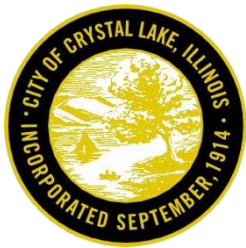


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# TAX INCREMENT FINANCING REDEVELOPMENT PLAN & PROGRAM FOR WATER'S EDGE TIF

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Crystal Lake, Illinois



July 14, 2022

Adopted July 19, 2022

Prepared By:

Teska Associates, Inc.



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## INTRODUCTION

In the mid 1980's, the development of big-box retailing had emerged as the preferred development form bridging between regional malls and traditional central business districts. With continued growth in population, high accessibility corridors, and available sites, Crystal Lake attracted the interest of national retailers and retail developers. In 1988, the Melvin Simon Company developed the Crystal Court shopping center, an L shaped multi-tenant center anchored by three fast growing big box retailers: Cub Foods, Walmart, and Service Merchandise. As was typical of Simon centers, Crystal Court was subdivided so that each of the anchors owned the parking field in front of their store, assuring that they would each have control and maintenance responsibility of 6.5 parking places per 1000 square feet of store area. The center's management retained responsibility only for the building and common areas serving the smaller shops that were located between the anchors.

Crystal Lake continued to grow, both as a community and as a retail destination, and soon newer and bigger boxes began to line Rt. 14. Walmart relocated to a larger facility nearby, leaving their building vacant. Cub Foods went bankrupt and closed, as did Service Merchandise. Lacking the attraction of the anchors and accelerated by the great recession that began in 2007 the remaining shops began to falter and close. By 2012, the City of Crystal Lake had noted serious decay and code violations in and on the vacant Cub and Walmart buildings. The City of Crystal Lake has been pursuing the revitalization of the center, working with a succession of interested retail redevelopers, banks, consultants, and has entertained multiple redevelopment schemes without success. The Cub and Walmart buildings were razed, the property has decayed, and the behavior of retailing and customers has drastically shifted away from the way people shopped when the center was built.

The site is located near the entry into Crystal Lake from the east and south and adjoins a major community resource at the Three Oaks Recreation Area. With thoughtful redevelopment, this site could be transformed from a liability that dampens the strength of the corridor and the City's tax-base into an attractive asset that enlivens the gateway into the community. Ten years of concerted effort by the City have demonstrated that market economics alone will not drive this redevelopment, and the City has concluded that it is necessary and appropriate to establish a Tax Increment District to support redevelopment of the site.

### Tax Increment Financing

Tax increment financing is permitted in Illinois under the "Tax Increment Allocation Redevelopment Act" (Chapter 65 ILCS 5/11-74.4-1, et seq.) of the Illinois Statutes, as amended (hereinafter the "Act"). Only areas which meet certain specifications outlined in the Act are *eligible* to use this financing mechanism. Besides describing the redevelopment objectives, this Redevelopment Area Plan and Program report sets forth in general terms the overall program to be undertaken to achieve these objectives.

The Act permits municipalities to improve eligible "conservation" or "blighted" areas in accordance with an adopted Redevelopment Plan over a period not to exceed 23 years. The municipal cost of certain public improvements and programs can be repaid with the revenues generated by increased assessed values of private real estate within a designated project area. This taxing power is only applied to the increase in equalized assessed valuation generated within the designated project area during the limited term of the Redevelopment Plan and Program, principally increased equalized assessed valuation from new private development.

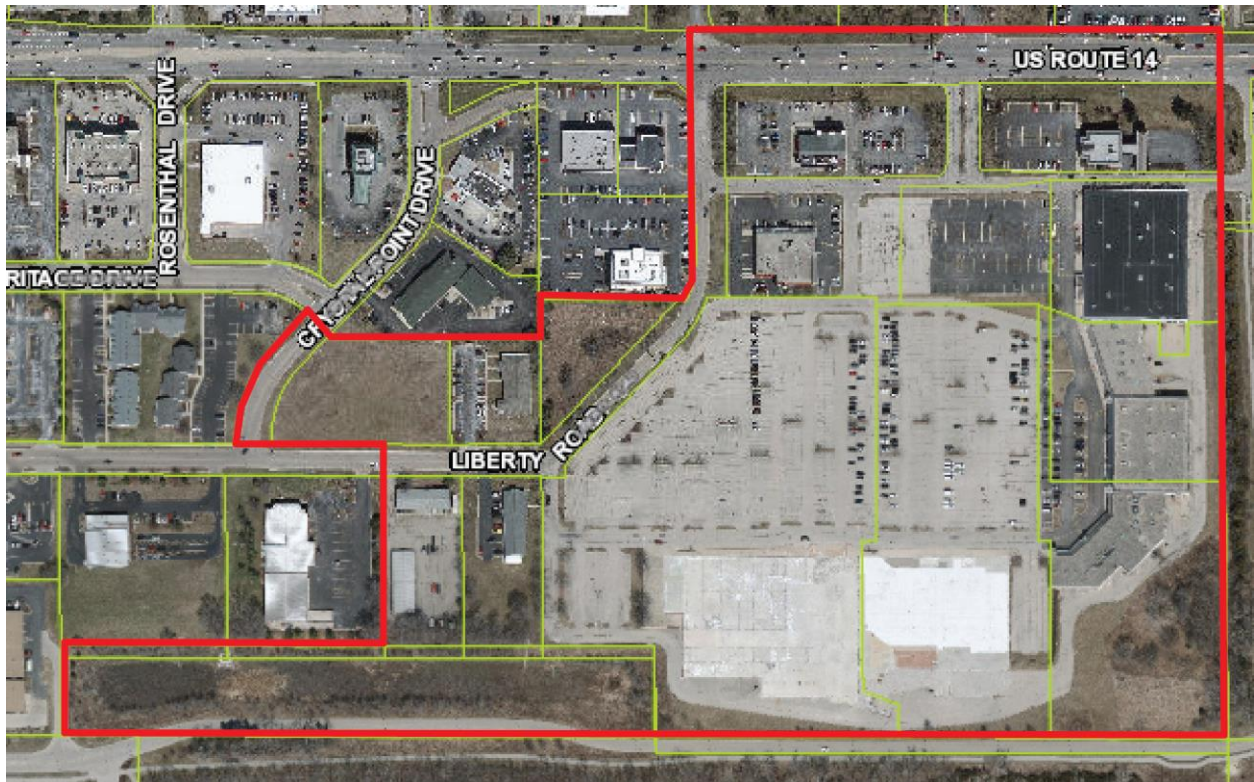


Figure 1: Project Area Boundary

The Act stipulates specific procedures which must be adhered to determining the eligibility of a Redevelopment Project area. A "Redevelopment Project Area" is defined as:

"...an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas" (65 ILCS 5/11-74.4-3(p)).

Section 5/11-74.4-3 defines a "blighted area" as:

"...any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

(1) If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area: dilapidation; obsolescence; deterioration; presence of structures below minimum code standards; illegal use of individual structures; excessive vacancies; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage and overcrowding of structures and community facilities; deleterious land use or layout; lack of community planning; need for environmental remediation; or declining total equalized assessed value."

This report and its appendices summarize the analysis and findings of Teska Associates, Inc., the consultant to the City of Crystal Lake. Teska has prepared this report with the understanding that the City would rely on: (1) the findings and conclusions of this report in proceeding with the designation of the study areas as a "Redevelopment Project Area" under the Act; and (2) the fact that Teska has obtained the necessary information to conclude that the study area can be designated as a "Redevelopment Project Area" in compliance with the Act.

