

MADISON STREET BUSINESS CORRIDOR  
TAX INCREMENT FINANCING  
REDEVELOPMENT PLAN AND PROJECT

The Village of Oak Park, Illinois  
Department of Community & Economic Development

EXHIBIT A

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## I. INTRODUCTION

The Tax Increment Allocation Redevelopment Act (the "Act"), IL Rev. St. Ch. 24, par. 11-74.4, as amended, provides Illinois municipalities with an economic development tool to promote redevelopment of qualified areas. This Redevelopment Plan and Project (the "Plan") describes the intended activities and goals of the Village of Oak Park (the "Village") for the proposed Madison Business Corridor Redevelopment Project Area (the "RPA").

The Madison Corridor has long been the object of attention of local business and property owners and the Village. The Madison Street Business Association (the "MSBA"; originally, the Businessmen's Association) was formed in 1951 to improve business conditions and promote interaction among property owners.<sup>1</sup> The Business Association continues its tradition as an active promoter of the area, most recently spear-heading a banner program.

The Village of Oak Park also has been active in attempts to improve the area. In addition to various studies of the area, the Village undertook a major beautification effort in the corridor commencing in the early 1980s and completed in 1989. The whole length of Madison Street was resurfaced; new lighting, pavers, and planters were installed; and a median strip with plantings were constructed between Ridgeland and Oak Park Avenue, extending streetscaping previously installed between Austin and Ridgeland.

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<sup>1</sup>"Madison Street Association Formed 1951," Wednesday Journal, Oak Park/River Forest Chamber of Commerce Centennial Souvenir Edition, September 28, 1994, p. 10.

An integral part of the implementation of this Plan will be continued cooperation with the MSBA. As specific redevelopment projects are identified the Village will seek to inform the MSBA and other relevant organizations of the impact of such projects on the RPA.

Despite the unity of the local interests and Village investment to date, redevelopment in the Madison Business Corridor has occurred in a limited, piece-meal fashion. The adoption of this Redevelopment Plan is necessary to conserve the existing positive qualities that have been fostered while encouraging and allowing for comprehensive redevelopment of this area. Significant public investment enabled by tax increment financing is needed to alleviate the blighting characteristics in the area and to encourage and complement the necessary private investment in major new developments.

Adoption of this Redevelopment Plan for the Madison Business Corridor will allow for private-public ventures and will result in commercial expansions and new developments. Ultimately, this action will benefit the entire village and all the taxing districts through an expanded and stable tax base and a better commercial environment to serve all Oak Park.

#### FINDINGS

The following findings are; therefore, made:

- (1) The RPA on the whole has not been subject to adequate growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan, and

- (2) The redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, and
- (3) The estimated date of completion of the redevelopment project is December 31, 2015, and the estimated date of retirement of obligations proposed to be issued to finance costs of redevelopment projects is no later than December 31, 2018.

## II. AREA DESCRIPTION

The RPA is designated herein as the Madison Business Corridor Redevelopment Project Area. The RPA consists of approximately 72.5 acres.

The RPA is irregularly-shaped but may be generally described as:

A rectangular area including the commercial frontage along Madison to the east-west alley approximately 125 to 150 feet north of Madison plus three projections to the north to include commercial property at Harlem Avenue, directly across from Wenonah, and the east side Oak Park Avenue to the north; the center line of Austin Boulevard to the east; the commercial frontage along Madison to the east-west alley approximately 125 feet south of Madison plus a projection south between Lombard and Taylor (to include Village Hall) to the south; and the center line of Harlem Avenue to the west.

The RPA boundaries are shown in Appendix A.

A legal description of the RPA may be found in Appendix B and a list of the permanent real estate index numbers included in the area may be found in Appendix C. The RPA includes only those contiguous parcels of real property and improvements thereon substantially benefitting by the proposed redevelopment improvements.

The zoning designation for the RPA, shown in Appendix A, is

primarily "C" Commercial District which is intended for areas where the principal use is commercial producing a high volume of vehicular traffic or requiring compatible development. The south side of Madison Street between Wisconsin and Wenonah is designated as "H" Hospital District. The south side of Madison between Lombard and Austin is designated as "B-1" General Business, which promotes office-service-retail uses. No change in zoning is proposed or anticipated.

