

The legislative findings were made on the basis that the presence of blight, or conditions that lead to blight, is detrimental to the safety, health, welfare and morals of the public. The Act specifies certain requirements that must be met before a municipality may proceed with implementing a redevelopment project in order to ensure that the exercise of these powers is proper and in the public interest.

Before the tax increment financing ("TIF") technique can be used, the municipality must first determine that the proposed redevelopment area qualifies for designation as a "blighted area," "conservation area," or "industrial park conservation area." Based on the conditions present, this Eligibility Study (the "Study") finds that the Study Area qualifies for designation as a combination of an improved conservation area and a blighted vacant area.

The Act defines blighted and conservation areas, and the Act provides guidance as to when the factors present qualify an area for such designation. Where any of the factors defined in the Act are found to be present in the Study Area, they must be: 1) documented to be present to a meaningful extent so that the municipality may reasonably find that the factor is clearly present within the intent of the Act; and 2) reasonably distributed throughout the vacant or improved part of the Study Area, as applicable, to which such factor pertains.

The test of eligibility of the Study Area is based on the conditions of the area as a whole. The Act does not require that eligibility be established for each and every property in the Study Area.

Conservation Areas

A “conservation area” is an improved area located within the territorial limits of the municipality in which 50% or more of the structures have an age of 35 years or more. Such areas are not yet blighted but, because of a combination of three or more of the following factors that are detrimental to the public safety, health, morals or welfare, may become a blighted area:

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Illegal use of individual structures
6. Excessive vacancies
7. Lack of ventilation, light or sanitary facilities
8. Inadequate utilities
9. Excessive land coverage and overcrowding of structures and community facilities
10. Deleterious land use or layout
11. Lack of community planning
12. Environmental cleanup requirements
13. Lagging or declining equalized assessed value

Blighted Vacant Areas

If the property consists of vacant land, a combination of two or more of the following factors qualifies the area as blighted, as more fully discussed in Section 74.4-3(a)(2) of the Act:

- A. Obsolete platting of vacant land
- B. Diversity of ownership of vacant land
- C. Tax or special assessment delinquencies on such land
- D. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- E. Environmental clean-up requirements
- F. Lagging or declining equalized assessed value

Vacant land may also qualify as blighted if any one of the following factors is present, all described in Section 74.4-3(a)(3) of the Act:

- a. The area consists of one or more unused quarries, mines or strip mine ponds
- b. The area consists of unused rail yards, tracks or rights-of-way
- c. The area is subject to flooding as certified by a registered professional engineer or appropriate regulatory agency
- d. The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation or dredge sites

- e. The area is between 50 to 100 acres, 75 percent vacant, shows deleterious qualities and was designated as a town center before 1982, but not developed for that purpose
- f. The area qualified as blighted immediately before it became vacant

2. ELIGIBILITY STUDIES AND METHODOLOGY

An analysis was undertaken to determine whether any or all of the factors listed in the Act are present in the Study Area, and if so, to what extent and in which locations.

In order to accomplish this evaluation the following tasks were undertaken:

1. Exterior survey of the condition and use of each building;
2. Field survey of environmental conditions involving parking facilities, public infrastructure, site access, fences and general property maintenance;
3. Analysis of existing land uses and their relationships;
4. Comparison of surveyed buildings to zoning regulations;
5. Analysis of the current platting, building size and layout;
6. Analysis of building floor area and site coverage;
7. Review of previously prepared plans, studies, inspection reports and other data;
8. Analysis of real estate assessment data;
9. Review of available information concerning the presence of water and sewer utilities; and
10. Review of building code violation records.

The building condition analysis is based on a preliminary exterior inspection of the buildings and sites conducted by Camiros, Ltd. between January and May, 2010. Structural deficiencies in building components and related environmental deficiencies in the Study Area were noted during the survey.

Building Condition Evaluation

This section summarizes the process used for assessing building conditions in the Study Area. These standards and criteria were used to evaluate the existence of dilapidation or deterioration of structures within the Study Area.

Building Components Evaluated

During the field survey, each component of the buildings in the Study Area was examined to determine whether it was in sound condition or had minor, major, or critical defects. Building components examined were of two types:

Primary Structural Components

These include the basic elements of any building: foundation walls, load-bearing walls and columns, roof, roof structures and facades.

