

**CRYSTAL LAKE AVENUE AND MAIN STREET
TAX INCREMENT FINANCING
REDEVELOPMENT PLAN AND PROGRAM**

City of Crystal Lake, Illinois

DRAFT – August 2005

Teska Associates, Inc.

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INTRODUCTION

Adjacent to downtown Crystal Lake, is a mix of commercial, industrial, and residential land uses in various stages of development and redevelopment. Based on the success of the redevelopment projects within the Downtown TIF, and the imminent expiration of the Downtown TIF, the City would like to begin a transition of redevelopment efforts to a new area. The Crystal Lake Avenue and Main Street Redevelopment Project Area contains 18 parcels and is approximately 58 acres in area. Over the past decade, efforts have been made to redevelop the area with limited success. While one of the properties has been partially reutilized for office space by various users, previous redevelopment efforts have only resulted in the demolition of obsolete, dilapidated uses such as the Hines Lumber site and the Corning site (former Oak Industries North building). Currently, these sites remain vacant.

Five of the properties are currently in unincorporated McHenry County but will be annexed into the City. Annexation agreements for these properties will allow the structures and existing uses to remain. Redevelopment for these properties will only occur if the landowners agree to a specific redevelopment opportunity.

With the recognized goals of conserving the taxable value of land and buildings and protecting the character and the stability of the commercial, industrial, recreational, and residential areas within Crystal Lake, the City has decided to take direct action to encourage redevelopment efforts within the Project Area. City officials have determined that, without direct municipal involvement and financial assistance, the City's goals and objectives for this area cannot be met. To encourage new investment in the Crystal Lake Avenue and Main Street area, the City of Crystal Lake has created the following Crystal Lake Avenue and Main Street Redevelopment Plan and Program (the "Redevelopment Plan") to identify an effective approach to facilitate development.

The Redevelopment Plan seeks to respond to a number of problems and needs within the Project Area that have contributed to the inability to achieve the vision established by the City and identified in the Crystal Lake 2020 Vision Comprehensive Land Use Plan. This Redevelopment Plan is also indicative of a strong commitment on the part of the City to continue the revitalization of the Downtown area by capitalizing on immediately adjacent redevelopment opportunities. The goal of the Redevelopment Plan is to strengthen the residential, employment, and commercial components of the Project Area, through the improvement of existing facilities and redevelopment of existing obsolete and blighted buildings or vacant land for new and expanded uses. This plan is intended to provide a framework for improvements within the Project Area over the 23-year life of a TIF district, including redevelopment goals, recommended land uses, and a budget of estimated project costs.

REDEVELOPMENT PROJECT AREA DESCRIPTION

The Project Area is generally bound by Crystal Lake Avenue and the Metra rail line to the north, the railroad right-of-way to the east and south, and extends 500 feet to the west of Main Street. Consisting of 18 parcels that cover 47.3 acres, with a total of 13 structures, and approximately 11 acres of right-of-way, the Project Area supports a mixture of land use types including residential, commercial, industrial, institutional, and office uses. Figure A illustrates the boundaries of the Project Area.

The Project Area has always had a mix of uses but was predominately industrial in nature. In 2000 the Corning factory site at the northeast corner of Crystal Lake Avenue and Main Street was demolished. A few years later the Hines Lumber site at the southwest corner of Crystal Lake Avenue and Main Street was finally demolished. While several tenants have recently occupied the University Center (former Oak Industries South building) on the southeast corner of the intersection, a portion of the site still remains underutilized and vacant. Substantial revenue generating reinvestment has not occurred in the Project Area.

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 referred to as the "Act"). This financing mechanism is only applicable in areas that meet certain specifications outlined in the Act.

In May of 2005, 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 proposed Project Area meets the statutory requirements of a "conservation area," and is eligible for designation as a Tax Increment Financing Redevelopment Project Area.

As detailed in Appendix A of this Redevelopment Plan, the Project Area is eligible for designation as a "conservation area" due to the predominance and extent of the following factors:

1. Age
2. Obsolescence
3. Deterioration
4. Presence of structures below minimum code standards
5. Lack of community planning
6. Lag in growth of EAV

The legal description of the Project Area boundary is as follows:

LEGAL DESCRIPTION

Point of Beginning: A point 66 feet west of the northwest corner of Lot 1 in Chinlund's Resubdivision. Said point being on the south line of the Crystal Lake Avenue right-of-way.

1. Thence easterly along the south line of the Crystal Lake Avenue right of way (across the Main Street right of way) to the west line of the Chicago and Northwestern Railway right of way.
2. Thence northerly along the west line of the Chicago and Northwestern Railway right of way to the east line of the Main Street right of way.
3. Thence northerly along the east line of the Main Street right of way to the south line of the Chicago and Northwestern Railway right of way.
4. Thence southeasterly along the south line of the Chicago and Northwestern Railway right of way to the point where said line intersects the south line of the Crystal Lake Avenue right of way.
5. Thence westerly along the south line of the Crystal Lake Avenue right of way 150 feet to a point.
6. Thence South 53 degrees 57 minutes 28 seconds East a distance of 112.03 feet.
7. Thence South 0 degrees 56 minutes 28 seconds East a distance of 92.02 feet.
8. Thence North 89 degrees 3 minutes 32 seconds East a distance of 136.28 feet.
9. Thence South 53 degrees 57 minutes 28 seconds East a distance of 85.61 feet.
10. Thence South 0 degrees 2 minutes 3 seconds West a distance of 639.95 feet to the north line of the Chicago and Northwestern Railway right of way.
11. Thence Southwesterly along the northwest line of the Chicago and Northwestern Railway right of way to the intersection of said line with the west line of Section 4.
12. Thence westerly from the last described point along a line perpendicular to the west line of said Section 4 (across the Main Street right of way) to a point where said line intersects the west line of the Chicago and Northwestern Railway right of way.
13. Thence northerly along the west line of the Chicago and Northwestern Railway right of way to the southeast corner of Lot 9 in Block 1 of Paddock's Addition to Crystal Lake.
14. Thence North 4 degrees 25 minutes 23 seconds East a distance of 222.87 feet.

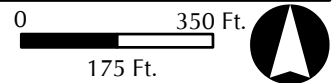
15. Thence westerly parallel to the south line of Lot 8 in Block 1 of Paddock's Addition to Crystal Lake a distance of 440.42 feet to a point that is 30 feet east of and parallel with the west line of said Lot 8.
16. Thence northerly along said parallel line a distance of 356.27 feet.
17. Thence easterly parallel with the south line of Crystal Lake Avenue a distance of 102 feet.
18. Thence northerly parallel with the west line of said Lot 8 a distance of 231 to the south line of the Crystal Lake Avenue right of way being the point of beginning.