### III. QUALIFICATION AS A CONSERVATION AREA

The Village conducted a study of the RPA from July to September, 1994 to determine whether the area qualified under the Act for tax increment financing. As a result, the Village determined that the RPA qualifies as a conservation area as defined by the Act.

The methods used and conclusions in the study are reported in the Madison Business Corridor Qualification Study, attached to this Plan as Appendix E.

### IV. PROJECT AREA GOALS AND OBJECTIVES

On September 4, 1990, the Village adopted its updated and revised Comprehensive Plan. Among the goals of the comprehensive plan, the emphasis is on encouraging the retail and commercial base of the Village. The economic development goals and objectives of the Comprehensive Plan are:

### Village-wide Economic Development Goals

- (1) Expand the tax base in order to maintain a high level of services, programs and facilities.
- (2) Encourage a broad range of convenient retail and service facilities to serve Oak Park residents and others.

### Village-wide Economic Development Objectives

- (1) Maximize the potential for establishing tax-generating commercial and residential development and redevelopment.
- (2) Stimulate increased private investment.
- (3) Encourage existing businesses to remain and expand, and attract new businesses that improve the mix of the retail and service establishments.
- (4) Attract a larger proportion of retail purchases from within Oak Park's market area.

These village-wide objectives are particularly relevant to the Madison Business Corridor RPA as are the following village-wide policies intended to help implement the objectives:

- 1) Enhance Oak Park's image as a desirable place to invest and do business.
- 2) Improve efforts to facilitate and attract new business by serving as a catalyst to the private sector.
- 3) Retain and increase local employment opportunities.
- 4) Encourage new development and expansion in an orderly manner.

Chapter V of the 1990 Comprehensive Plan indicates those areas of the Village in which new development, redevelopment or expansion is encouraged. The 1990 Comprehensive Plan identified most of the Madison Business Corridor RPA as a Buffered Parking or Business Extension Development Area (p. 69). These areas are defined as areas where expansion of commercial and supporting off-street parking are encouraged.

Two sections of Madison carry different designations. The south side of Madison between Harlem and Wenonah is designated as a Hospital/Medical Complex Development Area. The north side of Madison between Harlem and Home is designated as a Business and Multi-Family Residential Development Area.

Madison Business Corridor Project Redevelopment Goals

- (1) Stimulate the expansion of the property tax base.
- (2) Encourage the expansion of existing Madison Business Corridor businesses.
- (3) Promote the productive use of underutilized property.
- (4) Permit larger-scale redevelopment projects by encouraging and assisting with assembly of property to produce redevelopment parcels of adequate size.
- (5) Assist, where necessary, with site preparation including demolition and/or environmental remediation to enable redevelopment projects.
- (6) Encourage sales-tax generating uses within the RPA.
- (7) Provide additional parking facilities to relieve the current parking shortage for property and business owners, employees, patrons of Madison businesses, and, when possible, residents in surrounding areas.
- (8) Create job opportunities for local residents.

V. THE REDEVELOPMENT PROJECT

The activities a municipality may undertake within the RPA to promote the goals and objectives of this Plan as permitted by the Act include, but are not limited to the following:

- Enter into contracts necessary to implement this Redevelopment Plan.
- Acquire property and assemble redevelopment sites.

- Clear any area by demolition or removal of existing buildings and structures.
- Install, repair, construct, reconstruct or relocate streets, utilities and site improvements essential to the preparation of the redevelopment area.
- Construct public facilities.
- Exercise any and all other powers necessary to effectuate the purposes of the Act.

Commercial/retail development and ancillary parking are the primary intended uses for the RPA.