## PROJECT AREA BOUNDARIES

The Legal Description of the Project Area is as follows:

Commencing at the southeast corner of Lot 3 in Crystal Court Subdivision, being a part of the north half of the northwest Quarter of Section 9, Township 43 North, Range 8 East of the Third Principal Meridian, according to the plat recorded on May 25, 1989 as Document Number 89R016170 and re-recorded as August 3, 1989 as Document Number 89R024953, thence westerly to the southwest corner of Lot 9 in Farmstead Subdivision according to the plat recorded on April 24, 1978 as Document Number 730083, thence northerly 175 feet to a point that is 25 feet northerly of the northeast corner of said Lot 9 of the Farmstead Subdivision, thence east 627.04 feet to a point that is 25 feet northerly of the southeast corner of Lot 7 in Farmstead Subdivision, thence north 413.4 feet to the northern right-of-way line of Liberty Road, thence west approximately 284 feet to the western right-of-way line of Crystal Point Drive, thence northeast along said edge of right-of-way to the intersection of the western right-of-way line of Crystal Point Drive and the south right-of-way line of Heritage Drive, thence southeast approximately 64 feet to the northwest corner of Lot 5 in Farmstead Subdivision, thence east 414.19 feet to a point on the western line of Lot 6 in Crystal Court Subdivision, thence north approximately 74 feet to the corner of said Lot 6, thence east 286.37 feet to the west right-of-way line of Liberty Road, thence north along the west right-of-way line of Liberty Road to the north right-of-way line of Route 14/Northwest Highway, thence east along the north right-of-way line of Route 14 approximately 1,027 feet to the southwest corner of Lot 9 in Bohl Farm Marketplace Subdivision according to the plat recorded on June 5, 1998 as Document Number 98R35196, thence south approximately 1,370 feet to the point of beginning, all in McHenry County, Illinois.

## REDEVELOPMENT PROJECT AREA DESCRIPTION

Determination of eligibility of the Redevelopment Project Area is based on a comparison of data gathered through field observations by Teska Associates, Inc. (Teska), document and archival research, and information obtained from the City of Crystal Lake, the Township Assessor of Algonquin and McHenry County against the eligibility criteria set forth in the Act. The boundaries of the Project Area were carefully established in adherence to the eligibility criteria and include only parcels which would benefit by the Redevelopment Plan and Program. The Project Area generally consists of properties within the boundaries of the Crystal Court Shopping Area, plus several adjoining properties fronting Liberty Road. The exact boundaries are illustrated in "Figure 1: Project Area Boundary". The Project Area includes a total 8 structures on a total of 20 parcels. The Project Area is approximately forty-nine (49) acres, including privately owned roadways but excluding streets and rights-of-way.

Existing Land Uses (see Figure 2) within the Project Area are predominantly commercial, though there are also business and medical office uses, and some yet undeveloped parcels. Adjacent to the Project Area, there are also institutional uses. Office uses are clustered in the south of the Project Area. No residential uses currently exist within the boundary of project area, and no relocation of residents or residential uses is anticipated in the project area.

Figure 2: Existing Land Use



### Summary of the Eligibility of the Project Area TIF District

In January and February of 2021, and with subsequent field observations in August and September of 2021, a study was undertaken, consistent with the Act and related procedural guidelines, to determine the eligibility of the Project Area. These "Eligibility Findings" indicate that the Project Area meets the statutory requirements of a "Blighted Area" and is therefore eligible for designation as a "Tax Increment Finance Redevelopment Project Area."

As detailed in Appendix A, and based on the findings contained herein, the Project Area as a whole qualifies as a 'blighted area' according to the criteria established by the Act, based on the predominance and extent of parcels exhibiting the following primary characteristics:

- Obsolescence
- Deterioration
- Excessive vacancies
- Deleterious land use or layout
- Decline of Equalized Assessed Value (EAV)
- Presence of Structures Below Minimum Code Standards

Each of these factors contributes significantly to the eligibility of the Project Area as a "blighted area". All these characteristics point towards the need for designation of the Project Area as a "blighted area" to be followed by public intervention in order that redevelopment might occur.

### REDEVELOPMENT PLAN AND PROGRAM

The revitalization of the Project Area presents challenges and opportunities for the City of Crystal Lake. The success of this effort will depend upon cooperation between private investors and local government. Private investment has not driven comprehensive revitalization of the Project Area. The adoption of this Redevelopment Plan and Program will assist with the implementation of the goals and objectives of the Comprehensive Plan, which otherwise could not reasonably be anticipated to occur without the adoption of this Redevelopment Area Plan and Program. Through public investment, the area will become attractive to private investment.

The Act describes a Redevelopment Plan as:

*"... the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment project area as a blighted area or conservation area ..., and thereby serves to enhance the tax bases of the taxing districts which extend into the redevelopment project area."*

The successful implementation of the Project Area Plan and Program requires that the City take full advantage of the real estate tax increment attributed to the Project Area as provided for by the Act. **The Project Area would not reasonably be redeveloped without the use of such incremental revenues.**

#### Purpose of the Redevelopment Plan

Pursuant to the "Tax Increment Allocation Redevelopment Act" (Chapter 65 ILCS 5/11-74.4-1, et seq.) of the Illinois Statutes as amended (hereinafter the "Act"), the purpose of a Redevelopment Plan and Program is to promote the health, safety, morals, and welfare of the general public by:



- Alleviating adverse conditions by encouraging private investment of underutilized and vacant properties which will strengthen the economy, tax base, business environment, and living environment;
- Improving existing public utilities and infrastructure within the area; and
- Enhancing the overall quality of the business environment in the City of Crystal Lake.

#### Redevelopment Plan Goals & Objectives

The aim of the Redevelopment Plan is the revitalization of the Project Area as an attractive, regionally significant mixed-use district which will contribute to the health and vitality of the City of Crystal Lake. The goals and objectives of the Redevelopment Plan are both those articulated in the Illinois Tax Allocation Redevelopment Act, and those stated in the City of Crystal Lake Comprehensive Plan. The goals and objectives outlined in these plans which relate to this Redevelopment Plan are summarized below:

The City of Crystal Lake most recently updated their Comprehensive Plan in 2012. The Plan anticipated an ongoing period of uncertainty with regards to the future of retail which would have an impact for the Crystal Lake community given its position as a regional commercial destination. Crystal Court shopping center had already lost its anchor tenants and had begun leasing to non-retail tenants at the writing of the plan.

The land use goal recognized the need to maximize property values in Crystal Lake by maintaining compatible and efficient land use patterns while providing ample opportunities for living, working, shopping, and recreation in Crystal Lake. The goal for commercial uses, to preserve and enhance the City's regional significance as a retail center and provide residents with easy access to neighborhood shopping opportunities, remains today. Objectives relate to ensuring that new development is consistent with the Comprehensive Plan, that there is a focus on infill development, and that circulation (vehicular and pedestrian) to and within sites is a high priority.

#### Future Land Use Plan

The recommended land uses and public improvements of this Redevelopment Plan are consistent with the guidelines and development opportunities presented in the City of Crystal Lake 2012 Comprehensive Plan.

The intent of the Future Land Use Plan is to provide a long-range guide for determining the uses to which the land should eventually be put, and to direct subsequent zoning and capital improvements as redevelopment occurs within the Project Area. The Plan identifies reuse of the property as a way of planning for their future redevelopment if a property owner pursues a development project or an existing business vacates a property.

