

Village of East Dundee

Opportunity Analysis

Draft Opportunity Analysis

Village of East Dundee
January 20, 2006

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INTRODUCTION

The Village of East Dundee sought the assistance of an outside planning and design firm to identify opportunities for economic growth, strategies to improve the current business climate, and potential redevelopment sites within the community. This document examines these opportunities and focuses on the two identified priority areas: the Downtown and Riverfront District and the Route 25 Commercial District. It includes initial implementation steps to assist the Village with these priority projects.

The Opportunity Analysis develops “big picture” ideas that are inspired both by the community’s assets and by unrealized potential identified through consultation with area stakeholders and an analysis of local and regional economic forces. The Opportunity Analysis considers the unique history, geography, economics, and demographics that make up the East Dundee community. This process is designed to take a fresh look at the community to identify the most effective catalysts for redevelopment. This plan will be adopted as an update to the existing Village Comprehensive Plan and shall prevail in instances of conflict between the two plans.

PROCESS

The following process was used to conduct the Opportunity Analysis and develop the recommendations for priority projects.

Background Research and Document Review

The Opportunity Analysis process began with background research that provided an understanding of the forces affecting the Village’s land use and development. Vandewalle & Associates collected and analyzed market, demographic, land use, and transportation data, in addition to reviewing the Village’s existing Comprehensive Plan and Zoning Ordinance and Market Study.

Business Owners Forum

The East Dundee Business Owners Roundtable, held on the afternoon of July 25th, was conducted to identify the common perceptions and concerns in the Village regarding the business climate. Over 40 people attended the roundtable located at the Dundee Township Public Library. The meeting was structured as a forum to discuss issues and opportunities for businesses in the Village.

Open Meeting with Village Board of Trustees

On July 25, 2005, the Vandewalle & Associates planning staff met with the Village Board of Trustees in a meeting open to the general public. At this meeting, the participants shared their visions for East Dundee, as well as expressed their concerns regarding the current development trends.

Stakeholder Interviews

From July through November of 2005, the planning staff at Vandewalle & Associates interviewed community stakeholders, businesses owners, residents, Village employees, and real estate professionals, in order to understand the development constraints and opportunities in the region, as well as those specific to the community. In total, the team conducted 15 interviews with 16 individuals. Although the results of these interviews are confidential, the input was included in the development of the priority projects and implementation plan.

Priority Area Delineation

From the information obtained through background research, stakeholder interviews, business roundtable, and the open meeting forum, priority areas for redevelopment and reinvestment were identified. These areas were chosen based on market potential and plausible availability for redevelopment. Within each priority area, the redevelopment opportunities and constraints were identified to create the Opportunity Analysis.

COMMUNITY PROFILE

Good planning relies on an understanding of the current demographic characteristics of the planning area, the relationships between different types of characteristics, and how those characteristics have been changing over time. The characteristics discussed below for East Dundee include demographics, housing, and population segmentation.

Demographic and Housing Analysis

Demographic and housing data show that East Dundee has the following characteristics compared to Kane County and the Chicagoland area:

- **Slower population growth.** East Dundee's slow population growth between 1990 and 2000 can be attributed to the lack of available land for new development. As the community's infill development opportunities become available, East Dundee can expect to add new residents.
- **An older community.** East Dundee residents are older than their neighbors. Many residents are long-time community residents and have raised their families in their current homes. Younger families tend to migrate towards new housing developments to the north and west.
- **A more educated community.** East Dundee residents are more likely to have a bachelor's degree, master's degree, or PhD. The community's proximity to major employment centers in Hoffman Estates and Schaumburg attracts well-educated residents.
- **Higher home values.** Relative to Kane County and Metro-Chicago, East Dundee's home values are higher. However, as described in the section that follows, East Dundee's home values are lower than communities in suburban Cook County to the east.



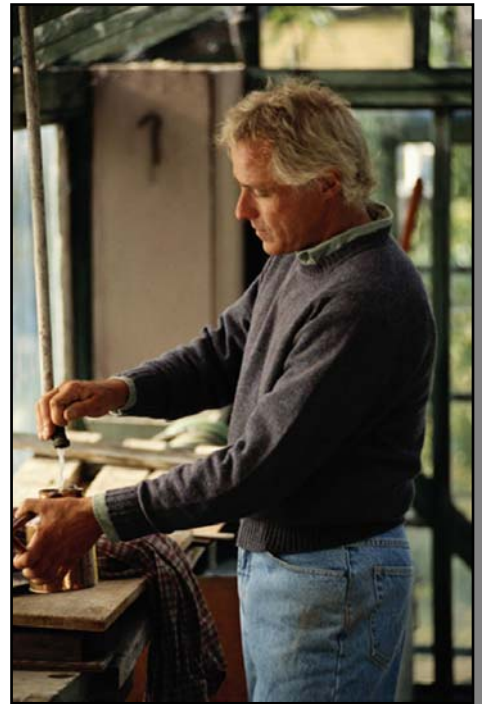
The following demographic data shows the demographic profile of the Village, as well as some changes experienced and expected in the community.

	East Dundee	Kane County	Metro Chicago
2000 Total Population	2,955	404,119	9,098,316
1990 - 2000 Population Growth	0.51%	2.44%	1.07%
2005 - 2010 Projected Population Growth	2.49%	2.72%	0.98%
2000 Median Age	39.1	32.2	33.9
2000 Population with Bachelor's Degree or more	32.3%	27.8%	29.0%
2000 Owner Occupied Housing Units	83.40%	73.20%	61.80%
2000 Median Home Value	\$163,043	\$157,758	\$155,561
2000 Median Household Income	\$61,508	\$59,287	\$51,228
1990 - 2000 Median Income Growth	3.27%	3.99%	3.64%
2005 - 2010 Projected Median Income Growth	2.87%	2.97%	2.97%

Population Segmentation

In general, East Dundee residents fall into the following three major market categories defined by ESRI Business Information Solutions¹. Although these are gross generalizations of entire neighborhoods, there are some interesting patterns that begin to emerge and which can inform future land use recommendations.

About 43% of the households in East Dundee fall into the ***“Cozy and Comfortable”*** category. Settled, married, and still working, *Cozy and Comfortable* families are nearing retirement. Many couples are still living in their pre-1970s, single-family homes in which they raised their children. These houses carry a current market value of \$151,000 and are located mainly in suburban areas of the Midwest and Northeast. With a median age of 40 years, most of the population in this market is older than the U.S. average. Residents prefer mutual funds and consult financial planners. They are likely to have a second mortgage and hold home equity credit lines to complete their home improvement projects. Television is more important than technology for *Cozy and Comfortable* residents; many households own four or more TV sets. The Golf Channel and Home and Garden Television are among their favorite channels. They own home computers, but they are content with old equipment and software.



¹ Seri's Business Information Solutions (www.esribis.com) is a data and mapping service that provides industry, government, and nonprofit organizations access to data to understand specific populations, analyze site locations, visualize and map marketing and demographic data, and identify untapped market potential.

About 21% of the households in East Dundee fall into the ***“In Style”*** category. *In Style* residents live in affluent neighborhoods of metropolitan areas. More suburban than urban, these households nevertheless embrace an urban lifestyle, favoring townhomes over traditional single-family houses. Professional couples are predominant in these neighborhoods. Labor force participation is high and more households have fewer children than the U.S. average. Their median age is approximately 38 years. Technologically savvy, *In Style* residents own cell phones, PDAs, and fully equipped PCs. Home remodeling and yard work are contracted. Physical fitness is integral to their lives; they subscribe to Weight Watchers for diet control, work out in regular exercise programs, and take vitamins.



About 20% of the households in East Dundee fall into the ***“Prosperous Empty Nesters”*** category. More than half of these residents are aged 55 years or older. Most households are married couples with no children living at home. Well educated and experienced, *Prosperous Empty Nesters* residents are enjoying the lifestage transition from child rearing to retirement. A median income of more than \$64,000 supports a lifestyle that focuses on travel, home renovation, and investment for the future. Concerned about their health, these residents play golf, bike, ski, and work out frequently. *Prosperous Empty Nesters* residents are active in their communities; they work on political campaigns, join fraternal organizations, and donate to charities. They are financially active, too. They plan their investments and save for retirement through the use of financial services and brokerage firms.