## VI. ESTIMATED PROJECT COSTS AND FUNDING SOURCES

### A. PROJECT COSTS

Redevelopment costs for the Madison Business Corridor RPA are all those reasonable and necessary costs to be incurred to implement the redevelopment plan and project, including all incidental costs. They may include:

- costs of studies, surveys, development of plans and specifications, associated professional services and implementation and administration of the redevelopment plan;
- property assembly and site preparation costs, including but not limited to demolition and environmental remediation costs;
- costs of rehabilitation, reconstruction or repair or remodeling of existing buildings and fixtures;
- costs of job training and retraining projects;
- public financing costs;
- all or a portion of a taxing district's capital costs resulting from the redevelopment project, necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;

- relocation costs to the extent that a municipality is required to make payment of relocation costs by federal or state law;
- payment in lieu of taxes;
- costs of job training, advanced vocational education or career education;
- a portion of the interest costs incurred by a private redeveloper related to a redevelopment project.

Estimated public-sector project costs are set forth in the following table which is not intended to be all-inclusive. The Village reserves the right to eliminate, replace or substitute activities:

#### ESTIMATED PROJECT COSTS

<u>Activity</u>	<u>Cost</u>
Public Improvements	\$ 7,000,000
Land Acquisition	8,000,000
Site Preparation	7,500,000
Rehabilitation of Existing Buildings	3,000,000
Administration and Professional Services	<u>2,500,000</u>
	\$ 28,000,000

The costs noted in the preceding table are estimates in 1994 dollars which may be adjusted for inflation. Adjustments may be required as the project moves forward and adjustments may be made between line items. Project costs are to be incurred over the 23 year life of the RPA.

B. FUNDING SOURCES

The tax increment revenues which will be used to fund redevelopment costs and obligations will be those incremental property taxes attributable to an increase in the equalized assessed value of real property in the Madison Business Corridor RPA, over and above the initial equalized assessed value in the RPA.

Other possible sources of funds for public projects in the RPA include but are not limited to: parking funds, proceeds from the sales of Village-owned property within the RPA, motor fuel tax funds, special service area taxes, and other general revenue sources which the Village may desire to apply.

C. NATURE AND TERM OF MUNICIPAL OBLIGATIONS

The Village may obligate the Special Tax Allocation Fund for a period no longer than the length of the TIF, which is expected to be dissolved on or about December 31, 2018.

In addition to obligations of the special tax allocation fund, the Village may pledge any part or any combination of the following:

- (1) net revenues of all or part of any redevelopment project;
- (2) parking fund and/or other anticipated receipts that the Village may pledge;
- (3) taxes levied and collected on any or all property in the Village;
- (4) the full faith and credit of the Village;
- (5) a mortgage on part or all of the redevelopment project;  
and
- (6) any other taxes or anticipated receipts that the Village

may pledge.

In accordance with the Act, obligations may be issued in one or more series bearing interest at a rate or rates that the Village authorities determine by ordinance. The obligations shall bear a date or dates, mature at a time or times, not exceeding 20 years from their respective issue dates, be in a denomination, carry registration privileges, be executed in a manner, be payable in a medium of payment at a place or places, contain covenants, terms and conditions, and be subject to redemption as the ordinance provides. Obligations may be sold at public or private sale at a price determined by the Village Board of Trustees. No referendum approval of the electors is required for the issuance of obligations under the Act.

VII. CURRENT AND PROJECTED EQUALIZED ASSESSED VALUATION

A. Equalized Assessed Valuation of Properties in the Madison Business Corridor Redevelopment Project Area

The most recent equalized assessed valuation (EAV) of properties within the RPA according to data provided by the Oak Park Township Assessor's Office as of October 27, 1994 is \$24,027,324.

B. Anticipated Equalized Assessed Valuation of Properties in the Madison Business Corridor Redevelopment Project Area

Upon completion of the redevelopment project, it is estimated that the EAV of the Madison Business Corridor Redevelopment Project

Area will be \$38,311,980 assuming a constant equalization factor of 2.0884 (the average Cook County equalizer over the last three years).

VIII. EVIDENCE THAT THE AREA HAS NOT BEEN SUBJECT TO GROWTH THROUGH PRIVATE ENTERPRISE

The table in Appendix D shows the growth in Equalized Assessed Valuation of non-residential properties in Oak Park business districts for the quadrennial and most recently, triennial reassessment years. Analysis of the table indicates that growth in the value of properties in the Madison Street Business Corridor has severely lagged behind growth in the value of all commercial properties as well as the value of all properties (including residential) in the Village over the last decade. While the pace of growth in Madison property values has improved recently, fragmented redevelopment efforts that have taken place have not been sufficient to overcome the lack of growth in the 1980s. The result is that Madison Street's contribution to the tax base of the Village and other taxing districts has declined 28%, from 5.3% in 1982 to 3.8% in 1993.