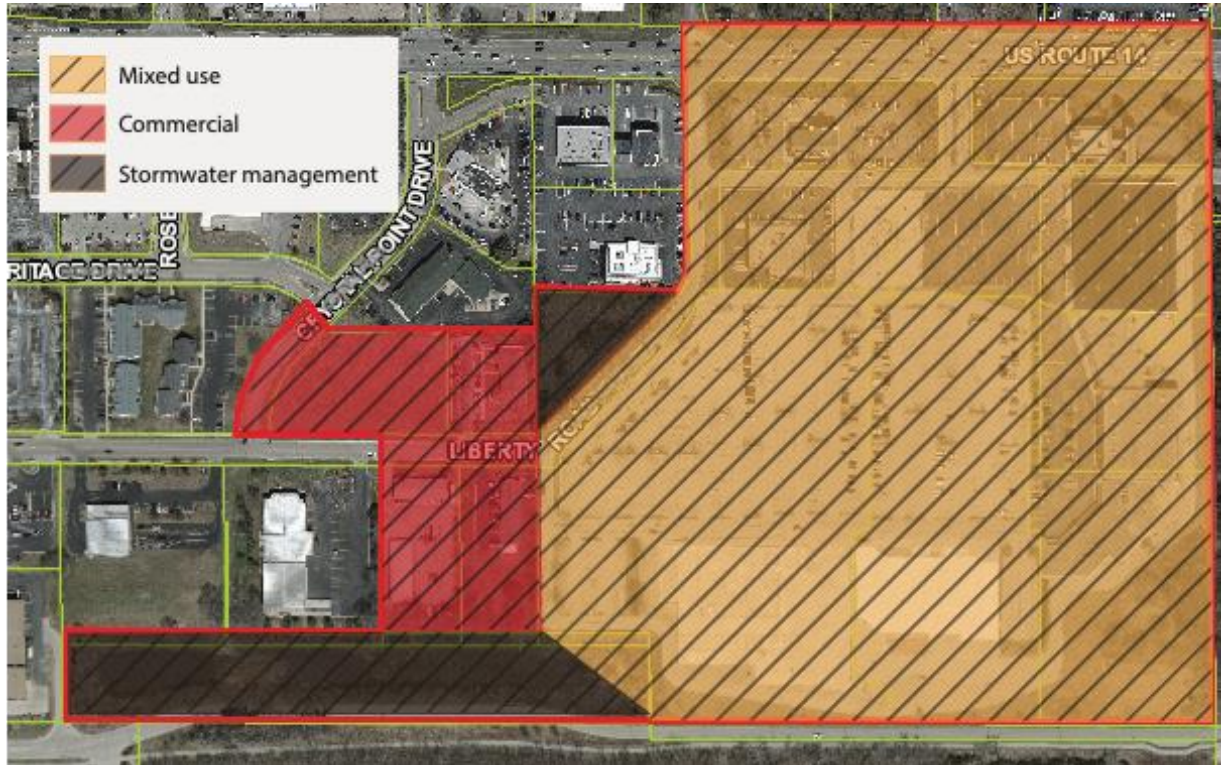
#### Predominantly Commercial Mixed Use

The Crystal Lake Comprehensive Plan remains the guiding policy for development of the property. It recognizes the Rt. 14 corridor as a primary commercial area serving both the needs for local goods and services, as well as a regional destination for food, entertainment and employment. The City recognizes that the exceptional depth and the topography of the site contributed to the failure of retailing, and looks to future development to counter this liability with uses on the southern portion of the site that take advantage of the adjacency to the Three Oaks Recreation Area as an amenity. As such, although the

creation of a unique and active pedestrian retail and entertainment area on the portion of the property closest to Rt. 14 is a priority, the potential for residential uses on the southern portion of the site is a likely and compatible contributor to foot traffic for the commercial north. Commercial uses are likely to include a variety of retail, restaurant and services businesses appropriate for a commercial center located along commercial corridors.\* One objective of the plan and program will be to increase the proportion of businesses within the commercial area which generate sales taxes.

\* Parking and open space uses associated with any of the above categories are permitted.

Figure 3: Future Land Uses



### Future Land Use Plan

The Redevelopment Plan shall serve as a guideline for the Project Area but is not meant to establish specific regulatory requirements. Adjustments may be made in response to market conditions and other key factors as long as they remain faithful to the City's overall goals and objectives for the Project Area and the City of Crystal Lake in general. Therefore, this Redevelopment Plan is consistent with the City's Comprehensive Plan and is intended to be a key vehicle for implementing the plan.

As indicated by Figure 3, the Project Area parcels are anticipated to be redeveloped for a mixed-use with commercial retail and entertainment uses on the northern portion of the site and residential uses on the southern portion of the site.

The Redevelopment Plan anticipates activities to be undertaken by the public sector, which are identified in the Estimated Project Costs section of this report (page 16). All of the redevelopment opportunities and public improvements should be conducted with the guidance of the City's Comprehensive Plan.

Undertaking these redevelopment activities will generate increased tax revenues, strengthen commercial uses, create mixed-use commercial opportunities, upgrade public improvements such as roadways, parking areas, sidewalks, etc., and provide a stimulus for additional development in surrounding areas. Through these improvements, the character and economic viability of the Project Area and the City of Crystal Lake will be improved over time.

Given the adjacency of the Three Oaks Recreation Area, to which access is provided on City owned property adjoining the subject property along its east property line, and given the desirability for access to and from the Recreation Area to take advantage of a traffic light and controlled intersection with Rt. 14, it may be appropriate and necessary for the redevelopment of the Crystal Court site to accommodate a modification to the access to Three Oaks Recreation Area. Furthermore, improvements to access, visibility, activities and functions on the Three Oaks Recreation Area site will directly benefit the marketability and sustainability of the redevelopment of the Crystal Court site. It is likely, therefore, that the City will transfer a portion of its property to the redeveloper, and further to use TIF revenues to support and fund on-site and adjoining site public improvements.

Eligible Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan and a redevelopment project, as allowed by Statute. Such costs may include, without limitation, the following:

*Costs of studies, surveys, development plans, specifications, and administrative expenses*

Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected.

*Property Assembly Costs*

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.

To meet the development objectives of this Water's Edge Redevelopment Plan, the City may determine it necessary to acquire properties within the Project Area. The City may elect to do so during the lifetime of the TIF through a direct market transaction, and, under exceptional circumstances, the City Council may choose to exercise its power of eminent domain, including appropriate and just compensation for property acquisition. It is not the intent of the City to acquire through eminent domain, or to acquire specific properties at this time. However, a determination by the City to acquire properties may be made without further amendment to this Plan.

Property, which may be acquired by the City, may be assembled into appropriate development or rehabilitation sites. These properties may be sold or leased by the City to other public bodies or to private developers, in whole or in part. Terms of conveyance may be incorporated into appropriate disposition documents or agreements and may include more specific restrictions than contained in this Redevelopment Plan or in other municipal codes and ordinances governing the use of the land. The City reserves the right to sell or lease any property acquired within the Project Area during the 23-year duration of the TIF District. Any future modifications to the stated disposition actions of this Plan will be in accordance with the objectives of this Redevelopment Plan and Program and will not require any amendment to the Plan.

No conveyance, lease, mortgage, disposition of land or other property acquired with incremental revenue, or agreement relating to the development of such property will be made except upon the adoption of an ordinance by the City. Furthermore, no conveyance, lease, mortgage, or other disposition of land or agreement relating to the development of such property shall be made without providing reasonable opportunity for the submission of alternative proposals or bids.

*Rehabilitation*

Costs of rehabilitation, reconstruction or 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; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification. The TIF district may support rehabilitation or reconstruction of buildings or outlot buildings in an effort to eliminate obsolescent or deteriorating commercial spaces or facilities.

*Public Works*

Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification, except that redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building.

Public improvements in the form of underground infrastructure, roadways, lighting, traffic lighting, and storm water facilities which directly serve the uses within the project area are anticipated to be constructed on public rights-of-way, public property, or within permanent public easements. Such improvements may be necessary to attract and support specific private reinvestment in buildings and uses and will be authorized by the City in phases and in locations supporting such specific private reinvestment.

*Financing costs*

Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto. In an effort to induce private reinvestment, the City may issue promissory notes, may borrow funds or make loans to the TIF Fund in advance of the return of such funds from incremental revenues.

*Taxing District Capital Costs*

To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project.

*Residential Impact Costs*

If property within the District are redeveloped for residential uses consistent with the Plan and Program, and such redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by this Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment

revenue is received as a result of the assisted housing units, and such housing units generate school age children attending public schools, the TIF district will reimburse the school district and the library district for increased costs in accordance with the limitation set forth in the Act.

*Developer Interest Costs*

Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, not exceeding the limits set forth in the Act.