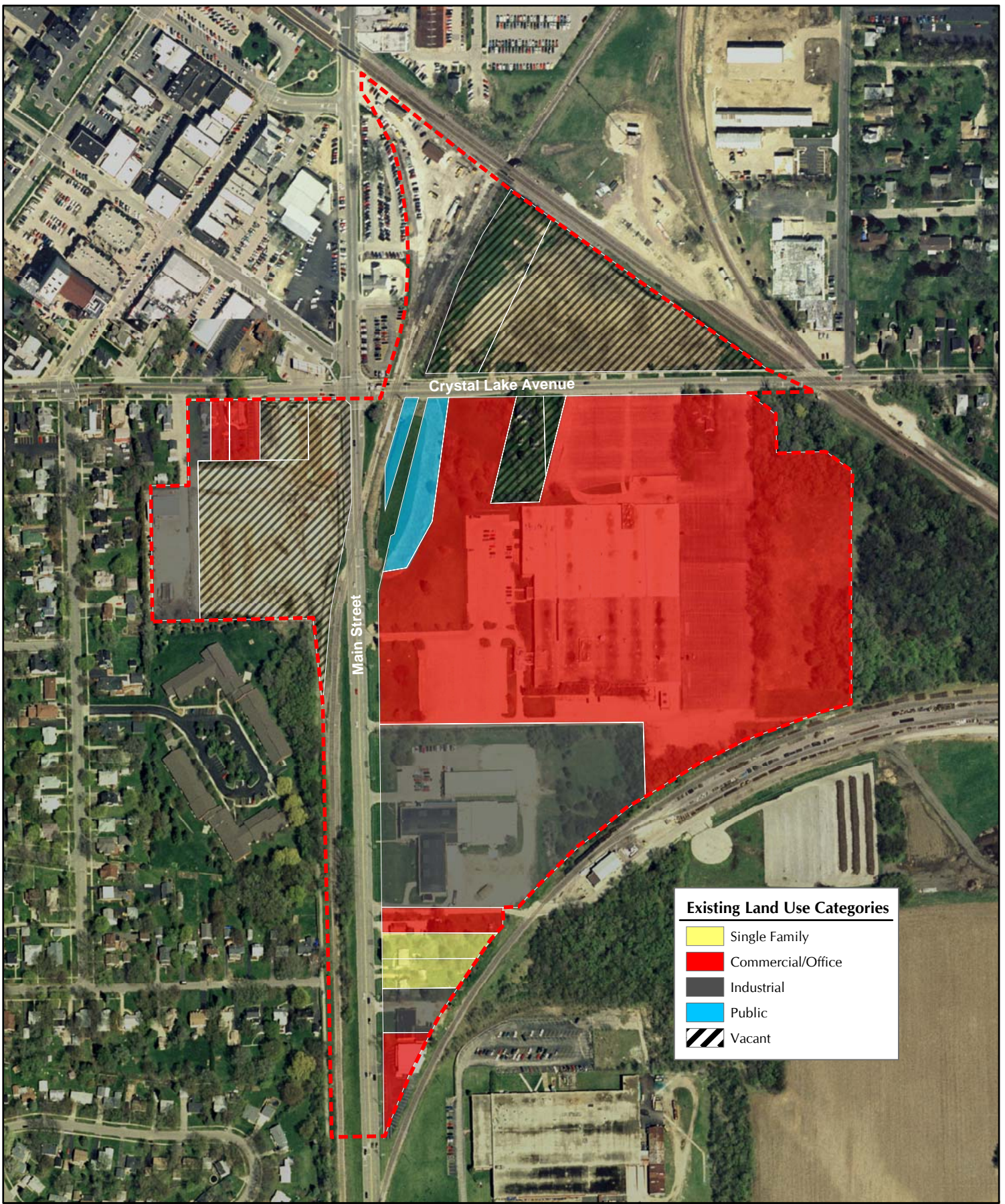


Map 1: Project Area Boundary

Crystal Lake Ave and Main St TIF Redevelopment Plan
City of Crystal Lake, Illinois

August 24, 2005

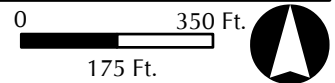




Map 2: Existing Land Use

Crystal Lake Ave and Main St TIF Redevelopment Plan
 City of Crystal Lake, Illinois

August 24, 2005



REDEVELOPMENT GOALS AND OBJECTIVES

These overall goals and objectives are intended to guide redevelopment decisions within the Project Area. The goals and objectives of the Redevelopment Plan are both those articulated in the Illinois Tax Allocation Redevelopment Act, and those stated in the Crystal Lake 2020 Vision Comprehensive Land Use Plan that are applicable to the Redevelopment Project Area. They are summarized below:

- *Encourage a diversity of housing types throughout the City which satisfy a wide-range of needs for all persons, regardless of age, race, religion, gender, national origin, physical ability, and economic level.*
- *Provide for a reasonable rate of residential growth that maximizes use of existing infrastructure, public resources, and limits negative impact on the environment.*
- *Encourage mixed-use developments that allow people to live, work, and play in the same area.*
- *Promote Crystal Lake as a center of business activity and economic growth both locally and regionally.*
- *Explore carefully selected and positive incentives that support the retention, expansion, and relocation of businesses to Crystal Lake.*
- *Promote, retain, and attract businesses that provide a diverse base of employment opportunities.*

REDEVELOPMENT PLAN

The revitalization of the Project Area is a large and complex undertaking that presents many challenges and opportunities for the City. The success of this effort will depend on the cooperation between the private sector and the local government. Public and private development efforts have not, as yet, been able to stimulate the comprehensive revitalization of the designated Project Area. The adoption of this Redevelopment Area Plan and Program will aid in the implementation of the goals and objectives identified in the Crystal Lake 2020 Vision Comprehensive Land Use Plan and will assist in stimulating redevelopment and rehabilitation in this area which otherwise could not reasonably be anticipated to develop without the adoption of this Plan and Program. Through public investment, the area will become an environment and setting that will attract private investment.

The Act describes the 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 Redevelopment 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 developed and improved without the use of such incremental revenues.

Purpose of the Redevelopment Plan

Pursuant to the Act, the purpose of a Redevelopment Plan for a Project Area is to promote the health, safety, morals, and welfare of the general public by:

1. Eradicating blighting conditions and instituting conservation measures;
2. Removing and alleviating adverse conditions by encouraging private investment of underutilized and vacant properties which will strengthen the economy, tax base, business environment, and living environment;
3. Improving existing public utilities within the area; and
4. Enhancing the overall quality of the City of Crystal Lake.

Redevelopment Project Activities

The focus of the Project Area redevelopment is the creation of new commercial and residential uses that compliment the existing downtown while also creating a transition from the auto-oriented uses from Route 14, north along Main Street to the pedestrian oriented nature of downtown. The TIF will allow for the continued redevelopment of the downtown area by stimulating the creation of new mixed-use projects. The redevelopment projects will have the extra advantage of the availability of vacant land adjacent to downtown in addition to the typical economic tools

available. While 'mixed use' is the general land use designation for the properties at the Crystal Lake Avenue and Main Street intersection, each corner is envisioned to have a different focus so that each location will bring its own unique contribution to downtown. Overall, the following redevelopment activities will contribute to the long-term economic health and vitality of the City of Crystal Lake.

It must be noted that the Redevelopment Land Use Plan shall serve as a guideline for the Project Area. It is not meant to establish specific requirements and should not be rigidly interpreted. Adjustments may be made in response to market conditions and other key factors as long as they remain consistent with the City's overall goals and objectives. The Comprehensive Plan has been used as a foundation for the redevelopment activities and the Redevelopment Plan reflects the latest interpretations of the desired goals for the Project Area.

This section of the redevelopment plan describes the preferred redevelopment opportunities for the primary locations within the Project Area. These redevelopment opportunities include projects that may require assemblage of property, the demolition of existing buildings, rehabilitation of existing structures and/or the construction of new buildings.

The existing conditions and desired vision for the properties within the Project Area has resulted in a unique mixed use designation for each corner of Crystal Lake and Main and a separate designation for those properties in the southern portion of the Project Area. The proposed mix of uses and their relation to downtown are unique for each area. The following describes redevelopment activities intended for each individual area.

Mixed Use - Crystal Lake and Main Southwest Site

Currently, the southwest corner of Crystal Lake and Main is occupied by the vacant Hines Lumber site, two office uses in converted single-family structures, and a small warehousing facility. The Hines site has been vacant for several years and previous attempts at redevelopment have not been compatible with the City's vision for the downtown area.

The redevelopment of the southwest site is planned for a mix of commercial and residential land uses in several 5 to 6 story structures. Retail commercial should occupy the ground floor and contain a mix of retailers that compliment the existing downtown. The upper floors of the structures should be utilized for residences that provide a mix of housing opportunities from one-bedroom to three or four bedroom units that allow for a mix of users. Parking should be provided on site for both the residents and customers of the retail commercial uses. Commercial parking standards should reflect the urban nature of the development and allow for shared parking between commercial uses and account for other downtown parking opportunities in close proximity to the site. The site is envisioned as one of the first opportunities to compliment the existing downtown with a new development that provides both the modern amenities that urban dwellers are attracted to while complimenting and not competing with existing retailers.

Mixed Use - Crystal Lake and Main Northeast Site

The northeast corner of Crystal Lake and Main within the Project Area was occupied by an industrial user and was eventually demolished after an extended vacancy. This site is planned for a

mix of commercial and residential land uses. While similar in use and style to the Southwest site, the Northeast site is planned for a less dense character with buildings ranging between 3 and 4 stories in height. The ground floor should be occupied with retail commercial users. These users should bring new customers into the downtown area and not necessarily directly compete with the existing uses. The new developments have the potential to introduce downtown Crystal Lake to new customers with its mix of retail opportunities that new development can attract. The upper floors of the buildings are planned as residential with a mix of unit types from one-bedroom to three and four bedroom units.

The buildings should front on Crystal Lake Avenue with a zero or minimal setback. Crystal Lake Avenue should be enhanced with a pedestrian streetscape that encourages walking from the site to adjacent downtown uses. Parking should be located on site to the rear of buildings and on-street parking should compliment existing downtown parking character and style.

Mixed Use - Crystal Lake and Main Southeast Site

The existing Oak Industries South building at the southeast corner of Crystal Lake and Main has been converted into office space. Renamed the University Center, the building is partially occupied by several regional colleges, additional professional offices and a child day-care center.