Between the 1990 and 1993 property reassessments conducted by the Cook County Assessor's Office, Madison Street property values grew fairly well. The rate of growth, 21.4%, ranked fourth among twelve business districts in the Village. Madison Street property values grew slightly faster than Oak Park commercial property values (19.2%), and much better than all Village properties

(12.6%).

Looking at trends over the last decade, however, the growth of Madison Street property values has seriously underperformed Oak Park commercial properties and the village overall. From the 1982 and 1986 Assessor's reassessments to the 1993 reassessment, Madison Street property values grew significantly more slowly than the values in all the other business districts in Oak Park.

In both comparison periods, growth of values of Madison's properties lagged behind the growth of commercial property values. Madison values grew 55.0% from 1982 to 1993, versus 91.9% for all commercial properties, and 37.4% versus 57% for the seven year period between 1986 and 1993.

Madison Street property values similarly lagged behind the growth of the entire tax base in Oak Park for both comparison periods.

This statistical evidence demonstrates that the private efforts to redevelop the Madison Street business corridor to date have been insufficient to bring about substantial growth. The relatively good showing of property value growth in the 1990s has been inadequate to compensate for the stagnation in the 1980s. A marshalling of coordinated redevelopment efforts facilitated by the establishment of TIF and the adoption of this plan is needed to overcome the past deficiencies.

#### IX. FINANCIAL IMPACT OF THE RPA

The Act requires that this plan include an assessment of any

financial impact of the RPA on or any increased demand for services from any affected taxing districts. Further, a plan to address such financial impact or increased demand is required.

At present, the Village has not received any specific redevelopment proposals, so a precise analysis of potential financial impacts cannot be performed. The following analysis was carried out regarding the general effects of higher intensity commercial developments in the Madison Street Business Corridor.

Madison Street is already fully developed, although several buildings are unoccupied or do not reflect the highest and best use of the land. The businesses in the area are already consumers of public services. Higher intensity uses would likely demand a greater level of service, although it is very difficult to calculate the net change in demand.

Residential development is not a goal of this Plan and is not anticipated; retail and commercial are the desired uses within the RPA. Therefore it is expected that adoption of this Plan and designation of the RPA as a TIF district will not financially impact nor increase the demand for the following local taxing bodies, which primarily provide services to residents:<sup>2</sup>

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<sup>2</sup>A study conducted in DuPage County indicated that commercial development did lead to increased demand for education services because people were attracted to the area due to job growth. It is assumed that such a result would not occur in Oak Park because 1) the area is already built-up which limits the growth in housing units, and 2) the Madison Corridor is a relatively small, contained area which is already developed, so the net job growth is expected to be relatively small (though nonetheless important to the community).

Cook County  
Forest Preserve District of Cook County  
Consolidated Elections  
Oak Park Township  
General Assistance of Oak Park  
Des Plaines Valley Mosquito Abatement District  
High School District 200  
Triton Community College District 504  
Park District of Oak Park  
Village of Oak Park Library Fund  
School District 97

Given that Oak Park Hospital is adjacent to the RPA, a new medically-related development might reasonably be considered for the area. Some units of government might be affected if new developments or users were medically-oriented (though no such plans have been received by the Village to date). The financial impact of such a proposal would need to be evaluated on a case-by-case basis. Generally, one might reasonably assume that demand on government services related to the medical field might increase from referrals generated at a medical facility. The following taxing bodies might be affected if such a proposal were received:

Cook County  
Suburban T.B. Sanitarium  
Oak Park Mental Health District  
Village of Oak Park (Health Department)

The following local government units either might be affected or would likely be affected by increased demand from higher intensity commercial along Madison Street as a result of this Plan. These taxing bodies provide their services on a fee basis which would presumably cover the cost of the increased demand. It is assumed that there will be no negative financial impact on these taxing bodies:

Metropolitan Water Reclamation District  
 Triton Community College District 504  
 Park District of Oak Park  
 Village of Oak Park Library Fund  
 Village of Oak Park (Code Administration and Health  
 Departments)

The only local taxing district which is expected to experience an increased demand for services from higher intensity commercial development is the Village of Oak Park--for police and fire protection services. Using the per capita fiscal impact analysis methodology in Burchell and Listokin's The Development Impact Assessment Handbook (1992), the following table shows the expected financial impact from developments with varying job creation:

ANNUAL INCREASED DEMAND (IN \$) FOR POLICE AND FIRE

	<u>Police</u>	<u>Fire</u>
Cost of Service (1994 Budget)	\$9,084,830	\$5,330,360
Proportion of Tax Base that is Non-residential <sup>3</sup>	13.55%	13.55%
Cost Attributable to Non-Residential	\$1,230,994	\$ 722,264
Workers in Oak Park (1992) <sup>4</sup>	14,906	14,906
Cost per Worker	\$82.58	\$48.45
Expected Financial Impact from Development Generating:		
10 Jobs	\$825.84	\$484.55
25 Jobs	\$2,064.50	\$1,211.25
100 Jobs	\$8,258.00	\$4,845.00

<sup>3</sup>Average of proportion of total Oak Park tax parcels which are commercial (4.8%) and proportion of total Oak Park equalized assessed valuation that is non-residential (22.3%). Figures for calculations provided by County Clerk's Office and the Oak Park Township Assessor's Office.

<sup>4</sup>Source: Cook County Office of Economic Development, Cook County Market Trends 1994, 1994.

The Village's program to address the increase in demand for services from new development will be to conduct an assessment of net new jobs created from such projects, reevaluate the cost per job annually, and reimburse such costs under the administrative line item of the budget in this Plan.

#### X. AMENDMENTS TO THE TAX INCREMENT PLAN

This redevelopment plan and project may be amended by the President and Board of Trustees of the Village of Oak Park pursuant to the provisions of the Illinois Tax Increment Allocation Redevelopment Act of 1977, as amended.

#### XI. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN

Oak Park Village Code Chapter 13, Article III states:

13-3-1: **DISCRIMINATION IN EMPLOYMENT:** It shall be unlawful for any department of the Village, or any Village official, his or her agent or employee, for or on behalf of the Village, to refuse to employ, or to discharge any person, otherwise qualified, on account of race, sex, religion, creed, ancestry, national origin, matriculation or physical handicap or to discriminate for any of said reasons in regard to tenure, terms or conditions of employment; to deny promotion or increase in compensation solely for any of said reasons; to publish offers of employment based on any such discrimination; to adopt or enforce any rule or employment policy which discriminates between employees on account of race, sex, creed, religion, national origin, matriculation, ancestry or age, consistent, however, with the pension, retirement, and related laws of the State of Illinois. Further, that all persons with a physical or mental handicap shall be free from discrimination unrelated to ability in hiring and promotion practice of the Village.

Discrimination in employment on the basis of age shall generally be unlawful for prospective employees between the ages of eighteen (18) and seventy (70).

13-3-2: **DISCRIMINATION BY CONTRACTORS WITH THE VILLAGE:** Every supplier of materials and services and all contractors doing business with the Village in excess of one thousand dollars (\$1,000.00) per year shall be an "equal opportunity employer" as defined in section 2000(E) of chapter 21, title 42, of the United States Code Annotated, and Federal executive Orders #11245 and #11375 which are incorporated herein by reference.

13-3-2: **BIDDING ON VILLAGE CONTRACTS:** The Village shall have the right, as a condition to bidding, to require prospective contractors, bidders or suppliers to show that they are "equal opportunity employers" as provided for by Federal law and Federal executive order, and to insure their compliance with the requirements and obligations of the Fair Employment Practices Act, contained in section 851, et seq., chapter 48, Illinois Revised Statutes, and section 4 of said Act pertaining to public contracts, which Act is incorporated herein by reference.

13-3-4: **CONTRACTS WITH VILLAGE OF OAK PARK:** The provision of Section 13-3-1 of this Article shall be incorporated as material parts of all contracts to which the Village is a party.