



***VILLAGE OF OSWEGO, ILLINOIS
PROPOSED MAIN STREET/WASHINGTON TIF
REDEVELOPMENT PROJECT AREA
TIF QUALIFICATION REPORT***

A study to determine whether certain properties within the Village of Oswego qualify as a conservation area as set forth in the definition in the Real Property Tax Increment Allocation Redevelopment Act of Chapter 65, 5/11-74.4-1, et. seq., as amended of the Illinois Compiled Statutes.

*Prepared by the Village of Oswego, Illinois
In conjunction with
Kane, McKenna and Associates, Inc.*

May, 2016

**Village of Oswego
TIF Qualification Report
Proposed Main Street/Washington TIF Redevelopment Project Area**

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (KMA) has been retained by the Village of Oswego (the “Village”) to conduct an analysis of the qualification of an area that would result in the establishment of the Main Street/Washington Street (U.S. Highway 34) Tax Increment Finance (TIF) District. The Village is pursuing the creation of the proposed TIF District to promote the revitalization of under-utilized properties located within the Village and the overall improvement of the Downtown area.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the potential qualification of the TIF District:

1) *Conservation Area* – The proposed TIF District qualifies as a “Conservation Area” as defined under the Tax Increment Finance (“TIF”) Act. Overall, because of certain factors identified in this report, the area is in danger of declining toward a blighted condition. This condition prevents, or threatens to prevent, the healthy economic and physical development of properties in a manner that the community deems essential to its overall economic health. Since the majority of structures (64%) are over 35 years old, the TIF District meets the statutory criteria as a Conservation Area TIF.

2) *Current conditions impede redevelopment* – The existence of certain conditions found within the proposed TIF District present a barrier to the area’s successful redevelopment. This is because the factors negatively impact coordinated and substantial private sector investment in the overall TIF District. Without the use of Village planning and economic development resources to mitigate such factors, potential redevelopment projects (along with other activities that require private sector investment) are not likely to be economically feasible.

3) *Viable redevelopment sites could produce incremental revenue* – Within the proposed TIF District, there are several parcels which potentially could be redeveloped and thereby produce incremental property tax revenue. Such revenue, used in combination with other Village resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.

4) *TIF designation recommended* – To mitigate Conservation Area conditions, promote private sector investment, and foster the economic viability of the proposed TIF District, KMA recommends that the Village proceed with the formal TIF designation process for the entire area.

The Village will certify that it will not remove more than ten (10) housing units from the proposed TIF. As such, no housing impact study will be undertaken.

I. INTRODUCTION AND BACKGROUND

The purpose of this report is to provide a summary of factors that qualify property generally described herein as a "conservation area" based on improved land qualification factors found in the Tax Increment Allocation Redevelopment Act. The area under study is generally described herein as the proposed Main Street/Washington TIF Redevelopment Project Area (the "RPA" or "TIF District") of the Village of Oswego, Illinois. The study seeks to determine the eligibility of this area for status as a TIF District pursuant to the Tax Increment Allocation Redevelopment Act, Illinois Compiled Statutes, Chapter 65, 5/11-74.4-1, et. seq., as amended (the "Act").

The Act has been established to assist Illinois municipalities "promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas". (65 ILCS 5/11-74.4-2(b)).

In the context of planning for the proposed RPA within the boundaries described in the map attached hereto as Exhibit 1 (the "RPA"), the Village of Oswego (the "Village") has authorized the study of the RPA within the boundaries described in the map attached hereto to determine whether it qualifies for consideration as a Tax Increment Financing District (the "TIF"). Kane, McKenna and Associates, Inc. ("KMA"), has agreed to undertake the study of the RPA.

The Act authorizes the use of tax increment revenues derived from the tax rates of various taxing districts in the proposed RPA for the payment of redevelopment project costs. For redevelopment eligibility under this legislation (in connection to this Report), the subject area must contain conditions that warrant its designation as a "conservation area", as such terms are fully defined herein. The following sections of this Report will describe physical and economic conditions that have been found to conform to the provisions of the Act.