COMMUNITY ASSETS

The Village of East Dundee is an attractive Fox River community of approximately 3,000 residents located 40 miles northwest of Chicago along Interstate 90. The Village, while a suburban community, is a genuine small-town with an authentic main street, quality housing stock, and respected school district. Situated along the Fox River, the community has access to a tremendous real estate and recreational asset that is currently underutilized. These factors, as well as the others described below, will be critical to the success of a community revitalization and redevelopment effort. Many of these factors are shown graphically on Map 1.

- **Proximity to Employment Centers.** East Dundee is situated just 3 miles from the Sears, Roebuck and Co.'s corporate headquarters and 15 miles from Motorola's corporate headquarters. Sears and Motorola are Metro-Chicago's 15th and 16th largest employers, together employing nearly 30,000 employees in the region (Crain's Chicago Business, 2005).
- **Interstate Access.** East Dundee has direct access to Interstate 90 from Route 25, access through West Dundee from Route 31, and access through Hoffman Estates from Route 59. These three access points create a transportation loop which brings incredible market opportunity. The Route 59 corridor is currently attracting numerous recognizable retail tenants and this momentum is likely to move westward along this transportation loop.

- **Fox River.** East Dundee is situated on the scenic Fox River. The river is a real estate asset that is currently underutilized in East Dundee. Other Fox River communities, such as Elgin and West Dundee, have implemented successful downtown redevelopment projects centered on the real estate value of the river.



- **Recreation.** In addition to serving as a catalyst for real estate development, the Fox River provides a number of recreational opportunities both on and along the river. The Fox River Bike Path runs through downtown East Dundee and invites bicyclists and pedestrians to visit downtown on a daily basis. Additionally, the McGraw Wildlife Foundation abuts the Village along Route 25 and provides hundreds of acres of land conservation, opportunities for environmental education, as well as recreation for private members.

- **Traffic Volumes.** Route 72, Main Street, links East Dundee to Hoffman Estates to the east and West Dundee to the west. Traffic volumes on the roadway are nearly 70,000 vehicles per day. Recent improvements to the roadway have minimized traffic congestion, except for rush hour congestion over the Fox River bridge. Several viable commercial establishments line the corridor and capitalize on the high traffic counts.

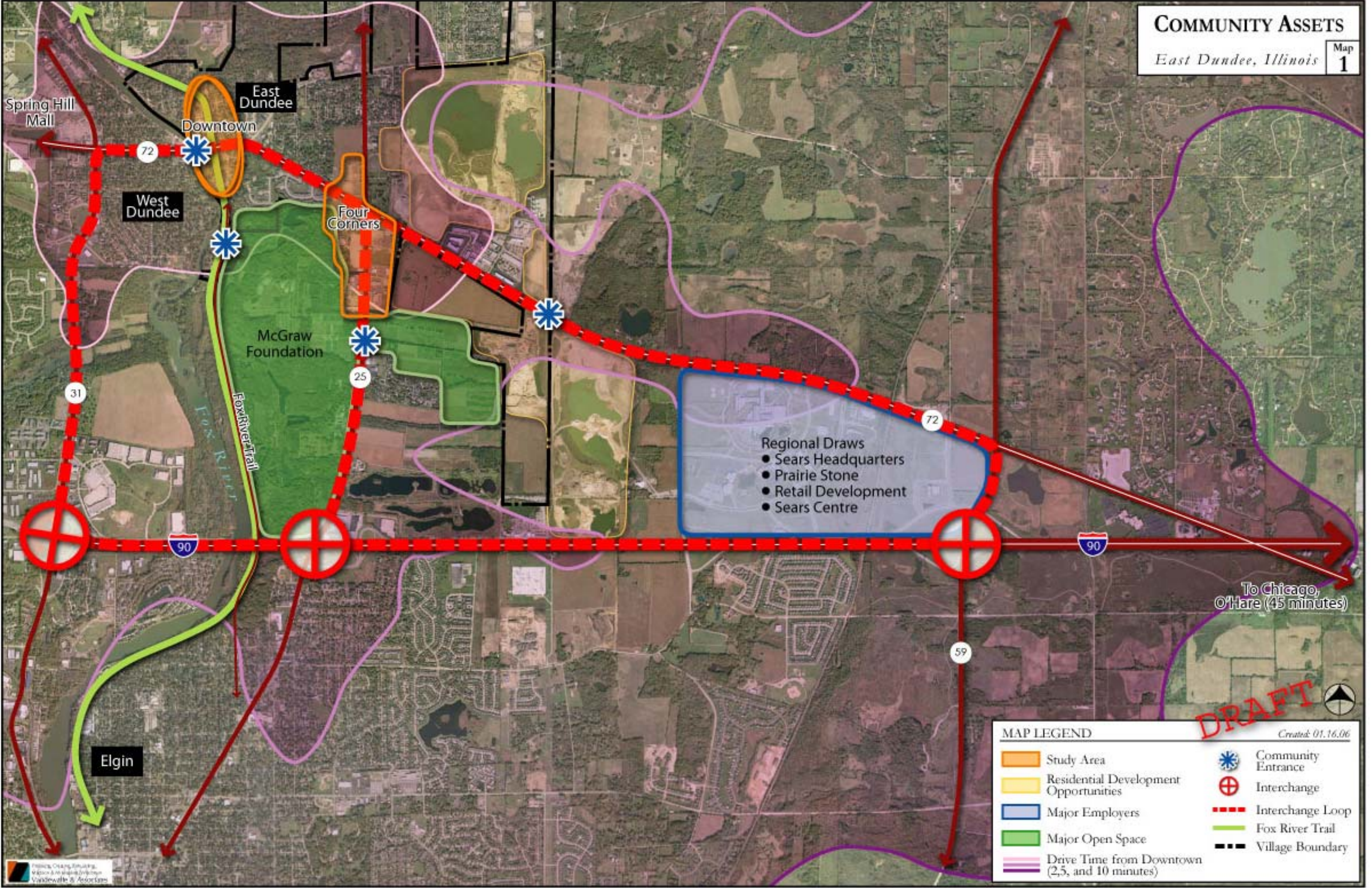


- **Relative Housing Affordability.** The housing options in the Village are attractive because of their affordability relative to Cook County communities to the east. In 2005, homes in Schaumburg averaged \$218,000 and in Hoffman Estates homes averaged \$275,500 compared to the \$209,000 average price in East Dundee (Chicago Tribune, 2005).
- **Proximity to Transit.** Three Metra Rail stations are located within six miles of downtown East Dundee. From these stations, East Dundee residents can be in downtown Chicago in just over an hour. The proximity to commuter rail is one of the driving forces behind recent residential development in Metro-Chicago and should be considered an asset to East Dundee.
- **Downtown District.** East Dundee maintains a quaint, family-oriented, small town ambiance. The Village is fortunate to have maintained much of its historic downtown commercial district. In addition to the small commercial establishments, the historic depot building serves as a visitors' center and hosts a weekly farmers' market, the Village Hall sits at the north end of the downtown district, and Haegar Pottery serves as a regional tourist draw.
- **Industrial/Mining Businesses.** On the western edge of town, East Dundee's rich mineral deposits have long supported a prosperous mining industry. Prairie Materials, Plote Construction, and Orange Crush maintain operations in this area. Additionally, several office/industrial developments have been created on the Village's western edge.
- **Route 25 Commercial District.** Route 25, Dundee Avenue, is the home to several car dealerships, the Santa's Village amusement park, Wal-Mart, and the River Valley Square Mall. Together these establishments comprise a significant portion of the community's tax base, in addition to providing daily needs to the community's residents.