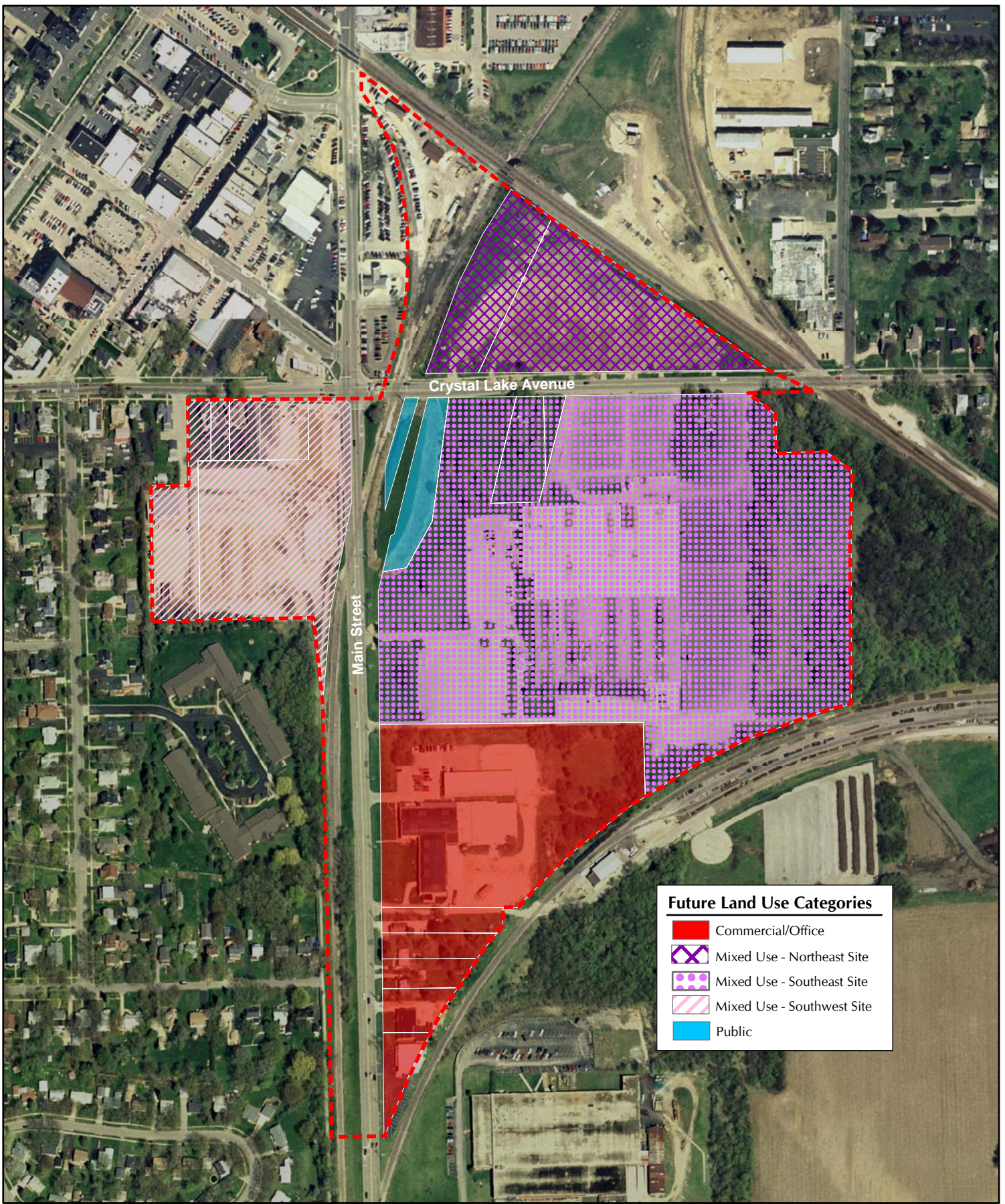
The site is planned to build on the educational character begun by the redevelopment by encouraging the creation of commercial and residential uses that compliment the existing educational focus of the site. Student oriented commercial uses could be placed within the existing structure or new buildings could be constructed to the east, north, and west of the existing building. Two and three story structures could be used to house retailers that would create a more vibrant educational experience. The potential also exists to create an interior road system that circles the existing building and provides greater access to the whole site. The upper floors of new buildings are planned to be residential, providing housing options for those attending classes. The site is not envisioned to create a university-style environment but rather to encourage development that take advantage of the existing site uses by creating complimentary uses that both students and the average downtown visitor can utilize in a pleasant urban environment.

Commercial/Office – Main Street

The uses along Main Street within the Project Area consist of a mix of industrial, office and residential uses. In the immediate future, market conditions may continue to support these existing uses. As redevelopment occurs in other portions of the Project Area, the uses along Main Street should become more commercial in nature. The area should be viewed as a location that transitions from the large big boxes along Route 14 to the more pedestrian oriented uses of downtown. The uses should be smaller in scale when compared to Route 14 uses with attractive site landscaping and buildings that are composed of detailed architectural elements. Buildings should have a setback that allows for appropriate on-site surface parking. The streetscape along the east side of Main Street should provide a pleasant and safe walking environment for pedestrians.

Additional Redevelopment Activities

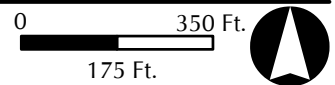
Within the Project Area is a railroad segment utilized during rail switching activities. Efforts to relocate the switching to another location may be successful during the lifespan of the TIF Redevelopment. If such a relocation occurs, the existing railroad right-of-way along the west and east sides of Main Street would be vacated and become available for redevelopment. The utilization of vacated right-of-way should be compatible with the City's vision and plan for the downtown area.



Map 3: Future Land Use

Crystal Lake Ave and Main St TIF Redevelopment Plan
 City of Crystal Lake, Illinois

August 24, 2005



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. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the Redevelopment Plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services;
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 and 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 private or public 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;
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 costs of advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, as provided in the Act;
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 under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, and not exceeding 36 months thereafter and including reasonable reserves related thereto;
8. 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;
9. An elementary, secondary, or unit school district’s increased costs attributable to assisted housing units as provided in the Act;
10. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or State law;

11. Payment in lieu of taxes;
12. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, as provided by the Act;
13. Up to 50% of the cost of construction, renovation, and/or rehabilitation of all low- and very low-income housing units as defined in Section 3 of the Illinois Affordable Housing Act, as provided by the Act.

Acquisition and Clearance

To meet redevelopment objectives, it may be necessary for the City of Crystal Lake to acquire properties in the Project Area. Ideally, redevelopment or rehabilitation can be encouraged to be undertaken by the private market. The City will help to market and promote such redevelopment opportunities. In addition, the City may elect to acquire property through a direct market transaction. However, under exceptional circumstances, the City Council may choose to exercise its power of eminent domain, including appropriate compensation for property acquisition. It is not the intent of the City to acquire properties unless, on a site-by-site basis, the City Council determines acquisition to be necessary to implement this Redevelopment Plan. Such determination may be made without further amendment to this Plan.

The redevelopment project activities identified in this plan have emphasized the rehabilitation of existing residential structures where appropriate and redevelopment when necessary. It is the intent of the City that less than ten (10) residential units are removed as a result of this redevelopment plan. If, over the lifetime of this plan, up to nine (9) residential units are removed as a result of redevelopment activity, the City certifies that no additional redevelopment activity will occur within the redevelopment project area that results in the removal of any additional units.

Land Disposition

Property, which may be acquired by the City, may be assembled into appropriate redevelopment 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 TIF District during the 23-year duration of the TIF. 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, or agreement relating to the development of 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 property shall be made without providing reasonable opportunity for the submission of alternative proposals or bids.

Public Improvements

The City of Crystal Lake will provide public improvements in the Project Area to facilitate redevelopment and support the Redevelopment Plan, and to serve the needs of Crystal Lake's residents. Appropriate public improvements may include, but are not limited to, the following:

1. vacation, removal, resurfacing, widening, reconstruction, and other improvements to rights-of-way, streets, alleys, pedestrianways, and pathways;
2. development of or improvements to public open space;
3. relocation expenses;
4. improvement of public utilities such as sewer and water lines, sidewalks, curbs and gutters, storm water detention facilities;
5. beautification improvements, including streetscape, lighting, signage, and landscaping of the project area;
6. grants or loans to private property owners for eligible property improvements, including building rehabilitation, façade restoration or enhancements; and
7. demolition of obsolete structures.

Recommended public improvements anticipated to be undertaken might include streetscape and infrastructure improvements as well as assistance to property owners for facade improvements and building rehabilitation. The costs associated with these improvements may be shared by the City of Crystal Lake and individual developers, pursuant to an agreement between the parties. The City may determine at a later date that certain listed improvements are no longer needed or appropriate and may remove them from the list, or may add new improvements to the list that are consistent with the objectives of this Redevelopment Plan.

Phasing of Project

The Redevelopment Projects anticipated in this plan may commence immediately. The major projects may be completed within twelve (12) years. Facade improvements, building rehabilitations, and other activities on individual properties may occur throughout the life of the Tax Increment Financing District. The City may undertake additional public improvements as necessary throughout the life of the project.