Secondary Components

These are components generally added to the primary structural components and are necessary parts of the building, including exterior and interior stairs, windows and window units, doors and door units, interior walls, chimney, and gutters and downspouts.

Each primary and secondary component was evaluated separately as a basis for determining the overall condition of individual buildings. This evaluation considered the relative importance of specific

components within a building and the effect that deficiencies in components will have on the remainder of the building.

Building Component Classification

The four categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below:

Sound

Building components that contain no defects, are adequately maintained, and require no treatment outside of normal ongoing maintenance.

Deficient – Requiring Minor Repair

Building components containing defects (loose or missing material or holes and cracks over a limited area), which often may be corrected through the course of normal maintenance. Minor defects have no real effect on either the primary or secondary components and the correction of such defects may be accomplished by the owner or occupants. Examples include tuckpointing masonry joints over a limited area or replacement of less complicated components. Minor defects are not considered in rating a building as structurally substandard.

Deficient – Requiring Major Repair

Building components that contain major defects over a widespread area that would be difficult to correct through normal maintenance. Buildings in the major deficient category would require replacement or rebuilding of components by people skilled in the building trades.

Critical

Building components that contain major defects (bowing, sagging, or settling to any or all exterior components causing the structure to be out-of-plumb, or broken, loose or missing material and deterioration over a widespread area) so extensive that the cost of repair would be excessive.

Final Building Rating

After completion of the exterior building condition survey, each structure was placed in one of three categories based on the combination of defects found in various primary and secondary building components. Each final rating is described below:

Sound

Sound buildings can be kept in a standard condition with normal maintenance. Buildings so classified have no minor defects.

Deficient

Deficient buildings contain defects that collectively are not easily correctable and cannot be accomplished in the course of normal maintenance. The classification of major or minor reflects the degree or extent of defects found during the survey of the building.

- Deficient-Minor
Buildings classified as “deficient – requiring minor repairs” have more than one minor defect, but no major defects.
- Deficient-Major
Buildings classified as “deficient – requiring major repairs” have at least one major defect in one of the primary components or in the combined secondary components, but less than one critical defect.

Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed. Buildings classified as structurally substandard have two or more major defects.

Minor deficient and major deficient buildings are considered to be the same as deteriorating buildings as referenced in the Act. Substandard buildings are the same as dilapidated buildings.

Eligibility Determination

In this eligibility analysis, where a factor is described as being present to a *major* extent, the factor is present with respect to at least half of the properties to which the factor pertains and is reasonably distributed in the Study Area. The presence of such conditions has a significant adverse impact or influence on adjacent and nearby property. A factor described as being present to a *limited* or *minor* extent indicates that the factor is present, but that the distribution of impact of the condition is more limited, affecting fewer than 50% of the applicable tax parcels. A statement that the factor is *not present* indicates that either no information was available or that no evidence was documented as a result of the various surveys and analyses. Factors whose presence could not be determined with certainty were not considered in establishing eligibility.

3. PRESENCE AND DISTRIBUTION OF ELIGIBILITY FACTORS

The Study Area consists of a combination of improved property and vacant land. The Act establishes different eligibility factors that must be used to qualify either improved property or vacant land for designation as a redevelopment project area under the Act.

Improved property includes parcels that contain buildings, structures, parking or other physical improvements. Improved property may include single parcels or multiple parcels under single or common ownership. Landscaped yards, open space or other ancillary functions may also be classified as improved property for the purposes of the eligibility analysis if they are obviously accessory to an adjacent building (primary use).

In order to establish the eligibility of a redevelopment project area under the improved “conservation area” criteria established in the Act, at least 50% of structures present must be 35 years of age or older. Additionally, at least three of 13 eligibility factors must be meaningfully present and reasonably distributed throughout the Study Area with respect to improved property. For vacant land, either two of certain conditions or one of certain other conditions must be meaningfully present and reasonably distributed with respect to the vacant land.

Summary of Findings

This eligibility study finds that the Study Area qualifies for designation as a combination of an improved conservation area and vacant blighted area under the criteria contained in the Act.