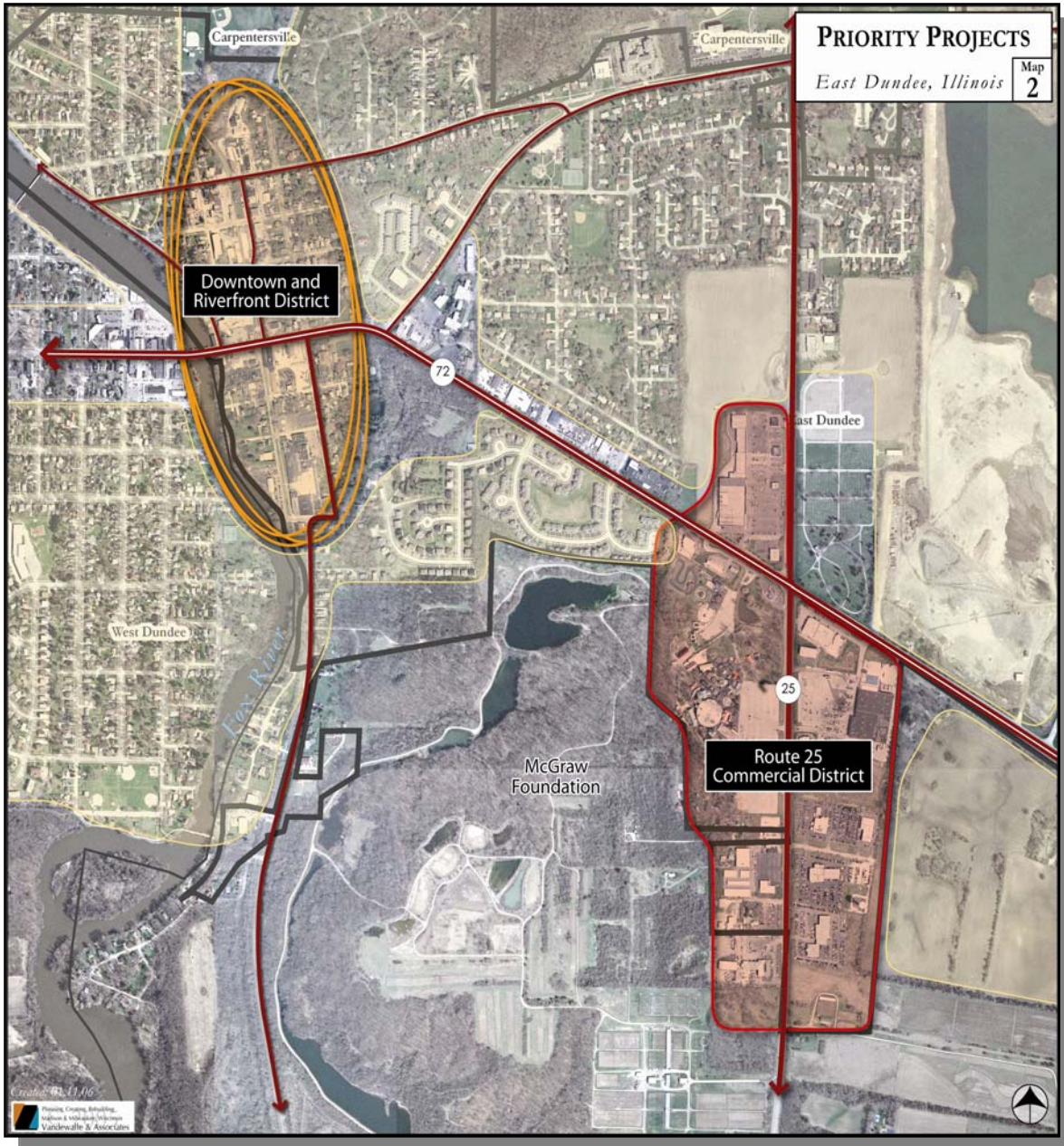
COMMUNITY ASSETS

East Dundee, Illinois **Map 1**



PRIORITY PROJECTS

The analysis of community assets and land use, and conversations with key community stakeholders, has led to the recommendation of the two following key redevelopment/infill areas in the Village, as shown on Map 2. Downtown East Dundee and the Riverfront are a clear opportunity for reinvestment and redevelopment as these assets are two of the community's greatest. The Route 25 Commercial District is currently the largest generator of revenue for the Village of East Dundee, and several potentially available redevelopment sites indicate that the area is ripe for reinvestment.



Downtown and Riverfront District

Although East Dundee's downtown embodies much of the community's history and serves as one of the community's most important areas, the area's vitality is limited due to a disjointed development pattern and inefficient transportation/pedestrian access. Some proactive steps to improve downtown vitality include improving accessibility and wayfinding, better integrating riverfront activity into downtown, and implementing strategies to attract redevelopment investment. Maps 3 and 4 illustrate the redevelopment concept alternatives for downtown East Dundee.

Two redevelopment concepts have been created for downtown East Dundee, as shown on Maps 3 and 4. The concepts differ primarily in recommendations regarding transportation improvements and site assembly.

Vehicular and Pedestrian Traffic

Similar to the transportation pattern in West Dundee, the redevelopment concepts propose redirecting traffic in a manner that encourages vehicular traffic throughout the whole downtown, rather than just along Route 72. By focusing on the traffic pattern at the two key Route 72 intersections, vehicles and pedestrians will better access downtown amenities.

Option A

Option A recommends several improvements to the downtown transportation infrastructure, in addition to programs to improve the image and accessibility of the downtown district.

- The disconnected intersection of River Street and Route 72 is currently limiting vehicular and pedestrian access to downtown East Dundee. Realigning this intersection, as recommended in Option A, would not only create better access to downtown East Dundee and improve pedestrian/cyclist safety, but also create a potential development site at this high visibility corner.
- Changing River Street south of Route 72 to a two way roadway will allow traffic from Route 72 to better access commercial uses on and to the south of Route 72.
- Currently the intersection of Route 72 and Water Street is confusing and congested. Traffic heading south on Water Street can only make a right turn on Route 72. The redevelopment concept presented in Option A recommends directing



southbound traffic on Water Street to the east down Jackson Street prior to the intersection with Route 72. This redirection would keep traffic in the downtown and create the option to turn left on Route 72 from River Street. The segment of Water Street between Jackson Street and Route 72 would serve as a parking/greenway space serving downtown businesses.

- Extending Hill Street to create a through intersection with River Street would create a much needed link to the Fox River and better unify the downtown.
- Implementing a streetscape program along Route 72 and River Street would better unite the downtown district and create a pedestrian-friendly environment.
- Creating a signage and wayfinding program throughout the downtown would better direct vehicles and pedestrian to downtown and its many amenities.

Option B

The redevelopment concept presented in Option B recommends implementing a streetscape program and a signage/wayfinding program, as also recommended in Option A. These programs would be implemented without undertaking improvements to the transportation infrastructure, other than the extension of Hill Street through the River Street intersection.

This option would be less costly to the Village of East Dundee and could still improve vehicular and pedestrian access and create a unified image for downtown. However without the infrastructure improvements recommended in Option A, fewer redevelopment opportunities will be created and access to downtown will remain somewhat limited and confusing.

Route 72 Redevelopment

The Route 72 frontage is in a prime location for reinvestment and redevelopment. Creating a gateway to the Village of East Dundee with high quality architecture and land uses would better link East Dundee to West Dundee and encourage future infill development in the downtown.

The economic power of Route 72 frontage is recognized in both Options A and B. The redevelopment sites in Option B are smaller than those in Option A due to the limited infrastructure improvements recommended in Option B.

- To the south of Route 72, a large redevelopment site is potentially available for redevelopment. Residential/mixed-use development to the west abutted by a commercial/mixed-use development site to the east would better use this high-value real estate.
- To the north of Route 72, the redevelopment of available sites would create a valuable opportunity for residential and commercial development.



River Street Redevelopment

Heading north on River Street, a very attractive retail district is hindered by the antiquated industrial and warehouse uses to the west. Although the well-maintained historic depot and Anvil Club create a northern anchor to downtown, much of the area between Barrington Avenue, River Street, Jackson Street, and Water Street is in need of redevelopment and reinvestment. Conversations with

key stakeholders indicated that several of these properties may be available for redevelopment and interest from the development community may exist.

Option A has been developed under the assumption that certain properties in this area may be available for redevelopment. Option B has been developed under the assumption that fewer properties may be available for redevelopment.