Estimated Project Costs

The following table outlines the estimated costs of the Redevelopment Project:

Table 1: Estimated Redevelopment Project Costs

Expense Categories	Amount
Property assembly and acquisition	\$12,500,000
Environmental and planning studies, surveys, development of engineering and architectural plans, specifications, implementation and administration fees	\$2,000,000
Rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings and fixtures through loans, grants, interest subsidy or other financial assistance	\$2,000,000
Construction or improvement of public improvements	\$18,500,000
Total Estimated Project Costs	\$35,000,000

Financing costs during construction (not to exceed 36 months) may also be included. Over the lifetime of the plan, redevelopment project costs may fluctuate and necessitate a modest change to the individual line items, however such changes will not result in an increase of the total estimated project costs. Such modifications may be made without further amendment to this Plan so long as there is not an overall increase in the total estimated project costs.

Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous project areas or those separated by only a public right-of-way that are permitted under the Act to be paid from incremental property taxes generated in the Project Area, but do not include redevelopment project costs incurred in the Project Area which are paid from incremental property taxes generated in contiguous project areas or those separated only by a public right-of-way. The amount of revenue from the Project Area made available to support such contiguous 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 the Redevelopment Plan.

Sources of Funds

Funds necessary to pay redevelopment project costs may be derived from a number of authorized sources. These may include, but are not limited to, the following:

1. Real property tax increment revenues from the Project Area;
2. Tax revenues resulting from the establishment of any Special Service Area districts within the Project Area;
3. Interest earned on temporary investments;

4. Gifts, grants, and contributions;
5. Bond proceeds;
6. Sale or lease of land proceeds;
7. User fees;
8. Municipal sales taxes; and
9. The City's general revenue fund.

The principal source of funds 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 be other eligible local sources of revenue that the City determines are appropriate to allocate to the payment of redevelopment project costs.

The Project Area may, in the future, be contiguous to, or separated only by a public right-of-way from, other redevelopment project areas created under the Act. 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 other 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 Redevelopment Plan.

Nature and 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 such a scale or on such a timetable as to preclude financing on a cash basis. These projects may be funded by the use of 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 Program, 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 Project;
5. any other taxes or anticipated receipts that the municipality may lawfully pledge.

Equalized Assessed Valuation

Table 2 lists the most recent (2004) equalized assessed valuation of properties in the Project Area by block. The total 2004 equalized assessed valuation of the Project Area is \$3,284,169.

Table 2: Project Area EAVs

Section- Block	2004 Equalized Assessed Value
33 - 355	\$ 134,600
04 - 101	\$ 2,035,641
04 - 151	\$ 356,596
05 - 228	\$ 757,332
Total	\$ 3,284,169

Upon the completion of the Redevelopment Project it is estimated that the equalized assessed valuation of real property within the Project Area will be in excess of \$108 million in 2004 dollars. This figure is based upon estimates of value for the rehabilitation and redevelopment projects that are anticipated.

Affirmative Action

The City of Crystal Lake will require each private developer entering into an agreement with the City, in connection with the development in the Project Area, to utilize fair employment practices, including an affirmative action program.

Payment in Lieu of Taxes

No payments in lieu of taxes are anticipated for this project.

Provision for Amending the Redevelopment Plan Objectives and Project

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

FINDINGS OF NEED FOR TAX INCREMENT FINANCING

On the basis of the Crystal Lake Avenue and Main Street Redevelopment Project Area Eligibility Study and this Redevelopment Plan, the City Council of Crystal Lake, Illinois, can 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 has not been subject to growth and redevelopment through investment by private enterprise, based on the physical condition and the lag in growth in property values as follows:

- As described in the Eligibility Study, the physical condition of the Project Area testifies to the lack of maintenance and improvement activities. In particular, the Eligibility Study identifies a prevalence of deterioration both of buildings and surface improvements. Such deterioration is a direct consequence of a lack of investment in the Project Area. While each individual property may not be deteriorated, the Project Area as a whole is characterized by a reasonable extent and meaningful distribution of this lack of investment.
- The total Equalized Assessed Value (EAV) of the Project Area has consistently lagged that of the balance of the City of Crystal Lake between 2000, 2002, 2003, and 2004. Relative to the immediate surroundings, the Project Area has not experienced appropriate growth in the tax base or shown evidence of private investment which increases the value of properties. Further, this is a significant trend that has persisted over a majority of the time period under analysis.

Therefore, the City of Crystal Lake finds that the Project Area is not subject to appropriate growth and development, and is not reasonably anticipated to be developed without adoption of this Redevelopment Plan.

Conformance with Comprehensive Plan

This Redevelopment Plan and Program conforms to the City of Crystal Lake Comprehensive Plan, which was adopted by the Mayor and City Council in August of 2001. Within the Comprehensive Plan, the Downtown District is identified as a "Unique Area," with special design and development objectives identified. The stated goal is... "Promote the unique architectural, historical, and social aspects of the downtown to stimulate economic and social vitality." Specific objectives and recommended actions for enhancing the Project Area are identified as well, and have helped guide many of the redevelopment efforts identified in this Redevelopment Plan.

Date of Completion

The estimated year of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs under no circumstances shall extend beyond December 31, 2029 (The year after the 23rd year from the date of adoption of the ordinance approving the Project Area).

FINANCIAL IMPACT OF REDEVELOPMENT

Without the adoption of the Redevelopment Plan and Project, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment, there is a prospect that blighting factors will continue and spread to the adjacent residential neighborhoods and the area as a whole will become less attractive for the maintenance and improvement of existing buildings and sites. Erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

Implementation of the Redevelopment Plan is expected to have significant short and long-term positive financial impacts on 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 caused by the Redevelopment Plan.

Specifically, the following taxing districts cover the proposed redevelopment project area:

1. Algonquin Township
2. Algonquin Township Road and Bridge
3. Nunda Township
4. Nunda Township Road and Bridge
5. Nunda Township Cemetery
6. City of Crystal Lake Fire District
7. Crystal Lake Library District
8. Crystal Lake Park District
9. College District #528
10. McHenry County
11. McHenry County Conservation District
12. School District #47
13. School District #155
14. City of Crystal Lake

Impact On Algonquin Township

The Redevelopment Plan is not anticipated to increase the demands of the current services that the Township offers. The increased demand for any Township provided services resultant from the Redevelopment Plan set forth in this document will be incidental in relation to the total operations of the Township. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On Algonquin Township Road And Bridge District

The Algonquin Township Road and Bridge District maintains township roads and bridges. No new township roads or bridges are anticipated as a result of this Redevelopment Plan. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On Nunda Township

The Redevelopment Plan is not anticipated to increase the demands of the current services that the Township offers. The increased demand for any Nunda Township provided services resultant from the Redevelopment Plan set forth in this document will be incidental in relation to the total operations of the Township. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On Nunda Township Road And Bridge District

The Nunda Township Road and Bridge District maintains township roads and bridges. No new Township roads or bridges are anticipated as a result of this Redevelopment Plan. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On Nunda Township Cemetery District

The Nunda Township Cemetery District maintains township cemeteries. It is not anticipated that the new residents resulting from the redevelopment plan will create a dramatic impact on the need for township cemetery plots. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On City Of Crystal Lake Fire District

New and expanded commercial, office, and mixed-use development in the Project Area may increase demand for fire protection. However, this will be balanced by the rehabilitation and removal of hazardous buildings which currently exhibit deterioration and code violations. No redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On Crystal Lake Library District

Whereas new mixed-use development may increase demand for facilities and programs offered by the Library, this increased demand is only related to a small percentage of the total population served by the Library District. While new residential development will increase the number of residents within the District, it is not anticipated to have a substantial impact on the District. No redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On Crystal Lake Park District

The increased demands for recreational services resultant from the anticipated commercial and office development should have minimal impacts on the Park District – any increase would only account for a small percentage of the total demands required of the District. As a result of new residential development in the Project Area, the Park District may experience increased demand for services. However, it is anticipated that the recreational opportunities within close proximity to the Project Area will meet the general recreational needs for any new residents. No redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On College District #528

Approximately 825 new adult residents may live in the Project Area if residential development occurs. Given the nature and type of residential development proposed, the impact on College District #528 will be incidental, as it is likely that a majority of these residents already have obtained the skills they require for their foreseeable future. While less than 10% of the proposed residences may be geared towards young adults, the existence of educational opportunities within

the Project Area should offset any increase in demand. No program is set forth in the Redevelopment Plan.

Impact On McHenry County

As a result of new residential development in the Project Area, McHenry County may experience increased demand for services. This increased demand should not be so substantial that, on its own, warrants the hiring of additional staff or the need to increase services. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On McHenry County Conservation District

As a result of new residential development in the Project Area, the McHenry County Conservation District may experience increased demand for services. However, it is anticipated that the recreational opportunities located within close proximity to the Project Area will meet the general recreational needs for any new residents. Any impacts on the McHenry County Conservation District will be incidental. No redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

Impact On School District #47 And #155

Approximately 80 new school-aged children may live in the Project Area if residential development occurs. Given the potential build-out rate for residential development over twelve (12) years, the number of school age children introduced into the school district is not anticipated to have a significant impact. If the school district provides reasonable evidence to support a claim for reimbursement as required under Section 11-74.4-3.q.(7.5) the appropriate level of reimbursement will be provided from the collected tax increment as required by the Act. No specific program is set forth in the Redevelopment Plan.