Phasing of Project

Redevelopment projects anticipated in this Plan may commence immediately, though some will likely occur over a longer period. All projects are anticipated to be completed within the 23-year life of the TIF District. The City may undertake additional public improvements or development projects within the redevelopment area or on adjoining TIF district redevelopment sites as appropriate throughout the life of the Redevelopment Plan and Program. Internal and external building remodeling, additions, rehabilitations, reuse and other activities on individual properties will also occur throughout the life of the TIF District.

Estimated Project Costs

Eligible public project costs are listed in Table 1. These costs are based on 2022 dollars and are therefore subject to inflation. Increases in estimated Total Redevelopment Project Costs of more than five percent (5%), after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to amendment procedures as provided under the Act.

Table 1: Estimated Redevelopment Project Costs

Category	Cost
Costs of Studies, Surveys, Development Plans, Implementation and administration of the Redevelopment Plan	\$1 – 4 M
Property Assembly including Acquisition, Site Preparation, Demolition, Environmental Remediation, and Site Improvements	\$5 – 15M
Rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings and fixtures	\$8 – 14 M
Financing Costs	\$500K - \$2 M
Taxing District Capital Costs and Residential Impact Costs <sup>(1)</sup>	\$3 – 12 M
Developer Interest Costs, taxing districts eligible reimbursement and capital costs	\$8 – 13 M
Total Estimated Project Costs <sup>(2)(3)</sup>	\$30,000,000

(1) Public improvements may also include capital costs of taxing districts and other costs allowable under the Act. Specifically, public improvements as identified in the Redevelopment Plan and as allowable under the Act may be made to property and facilities owned or operated by the City or other public entities. As provided in the Act, Redevelopment Project Costs may include, to the extent the City 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 Redevelopment Plan.

(2) Actual costs for each category identified above may vary provided that the total estimated project costs may not be exceeded without amendment to this Redevelopment Plan.

(3) Data sources and bases of projected incremental revenues and expenditures, as well as other aspects of this Plan, are available upon request from the City of Crystal Lake Department of Community Development.

Sources of Funds

The Act provides a method for municipalities to finance public development costs with incremental real estate tax revenues. Incremental tax revenues are derived from the increase in the current equalized assessed valuation (EAV) of real property within the Project Area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate, resulting in the tax increment revenue.

Real property tax increment revenues from the Project Areas as well as any proceeds from the issuance of bonds, notes or other financial instruments are available to pay redevelopment project costs. Funds to pay redevelopment project costs may also be derived from other sources that may be approved by the City Council, including, but are not limited to, the following:

1. Tax revenues resulting from any Special Service Area districts or Business Districts within the Project Area;
2. Interest earned on temporary investments;
3. Gifts, grants, and contributions;
4. Sale or lease of land proceeds;
5. User fees;
6. Transfer from a contiguous redevelopment project area created under the Act;

Impact fees collected on behalf of the Park District, School Districts, or other agencies as a result of development within the Project Area will not be diverted or pledged to the special tax allocation fund.

The principal source of funds to undertake redevelopment activities will be the incremental increase in real property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the Project Area over the initial equalized assessed value of each such lot, block, tract or parcel. There may also be other eligible local sources of revenue, such as the sale or lease of City owned property, that the City determines are appropriate to allocate to the payment of redevelopment project costs.

The City 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 those obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the 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 with the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in the Plan.

#### Nature & Term of Obligations to be Issued

The financial plan of this Redevelopment Plan is intended to establish a conservative public expenditure approach. Revenues will be accumulated in the special tax allocation fund to pay for public purpose expenditures identified in this Redevelopment Plan, and whenever practical, expenditures will be made on a cash basis. This method of financing shall not preclude the City from undertaking initiatives designed to stimulate appropriate private investment in the Project Area.

Certain redevelopment projects may be of a certain scale or on a certain timetable as to preclude financing on a cash basis. These projects may be funded using tax increment revenue obligations issued pursuant to the Act for a term not to exceed December 31st of the year after the 23rd year. Consistent with the conservative nature of the financial plan for this Redevelopment Plan, the highest priority for the issuance of tax increment revenue obligations shall occur when the commitment is in place for private sector investment necessary to fund the amortization of such obligations.



All obligations are to be covered after issuance by projected and actual tax increment revenues and by such debt service reserved and sinking funds as may be provided by ordinance. Revenues not required for the retirement of obligations providing for reserves, sinking funds, and anticipated redevelopment project costs may be declared surplus and become available for distribution annually to the taxing districts in the Project Area.

One or more issues of obligations may be sold at one or more times in order to implement this Plan, as now or hereafter amended, in accordance with law.

The City may, by ordinance, in addition to obligations secured by the special tax allocation fund provided by law, pledge for a period not greater than the term of the obligations any part or any combination of the following:

1. Net revenues of all or part of a redevelopment project;
2. Taxes levied and collected on any or all property in the municipality;
3. The full faith and credit of the municipality;
4. A mortgage on part or all of the redevelopment projects; or
5. Any other taxes or anticipated receipts that the municipality may lawfully pledge.

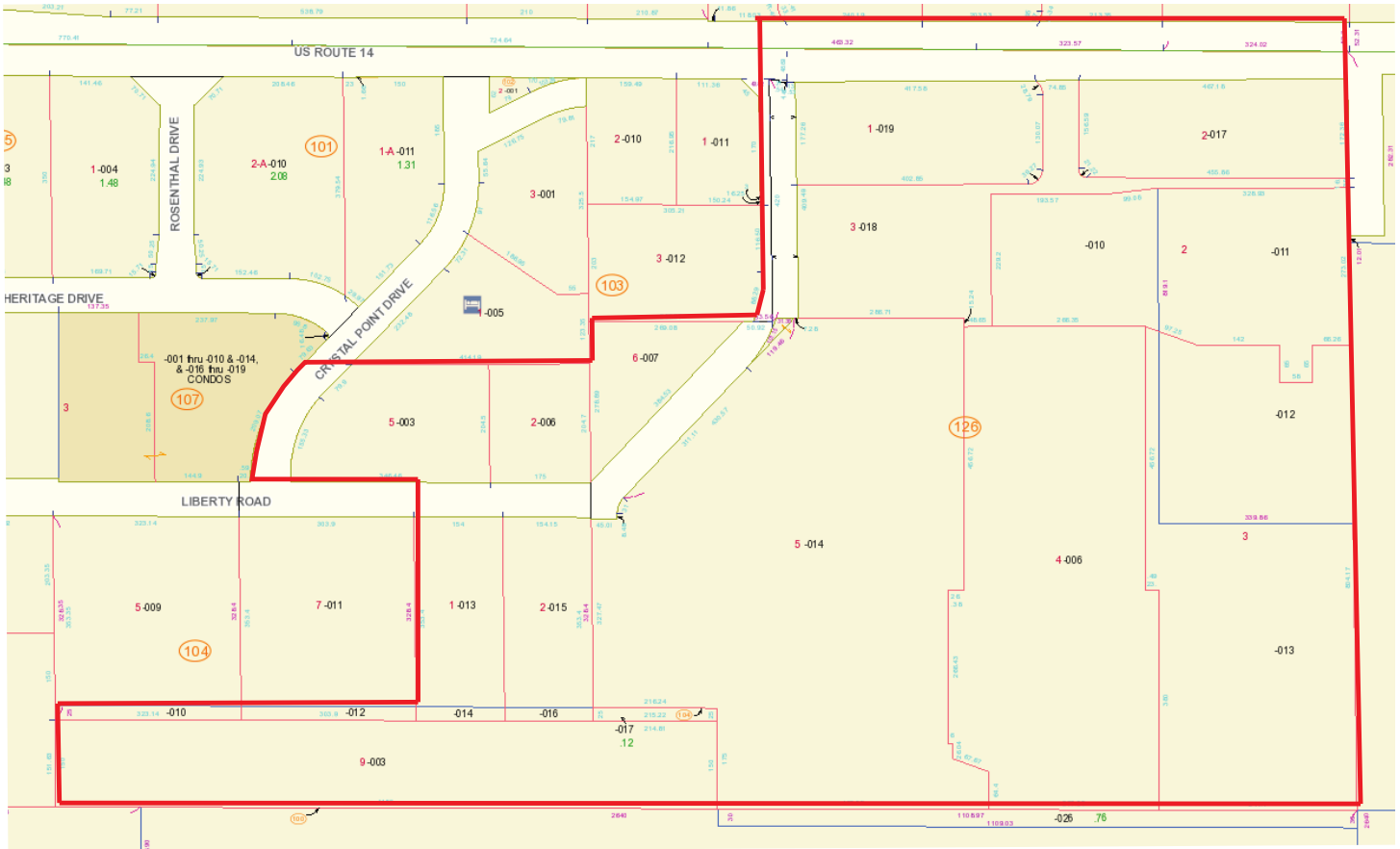
2020 Equalized Assessed Valuation

Table 2 lists the equalized assessed valuation of properties in the Project Area. The total 2021 equalized assessed valuation (most recently available EAV) of the Project Area is **\$3,333,192**