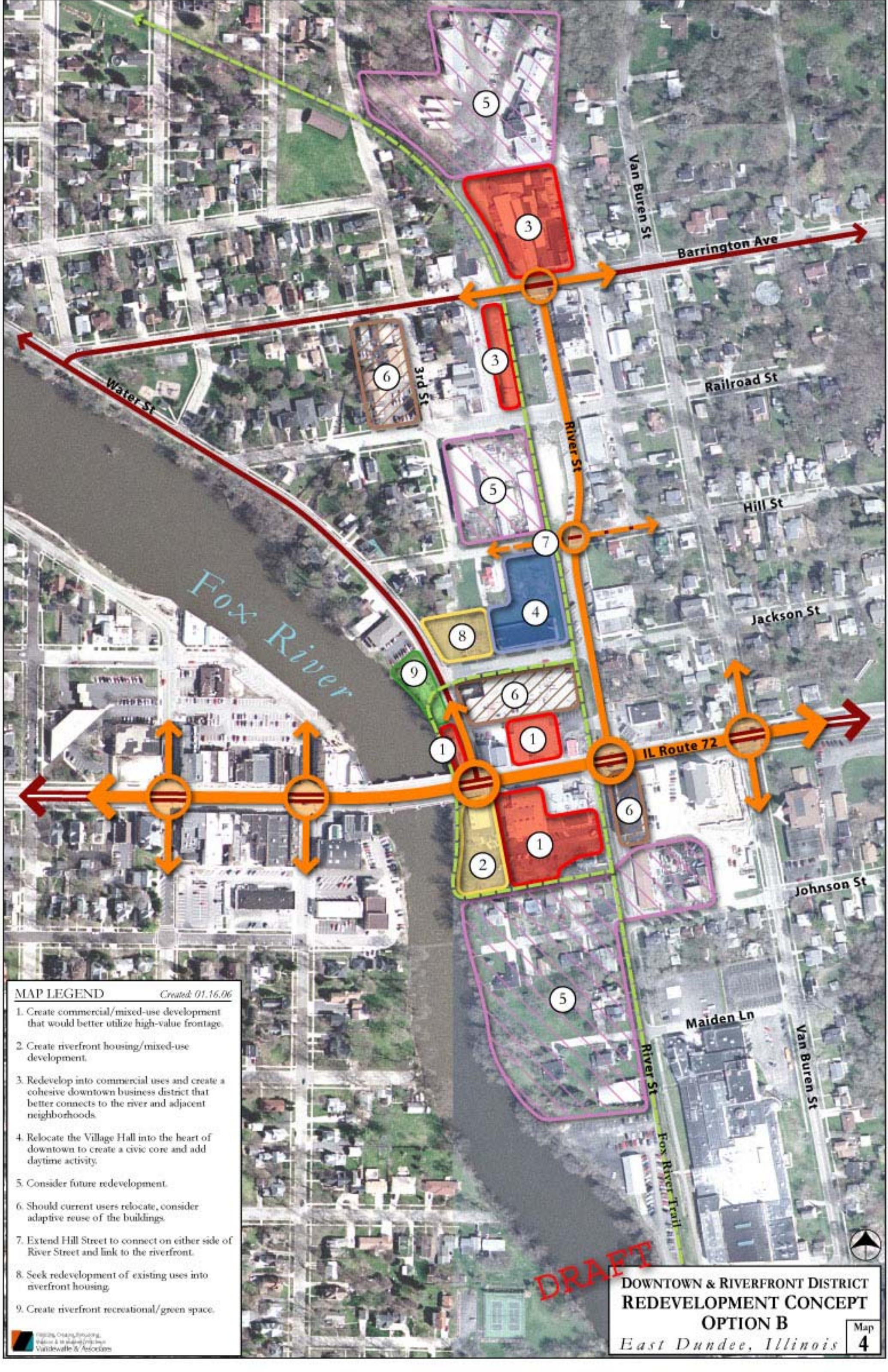
- The redevelopment of the property on Hill Street west of River Street, as shown in Option A, would better connect River Street to the Fox River and create opportunities for riverfront living and working.
- The former Dundee Lumber site is reportedly under new ownership and may undergo redevelopment. A commercial use at this site would create a northern anchor to the River Street commercial district.
- The Village Hall, currently located on Barrington Avenue, has outgrown its building and may look to relocate in the coming years. Moving the Village Hall into the heart of downtown East Dundee would create a civic core to add daily vitality to the downtown. Should the Village Hall relocate, the current site should be considered for adaptive reuse.
- Creating riverfront housing on Water Street would better utilize the riverfront and add pedestrian activity to the downtown.



1. Direct southbound traffic on Water Street to the east down Jackson Street in order to keep traffic in the downtown and give motorists the option to turn left on Route 72 from River St.
2. Create parking and greenway space to serve downtown businesses.
3. Realign intersection to create better access to downtown, improve pedestrian/cyclist safety, and create a development site at this high visibility corner.
4. Convert River Street south of Route 72 to a two-way roadway to allow traffic from Route 72 to better access commercial uses on and to the south of Route 72.
5. Create commercial/mixed-use development that would better utilize high-value frontage.
6. Create riverfront housing/mixed-use development.
7. Redevelop into commercial uses and create a cohesive downtown business district that connects to the river/adjacent neighborhoods.
8. Relocate the Village Hall into the heart of downtown to create a civic core and add daytime activity.
9. Consider future redevelopment.
10. Should Village Hall relocate, consider adaptive reuse of the current building
11. Extend Hill Street to connect on either side of River Street and link to the riverfront.
12. Seek redevelopment of existing uses into riverfront housing.



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MAP LEGEND *Created: 01.16.06*

1. Create commercial/mixed-use development that would better utilize high-value frontage.
2. Create riverfront housing/mixed-use development.
3. Redevelop into commercial uses and create a cohesive downtown business district that better connects to the river and adjacent neighborhoods.
4. Relocate the Village Hall into the heart of downtown to create a civic core and add daytime activity.
5. Consider future redevelopment.
6. Should current users relocate, consider adaptive reuse of the buildings.
7. Extend Hill Street to connect on either side of River Street and link to the riverfront.
8. Seek redevelopment of existing uses into riverfront housing.
9. Create riverfront recreational/green space.

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Route 25 Commercial District

The intersection of Route 72 and Route 25 is one of East Dundee's greatest economic assets. A full interchange with Route 25 and Interstate 90 is located less than one mile south of the Village limits. Because the McGraw Wildlife Foundation occupies the majority of the frontage between the interchange and the Village limits, the economic power of the Route 72 and Route 25 intersection is heightened as it is the first commercial node off of the interstate.

Route 72 is a major regional arterial with nearly 70,000 cars passing through East Dundee daily. These traffic counts are in contrast to the 30,000 cars on Route 25. The traffic counts on Route 72 are a tremendous community asset that is currently underutilized for the length of the roadway, and particularly in relation to the car dealerships on Route 25.

River Valley Square Mall, a suburban strip mall anchored by Dominick's grocery store, is located to the north of Route 72 and in recent years has experienced declining revenue.