During the field survey, 20 primary and secondary structures were identified, 17 of which are at least 35 years of age. Thus, the age threshold is met with 85% of structures being 35 years of age or older. In addition, the following five qualifying factors for an improved conservation area are meaningfully present and reasonably distributed within the improved portions of the Study Area:

1. Obsolescence
2. Presence of structures below minimum code standards
3. Inadequate utilities
4. Lack of community planning
5. Lagging or declining EAV

Three other qualifying factors for improved property are present to a more limited extent within the Study Area including:

1. Deterioration
2. Excessive vacancies

While present, these factors were not used as the primary basis for establishing eligibility of the Study Area as conservation area under the Act. However, they support the overall findings and conclusions of the eligibility analysis.

The following conditions were found with respect to the vacant land in the Study Area:

- A. Obsolete platting
- B. Tax or special assessment delinquencies
- C. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- D. Lagging or declining EAV

Tax delinquencies affect only one vacant parcel. The other factors are meaningfully present and reasonably distributed within the vacant portions of the Study Area, affecting the majority of vacant tax parcels. Thus, the vacant portion of the Study Area qualifies as a blighted area under the Act.

For the purpose of this analysis the conditions identified in Section 74.4-3(a)(3) of the Act were not used to establish eligibility of the vacant portions of the Study Area for TIF designation. The meaningful presence and reasonable distribution of any one of these factors would also qualify the vacant portions of the Study Area as a blighted vacant area under the Act.

The presence and distribution of eligibility factors related to the qualification of the Study Area for designation as a combination of an improved conservation area and a vacant blighted area are discussed below. The distribution of the eligibility factors within the Study Area are presented in *Table C: Distribution of Conservation Area Eligibility Factors – Improved Property* and *Table D: Distribution of Blighted Vacant Area Eligibility Factors*.

Improved Property

The Study Area contains 12 tax parcels that are classified as improved property. These parcels account for 36.8 acres and represent 70% of the land in the Study Area. The following discussion documents the eligibility of the improved portions of the Study Area for designation as a conservation area under the Act.

Age

Twenty principal and secondary structures were identified during the field survey, 17 of which are 35 years of age or older. These buildings were built in 1975 or earlier and account for 85% of all structures, satisfying the age threshold.

Factors Present Within the Study Area

Each factor identified in the Act for determining whether an area qualifies as a conservation area was considered and a conclusion is presented as to whether or not the factor is present in the Study Area to a degree sufficient to warrant its inclusion as a blighting factor in establishing the eligibility of the area as a conservation area under the Act. These findings describe the conditions that exist and the extent to which each factor is present within the Study Area.

1. **Dilapidation**

As defined in the Act, “dilapidation” refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvement 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.

No principal buildings were identified during the preliminary field survey with structural deficiencies so serious as to obviously warrant their demolition.

Conclusion: Dilapidation was not found to be present within the Study Area.

2. **Obsolescence**

As defined in the Act, “obsolescence” refers to the condition or process of falling into disuse. Structures have become ill suited for the original use.

In making findings with respect to buildings, it is important to distinguish between *functional obsolescence* which relates to the physical utility of a structure, and *economic obsolescence* which relates to a property's ability to compete in the marketplace.

Functional Obsolescence

Historically, structures have been built for specific uses or purposes. The design, location, height, and space arrangement are intended for a specific occupant at a given time. Buildings become obsolete when they contain characteristics or deficiencies which limit their use and marketability after the original use ceases. These characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor design or layout, the improper orientation of the building on its site, etc., which detracts from the overall usefulness or desirability of a property.

Economic Obsolescence

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and depreciation in market values.

If functionally obsolete properties are not periodically improved or rehabilitated, or economically obsolete properties are not converted to higher and better uses, the income and value of the property erodes over time. This value erosion leads to deferred maintenance, deterioration, and excessive vacancies. These manifestations of obsolescence then begin to have an overall blighting influence on surrounding properties and detract from the economic vitality of the overall area.

Obsolescence as a factor should be based upon the documented presence and reasonable distribution of buildings evidencing such obsolescence. Obsolete buildings contain characteristics or deficiencies that limit their long-term sound use or reuse. Obsolescence in such buildings is typically difficult and expensive to correct. Obsolete building types have an adverse affect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Buildings within the Study Area are both functionally and economically obsolete. All but three of the primary buildings for which building age can be documented are at least 35 years old. More than half of the primary buildings were built before 1960. Conditions related to functional obsolescence

include residential buildings built before 1960 and located in areas zoned for commercial use and/or designated for commercial use in the Beach Park Comprehensive Plan.