Table 2: Equalized Assessed Value

PIN	2021 EAV	Owner
19-09-103-003	\$ 133,030	Akshar Motel Inc
19-09-103-006	\$ 242,548	MZA ENT LLC
19-09-103-007	\$ 1,177	CL Urban LLC
19-09-104-003	\$ -	City of Crystal Lake
19-09-104-010	\$ -	City of Crystal Lake
19-09-104-012	\$ -	City of Crystal Lake
19-09-104-013	\$ 198,701	261 Liberty RD LLC
19-09-104-014	\$ -	City of Crystal Lake
19-09-104-015	\$ 242,507	Calypso Ventures, LLC
19-09-104-016	\$ -	City of Crystal Lake
19-09-104-017	\$ -	City of Crystal Lake
19-09-126-006	\$ 214,395	CL Urban LLC
19-09-126-010	\$ 29,651	CL Party City LLC
19-09-126-011	\$ 220,456	CL Party City LLC
19-09-126-012	\$ 431,893	CL Urban LLC
19-09-126-013	\$ 310,907	CL Urban LLC
19-09-126-014	\$ 240,447	CL Urban LLC
19-09-126-017	\$ 489,680	5545 Lake LLC
19-09-126-018	\$ 302,483	CL Urban LLC
19-09-126-019	\$ 275,317	CL Seven LLC
<b>TOTAL EAV</b>	<b>\$ 3,333,192</b>	

Figure 3: Parcel Identifiers



Anticipated Equalized Assessed Valuation

Upon the completion of the development projects, it is estimated that the Project Area will have a market value in excess of \$90,000,000, which will yield an equalized assessed valuation of real property within the Project Area will be in excess of **\$30,000,000** (2022 dollars), this represents an approximate **800%** increase in the total equalized assessed valuation. This figure is based upon estimates of value of new development projects that are anticipated.

Payment in Lieu of Taxes

No payments in lieu of taxes are anticipated as part of the Redevelopment Plan and Program.

Provisions for Amending the Redevelopment Plan & Program

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

## FINANCIAL IMPACT OF REDEVELOPMENT

Without the adoption of the Redevelopment Plan and Program, the Project Area is not reasonably expected to see an increase in EAV or be appropriately redeveloped by private enterprise. In the absence of financial assistance and public improvements provided by the City, there is a prospect that the economic condition of the Project Area will continue to decline and spread beyond the Project Area. Given the anchoring nature of the commercial center at the heart of the Project Area, continual decline will distract from the potential for new development and occupation in existing buildings and sites, which would lead to higher vacancies, lower assessed values and further diminished sales tax receipts. The continued erosion of the assessed valuation of property in and outside of the Project Area will lead to a reduction of real estate tax revenue to all taxing districts.

Implementation of the Redevelopment Plan is expected to have short-term and long-term positive financial impacts on all the taxing districts affected by this Redevelopment Plan. In the short term, the City's effective use of tax increment financing can be expected to stabilize existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, the completion of redevelopment projects and the payment of all redevelopment project costs and municipal obligations, the taxing districts will benefit from any enhanced tax base which results from the increase in equalized assessed valuation generated as a result of financial incentives proposed in this Redevelopment Plan.

It is anticipated that the implementation of this Redevelopment Plan and Project will have a minimal financial impact on most of the affected taxing districts. In fact, the action taken by the City to stabilize and encourage growth of its tax base through the implementation of this Redevelopment Plan and Project will have a positive impact on the affected taxing districts by addressing Project Area vacancies and the lag in growth (as compared to the remainder of the City). To the extent that such development does occur, and school age children result from new community arrivals, the elementary and high school taxing districts could potentially be affected. The City will follow the guidelines provided by the Act to compensate the districts at levels dictated by the precise increase in net new students pursuant to the Act.

Additionally, should the City achieve success in attracting private investment which does result in the demonstrated need for increased services from any other taxing district, the City would consider declaring sufficient TIF related surpluses, which funds are neither expended or obligated for redevelopment activities, as provided by the Act, to assist such taxing districts in paying the costs for any increased services. Any surplus Special Tax Allocation Funds, to the extent any surplus exists, will be proportionately shared, based on the appropriate tax rates for a given year, with the various taxing districts, including the City. This will occur only after all TIF eligible costs to satisfy any financial obligations that have incurred or expended by the City have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the City as provided by the Act. The exception to this provision will be to the extent that the City utilizes TIF funding to assist in the redevelopment of residential units. In such cases the City will provide for the cost incurred by eligible school districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act.

The following taxing districts cover the Project Area:

- McHenry County
- McHenry County Conservation District
- Community College of McHenry District 528
- Algonquin Township
- Algonquin Township Road and Bridge
- Consolidated School District #47
- High School District #155
- City of Crystal Lake
- Crystal Lake Park District
- Crystal Lake Library District
- Crystal Lake Fire Protection

The Project Area's proportion of total EAV of each such taxing district is set forth in Table 3 below

*Impact on McHenry County*

McHenry County provides a variety of services, principally the County government system, health, senior and administrative services, and flooding mitigation activities. The replacement of underutilized property with new development and redevelopment may cause a minimal increase in demand for the services and programs provided by the County. Due to the small size of the Project Area in relation to the overall County, services provided to residents will likely not be affected, and the impact is anticipated to be minimal. No specific program is set forth in this Redevelopment Plan.

*Impact on Community College of McHenry District 528*

Community College of McHenry District 528 provides education and training services to residents of McHenry County, Illinois. The replacement of underutilized property with new development and redevelopment may cause a minimal increased demand for the services and programs provided by Community College of McHenry District 528, including training programs to serve new businesses and educational services for new residents. However, the impact is anticipated to be insignificant given the relatively small size of the Project Area in proportion to the size of the community college district. Therefore, no specific program is set forth in this Redevelopment Plan.

*Impact on Algonquin Township*

Algonquin Township provides a variety of services, including road maintenance and property assessments. The replacement of underutilized property with new development and redevelopment may cause a minimal increase in demand for the services and programs provided by Algonquin Township, although the impact is not anticipated to be significant. Roads within the Project Area are either private property or are controlled by either the City of Crystal Lake or McHenry County. No specific program is set forth in this Redevelopment Plan.

*Impact on Conservation District of McHenry County*

The Conservation District of McHenry County operates and maintains forest preserves and educational programs throughout the County. The replacement of underutilized property with new development and redevelopment may cause a minimal increase in demand for the services and programs provided by the County resulting from an increase in employees. Due to the small size of the Project Area in relation to the County at large, services provided to residents will likely not be affected, and the impact is anticipated to be minimal. No program is set forth in this Redevelopment Plan.