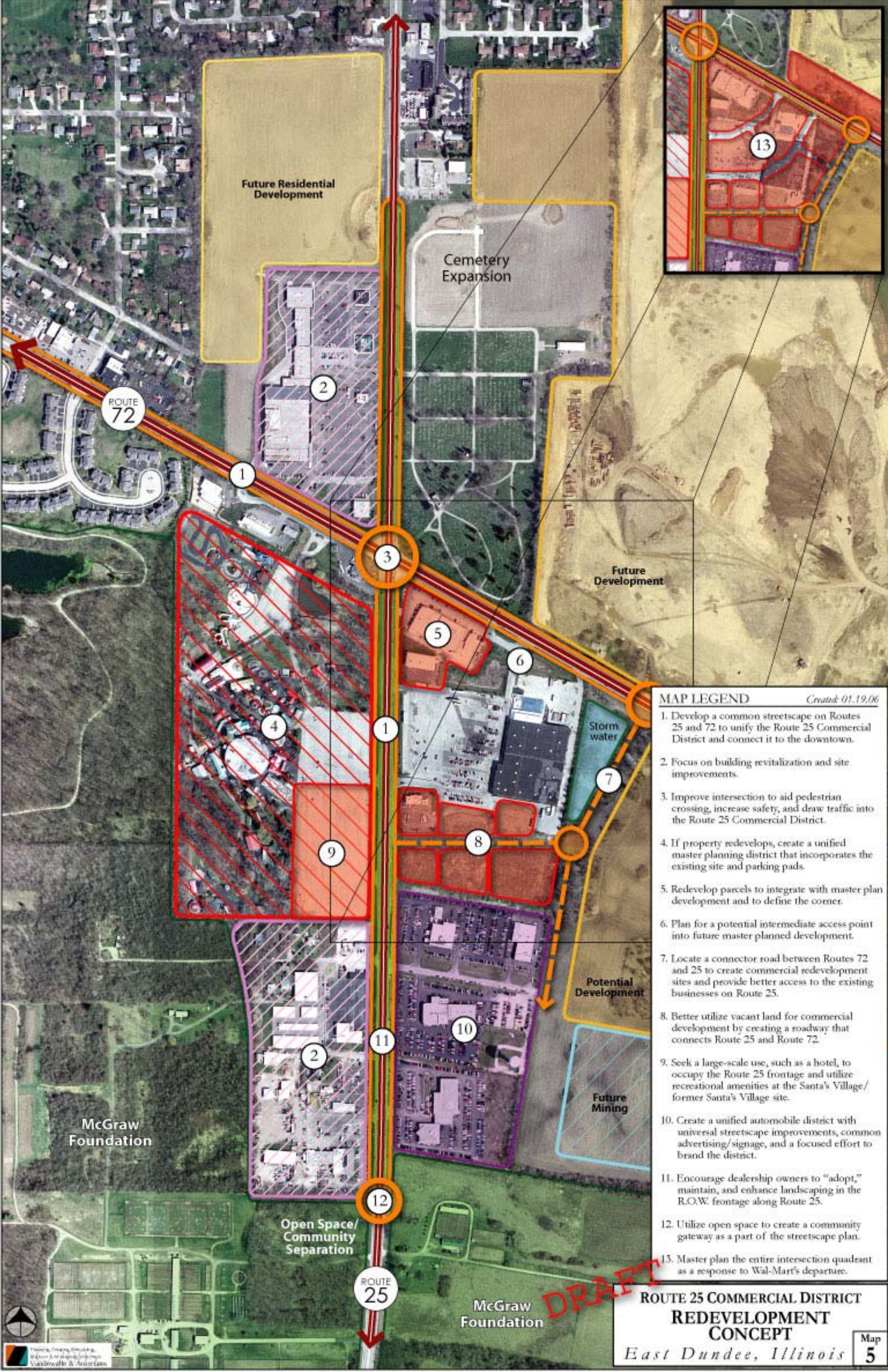
The redevelopment concept for this intersection, as shown on Map 5, seeks to create new vibrancy for the existing businesses on Route 25, as well as better capitalize on the economic power of this heavily traveled intersection.

- The redevelopment alternative creates a connector road between Routes 72 and 25 in order to draw these traffic numbers to Route 25. This connector road will create additional commercial redevelopment sites, as well as provide better access to the car dealers on Route 25.
- The automobile dealers on Route 25 could benefit from a unified and branded Automotive District. Collaborating on marketing, signage, and streetscape improvements would direct potential buyers to the district, as well as attract additional dealerships. Additionally, the automobile dealers should be encouraged to maintain their portions of Route 25 street frontage/right-of-way in order to allow them to better utilize the visibility.
- The Santa's Village site provides many opportunities for a fully master planned redevelopment or integration into an adjacent development site. Should the amusement park close its doors, the remaining recreational structures (ice arena, water park) may be operated by a large scale user, such as a hotel. Should the park remain in operation, an adjacent user may still be interested in incorporating the amenities in some type of cross-marketing agreement.
- Focusing resources on revitalizing the River Valley Square Mall through building and site improvements would help to attract new tenants and retain current tenants.



- Creating a common streetscape on Routes 25 and 72, and connecting this commercial core to the downtown, will provide life to the existing car dealers and the River Valley Square Mall.
- Through conversations with key stakeholders, the Village has learned of the potential for the Wal-Mart to close its East Dundee store. Although the site is not currently available, the plan alternative shown in the upper right corner of Map 5 below recommends a potential alternative to the redevelopment concept should Wal-Mart leave the Village. The alternative recommends additional commercial development at the intersection.





MAP LEGEND *Created: 01.19.06*

1. Develop a common streetscape on Routes 25 and 72 to unify the Route 25 Commercial District and connect it to the downtown.
2. Focus on building revitalization and site improvements.
3. Improve intersection to aid pedestrian crossing, increase safety, and draw traffic into the Route 25 Commercial District.
4. If property redevelops, create a unified master planning district that incorporates the existing site and parking pads.
5. Redevelop parcels to integrate with master plan development and to define the corner.
6. Plan for a potential intermediate access point into future master planned development.
7. Locate a connector road between Routes 72 and 25 to create commercial redevelopment sites and provide better access to the existing businesses on Route 25.
8. Better utilize vacant land for commercial development by creating a roadway that connects Route 25 and Route 72.
9. Seek a large-scale use, such as a hotel, to occupy the Route 25 frontage and utilize recreational amenities at the Santa's Village/former Santa's Village site.
10. Create a unified automobile district with universal streetscape improvements, common advertising/signage, and a focused effort to brand the district.
11. Encourage dealership owners to "adopt," maintain, and enhance landscaping in the R.O.W. frontage along Route 25.
12. Utilize open space to create a community gateway as a part of the streetscape plan.
13. Master plan the entire intersection quadrant as a response to Wal-Mart's departure.

ROUTE 25 COMMERCIAL DISTRICT REDEVELOPMENT CONCEPT
East Dundee, Illinois

IMPLEMENTATION

The Village of East Dundee laid the groundwork for this vision through determination of priority projects and identification of redevelopment concepts. The creation of a development team including Village leadership and private partners will provide stability to this redevelopment effort.

Partners and Commitment

Partnerships and local commitment are paramount to making East Dundee's vision for the future a reality. The Village of East Dundee should continue this aggressive approach to economic development and urban revitalization by enhancing partnerships with local private sector players and supporting new development through tax increment financing, zoning, and other redevelopment implementation tools.

Initial Implementation Strategies

General Implementation Strategies

- Create a Project Management Team to implement the redevelopment concepts
- Adopt the Opportunity Analysis document as an amendment to the Comprehensive Plan
- Prepare a streetscape plan for both of the priority project areas, and Route 72 that connects them
- Develop significant gateway features on Route 72 and Route 25 to create a distinct feeling of entry into East Dundee
- Prepare and apply for Illinois Transportation Enhancement Funds to fund the recommended infrastructure improvements and streetscape program
- Assess local codes and ordinances (particularly Planned Unit Development code)

Downtown and Riverfront Strategies

- Prepare a detailed development plan (including necessary public improvements)
- Pursue funding sources for public improvements (potential sources outlined below)
- Prepare a downtown signage and wayfinding plan
- Create a plan to improve street connections and address infrastructure improvements
- Partner with downtown businesses and landowners
- Share vision for redevelopment with the development community

Route 72 and Route 25 Strategies

- Prepare a detailed development plan (including necessary public improvements)
- Pursue funding sources for public improvements (potential sources outlined below)
- Create a Tax Increment Financing (TIF) District
- Work with existing businesses and landowners on site assembly
- Share vision for redevelopment with the development community

Funding Summary

The following is a summary of some of the mechanisms provided for under Illinois state statutes to recover the costs of public improvements extensions to new development. General statute citations are provided in some instances but are not all-inclusive. The purpose of this summary is to provide an overview of potential mechanisms that may have some application in East Dundee. These are not

intended to be recommendations and are not legal opinions concerning the applicability/legality on the use of any specific mechanism by the Village.

Impact Fees

The term “impact fee” is defined and used differently by every state and often by different municipalities within the same state. A common use of the term is one in which a fee is charged to new development to pay for the extension of a range of facilities and services, such as water and sewer lines, roads, parks, schools as well as police, fire, and library services. By and large, the State of Illinois has no enabling legislation to levy such universal fees for most of these facilities and services; and thus, most of these fees are not permitted. However, the statutes do provide for a number of other mechanisms to apportion some or all of the costs for facility and service extensions. The term “impact fee” is used in state statutes only as it applies to roads (the “Road Improvement Impact Fee Law”, 605 ILCS 5/5-901, *et seq.*); however, listed below are several other permissible fees, charges, and programs available to recover the costs of extending public facilities and services to new development.