The proposed Main Street/Washington TIF RPA area discussed in this Report (the "Redevelopment Project Area" or "RPA") is generally described as follows:

The proposed RPA has irregular boundaries and is generally bounded by parcels that are north, south, east and west of Washington Street and parcels that are east and west of Main and Harrison Streets. The proposed RPA is legally described in a subsequent section.

A map of the RPA is attached as Exhibit A to this Report.

Surveys of building conditions and site characteristics of, and related data collection for, the area were undertaken by Kane, McKenna and Associates, Inc. (“KMA”) between December 2015 and continued to the date of this report. Additionally, discussions related to the Village’s revised (2015) Comprehensive Plan process, and interviews with Village staff concerning planning efforts were also utilized to aid in KMA’s analysis of the area.

The RPA is mainly comprised of improved land. The RPA is located primarily in the Village’s central business district and has developed in a piece meal fashion and uncoordinated manner over time. The majority of the parcels within the RPA include structures that are 35 years old or greater, and exhibit various degrees of deterioration and obsolescence. New private investment in the proposed RPA has been deterred due to limitations related to traffic coordination and an inconsistent mix of land uses that result in inappropriate, conflicting uses. The proposed RPA has an inconsistent use of parcels that include scattered residential properties, automotive repair shops, restaurants, large vacant commercial type facilities, public facilities and manufacturing companies. These uses conflict with the proposed land uses for commercial, residential, retail and light industrial uses. Additionally, many of the current uses do not coordinate with the commercial, retail and residential areas that are adjacent to the RPA. For these and other redevelopment related reasons, the Village has targeted this area as a major objective for Village redevelopment efforts.

Based upon information from the Village’s engineers, the entire proposed RPA is in need of major infrastructure improvements. In particular, the area’s sewer and water system is antiquated and in need of upgrading as well as certain designated street improvements. In order to accommodate new or increased uses within the area, upgrades of infrastructure services including some internal roadways, may also be needed. The western portion of the proposed area roadways, walkways and ingress and egress also need improvement to coordinate with the improvements of this type in the remaining portions of the RDA if new mixed-use commercial, retail and light industrial developments are to occur. The Village believes that a TIF District designation will be essential as part of the strategy to address these issues.

KMA, on behalf of the Village, has evaluated the proposed RPA for examination of factors and conditions that justify its further consideration for designation of a TIF District. KMA has determined through this examination that sufficient evidence exists to recommend that the Village proceed with this designation process, including the creation and adoption of a Redevelopment Plan and Project as permitted by the Act.

The Village will certify that it will not remove more than ten (10) housing units from the proposed TIF. As such, no housing impact study will be undertaken.

Objectives

Several objectives support the overall goal of area-wide revitalization of the RPA. These include:

1. Encourage mixed-use commercial and retail development by facilitating the assembly, preparation and marketing of improved and vacant sites, and assisting private developers in the assemblage of suitable sites that meet modern development needs;
2. Direct major new retail growth to existing Retail Hubs and limiting new residential development to specific districts;
3. Foster the replacement, repair, and/or improvement of infrastructure, where needed, including streets, curbs, gutters and underground water and sanitary systems in order to facilitate the construction of new mixed-use development;
4. Support the goals and objectives of the Village relating to sales tax generation and job creation.
5. Develop the area in relationship to the traffic system for improved accessibility to the area.
6. Coordinate redevelopment efforts with adjacent uses thus improving the surrounding environment.

General Economic Goals for the RPA

Actively market and provide incentives to attract new development and residents to Oswego. The Downtown plan recommends the following “Development Principles” to achieve the RPA goals.

- Mixed use development should be accommodated in the Downtown Core and Secondary Core, and should maintain the street wall.
- Retail and restaurant activity should have adequate access and visibility from Main and Washington Street (U.S. Highway 34) and should be complimented with a sidewalk network that encourages movement between businesses.
- Existing structures of historic value and/or high quality should be preserved and enhanced, blending effectively with new infill development.
- New residential development should include both upper-floor residential units in the Downtown and Secondary Core, with additional mid-rise/townhouse housing opportunities surrounding the Secondary Core, all of which will provide support to local businesses.