*Impact on Consolidated School District #47*

New residential development is anticipated to be part of the mix of uses developed within the Project Area. To address the potential impact on Consolidated School District #47, the TIF Act under subsection (q) "Redevelopment Project Costs", subsection (7.5) requires that if a redevelopment project results in increased attendance from a project that has received TIF assistance, District #47 shall be paid, from the TIF fund, the increase cost in accordance with the method described in the Act. Therefore, no additional redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

*Impact on High School District #155*

New residential development is anticipated to be part of the mix of uses developed within the Project Area. To address the potential impact on High School District #155, the TIF Act under subsection (q) "Redevelopment Project Costs", subsection (7.5) requires that if a redevelopment project results in increased attendance from a project that has received TIF assistance, District #155 shall be paid, from the TIF fund, the increase cost in accordance with the method described in the Act. Therefore, no additional redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

*Impact on City of Crystal Lake*

The City of Crystal Lake provides a variety of services, including police protection, forestry and tree care, snow removal, road maintenance, water and sewer service, and building and zoning services. The replacement of underutilized property with new development and redevelopment may cause a minimal increase in demand for the services and programs provided by the City. As provided in the Act, a portion of Redevelopment Project Costs may be allocated toward capital costs incurred by the City which are made necessary by development as described in this Redevelopment Plan. The public improvements section of this plan and program highlight some of these anticipated capital costs.

*Impact on Crystal Lake Park District*

The Crystal Lake Park District provides a variety of services, including operation and maintenance of parks and recreational facilities throughout the City. The replacement of underutilized property with new development and redevelopment may cause a minimal increase in demand for the services and programs provided by the City resulting from an increase in employees. Due to the size of the Project Area in relation to the City at large, services provided to residents will likely not be affected, and the impact is anticipated to be minimal. No program is set forth in this Redevelopment Plan.

*Impact on Crystal Lake Library District*

New residential development is anticipated to be part of the mix of uses developed within the Project Area. The Crystal Lake Library District provides library services and educational programming in the City of Crystal Lake. The replacement of underutilized property with new development and redevelopment may cause a minimal increase in demand for the services and programs provided by the City. As provided in the Act, a portion of Redevelopment Project Costs may be allocated toward capital costs incurred by the City which are made necessary by development as described in this Redevelopment Plan. The public improvements section of this plan and program highlight some of these anticipated capital costs.

*Impact on Crystal Lake Fire Protection District*

The Crystal Lake Fire Protection District provides fire protection services to residents and businesses of the City of Crystal Lake. The replacement of underutilized property with new development and redevelopment may cause a minimal increase in demand for the services and programs provided by the City. Due to the small size of the Project Area in relation to the Crystal Lake Fire Protection District at large, services provided to residents will likely not be affected, and the impact is anticipated to be minimal. No program is set forth in this Redevelopment Plan.

Table 3: Representative District EAVs

		Total District EAV	TIF as % of Total
2021 EAV of Water's Edge TIF	\$	3,333,192	
McHenry County	\$	9,577,517,966	0.0348%
McH. County Conservation	\$	9,577,517,966	0.0348%
College District MCC 528	\$	8,393,464,585	0.0397%
School Dist 47	\$	2,046,777,636	0.1629%
School Dist 155	\$	3,130,760,779	0.1065%
Crystal Lake Public Library	\$	1,293,136,882	0.2578%
Crystal Lake Park Dist.	\$	1,689,815,975	0.1973%
Algonquin Township	\$	2,902,992,875	0.1145%
Township Road and Bridge	\$	2,902,992,875	0.1148%
City of Crystal Lake	\$	1,293,136,882	0.2578%

Total EAV source:

<https://www.mchenrycountyil.gov/home/showpublisheddocument/107299/637853571209970000>

## FINDINGS OF NEED FOR TAX INCREMENT FINANCING

On the basis of the findings contained in the Water's Edge Eligibility Report and this Redevelopment Plan, the Crystal Lake City Council may adopt the following findings pursuant to Section 11-74.4-3(n) of the Act.

### Project Area Not Subject to Growth

The City finds that the Project Area on the whole is facing decline in property value and increasing vacancy and transitions in land use and dominant commercial businesses as follows:

- As described in the TIF Eligibility Findings Report (see Appendix A), the conditions of the Project Area testify to an increase in obsolescence of the Project Area. In particular, the Eligibility Report identifies obsolescence, significant and widespread vacancies, and a significant decline in EAV, which are consequences of changes in consumer retail behavior and the marketability of the type of commercial retail spaces available within the Project Area. While each individual property may not exhibit these conditions, the Project Area as a whole is characterized by a reasonable extent and meaningful distribution of these factors which has resulted in underutilization of this area.
- The equalized assessed value (EAV) of the Project Area has decreased in three of the last five years (available as part of Appendix A – TIF Eligibility Findings Report).
- The Project Area is part of a planned development and several areas adjacent to the Project Area have had long periods of vacancy or have not been developed as commercial uses in accordance with the initial PUD.

Therefore, the City of Crystal Lake finds that the Project Area has not maintained value relative to the commercial-retail market and shows significant signs of obsolescence. Therefore, the Project Area is not reasonably anticipated to remain competitive within the intended market without adoption of this Redevelopment Plan.

### Conformance with Comprehensive Plan

This Redevelopment Plan and Program is consistent with the community improvement goals identified in the 2012 Crystal Lake Comprehensive Plan.

### Date of Completion

The estimated year of completion of the redevelopment projects and retirement of obligations issued to finance redevelopment project costs is December 31, 2046 (The year after the 23rd year from the date of adoption of the ordinance approving the Project Area)

APPENDIX "A"

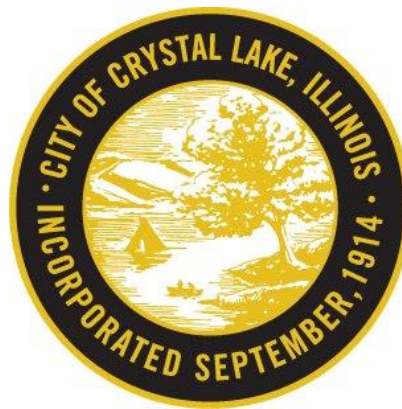
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**WATER'S EDGE TAX INCREMENT FINANCING DISTRICT**

**ELIGIBILITY REPORT**

*CITY OF CRYSTAL LAKE*

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*October, 2021*

Prepared by:  
Teska Associates, Inc.





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## INTRODUCTION

In order to encourage redevelopment of the site of the former Crystal Court Shopping Center, which fronts RT. 14 Northwest Highway, between Liberty Road and the entry to Three Oaks recreation Area, the City of Crystal Lake (the "City") is considering the creation of a Tax Increment Financing (TIF) District. The purpose of this Eligibility Report is to document the eligibility criteria as required by the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11 - 74.4 - 1, et seq., as amended (the "Act"). The following study documents the presence of eligibility criteria necessary for designation as a TIF District, as required in the Act. The study evaluated the area depicted in Figure 4 below.

Figure 4: Study Area



## TAX INCREMENT FINANCING

The Act, as amended, stipulates specific procedures, which must be adhered to in designating a Redevelopment Project Area and amendments thereto. A Redevelopment Project Area is defined as:

*“..an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas” (65 ILCS 5/11-74.4-3(p)).*

Section 5/11-74.4-3(a) defines a “blighted area” as follows:

*“any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:*

*if improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors (dilapidation; obsolescence; deterioration; presence of structures below minimum code standards; illegal use of individual structures; excessive vacancies; lack of ventilation light or sanitary facilities; inadequate utilities; excessive land coverage and overcrowding of structures and community facilities; deleterious land use or layout; environmental clean-up; lack of community planning; decline in equalized assessed value), each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area, and*

*If vacant, the sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors (dilapidation; obsolescence; deterioration; presence of structures below minimum code standards; illegal use of individual structures; excessive vacancies; lack of ventilation light or sanitary facilities; inadequate utilities; excessive land coverage and overcrowding of structures and community facilities; deleterious land use or layout; environmental clean-up; lack of community planning; decline in equalized assessed value), 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.”, or*

*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.*

This report summarizes the analysis and findings of the City’s planning consultant, Teska Associates, Inc. (“Teska”). Teska has prepared this report with the understanding that the City would rely on: (1) 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) the fact that Teska has obtained the necessary information to conclude that the Project Area can be designated as a Redevelopment Project Area in compliance with the Act.