Tax Increment Finance District

Tax Increment Financing (TIF) districts are typically established in areas where new development/redevelopment activity has lagged and/or where significant public improvements are needed to facilitate and complement redevelopment. In general, a TIF allows for all of the new (“incremental”) taxes paid by redevelopment within the district to be used exclusively within the district to construct a host of public improvements and/or offset certain private redevelopment costs. During the life of the TIF (typically about 23 years) each of the taxing districts (Village, schools, park, library, county, township, etc.) continues to receive annual tax revenues based on the value of property in the district at the time the district was created. In other words, unless provisions are made otherwise, tax revenues received by all of the taxing districts from property within the TIF district are frozen for the life of the district. Once the TIF expires, each district then levies a tax against the full value of the district, which should be significantly higher than if the TIF were not established.

The general idea behind a TIF is to accelerate the growth in development and tax values and to provide a funding mechanism for the public improvements needed to accommodate the new development. Under Illinois law, it is the best and most efficient way to have “growth pay for itself” as all of the funds come only from taxes paid by the redeveloped properties, not the community at-large. All of the taxing districts continue to receive a base amount of tax, but they do not realize the growth until the TIF expires. As a result, TIF creation often causes some consternation on the part of the taxing districts. When the TIF is created, however, the local government can arrange to share some of the TIF revenues with all of the taxing districts on a prorated basis. Further, state law also requires that the impact of TIF development on school enrollment be evaluated and that the school districts be compensated if the TIF draws new students into the district. In addition, the state TIF law was recently amended to require an evaluation on the impacts to library districts.

When used correctly, TIF districts result in property values that grow much faster and to greater heights than if the TIF were not created. Accordingly, all taxing districts benefit. The real issue is, when? The potential growth in property values and taxes within the redevelopment areas identified in this report is significant. Thus, there may very well be surplus increment to share with the taxing districts during the life of the TIF, in addition to the other forms of compensation already provided for in state statutes and what will likely be vastly enhanced property values at the expiration of the district. Accordingly, the creation of a TIF could have meaningful benefits to all of the taxing

districts, which should be fully explored in a cooperative process including all of the affected taxing bodies.

Special Service Areas

A special service area (SSA) is a taxing district established by the Village. A majority of the property owners within the district can stop the establishment of the special service area by signing a petition objecting to its creation (35 ILCS 200/27-55). Taxes collected within an SSA can fund a wide variety of municipal facilities and services provided within the SSA including; roads, water and sewer lines, parks and park improvements, garbage collection, and street maintenance, among several others. In addition, the manner in which taxes are allocated can vary from a flat rate per lot, to a more traditional assessment based on the taxable value of each property within the district. Further, the Village can issue bonds on behalf of the SSA but is not responsible for repayment of the bonds in the event of a default.

An SSA could have wide applicability in funding water, sewer, stormwater, and road infrastructure upgrades, streetscape and parking improvements, and other public facilities, such as parks. A typical scenario would be one where the property owner/developer petitions the Village to create an SSA prior to building the project. The Village holds the required hearings, creates the SSA, and then issues bonds to cover the costs of the infrastructure needs of the new development. The bonds are paid back by levying a special tax against the new development as needed to cover the bond payments.

In so doing, the costs to provide facilities to the new development are paid directly by the developer and/or new home owners. The Village has minimal risk, and all administrative costs in establishing and administering the SSA can be charged to the SSA. The primary downside of creating an SSA is that residential unit owners and business owners in the new development are required to pay an additional tax, which could make buying into the development less attractive.

Park and School Land Dedications

Within its subdivision ordinance, the Village may require land dedications for parks and schools (65 ILCS 5/11-12-8.). In lieu of accepting a land dedication, the Village may accept a cash equivalent of the value of the land required to be dedicated. A fee in lieu is particularly useful for smaller developments that do not warrant dedicating enough land for a feasible park or school site, but instead can contribute funds to the Village, park district, and/or school district to help offset the costs of acquiring adequate sites at a later date. It is important to note that such dedications and fees in lieu thereof may cover only the *land* needed for a park or school, not improvements, such as ball fields and classrooms, nor personnel, such as lifeguards and teachers. A new amendment allows school capital improvements but limits fees to land value, not capital improvement value (65 ILCS 5/11-12-5.).

Utility Connection Fees

Utility connection fees are assessed when a property connects to a water or sewer line for the first time, or replaces or upgrades an existing service. State law allows for a fair amount of latitude on the assessment of connection fees as part of the overall permissible utility fees and charges, but they must be reasonable and relate to the true costs of owning and operating the utilities or they may be viewed as a “tax” (65 ILCS 5/11-150-1.). In calculating the fees, consideration should be given to: the actual cost of Village staff time and equipment to review plans and make and/or inspect the connections; capacity reservation costs (the pipes have been “oversized” and the capacity “held” as needed to accommodate new development as it comes on line); and return on investment (the

Village invested in the utility systems in lieu of other investments it could have made and should expect some return on its investment). Although the utilities are owned by the Village and are generally thought to be “public services,” public accounting laws permit them to be run similar to private enterprises. Therefore, the fees and charges should be considered in the context of “profit and loss” and not as a typical General Fund service, like police and fire protection.

Extension Cost Recovery Agreements/Assessments

The Village’s current ordinances and policies require the developer to bear the full expense of extending water and sewer lines to and through his property from wherever they may be located currently. While this is a logical way to have growth “pay its own way” it can raise some legitimate issues of fairness. In some cases, a developer may have to extend/upgrade the lines quite some distance down a street or easement in front of several other properties. This raises several questions about equity, especially as it relates to use of the extended lines by the property owners who did not pay for them.

One method for dealing with this is to enter into a Recapture Agreement with the developer making the extensions (65 ILCS 5/9-5-1.). Under such agreements, the developer pays the front end cost to extend the lines. As other properties owners connect to those lines, a fee for their pro-rated portion of the line would be collected by the Village and given to the developer. This is similar to a simple assessment program, but it is not paid until the connection is made. In a similar fashion, the Village could pay for the extensions and charge a pro-rated fee as other properties hook on.

Development Review and Permit Fees

Although not nearly as significant as utility extension costs, there are real and quantifiable costs associated with the development approval and permitting processes. These include direct expenses like copying, postage, legal notices, and use of planning and engineering consultants to conduct reviews, as well as staff time to prepare notices and agendas. Although the entire community benefits from these reviews and inspections, the need for them is being driven by, and is directly attributable, to the developer/applicant, and the fees charged to the applicant should reflect this. At a minimum, all of the direct expenses should be fully reimbursed by the applicant, and serious consideration should be given to recovering the cost of Village staff time as well.

Grants and Loans

A number of state and federal grants and loans are available to assist with redevelopment and economic development efforts, particularly where substantial job creation is involved. The following is a quick summary of just some, but certainly not all, of the more significant programs for which the Village may be eligible:

- **Illinois Department of Commerce and Economic Opportunity:** DCEO has various grant programs to fund public improvements as needed to encourage new businesses and business expansions, particularly those that pay “living wages.” These grants are funded in the state’s annual budget. As a result, the application deadlines, qualifications, and amounts available change frequently.
- **Illinois Department of Transportation:** IDOT has grant programs for transportation improvements that facilitate economic development and business and job growth. These grants are funded as part of the state’s annual budget and also can vary year to year.

IDOT also administers federal transportation enhancement funds, which are available for streetscape, sidewalk, bike path, and similar improvements, other than road extensions and

widening. The next round of federal funding is expected to be appropriated within the next few months, and IDOT will likely seek applications shortly after that.

- **U.S. and Illinois Environmental Protection Agencies:** Together, the two agencies have grants for Brownfields assessments and clean-up. Brownfields are existing or former industrial sites that have been contaminated or are perceived to have been contaminated. Eligibility for funding typically depends on the local government or a non-profit redevelopment organization having some form of site control. Both programs are funded in the annual federal and state budgets. Some of the grants have fixed application deadlines, while others can be applied for at any time.

The IEPA also has water and sewer grants and low interest loans for communities needing to make system upgrades to comply with federal and state water quality standards.