Impact On City Of Crystal Lake

As a result of new development in the Project Area, the City of Crystal Lake may experience increased demand for services such as police protection and fire protection. This increased demand should not be so substantial that, on its own, warrants the hiring of additional police officers or the purchasing of additional fire trucks and related equipment. Therefore, no redevelopment projects or direct mitigations are set forth in the Redevelopment Plan.

APPENDIX I
ELIGIBILITY STUDY

INTRODUCTION

Adjacent to downtown Crystal Lake, the Crystal Lake Avenue and Main Street Redevelopment Project Area is poised to capitalize on the success of the City's downtown redevelopment efforts. The Project Area contains 18 parcels, is approximately 58 acres in area, and is a mix of commercial, industrial, and residential land uses. Over the past decade, efforts have been made to redevelop the area. While the largest of the properties has been partially reutilized by regional colleges, the redevelopment efforts have only been able to demolish obsolete, dilapidated uses such as the Hines Lumber site and the Corning factory site (former Oak Industries North building). Currently, these sites remain vacant.

Four of the properties are currently in unincorporated McHenry County and have begun the process to annex into the City. The annexation agreements for these properties will allow the structures and existing uses for the life of the agreement. Redevelopment for these properties will only occur if the landowners agree to a specific redevelopment opportunity.

With the recognized goals of conserving the taxable value of land and buildings and protecting the character and the stability of the commercial, industrial, recreational, and residential areas within Crystal Lake, the City has decided to take direct action to encourage redevelopment efforts within the Project Area. City officials have determined that, without direct municipal involvement and financial assistance, the City's goals and objectives for this area cannot be met. To encourage new investment in the Crystal Lake Avenue and Main Street area, the City of Crystal Lake has decided to explore the feasibility of the use of tax increment financing (TIF) as the financial tool to facilitate development.

Tax increment financing can be used to make the Project Area attractive for redevelopment by eliminating the conditions that inhibit private investment, weaken the City's tax base, affect the safety of community residents, and hinder the City's ability to promote a cohesive development of compatible land uses. Public improvements may be constructed and incentives provided to encourage the type of private investment that will allow the City to achieve its goals for the Crystal Lake Avenue and Main Street Redevelopment Area.

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 referred to as the "Act"). This financing mechanism is only applicable in areas that meet certain specifications outlined in the Act.

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 such public improvements can be repaid with revenues generated by increased equalized assessed values of real estate within the designated project area. The key to this financing is that funding does not rely on the taxing power of the municipality alone. The property taxing power of all taxing districts with jurisdiction over the land within the project area can be employed to pay for certain redevelopment costs and retire the necessary financial obligations, if required. This taxing

power is only applied to the increase in equalized assessed valuation within the designated TIF project area.

The Act stipulates specific procedures that must be adhered to in designating a “Redevelopment Project Area.” This report addresses the initial step – the determination of the project area's eligibility. According to the Act, an area may be eligible if it meets the conditions for a “Redevelopment Project Area,” defined as:

“... an area designated by the municipality, which is not less in the aggregate than 1½ 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 (Section 11-74.4-3).”

Section 11-74.4-3 defines a conservation area as:

“...any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area...”

Therefore, in order to qualify as a “conservation area,” an improved area must demonstrate the presence of at least three (3) of the following factors named by the Act and each must be reasonably distributed throughout the designated 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; need for environmental clean-up; lack of community planning; and the lag in growth of the equalized assessed value (“EAV”) for the Project Area in comparison to the remaining areas of the City.

Description of the Project Area

The Project Area is generally bound by Crystal Lake Avenue and the Metra rail line to the north, the railroad right-of-way to the east and south, and extends 500 feet to the west of Main Street. Consisting of 18 parcels that cover approximately 47.3 acres and contain a total of 13 structures, the Project Area supports a mixture of land use types including residential, commercial, industrial, institutional, and office uses. Figure 1 illustrates the boundaries of the Project Area.

The Project Area has always had a mix of uses but was predominately industrial in nature. In 2000 the former Oak Industries North building on the north side of Crystal Lake Avenue was demolished. Several years later the Hines Lumber site at the southeast corner of Crystal Lake Avenue and Main Street was finally demolished. While the factory site on the southwest corner of the intersection has recently been occupied by several regional colleges the site still remains underutilized. Substantial revenue generating reinvestment has not occurred in the Project Area.

Statement of Designation

Determination of eligibility of the Crystal Lake Avenue and Main Street Redevelopment Project Area for tax increment financing is based on a comparison of data gathered through field observation by Teska Associates, Inc. (TAI), document and archival research, and information provided by the City of Crystal Lake, against the eligibility criteria set forth in the Act.

TAI has determined that the Crystal Lake Avenue and Main Street Redevelopment Project Area (“the Project Area”) is eligible for designation as a “conservation area” based on the predominance and extent of parcels exhibiting the following characteristics: **age, obsolescence, deterioration, presence of structures below minimum code standards, lack of community planning, and lag in growth of EAV**. Each of these factors contributes significantly towards the decline of the Project Area as a whole.

ELIGIBILITY FINDINGS

Teska Associates, Inc. conducted a field survey of every property in the Project Area on May 9, 2005 and July 7, 2005. Based on an inspection of the exteriors of buildings and grounds, field notes were taken to record the condition for each parcel. Photographs further documented the observed conditions. Field observations were further supplemented with information provided by City Staff and the Township Assessors office.

Age of Building Eligibility Factor

In order to be designated as a conservation area, at least 50% of the structures must be 35 years or more in age. The characteristics of age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures and exposure to the elements over a period of many years. As a rule, older buildings typically exhibit more problems than buildings constructed more recently because of longer periods of active usage and the impact of time, temperature and moisture. Additionally, older buildings tend to not be well suited for modern-day uses because of contemporary space and development standards.

Based on field analysis and historical records provided by the City of Crystal Lake, 10 out of 13 (77%) of the buildings in the Project Area are 35 years old or older (see Figure 2). This exceeds the statutory requirement that at least 50% of the buildings in a conservation area be 35 years of age or older.

Additional Eligibility Factors

In addition to the advanced age of buildings, a combination of at least three (3) or more of the following factors must be present to a meaningful extent and reasonably distributed throughout the Project Area.

1 – DILAPIDATION

Dilapidation refers to an advanced state of disrepair of buildings or improvements or the neglect of necessary repairs, causing the building or improvement to fall into a state of decay. At a minimum, dilapidated buildings should be those with critical defects in primary structural components (roof, bearing walls, floor structure, and foundation), building systems (heating, ventilation, lighting, and plumbing), and secondary structural components in such combination and extent that major repairs are required or, the defects are so serious and so extensive that the buildings must be removed.

Currently, no structures in the Project Area display this extreme physical state. Therefore, dilapidation does not contribute to the conservation area designation of the Project Area.

2 – OBSOLESCENCE

Per State Statute, obsolescence is “the condition or process of falling into disuse,” and conditions in which “structures have become ill-suited for their original use.”

Functional Obsolescence:

Structures are typically built for certain uses or purposes with design, location, height and space arrangement each intended for a specific occupancy at a given time. Buildings are obsolete when they contain characteristics or deficiencies that limit the re-use and marketability of such buildings for their original intended purpose. These characteristics may include an inherent deficiency existing from poor or out-dated design or layout, improper orientation of building on site, inability to accommodate contemporary amenities or facilities, etc., which detracts from the overall usefulness or desirability of a property. Obsolescence in such buildings is typically difficult and expensive to correct.

Within the Project Area 4 of 13 buildings in the Project Area (31%), display characteristics of functional obsolescence. The most frequent examples of functional obsolescence are single-family homes that have been converted to other uses. Conversions to offices and businesses indicate obsolescence. Adaptive re-use of these structures is a more desirable condition than vacant structures but the change in use has resulted in compatibility issues which have begun to adversely impact adjacent residential land uses. The fact remains that the structures are no longer marketable or appropriate for the originally intended use – single-family residence - and therefore the buildings are functionally obsolete. While the factory building at the southeast corner of Crystal Lake Avenue and Main Street has been able to function as office space, the structure has become incapable of functioning adequately for its original intended use and is now obsolete.

Overall, improved parcels in the Project Area show a degree and distribution of obsolescence, mainly functional obsolescence. Four of 18 parcels (22%) and four of 13 buildings (31%) within the Project Area show some type of obsolescence. These instances of obsolescence are both prevalent and visible. Therefore, **obsolescence makes a contribution** towards the need for designation as a conservation area. Figure 3 illustrates the presence and distribution of “Obsolescence” in the Project Area.