The Water's Edge area (the "Project Area") is eligible for designation as a "blighted area" based on the predominance and extent of parcels exhibiting the following primary characteristics:

- 1. Obsolescence**
- 2. Deterioration**
- 3. Excessive vacancies**
- 4. Deleterious land use or layout**
- 5. Decline of Equalized Assessed Value (EAV)**
- 6. Presence of Structures Below Minimum Code Standards**

In addition, the following secondary characteristics contribute to a lesser degree:

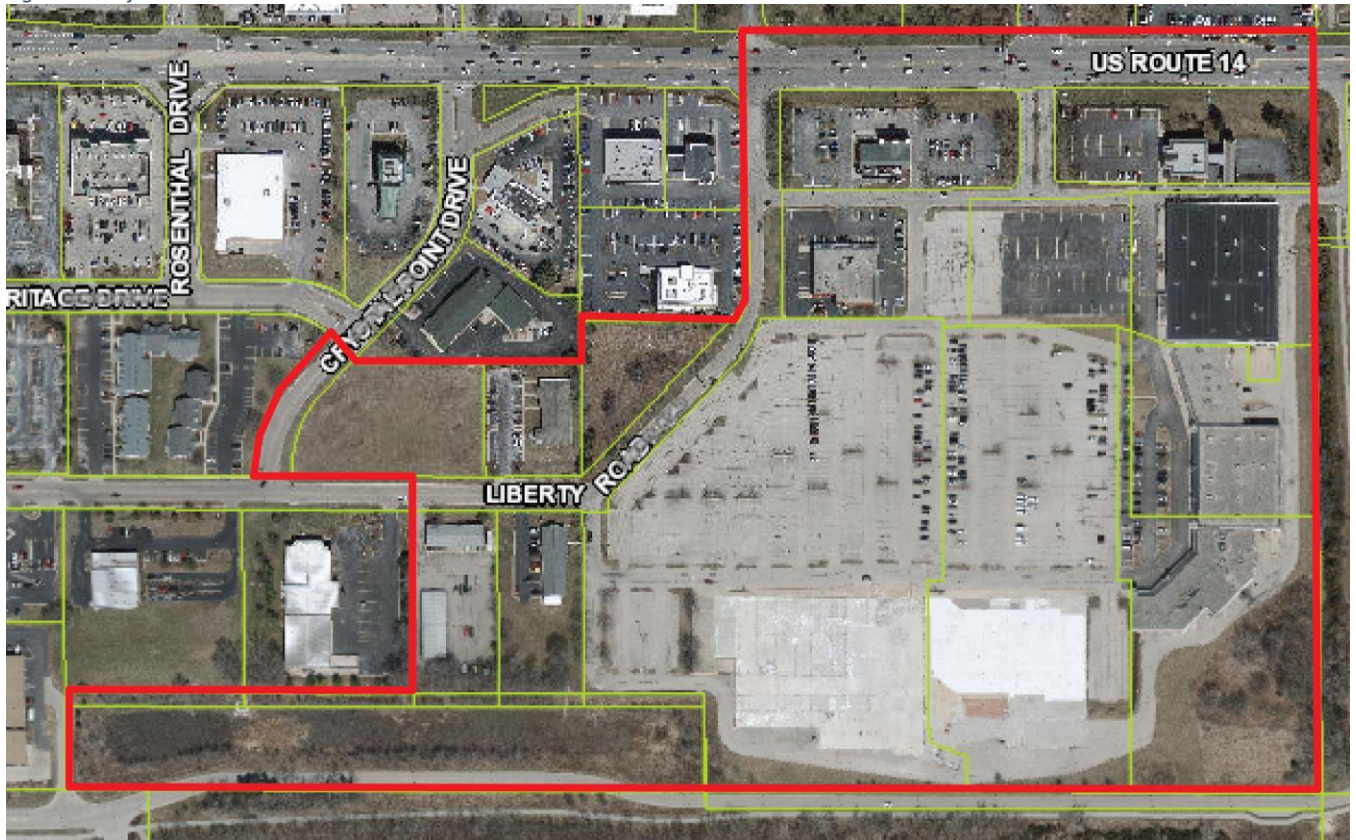
- 7. Dilapidation**
- 8. Inadequate utilities**
- 9. Environmental clean up**

Each of these factors contributes sufficiently towards the eligibility of the Project Area as a whole.

## DESCRIPTION OF PROJECT AREA

The Project Area includes both vacant and improved parcels north and west of Three Oaks Recreation Drive, east of S Main Street, and South of Northwest Highway/Route 14. It is located approximately 1.5 miles Southeast of downtown Crystal Lake. The area previously hosted a Walmart and Cub Foods, which became long vacant and years later demolished after those tenants left the shopping center. Of the remaining structures, most are vacant storefronts. The Project Area contains 8 buildings and 20 parcels. Figure 5 illustrates the exact boundaries of the Project Area.

Figure 5: Project Area



## ELIGIBILITY FINDINGS

Over the past 10 years, following the demise of Cub Foods and Service Merchandise, and the relocation of Walmart from their place within the Crystal Court Shopping Center, Teska has worked with the City of Crystal Lake to promote and plan for the revitalization of this center. On at least three occasions, Teska conducted field and research surveys of the property to determine potential eligibility for a Tax Increment District, the most recent of which occurred on October 8, 2021. Teska conducted a field survey of every property within the Project Area. Based on an inspection of the exteriors of buildings and grounds, field notes were taken to record the condition for each parcel. Photographs further document the observed conditions.

In order to be designated as a blighted area, five or more blighting factors outlined in the Act must be present to a meaningful extent and reasonably distributed throughout the Project Area.

### ***Dilapidation***

Dilapidation refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required, or the defects are so serious and so extensive that the buildings must be removed.

Of the remaining buildings in the Project Area, some have fallen into disrepair as a result of prolonged vacancy and lack of upkeep. Buildings that were demolished were in a state of dilapidation prior to their demolition, and the removal of walls and other vertical structures did not include removal of foundations, building slabs, plumbing, electrical lines, and other building debris scattered near the original footprint of both the Cub Foods and Walmart property. Prior to having become vacant, the Cub and Walmart properties, including more than half the acreage of the shopping center, had evidenced dilapidation that contributed to the need to demolish the improvements. Examples of dilapidation include but are not limited to foundation cracks on existing buildings, displaced or cracked walls, and other structural deficiencies. See Figures 6-10. Dilapidation is present within the Project Area and contributes towards the designation of the Project Area as a 'blighted area.'

Figure 6



Figure 7



Figure 8



Figure 9





Figure 10



## **Obsolescence**

Obsolescence is the condition or process of falling into disuse. Obsolete structures have become ill-suited for the original use. With respect to properties and buildings, the nature of obsolescence may be functional or economic, or a combination of both. Generally, functional obsolescence relates to the physical utility of a property or structure, and economic obsolescence relates to the ability of a property or building to compete in the marketplace.

### *a) Functional obsolescence*

The design and spatial layout of buildings and site improvements and their geographical location and building orientation and setbacks respond to market needs for specific uses at the time those buildings and improvements were constructed. Additionally, buildings and improvements are designed within the technological constraints of the time. Design and spatial layout characteristics of buildings and site improvements include, but are not limited to, floor area, height, column spacing, loading and service areas, building orientation, on-site parking and storage areas, and vehicular circulation.

Over time, changes occur within industries and real estate markets causing properties to become ill suited for their original use, resulting in deficiencies in those buildings that limit their ability to function for their original purpose. This loss in functionality and overall usefulness or desirability of a property, diminishes the value and utility of the property and the building.

### *b) Economic obsolescence*

Economic obsolescence is generally a result of building or site improvements that cause some degree of market rejection, resulting in a diminished market value of the property for its original intended use. Symptoms of economic obsolescence include excessive vacancies, lack of maintenance, deterioration, and dilapidation of buildings and site improvements.

Site improvements, including sewer and water lines, public utility lines (gas, electric, and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of this type of obsolescence may include inadequate utility capacities, outdated designs, etc.