Economic obsolescence is demonstrated by a lack of growth in equalized assessed value. The equalized assessed value of improved property in the Study Area increased at a slower rate than the balance of property in the Village in recent years, and experienced a significant decrease between the 2008 and 2009 tax years. This decrease was substantially higher than that seen by Beach Park as a whole. The equalized assessed value of three improved properties within the Study Area was lower in 2009 than in 2003, which further reflects the economic obsolescence present within the Study Area.

Conclusion: Obsolescence is present to a major extent, affecting buildings on seven of the 12 improved tax parcels. This factor is reasonably distributed throughout the Study Area affecting 58% of the improved tax parcels.

3. Deterioration

As defined in the Act, “deterioration” refers to, 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, 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.

Based on the definition given by the Act, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. Four of the tax parcels within the Study Area exhibit deterioration to varying degrees, with respect to site improvements and/or buildings. Three of these deteriorated buildings were also found to be obsolete. Two affected tax parcels contain a total of three vacant principal buildings.

Conclusion: Deterioration is present to a limited extent and reasonably distributed throughout the Study Area, affecting 33% of the improved tax parcels.

4. Presence of Structures Below Minimum Code Standards

As defined in the Act, the “presence of structures below minimum code standards” refers to any structure that does not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures that are below minimum code standards include buildings characterized by defects or deficiencies that threaten health and safety.

Determination of the presence of structures below minimum code standards was based upon a review of available inspection reports and review of buildings and site improvements in relation to

current zoning requirements. No buildings with recent code violations were identified based on a review of inspection reports compiled over the last two years.

A more significant issue involves the application of current zoning requirements to the existing development pattern within the Study Area. Beach Park's Zoning Ordinance requires property to have direct street access for example, which three parcels lack. At least one residential property exceeds the density permitted in the applicable zoning district. Another example of this condition is a parcel at the southern end of the Study Area that contains two vacant principal buildings, a former restaurant and a single-family house.

Conclusion: The factor of structures below minimum code standards is meaningfully present, affecting six improved tax parcels, representing 50% of the improved tax parcels. The factor is reasonably distributed throughout the Study Area.

5. Illegal Use of Structures

As defined in the Act, this condition refers to the presence of uses that violate applicable federal, State or local laws, but not those applicable to minimum code standards.

No evidence of this factor was identified during the field survey.

Conclusion: This condition was not identified as being present within the Study Area.

6. Excessive Vacancies

As defined in the Act, "excessive vacancies" refers to 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.

The presence of this factor is limited to three tax parcels. Two of these vacant properties are located in highly visible locations along Sheridan Road.

Conclusion: Excessive vacancies, as a factor, is present to minor extent affecting three or 25% of the improved tax parcels within the Study Area. Therefore, while present, the factor of excessive vacancies is not considered present to a meaningful extent because it affects fewer than 50% of the improved tax parcels.

7. Lack of Ventilation, Light, or Sanitary Facilities

As defined in the Act, "lack of ventilation, light, or sanitary facilities" refers to 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 or inadequacy 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.

Conditions pertaining to a lack of ventilation, light or sanitary facilities were not identified as being present during the field survey of the Study Area.

Conclusion: This factor was not identified as being present within the Study Area.

8. Inadequate Utilities

As defined in the Act, “inadequate utilities” refers to 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.

Lack of sanitary sewer service is a major issue within the Study Area. While most improved tax parcels have access to municipal water service, none of the improved property within the Study Area is served by sanitary sewer. Four improved tax parcels were identified that do not have access to either municipal water or sanitary sewer utilities. This condition represents a major impediment to future development in accordance with the land use policy contained in Beach Park’s Comprehensive Plan.

Conclusion: Inadequate utilities a condition that is present to a meaningful extent and reasonably distributed throughout the Study Area, affecting the entire Study Area.

9. Excessive Land Coverage or Overcrowding of Community Facilities

As defined in the Act, “excessive land coverage or overcrowding of community facilities” refers to 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 include: (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.

Limited evidence of this factor was noted during the field survey. One property contains two principal buildings consistent with the above definition: a commercial structure and a single family house. Both of these buildings are currently vacant.

Conclusion: Excessive land coverage and overcrowding of structures and community facilities is not present within the Study Area to a degree sufficient to warrant consideration as an eligibility factor.

10. Deleterious Land Use or Layout

As defined in the Act, “deleterious land-use or layout” refers to 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.