3 – DETERIORATION

With respect to buildings, State statute defines deterioration as “defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, butters, 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 though paved surfaces.”

Deterioration of Structures:

Buildings in a state of deterioration exhibit defects which are not easily correctable in the course of normal maintenance. Such buildings may be classified as deteriorating or in an advanced stage of deterioration, depending upon the degree or extent of defects. This would include buildings with major defects in the secondary building components (e.g., doors, windows, porches, gutters and down spouts, fascia materials, etc.), and major defects in primary building components (e.g., foundations, frames, roofs, heating, ventilation, lighting and plumbing, etc.), respectively.

As defined by the Act, structural deterioration was not observed in the Project Area.

Deterioration of Surface Improvements:

The conditions of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas may also exhibit evidence of deterioration through surface cracking, crumbling, potholes, depressions, loose paving materials, and weeds protruding through the surface.

Deteriorated surface improvements were observed on approximately 56% (10 of 18) of the total parcels within the Project Area. Such noted instances include depressions in the gravel parking lots and access roads, potholes, unkempt vacant parcels with trash and litter, cracked asphalt, unkempt, unscreened, and scattered outdoor storage.

Due to such noted instances of deteriorated surface improvements, ***Deterioration contributes to*** the designation of the Project Area as a conservation area. Figure 4 illustrates the presence and distribution of "Deterioration" in the Project Area.

4 – 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, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed in such a way as to sustain safety of loads expected from this type of occupancy, to be safe for occupancy against fire and similar hazards, and/or establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies which presume to threaten health and safety.

Correspondence with City Staff determined that 5 of 13 structures (39%) were in violation of minimum code standards of the City. These instances are distributed throughout the Project Area. Therefore, ***the presence of structure below minimum code standards is a major contributor*** to the designation of the Project Area as a conservation area. Figure 5 illustrates the presence and distribution of "Structures Below Minimum Code" in the Project Area.

5 – ILLEGAL USE OF INDIVIDUAL STRUCTURES

This factor applies to the use of structures in violation of applicable national, state, or local laws, and not to legal, nonconforming uses. Examples of illegal uses may include, but not be limited to the following:

- Illegal home occupation
- Conduct of any illegal vice activities such as gambling, drug manufacture or dealing, prostitution, sale and/or consumption of alcohol by minors.
- Uses not in conformance with local zoning codes and not previously grandfathered in as legal conforming uses.
- Uses in violation of national, state or local environmental and occupational safety and health regulations.
- Uses involving manufacture, sale, storage or use of dangerous explosive firearms.

Due to limited documentation and limited observances of illegal land use within the Project Area, it is not a contributing factor the conservation area designation of the Project Area.

6 – EXCESSIVE VACANCIES

Establishing the presence of this factor requires the identification, documentation, and mapping of the presence of vacant buildings and vacant portion of buildings. Excessive vacancy refers to the presence of buildings which are unoccupied or underutilized and which represent an adverse influence on the area because of frequency, extent, or duration of such vacancies. It includes properties which evidence no apparent effort directed toward their occupancy or utilization and vacancies within buildings.

Although this factor is present, it is not significant enough to contribute to the designation of the Project Area as a conservation area.

7 – LACK OF VENTILATION, LIGHT OR SANITARY FACILITIES

Many older structures fail to provide adequate ventilation, light, or sanitary facilities as required by local building or housing codes. This is also a characteristic often found in illegal or improper building conversions. The criterion used for determining the presence of this factor can be found in local codes and ordinances, or in locally adopted national codes such as the Uniform Building Code, Building Officials Code of America (BOCA), and the Model Housing Code of the American Public Health Association (APHA). Lack of ventilation, light, or sanitary facilities is presumed to adversely affect the health of building occupants (residents, employees, visitors, etc.).

Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in space/rooms without windows (i.e., bathrooms) and dust, odors, or smoke producing activity areas.
- Adequate natural light and ventilation by means of skylights or windows for interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios.
- Adequate sanitary facilities, which includes garbage/storage enclosure, bathroom facilities, hot water, and kitchens.
- Adequate ingress and egress to and from all rooms and units.

No structures within the Project Area exhibit such characteristics and therefore this factor does not contribute to the conservation area designation of the Project Area.

8 – INADEQUATE UTILITIES

This factor relates to all 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.

According to the Public Works Department some of the water mains located within the Project Area are 80 to 90 years old and their replacement is a funding priority. While the age of the existing potable water infrastructure will soon necessitate their replacement, the area is adequately serviced. The storm water and sanitary sewer systems in the area are older but in relatively good condition. The parcels in the Project Area are adequately serviced by electrical and communications (telephone, cellular phone, cable, etc) providers.

Given the above stated conditions, existing utilities are adequate and therefore are not a contributing factor to the designation of the Project Area as a conservation area.

9 – EXCESSIVE LAND COVERAGE AND OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES

This factor relates 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 are: 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 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 condition: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to 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.

Excessive land coverage and the overcrowding of structures and community facilities was not observed within the Project Area. Based on these observations, excessive land coverage and the overcrowding of structures and community facilities is not a contributing factor toward the designation of the Project Area as a conservation area.

10 – DELETERIOUS LAND USE OR LAYOUT

State statute defines deleterious land use or layout as “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.”

Field observations determined that there are no parcels with in the Project Area that are characterized by deleterious land use or layout. Therefore, deleterious land use or layout is not a contributing factor to the designation of the Project Area as a conservation area.

11 – ENVIRONMENTAL CLEAN-UP

This factor is relevant when the area has incurred Illinois 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.

The predominance of industrial users is an initial indication that environmental remediation may be necessary. In the fall of 2003 a permit for remediation of site contamination was issued for the Corning Factory site. Since then, there have been no City or private landowner investigations on other Project Area sites to determine if environmental clean-up measures area needed. In addition, there are no known studies or investigations from either the Illinois Protection Agency, United States Environmental Protection Agency, or any independent consultant. Although the previous and existing land uses may eventually warrant a need for site remediation measures, given the fact that there is no indication that environmental clean-up measures are currently required, excessive costs for environmental clean-up are not a contributing factor to the classification of the Redevelopment Project Area as a conservation area.

12 – LACK OF COMMUNITY PLANNING

This may be a significant factor if the proposed Project Area developed prior to or without the benefit or guidance of a community plan. This means that no community plan existed or it was considered inadequate, and/or was virtually ignored during the time of the area's development. This, of course, may be documented by establishing the date of adoption of the City's master plan (or other plans which may be relevant) and determining whether the area developed before or after that date. This finding may be amplified by other evidence which shows the deleterious results of the lack of community planning, including cross-referencing other factors cited in the blight finding. This may include, but is not limited to, adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

The City of Crystal Lake's first Comprehensive Plan was adopted in December of 1958. According to City records, 11 Project Area parcels were in existence at that time. Of those 11, eight (73%) were developed prior to the adoption of the City's first Comprehensive Plan. As a result, these parcels developed without any clear vision for the character of the area and without a regard for compatibility with adjacent land use or how their development may impact the City as a whole.

Per City records, six properties located along Main Street north of the railroad right-of-way were developed when they were under the jurisdiction of McHenry County. The first Land Use Plan Map for McHenry County was adopted in 1971, which was followed in 1979 by the adoption of the Year 2000 Land Use Plan. The Year 2000 Plan was the first County Plan to include text, a plan map, and a technical appendix. It attempted to guide development activity and land conversion in the County. In short, the Year 2000 Land Use Plan presented the first true guide for the development of commercial, industrial, and residential land uses concurrent with the protection of County resources. Per building age records obtained from the Township Assessor, all six parcels (100%) were developed prior to the County's first "comprehensive" land use plan.

Per requirements of the Act, a general ***lack of community planning is evident in the Project Area and therefore contributes to*** its designation as a conservation area. Figure 6 illustrates the presence and distribution of "Lack of Community Planning" in the Project Area.

13 – DECLINE OF THE EQUALIZED ASSESSED VALUE ("EAV")

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 in 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.

CITY OF CRYSTAL LAKE EAV DATA: YEARS 1999 - 2004						
Year	2004	2003	2002	2001	2000	1999
Total Equalized Assessed Value of the Project Area	\$3,284,169	\$3,064,379	\$3,041,868	\$2,914,455	\$2,694,228	\$2,650,385
Percent Change in Project Area EAV from Prior Year	7.17%	0.74%	4.37%	8.17%	1.65%	- %
Equalized Assessed Value of the City of Crystal Lake (excluding Project Area)	\$1,091,319,663	\$1,015,037,065	\$928,258,979	\$850,440,799	\$795,059,206	\$743,191,204
Percent Change in City EAV from Prior Year	7.52%	9.35%	9.15%	6.97%	6.98%	- %
Growth Less than City?	Yes	Yes	Yes	No	Yes	-

As indicated in the above table, the percent change in the EAV for the Project Area was less than the percent change for the City of Crystal Lake in the years 2000, 2002, 2003, and 2004. Relative to the immediate surroundings, the Project Area has not experienced appropriate growth to the tax base or shown evidence of private investment, which increases the value of properties. Based on this evidence, **lag in growth of EAV is a contributing factor** toward the designation of the Project Area as a conservation area.