Typically, buildings with excessive vacancies or those classified as deteriorating or dilapidated contain undesirable building or site improvement conditions that may be infeasible to cure, resulting in an accelerated decline in market value. When not corrected, these building and site improvement deficiencies adversely impact neighboring areas, thereby detracting from the physical, functional, and economic vitality of the overall area.

The Project Area is both functionally and economically obsolete. The original anchors for the center were located more than 900 feet south of the primary access on Rt. 14, more than twice the distance commonly associated with current commercial development. The existing buildings and the layout of the parking no longer serves current market conditions and shifts in consumer attitudes and tendencies have rendered the Project Area ill-suited to compete with nearby commercial properties. See Figure 11. Lack of maintenance and deterioration of the buildings and site improvements demonstrate and contribute to the growing obsolescence of the Area. Most of the commercial spaces are underutilized and have persistently vacant tenancies, showing evidence of both economic and functional obsolescence.

Both functional and economic obsolescence of buildings and site improvements is present within the Project Area. The presence of obsolescence significantly contributes towards designation of the Project Area as a 'blighted area'.

*Figure 11*



### **Deterioration**

With respect to buildings, deterioration refers to defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. The field survey found that 4 out of 8 buildings and the majority of the non-building surface improvements exhibited some level of deterioration. Clear evidence of building deterioration can be seen from the rear of buildings, but are also present in the front of the buildings. These deteriorating effects include but are not limited to: cracks in walls, foundations, and columns, and roofs. These issues are widely distributed throughout the entirety of the Project Area.

With respect to surface improvements, the condition of the pavement, roadways, curbs, and surface parking show clear evidence of deterioration, including but not limited to: surface cracking, crumbling, potholes, depressions, and weeds protruding through paved surfaces. Parking areas, sidewalks, curbs and other surface improvements have deteriorated to the point of requiring repaving or replacement. In general, the condition of the site is poor in both the areas with and without structures.

The deterioration, both of buildings and surface improvements, is widely distributed throughout the entirety of the Project Area. See Figures 12-19. The presence of deterioration of buildings and surface improvements is a significant contributing factor towards the designation of the Project Area as a 'blighted area.'

Figure 12



Figure 13



Figure 14



Figure 15



Figure 16





Figure 17



Figure 18



Figure 19



### ***Presence of Structures Below Minimum Code Standards***

Structures below minimum code standards include all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

Prior to demolition, the Cub and Walmart buildings had been cited for code violations. The remaining buildings fail to meet the existing fire code requirements and have been cited for functional failure of fire suppression systems. The presence of structures below minimum code standards is a contributing factor towards the designation of the Project Area as a 'blighted area.'

### ***Illegal Use of Individual Structures***

Illegal use of individual structures refers to the use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

The exterior field survey conducted by Teska found no obvious instances of illegal uses of structures within the Project Area. Illegal Use of Individual Structures does not contribute to the designation of the Project Area as a 'blighted area.'

### ***Excessive Vacancies***

Excessive vacancies refer 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 field survey conducted by Teska found that most existing structures in the Project Area are vacant and many have been for a prolonged period. See Figures 20-23. Prior to demolition, the two large anchor buildings were vacant for several years, and the departure of these businesses contributed to the excessive vacancies of the smaller storefronts. The pervasiveness of vacancies in the Project Area makes it difficult to attract and retain new businesses, particularly on the Eastern end of the Project Area. Excessive vacancies in the remaining structures of the Project Area are a significant contributing factor towards the designation of the Project Area as a "blighted area."

Figure 20



Figure 21



Figure 22



Figure 23



***Inadequate utilities***

Inadequate utilities refer to utilities that have insufficient capacity to serve the uses in the redevelopment project area; are deteriorated, antiquated, obsolete, or in disrepair; or are lacking within the redevelopment project area. “Utilities” are defined in the Act as “underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services” (65 ILCS 5/11-74.4-3 (a)(1)(H)).

The utility infrastructure is insufficient to serve the needs of the Project Area, particularly if any residential use of the site is anticipated. The utilities are outdated and, in some cases, are in disrepair. See Figures 24-25. Unless the property is redeveloped using the existing footprint, the alignment and location of underground utilities must be completely modified and is a substantial financial impediment to the reuse of the site. Inadequate utilities to service the Project Area are a contributing factor towards the designation of the Project Area as a “blighted area.”

Figure 24



Figure 25





***Deleterious land use or layout***

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.

The layout of the Project Area is no longer marketable. The buildings have a deep setback (more than 900 feet to the original anchor buildings) and the area where the anchors previously stood is downhill from the main road, making them difficult to see from Route 14/Northwest Highway. This low visibility, due to the deep “L” shape of the layout, has made customer attraction to the area difficult. Currently, the foundations of the demolished buildings have not been fully removed. See Figures 26-27.

Furthermore, most of the parking in the section of the Project Area that was previously the Crystal Court Shopping Center was owned and controlled by the anchor tenants, which created a parking and maintenance issue when those businesses left the shopping center. Deleterious land use or layout is a significant contributing factor towards the designation of the Project Area as a 'blighted area.'

Figure 26



Figure 27



### ***Environmental Clean Up***

Environmental clean up is a contributing factor to a ‘blighted area’ designation when 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.

In 2012, Glenn’s Cleaners, (previously located at 5583 Northwest Highway, in the current Project Area) was enrolled in the Illinois Environmental Protection Agency system, after a request from Crystal Lake Shopping Center Limited Partnership.. Although some clean-up occurred at the time, the Agency’s no further remediation letter did not anticipate reuse of the site for residential purposes. Environmental clean up is a contributing factor to the designation of the Project Area as a ‘blighted area.’

**Decline in total Equalized Assessed Values (EAVs)**

This factor can be cited if the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

The equalized assessed value for the combined parcels within the Project Area has increased at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available (see Table 1). In 2017 the EAVs for the Project Area decreased 8.39%, whereas the EAVs for Crystal Lake (net of the project area) increased by 5.36%. In 2020, the EAVs for the Project Area increased by 0.37% and Crystal Lake's total EAVs increased by 3.81%. In 2021, the EAVs for the Project Area increased by 1.65%, whereas the EAV for Crystal Lake increased by 3.65%. These three years satisfy the condition that the EAVs for the Project Area increase at an annual rate that is lower than that of the municipality as a whole.

Table 1: Percent Change in EAV

	2016	2017	2018	2019	2020	2021
Project Area	-11.41%	-8.39%	8.65%	7.39%	0.37%	1.65%
Crystal Lake (minus project area)	5.80%	5.36%	5.37%	4.57%	3.81%	3.65%

Source: McHenry County and Teska Associates

Decline in the Equalized Assessed Value contributes toward the designation of the Project Area as a 'blighted area' due to EAV decline in the Project Area as compared to the City of Crystal Lake.

## CONCLUSIONS

Based on the findings contained herein, the Project Area as a whole qualifies as a 'blighted area' according to the criteria established by the Act, based on the predominance and extent of parcels exhibiting the following primary characteristics:

- 1. Obsolescence**
- 2. Deterioration**
- 3. Excessive vacancies**
- 4. Deleterious land use or layout**
- 5. Decline of Equalized Assessed Value (EAV)**
- 6. Presence of Structures Below Minimum Code Standards**

Each of these factors contributes significantly to the eligibility of the Project Area as a blighted area. These characteristics point to the need for designation of the Project Area as a blighted area, to be followed by public intervention in order that development might occur.

In addition to the primary significant qualifying factors listed above, the following eligibility criteria are present to a lesser degree within the Project Area. While these factors are not present to such a degree and/or sufficiently distributed throughout the Project Area, they do contribute towards the eligibility of the Project Area as a whole, and include:

- 1. Dilapidation**
- 2. Inadequate utilities**
- 3. Environmental clean up**

Based on the evidence provided in this Eligibility Report, the Water's Edge area qualifies as a 'blighted area' according to the eligibility criteria established by the Act.