Under the Act, this factor is narrowly defined and does not appear to apply to any of the improved property within the Study Area.

Conclusion: The factor of deleterious land-use or layout was not found to be present within the Study Area.

11. Lack of Community Planning

As defined in the Act, “lack of community planning” means that 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.

All of the development within the Study Area predates Beach Park’s incorporation as a municipality in 1989. The Beach Park Comprehensive Plan, adopted in 2008, calls for a mix of low density residential, business and commercial development within the Study Area. The buildings and uses included in the Study Area were developed well before the effective date of the current plan, and in certain instances are inconsistent with the desired land use pattern. There are several parcels that lack direct street access and several parcels that have split residential and commercial zoning, which is not consistent with contemporary planning and zoning practice.

Conclusion: Lack of community planning as a factor is present to a major extent, affecting most of the Sheridan Road frontage. This factor is meaningfully present and reasonably distributed throughout the Study Area.

12. Environmental Clean-up Requirements

This factor involves the established need for clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that remediation costs constitute a material impediment to redevelopment.

This condition was not documented during the various field surveys and document reviews.

Conclusion: This condition was not found to be present within the Study Area as a result of this eligibility analysis.

13. Lagging or Declining Equalized Assessed Value

As defined in the Act, this factor is present when the Study Area can be described by one of the following three conditions: 1) the total equalized assessed value (“EAV”) has declined in three of the

last five years; 2) the total EAV is increasing at an annual rate that is less than the balance of the municipality for three of the last five years; or 3) the total EAV is increasing at an annual rate that is less than the Consumer Price Index for all Urban Consumers for three of the last five years.

Table C-1: Comparative Increase in Equalized Assessed Value – Improved Property compares the annual change in EAV for improved property within the Study Area with the balance of the Village.

Table C-1:

COMPARATIVE INCREASE IN EQUALIZED ASSESSED VALUE – IMPROVED PROPERTY

	2009	2008	2007	2006	2005
Improved Property within the Study Area & % Change from Prior Year	\$1,010,510	\$1,066,363	\$1,065,324	\$1,026,814	\$972,451
	-5.2%	0.1%	3.8%	5.6%	6.0%
Balance of Beach Park % Change from Prior Year	-3.6%	4.5%	8.8%	12.8%	10.8%

Source: Lake County

As shown in *Table C-1*, the equalized assessed value of improved property within the Study Area increased at a slower rate than the balance of the Village for four of the last five tax years and declined between the 2008 and 2009 tax years. While the total Beach Park EAV also experienced an absolute decline between the two most recent tax years, the improved property within the Study Area declined at an even greater rate than the Village overall.

Conclusion: Lagging or declining EAV is meaningfully present and reasonably distributed within the Study Area, consistent with the definition contained in the Act.

Conclusion

On the basis of the above review of current conditions, the improved portion of the Study Area meets the criteria for qualification as a conservation area. Eighty-five percent of structures are 35 years of age or older. The Project Area exhibits the presence of seven of the 13 conservation area eligibility factors. Five of these factors are meaningfully present and reasonably distributed throughout the Study Area affecting at least 50% of improved tax parcels. Three factors are required to qualify as a conservation area under the Act, once the age threshold has been met. Two other factors are present to a more limited extent and were not used as the primary basis for qualification of the Study Area as an improved conservation area. However, the presence of these conditions clearly contributes to the overall condition of the Study Area and appropriateness for use of tax increment financing. The results of the eligibility analysis with respect to improved property are summarized in *Table C-3: Distribution of Conservation Area Eligibility Factors – Improved Property*.

VACANT LAND

Seven tax parcels are classified as vacant land for purposes of this eligibility analysis. Vacant land may qualify as a blighted area if two of six eligibility factors are found to be present in the Study Area, or if any one of several other conditions exists. The vacant tax parcels within the Study Area meet the criteria required for designation as a "vacant blighted area" as set forth in the Act. This preliminary eligibility analysis focused only on the set of eligibility factors where two or more conditions must be meaningfully

present and reasonably distributed to qualify the Study Area as a blighted vacant area. The results of the analysis are described below.