- **Illinois Department of Natural Resources:** IDNR administer the Open Space Land Acquisition and Development program, among others, that provides funding for land purchases and improvements for public recreation. Funding comes from a state trust fund, but the amount available varies year to year. Most of these programs have fixed annual deadlines that vary based on the type of funding being sought (e.g. land acquisition, park improvements, etc.). Because most of the Village is not covered by a parks district, the Village may be eligible to receive funds directly.
- **U.S. Housing and Urban Development Economic Development Incentive Grant:** This program is funded out of HUD but results from a specific earmark placed in the authorization bill as approved by the U.S. Senate. The potential to secure a grant is dependent upon the year in which the appropriations bill is passed (they typically cover multiple years) and having the prior support of at least one Senator from Illinois.

Funding Opportunity	Type	Gov. Level	Agency	Purpose	Eligible Activities	Award Amount	Match	Key Word	Deadline	Website	Contact
Community and Economic Development											
New Market Tax Credit Program	Tax Credits & Loans	Federal	Treasury Department	Stimulate community and economic development in low-income areas	Credits are allocated to certified Community Development Entities that will provide capital or loans to businesses that operate in low-income communities	Investors tax credit	None		On-going	http://www.cdfifund.gov/programs/programs.asp?programID=5	202-622-6355
Economic Adjustment Program	Grant	Federal	DCO/EDA	To assist State and local entities with effecting economic change	Demonstrate financial need	Varies	50%	Redevelopment	On-going	http://www.eda.gov/AboutEDA/Programs.xml	
Economic Development Initiative (EDI)	Grant	Federal	HUD	Grants to local governments to enhance both the security of loans guaranteed through Section 108 Loan Program and the feasibility of the economic development and revitalization projects they finance	Grant funds can only be used in projects also assisted by Section 108 Loan Program; for property acquisition; rehabilitation of publicly owned property; housing rehabilitation; economic development activities; acquisition, construction, reconstruction, or installation of public facilities, public works, and other site improvements.	Varies	Non	Redevelopment	On-going; currently only special purpose EDI grants available	http://www.hud.gov/offices/cpd/economicdevelopment/programs/edi/index.cfm	202-708-3484
Community Development Block Grant – Section 108 Loan Guarantee Program	Grant	Federal	HUD	Provides financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.	Economic Development activities eligible under CDBG, acquisition of real property, rehabilitation of real property and housing, construction and reconstruction of public services.	Up to five times the public entity's latest approved CDBG entitlement amount, minus any outstanding Section 108 commitments. Repayment period is 20 years; interest rates vary.	None		On-going	http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/factsheet.cfm#default	202-708-1871 or 202-708-1506
Community Development Block Grant – Entitlement Communities	Grant	Federal	HUD	Intended to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities.	Neighborhood revitalization, economic development, and provision of improved community facilities and services.	Formula grants	None		Contact HUD Field Office	http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm	202-708-1112
Opportunity Returns Initiative	Loans	IL	DCEO	Funds demonstration projects (clean environment and economic growth).	Varies	Varies	None		N/A	http://www.opportunityreturns.com	
Enterprise Zones & Revolving Loan Fund (RF)	Grant	IL	DCEO	Assist Illinois communities in financing economic development projects as well as other types of public infrastructure.	Financial assistance to companies to encourage investment and job creation/retention; construction of public infrastructure improvements that directly support private capital investment and job creation are also eligible activities.	No more than 50% of the project cost; cannot exceed \$15,000 loaned for every full-time-equivalent job created/retained by the project.	None		Varies	http://www.commerce.state.il.us/dceo/Bureaus/CommunityDevelopment/Community+Programs/RLF.htm	217-558-2842

Funding Opportunity	Type	Gov. Level	Agency	Purpose	Eligible Activities	Award Amount	Match	Key Word	Deadline	Website	Contact
Community Development Assistant Program (CDAP-ED)	Loans & Grants	IL	DCEO	Economic development projects, public facilities and housing rehabilitation; assist low-to-moderate income people by creating job opportunities and improving the quality of their living environment.	Only units of general local government; municipalities must be 50,000 or less in population.	Varies, usually on an as-needed basis	None		Varies	http://www.commerce.state.il.us/dceo/Bureaus/Community_Development/Grants/	217-785-6142; TDD: 800-785-6055
Experience Illinois! Pilot Program	Loans	IL	State Treasurer's Office	Provides short-term low-cost financing for tourism programs relating to historic preservation, tourism development, or community enhancement.	The project should demonstrate a role in further developing or enhancing the quality of a designated area or region.	\$10,000 to \$2.5 million (loan period between 1-5 years).	None		On-going	http://www.state.il.us/treas/Programs/Experience.htm	217-557-6436
Business Recruitment											
Public Works and Economic Development Assistance	Grant	Federal	DCEO/EDA	Provides assistance to help distressed communities attract new industry, encourage business expansion, diversify local economies, and generate long-term private sector jobs.	Water and sewer facilities; access roads to industrial parks or sites; port improvements; business incubator facilities; technology infrastructure; sustainable development activities; export programs; brownfields redevelopment; aquaculture facilities; and other infrastructure projects.	Grants average \$859,000	50%	Business recruitment	On-going	http://www.eda.gov/AboutEDA/Programs.xml	312-353-7706 (Chicago Region)
Illinois Finance Authority	Grants and Loans	IL	IFA	A variety of loan and grant programs are available for small businesses and local government.	Varies	Varies	Varies	Varies	Varies	http://www.il-fa.com/products/	
Illinois Economic Development for a Growing Economy Tax Credits (EDGE)	Tax Credit	IL	DCEO	Tax credit against new payroll generated in the State of Illinois. To qualify, industry must invest at least \$2.5 million and create 25 new jobs. Smaller projects could be authorized if extenuating circumstances exist.	Job creation	The company may credit against IL income taxes generated by new jobs for up to 10 years.	None		On-going	http://www.commerce.state.il.us/dceo/Bureaus/Business_Development/Tax+Assistance/EDGE.htm	217-524-8449
Housing											
HOME Investments Partnerships Program	Grant	Federal	HUD	Create affordable housing for low-income households.	Grants to States and localities to fund activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership, or provide direct rental assistance to low-income households.	States receive HOME funds. Local jurisdictions are eligible for at least \$500,000 under the formula.	None		On-going	http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm	

Funding Opportunity	Type	Gov. Level	Agency	Purpose	Eligible Activities	Award Amount	Match	Key Word	Deadline	Website	Contact
Illinois Affordable Housing Trust Fund – (Trust Fund)	Loans & Grants	IL	IHDA	Affordable housing production for low income and very low income.	Flexible uses, homeowner, rental, special needs, loans or grants (under special conditions), geographic targeting of funds.	Typically \$750,000 per project	None		On-going	http://www.ihda.org/ViewPage.aspx?PageID=46	
Community Development Assistance Program: Housing Rehabilitation	Grant	IL	DCEO	Housing rehabilitation for low to moderate income individuals	Economic development, public facilities, construction, design engineering, housing rehabilitation, planning, emergency public facilities	2006 allocation estimated at \$36 million	None	Housing	11/15	http://www.commerce.state.il.us/dceo/Bureaus/CommunityDevelopment/Grants/HousingRehabilitation_1.htm	217-785-6142
Community Development Block Grant – Section 108 Loan Guarantee Program	See description in Community and Economic Development, above										
Community Development Block Grant – Entitlement Communities	See description in Community and Economic Development, above										
Community Development Assistance Program (CDAP-ED)	See description in Community and Economic Development, above										
Transportation and Infrastructure											
FHWA Discretionary Programs	Grant	Federal	FHWA	Discretionary highway projects.	Bridge, corridor planning and development, border infrastructure, ferry boat, interstate maintenance, national historic covered bridge preservation, public lands highway, transportation and community and system preservation, and value pricing pilot program.	Varies	None		Varies	http://www.fhwa.dot.gov/discretionary/proginfo.htm	Varies by program
Illinois Transportation Enhancement Program (ITEP)	Grant	IL	IDOT	Allows the scope of local transportation projects to expand beyond the traditional accommodations for cars, trucks, and transit.	Scenic/historic highways; historic preservation projects; pedestrian/ bike facilities and safety/ education projects; landscape/ scenic beautification; transportation museums; outdoor advertising control; rails to trails; environmental mitigation; archeological planning/ research.	Average amount: provided under TEA 21: \$1 million	20%	Greenspace	Summer	http://www.dot.il.gov/opp/itep.html	itep@dot.il.gov
Economic Development Program	Grant	IL	IDOT	Provides state assistance for highway improvements that are needed to provide access to new or expanding existing industrial, distribution, or tourism developments.	Highway improvements, as the focus of the program is on the retention and creation of primary jobs, retail establishments are not eligible.	Varies	50%	Transportation	On-going	http://dot.state.il.us/edp/edp.html	
Business Development Public Infrastructure	Grants and	IL	DCEO	Help local governments finance public infrastructure	Activities that induce job retention and creation. Funding is available	At least 1 private sector job must be	None		On-going	http://www.commerce.state.il.us/dceo/B	217-557-0513