Conclusion

Based on the results of the field investigation by TAI and information provided by City of Crystal Lake, it is the finding of TAI that the Project Area qualifies as a "conservation area," as described in the Act. The Redevelopment Project Area, as depicted in Figure 1, meets the criteria to be eligible as a "conservation area" based on the predominance and extent of parcels and structures exhibiting the following characteristics:

- Obsolescence
- Deterioration
- Structures Below Minimum Code Standards
- Lack of Community Planning
- Decline in Equalized Assessed Value

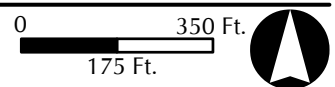
Each of these factors contributes significantly to the eligibility of the Project Area as a conservation area. All of these characteristics point to the need for designation of the Project Area as a Tax Increment Financing district that will make possible public intervention in order that redevelopment might occur.



Figure 1: Project Area Boundary

*Crystal Lake Ave and Main St TIF Redevelopment Plan
City of Crystal Lake, Illinois*

August 24, 2005



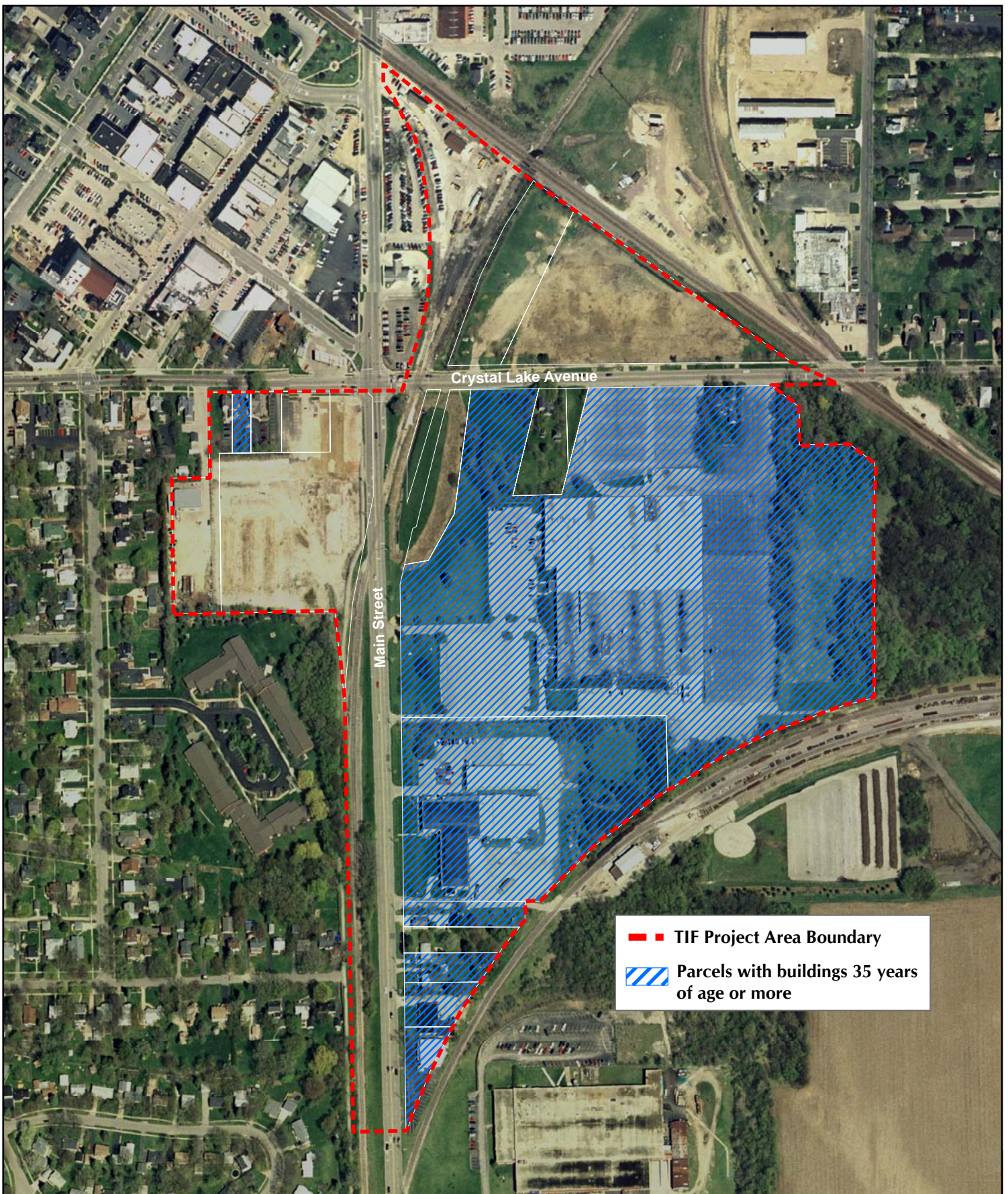
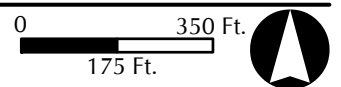


Figure 2: TIF Eligibility Factor - Age

*Crystal Lake Ave and Main St TIF Redevelopment Plan
City of Crystal Lake, Illinois*

August 24, 2005



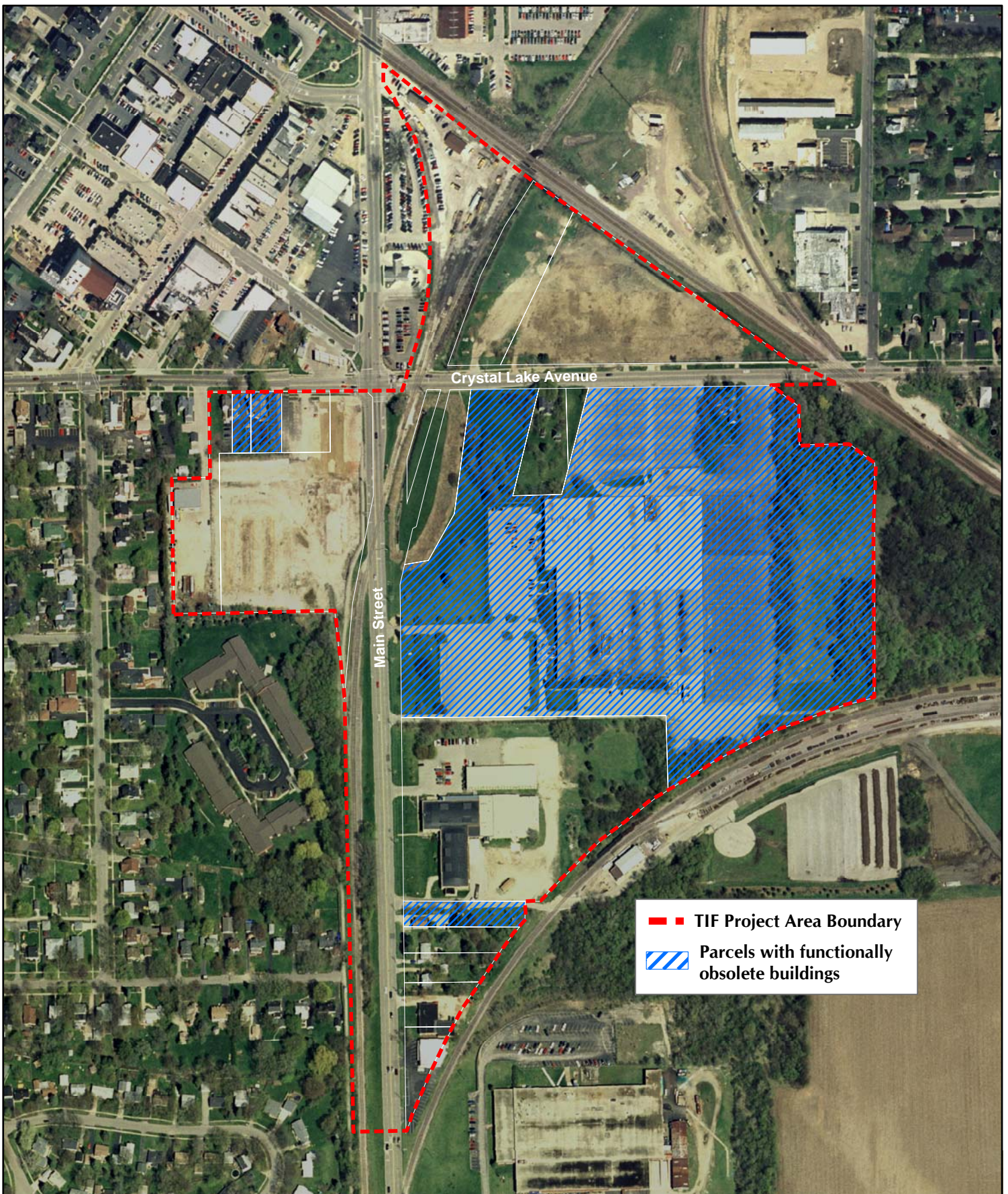


Figure 3: TIF Eligibility Factor - Obsolescence

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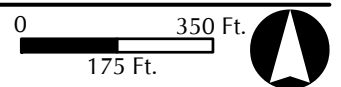
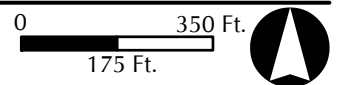