Vacant areas within the Study Area may qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by a combination of two of six factors listed in section 11-74.4-3(a)(2) of the Act, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains. These factors include:

A. *Obsolete Platting*

This factor is present when the platting of vacant land results in parcels of limited or narrow size or configuration of parcels in irregular size or shape that would be difficult to develop on a planned basis, in a manner compatible with contemporary standards and requirements. Obsolete platting is also evident where there is a failure to create rights-of-way for streets or alleys or where public rights-of-way are of inadequate widths, or easements for public utilities have not been provided.

Four of the seven parcels exhibit evidence of obsolete platting. One parcel that contained a now demolished mobile home park is long and narrow and would be difficult to develop in a manner that is consistent with contemporary development standards. Three other vacant parcels are landlocked.

Conclusion: This factor is meaningfully present and reasonably distributed within the Study Area affecting 57% of vacant tax parcels.

B. *Diversity of Ownership*

This factor is present when the number of owners of the vacant land is sufficient in number to retard or impede the assembly of land for development.

The two largest vacant parcels are under common ownership. Additionally, the three landlocked parcels are under common ownership with adjacent improved property. The remaining parcels of vacant land appear to conform to the minimum lot sizes specified in the Beach Park Zoning Ordinance.

Conclusion: This factor is not present within the Study Area.

C. *Tax and Special Assessment Delinquencies*

This factor exists when tax or special assessment delinquencies exist or the vacant land has been the subject of tax sales under the property tax code within the last five years.

One vacant parcel has been the subject of recent tax sales according to Lake County tax sale records.

Conclusion: This factor is present to a limited extent within the Study Area, and was not used to establish eligibility as a blighted vacant area under the Act. However, it supports the conclusion that the Study Area is experiencing disinvestment.

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

Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land includes the improved areas as described in the previous sections. The criteria used for evaluating the deterioration of structures and site improvements in neighboring areas is presented in greater detail elsewhere in the Eligibility Study.

The improved part of the Study Area is adjacent to the vacant portion of the Study Area. As described previously in this report, deterioration is present with respect to a number of improved tax parcels. The factor of deterioration of structures or site improvements in neighboring areas adjacent to the vacant land is present to a meaningful extent and impacts five of the seven of the vacant tax parcels.

Conclusion: Deterioration of structures or site improvements in neighboring areas adjacent to the vacant area impacts 71% of vacant tax parcels and is therefore present to a meaningful extent and reasonably distributed throughout the vacant parts of the Study Area.

E. Environmental Clean-Up

As defined in the Act, “environmental clean-up” means that 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.

Conclusion: No existing environmental surveys were found that identify sites within the Study Area as environmentally contaminated, nor were any such surveys conducted as part of this Study. Therefore, this factor was not found to be present within the Study Area.

F. Lagging or Declining EAV

As defined in the Act, a “declining or lagging equalized assessed valuation” means that 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 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.

Collectively, the vacant portion of the Study Area experienced a growth rate in EAV that declined or lagged behind the growth rate for the balance of the Village in each of the last five years. *Table C-2: Comparative Increase in Equalized Assessed Value – Vacant Land* presents the percent change in EAV by year for the vacant portion of the Study Area and the rate of growth in EAV for the balance of the Village. As shown the equalized assessed value of vacant land declined in two of the last five years, the most significant decrease being between the 2008 and 2009 tax years (-19.7%).

Table C-2:

COMPARATIVE INCREASE IN EQUALIZED ASSESSED VALUE – VACANT LAND

	2009	2008	2007	2006	2005
Vacant Land within the Study Area & % Change from Prior Year	\$147,971	\$184,312	\$176,850	\$170,771	\$179,138
	-19.7%	4.2%	3.6%	-4.7%	9.6%
Balance of Beach Park % Change from Prior Year	-3.6%	4.5%	8.8%	12.8%	10.7%

Source: Lake County

Conclusion: The vacant portion of the Study Area satisfies the definition contained in the Act with respect to stagnant or declining EAV in each of the past five years. Therefore, this factor is meaningfully present and reasonably distributed throughout the Study Area.

Vacant areas within the Study Area may also qualify for designation as part of a redevelopment project area, if the sound growth of the redevelopment project area is impaired by several other factors listed in section 11-74.4-3(a)(3) of the Act, that (i) is present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains. These conditions, which were not considered as part of this eligibility analysis, include the following:

- a. The area consists of one or more unused quarries, mines, or strip mine ponds.
- b. The area consists of unused rail yards, rail tracks or railroad rights-of-way.
- c. The area, prior to its designation, is subject to (i) chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.
- d. The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.
- e. The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

None of these eligibility factors appear to be present with respect to the vacant portions of the Study Area.