Funding Opportunity	Type	Gov. Level	Agency	Purpose	Eligible Activities	Award Amount	Match	Key Word	Deadline	Website	Contact
Program (BDPIP)	Loans			needed to support economic development and private sector job creation and retention.	only for infrastructure projects which lead directly to private sector expansion or retention activities.	created or retained for every \$10,000 awarded, maximum of \$500,000 (most assistance is funded as a loan).				Bureaus/Business_Development/Grants/bdpip.htm	
Environmental Enhancement											
Green Illinois: Green Communities Demonstration Program	Grant	IL	IEPA	To help communities find more effective ways of dealing with environmental challenges and planning for a sustainable future (community- visioning).	Must address at least four broad environmental topics, including clean air and water; energy efficiency; waste reduction; natural areas protection and restoration; green space development; renewable energy; compatible growth; and environmental education.	Varies	None		N/A	http://www.epa.state.il.us/green-illinois/green-communities/index.html	217-524-5810
Congestion Mitigation and Air Quality Improvement Program	Grant	Federal, administered by MPO	FHWA, Bi-State Regional Commission	Provides flexible funding for projects or programs that help communities reduce transportation-related air pollution.	States, local governments, and metropolitan planning organizations (MPOs) are eligible. Funding availability to non-attainment and maintenance areas based on formula considering population and severity of air pollution.	Varies	20%		Summer	http://www.fhwa.dot.gov/environment/cmaqps/ http://www.bistateonline.org/	
Greenspace											
Illinois Transportation Enhancement Program (ITEP)	See description in Transportation and Infrastructure, above										
Land & Water Conservation Fund	Grant	Federal/ IL	DNR	Provides matching grants to States and local governments to create and maintain high quality recreation areas and facilities and to stimulate non-federal investments in the protection and maintenance of recreation resources.	Acquisitions and development of public outdoor recreation areas and facilities.	\$400,000 to \$750,000	50%		Summer	http://dnr.state.il.us/ocd/gaoutnew.htm	
Open Space Lands Acquisition & Development Program (OSLAD)	Loans & Grants	IL	DNR	The federal Land & Water Conservation Fund program works to acquire and develop lands for public parks and open space.	Funding assistance to local government agencies for acquisition and/or development.	\$400,000 to \$750,000	50%	Greenspace	Summer	http://dnr.state.il.us/ocd/gaoutnew.htm	
Brownfields											
Brownfield Assessment	Grant	Federal	USEPA	To assist recipients with site assessment.	Inventory, characterize, assess, planning, and community involvement related to brownfields sites.	\$200,000 to \$400,000	None		Late fall	http://www.epa.gov/brownfields/assessment_grants.htm	202-566-2777

Funding Opportunity	Type	Gov. Level	Agency	Purpose	Eligible Activities	Award Amount	Match	Key Word	Deadline	Website	Contact
Brownfield Revolving Loan Fund	Loan	Federal	USEPA	Provide a low-interest loan, from which recipients can sub-grant to carry out cleanup activities.	Cleanup activities	\$1,000,000	20%		Late fall	http://www.epa.gov/brownfields/rflst.htm	202-566-2777
Brownfield Cleanup Grant	Grant	Federal	USEPA	Provide funding for cleanup activities	Cleanup activities on sites owned by an eligible entity.	\$200,000 per site (up to 5 sites per community)	20%		Late fall	http://www.epa.gov/brownfields/cleanup_grants.htm	202-566-2777
Brownfields Economic Development Initiative (BEDI)	Grant	Federal	HUD	To assist cities redevelop brownfields via economic development projects.	Activities that will provide near-term results and demonstrate economic benefits, such as job creation and increases in the local tax base.	Maximum of \$2 million per award	None	Brownfields	July	http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm	202-708-0614
Public Works and Economic Development Assistance	Grant	Federal	EDA/DO C	To promote long-term economic development and assist in the construction of public works infrastructure and economic development facilities.	Acquisition, rehabilitation, design and engineering, or improvement of public land or publicly-owned and operated development facilities.	Varies	50%	Brownfields	On-going	http://www.eda.gov/AboutEDA/Programs.xml	312-353-7706
Superfund Redevelopment Pilot Program	Grant	Federal	USEPA	To help local governments participate in the cleanup and reuse of Superfund sites.	Facilitation, coordination, public outreach, training, and workshops, support for a citizen advisory group; technical advisory assistance, and others.	Up to \$100,000 to financial assistance and services to each pilot.	None	Brownfields	Spring	http://www.epa.gov/superfund/programs/recycle/pilot/index.htm	703-603-8864 or 800-424-9346
Brownfields Job Training and Development Demonstration Pilots	Grant	Federal	USEPA	Trains individuals in the brownfield environmental cleanup.	To facilitate cleanup of brownfields sites contaminated with hazardous substances and prepare trainees for future employment in the environmental field.	Grants up to \$200,000 up to two years; successful proposals may be funded further.	None		Fall	http://www.epa.gov/brownfields/job.htm#abt	202-566-2772 or 202-566-2750
Illinois Municipal Brownfields Redevelopment Program	Grant	IL	IEPA	Brownfield redevelopment.	Environmental assessment and cleanup. Petroleum contaminated properties are eligible.	Up to \$240,000	30%		June/Dec	http://www.epa.state.il.us/land/regulations/#brownfields-regulations	217-782-6761
Illinois Brownfields Redevelopment Loan Program	Loan	IL	IEPA	Brownfields redevelopment	Remediation and limited investigation and demolition activities.	\$120,000 maximum for site investigation per site/ \$500,000 for any single loan application (Maximum \$1 million per project)/ Interest rate at ½ the market interest rate but no less than 2.5%; repayment due in 5 years.	None		June/Dec	http://www.epa.state.il.us/land/regulations/#brownfields-regulations	217-782-6761
Brownfield Cleanup Revolving Loan Program	Loan	IL	IEPA	Brownfield Cleanup	Remediation only, eligibility based upon receipt of an NFR letter, and	Up to \$425,000 per application, total of	None		On-going	http://www.epa.state.il.us/land/brownfi	

Funding Opportunity	Type	Gov. Level	Agency	Purpose	Eligible Activities	Award Amount	Match	Key Word	Deadline	Website	Contact
					the award must not exceed 20% of capital investment at the site.	\$1,000,000 per community.				elds	
Brownfield Site Remediation Program	Grant	IL	IEPA	This program is designed to be flexible and responsive to the needs of the Remediation Applicants. The goals and scope of actions at these sites are normally defined by the Remediation Applicants.	Eligibility based on receipt of NFR letter.	N/A	None		June/Dec	http://www.epa.state.il.us/land/more-info-about-bol.html#Voluntary-Site-Remediation-Program	Rick.Lucas@epa.state.il.us Greg.Dunn@epa.state.il.us
Brownfield Target Site Assessments	Grant	IL	IEPA	Environmental Assessment	Soil and groundwater sampling, electromagnetic surveys, XRF field screening and other environmental assistance provided by IEPA staff.	Varies, depending on need	None		June/Dec	http://www.epa.state.il.us/land/brownfields	
Leaking Underground Storage Tank Program (LUST)	Grant	IL	IEPA	Assist with leaking underground storage tank cleanup.	Petroleum leakage from UST cleanup. Tank registration transfers.	Varies	Varies		June/Dec	http://www.epa.state.il.us/land/lust/index.html	Doug.Clay@epa.state.il.us