Figure 4: TIF Eligibility Factor - Deterioration

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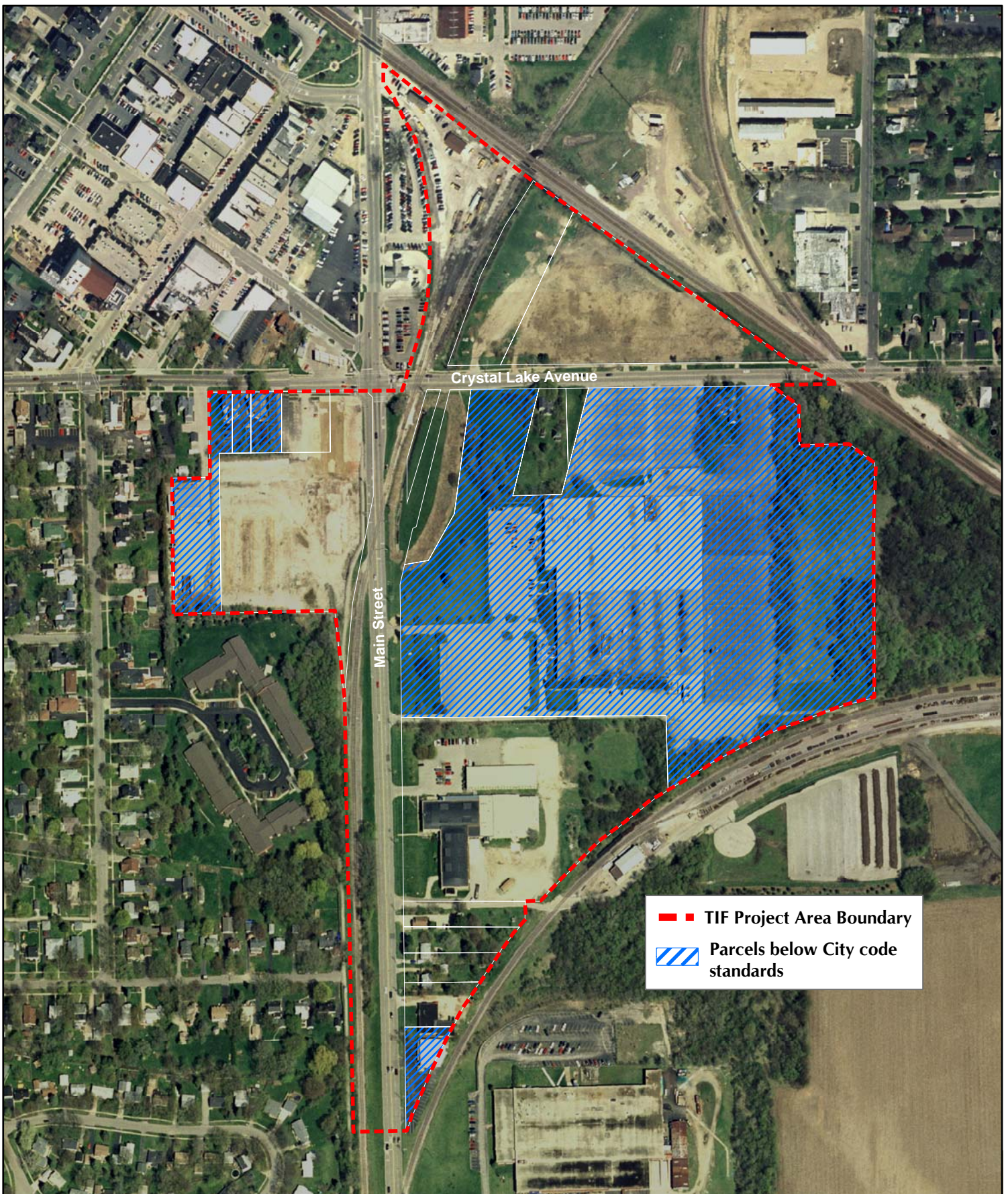
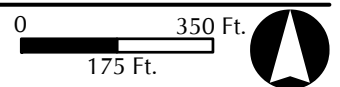


Figure 5: TIF Eligibility Factor - Below Code

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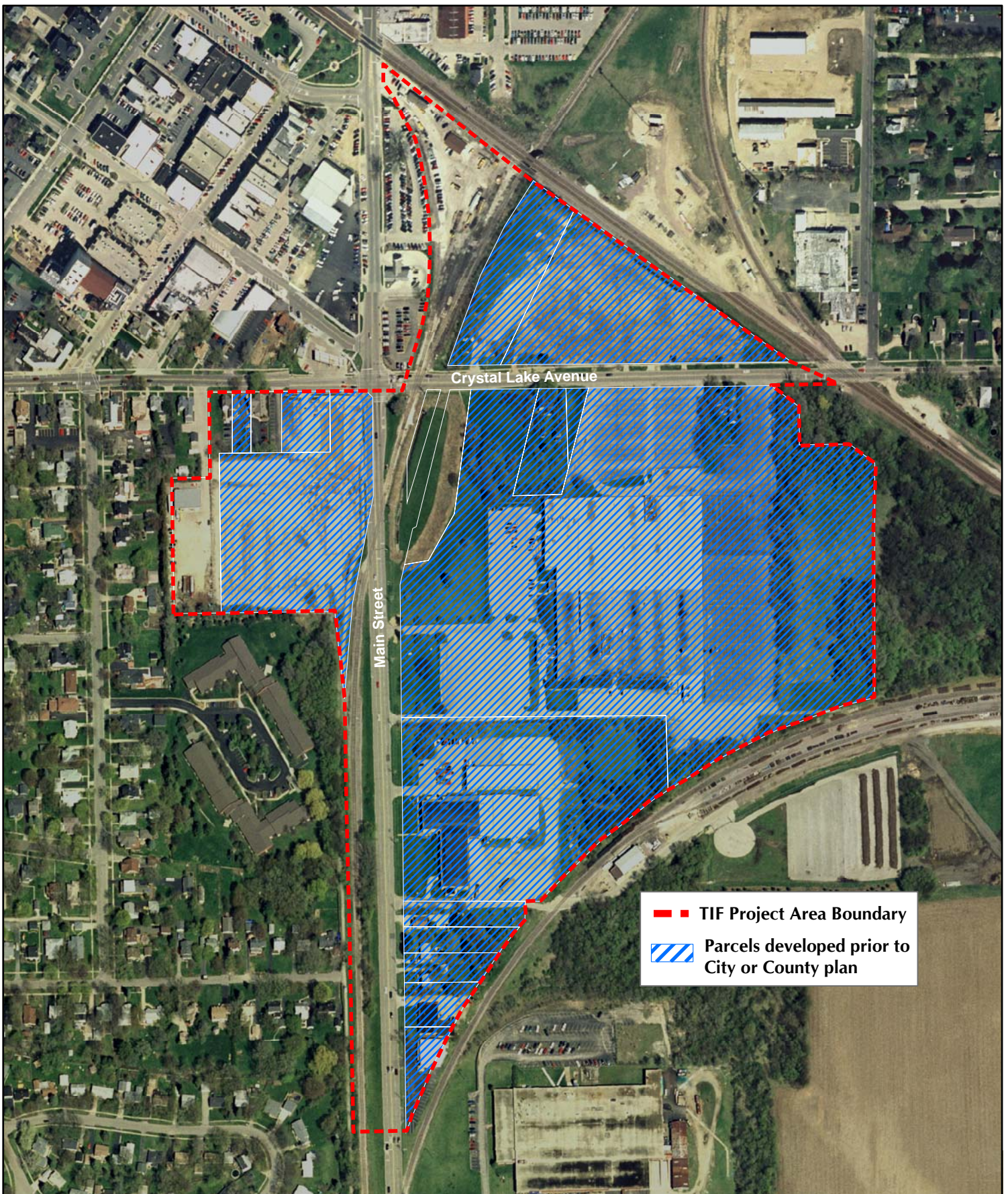


Figure 6: TIF Eligibility Factor - Lack of Planning

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