Conclusion

On the basis of the above review of current conditions, the vacant portion of the Study Area meets the criteria for qualification as a blighted area. Three conditions are meaningfully present and reasonably distributed with respect to vacant land within the Study Area, affecting at least 50% of the vacant tax parcels. The presence of two conditions is required under the Act. One other eligibility factor is present to a limited extent, but supports the overall eligibility findings. A summary of the basis for the qualification of the vacant portions of the Study Area as a blighted vacant area under the Act is presented in *Table C-4: Distribution of Blighted Vacant Area Eligibility Factors*.

Table C-3:			
Distribution of Conservation Area Eligibility Conditions – Improved Property			
Conservation Area Eligibility Conditions		Present to a Major Extent	Present to a Limited Extent
<i>(At least three factors must be meaningfully present and reasonably distributed)</i>			
1	Dilapidation		
2	Obsolescence	√	
3	Deterioration		√
4	Presence of structures below minimum code standards	√	
5	Illegal use of structures		
6	Excessive vacancies		√
7	Lack of ventilation, light or sanitary facilities		
8	Inadequate Utilities	√	
9	Excessive land coverage or overcrowding of community facilities		
10	Deleterious land use or layout		
11	Lack of community planning	√	
12	Environmental clean-up requirements		
13	Lagging or declining equalized assessed valuation	√	

Table C-4:			
Distribution of Blighted Vacant Area Eligibility Factors			
Eligibility Conditions Applicable to Vacant Land		Present to a Major Extent	Present to a Limited Extent
<i>(At least two factors must be meaningfully present and reasonably distributed)</i>			
A	Obsolete platting	√	
B	Diversity of ownership		
C	Tax and special assessment delinquencies		√
D	Deterioration of structures or site improvements in areas adjacent to vacant land	√	
E	Environmental clean-up requirements		
F	Lagging or declining equalized assessed valuation	√	
<i>(Meaningful presence and reasonable distribution of one factor is required)</i>			
a	Unused quarries, mines or strip ponds		
b	Unused rail yards, rail tracks or railroad rights-of-way		
c	Vacant land is subject to chronic flooding as certified by registered engineer or regulatory agency		
d	Unused or illegal disposal site		
e	Blighted before becoming vacant		

APPENDIX D

SHERIDAN ROAD SOUTH REDEVELOPMENT AND PROJECT AREA INITIAL EQUALIZED ASSESSED VALUE (EAV)

#	PIN	ADDRESS	2009 EAV
1	0803300012	37240 NORTH GANSTER ROAD	\$28,190
2	0803300019	37051 NORTH SHERIDAN ROAD	\$1,902
3	0803300020	37041 NORTH SHERIDAN ROAD	\$1,902
4	0803300021	37015 NORTH SHERIDAN ROAD	\$475
5	0803300023	37485 NORTH SHERIDAN ROAD	\$32,072
6	0803301002	37040 NORTH GANSTER ROAD	\$96,304
7	0803301006	37045 NORTH GANSTER ROAD	\$126,411
8	0804400006	37255 NORTH SHERIDAN ROAD	\$3,739
9	0804400008	37179 NORTH SHERIDAN ROAD	\$108,552
10	0804400010	37147 NORTH SHERIDAN ROAD	\$33,254
11	0804400011	37137 NORTH SHERIDAN ROAD	\$66,424
12	0804400012	37105 NORTH SHERIDAN ROAD	\$103,539
13	0804400015	37063 NORTH SHERIDAN ROAD	\$160,352
14	0804400016	37059 NORTH SHERIDAN ROAD	\$62,284
15	0804400017	37045 NORTH SHERIDAN ROAD	\$80,719
16	0804400020	37021 NORTH SHERIDAN ROAD	\$78,509
17	0804400028	37248 NORTH SHERIDAN ROAD	\$42,878
18	0804400030	37266 NORTH SHERIDAN ROAD	\$74,651
19	0804400031	37280 NORTH SHERIDAN ROAD	\$56,324
20	0804400032	0 NORTH SHERIDAN ROAD	ROW
21	0804400033	0 NORTH SHERIDAN ROAD	ROW
TOTAL PROJECT AREA EAV			\$1,158,481