- The Downtown should have clearly defined extents, beyond which single-family neighborhoods are enhanced and buffered from Downtown-related activity.
- Public/Institutional uses within the Downtown should remain.
- To the extent feasible, pedestrian crossings of Washington Street (U.S. Highway 34) should be enhanced to encourage pedestrian movement along Main Street while maintaining pedestrian and vehicular safety along U.S. Route 34.
- On-street parking should be maintained on Main Street, maximized on Jefferson and Jackson Streets, and provided on Van Buren and Harrison Streets.
- Adams Street, west of Washington Street (U.S. Highway 34) should be considered for a limited access-way or vacation of the public right-of-way.
- Wayfinding signage should draw visitors into the Downtown from the broader area, utilizing a consistent Downtown “brand” that can also be used in advertising and marketing efforts.

Source: Village of Oswego 2009 Downtown Framework Plan

Given the Village's goals as well as the conditions described in this report, the Village has made a determination that it is highly desirable to promote the redevelopment of the proposed RPA. Without an implementation plan for redevelopment, Village officials believe adverse conditions will worsen. The Village intends to create and implement such a plan in order to restore, stabilize, and increase the economic base associated with the TIF District, which will not only benefit the community as a whole but also generate additional tax revenues to support municipal services.

The Village has further determined that redevelopment currently planned for the TIF District is feasible only with public finance assistance. The creation and utilization of a TIF redevelopment plan is intended by the Village to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the TIF District and to improve the base and job creation within the Village.

The use of TIF relies upon induced private redevelopment in the RPA to create higher real estate values that would otherwise decline without such investment. By so doing, it would result in increased property taxes compared to the previous land use (and/or lack of use). In this way, the existing tax base for all tax districts would be protected and a portion of future increased taxes pledged to attract the requisite private investment.

Current Land Use. Land uses include commercial, residential and institutional properties. Despite its advantageous location, certain parcels in the area are underutilized and face challenges due to piecemeal development patterns. Road improvements along State Route 71, Washington Street (U.S. Highway 34), and Main Street that are currently underway offer

opportunities to coordinate redevelopment and to improve area valuations. This proposed TIF District would provide the Village with the possibility of bringing new development to an area that has become underutilized.

The proposed TIF District suffers from a variety of economic development impediments, as identified in the TIF Act. Namely the proposed RPA suffers from deterioration, obsolescence and lagging or declining equalized assessed valuations (EAV). Section V of this report identifies other impediments to redevelopment.

Refer to Appendix 1 of the TIF Plan which provides a detailed map of the proposed TIF.

General Scope and Methodology. KMA formally began its analysis by conducting a series of meetings and discussions with Village staff, starting in October 2015 and continuing periodically up to the date of this report's issuance. The purpose of the meetings was to establish boundaries for the TIF District and to gather data related to the qualification criteria for properties included in the TIF District. These meetings were complemented by a series of field surveys for the entire area to evaluate the condition of the proposed TIF.

For the purpose of the study, properties within the proposed TIF District were examined in the context of the TIF Act governing improved areas (separate provisions of the Act address non-improved or vacant areas). The qualification factors discussed in this report qualify the area as a Conservation Area, as the term is defined pursuant to the TIF Act.

During the course of its work, KMA reported to key Village staff its findings regarding TIF qualification and feasibility prospects for the area under study. Based on these findings the Village (a) made refinements to the TIF District boundaries and (b) directed KMA to complete this report and to move forward with the preparation of a Redevelopment Plan and Project for the TIF District.

For additional information about KMA's data collection and evaluation methods, refer to Section IV of this report.

II. QUALIFICATION CRITERIA USED

With the assistance of Village staff, Kane, McKenna and Associates, Inc. assessed the proposed TIF District to determine the presence or absence of qualifying factors listed in the TIF Act. The relevant sections of the Act are found below.

The Act sets out specific procedures which must be adhered to in designating a TIF District/Redevelopment Project Area. By definition, a Redevelopment Project Area is:

“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 a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

Under the Act, “Conservation Area” means any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality where certain conditions are met, as identified below.

TIF Qualification Factors for a Conservation Area. In accordance with the Illinois TIF Act, KMA performed a two-step assessment to determine if the proposed TIF District would qualify as a Conservation Area. First, KMA analyzed the threshold factor of age to determine if 50% or more of structures were 35 years of age or older.

If a proposed Conservation Area meets the age threshold, then the following factors are to be examined to determine TIF qualification:

If a *Conservation Area*, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of three (3) or more of the following factors, each of which is (i) present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the Redevelopment Project Area:

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

(B) Obsolescence. The condition or process of falling into disuse. Structures become ill-suited for the original use.

(C) Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities. 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, and obsolete or in disrepair; or (iii) lacking within the Redevelopment Project Area.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities. 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 exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses are considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up. The proposed Redevelopment Project Area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for (or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for) the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law. Any such remediation costs would constitute a material impediment to the development or redevelopment of the Redevelopment Project Area.

(L) Lack of Community Planning. The proposed Redevelopment Project Area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) Lagging or Declining EAV. The total equalized assessed value (EAV) of the proposed Redevelopment Project Area has declined for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated.

III. THE RPA

The proposed TIF District contains approximately 203 tax parcels located within the boundaries of the area.

The TIF District contains improved land designated primarily for commercial, industrial, residential, mixed-use and institutional purposes. The area's potential for redevelopment is challenged due to the fact that certain structures are older, some have been converted to other uses, and the area's overall uncoordinated appearance, due to multiple land uses and largely historic piecemeal development patterns. In particular, the area has been impacted by the general economic downturn in the commercial real estate market throughout the Chicago metropolitan area, including the Village of Oswego and Kendall County. Redevelopment options for the area are being considered by the Village.

IV. METHODOLOGY OF EVALUATION

In evaluating the TIF District's qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the TIF District were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Site surveys were completed for each parcel within the proposed TIF District.
- 2) KMA performed EAV trend analysis to ascertain whether EAV growth in the proposed TIF District underperformed relative to EAV growth in the balance of the Village.
- 3) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as deterioration, and obsolescence. Additionally, KMA reviewed the following data: 2008-2015 (most recent to date) tax information from Kendall County, parcel tax maps, site data, local history (discussions with Village staff), and an evaluation of area-wide factors that have affected the area's development (e.g., deterioration, obsolescence, etc.).
- 4) Existing structures and site conditions were initially surveyed only in the context of checking against statutory criteria detailed in the TIF Act and as applied to structures and site conditions on the parcels.
- 5) The TIF District was examined to assess the applicability of the different factors required for qualification for TIF designation under the Act. Evaluation was made by reviewing the information and determining how each measured when evaluated against the relevant factors. Land within the TIF District was examined to determine the applicability of the thirteen (13) different Conservation Area factors for qualification for TIF designation under the Act.

V. TIF QUALIFICATION FACTORS

Based upon KMA’s evaluation of parcels in the proposed TIF District and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the proposed TIF District as a Conservation Area. The factors are summarized in Exhibit 2 below. These factors are found to be clearly present and reasonably distributed throughout the TIF District, as required under the Act.

Exhibit 2
Summary of Conservation Area Findings

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed TIF District
13	3	6 <ul style="list-style-type: none"> • Obsolescence • Lack of Community Planning • Lagging or Declining EAV • Deterioration • Inadequate Utilities • Deleterious Layout

Note: In addition to 6 qualifying factors above, the proposed TIF District meets the statutory age threshold that 50% or more of the structures are of 35 years or older.

Finding as a Conservation Area. The TIF District is found to qualify as a Conservation Area under the statutory criteria set forth in the TIF Act. As indicated in Section II, KMA performed a two-step assessment, first finding that 50% or more of structures within the Conservation Area were over 35 years of age. Based upon County Assessor and site survey data, 84 of 130 structures (65%) are over 35 years in age.

Conservation Area Factors. As a second step, KMA reviewed the criteria needed to qualify an area as a Conservation Area, finding that seven factors were present:

- 1) Obsolescence. The Act states that obsolescence is the condition or process of falling into disuse or structures that have become ill-suited for their original use. The area exhibits both economic and functional obsolescence. Properties along and in the vicinity of Main Street, Washington Street (U.S. Highway 34) and Madison Street evidence conversions from initially residential uses to commercial or mixed uses. The need for parking, access/egress, storage or buffering to adjacent uses are present due to the conversions and limitations of lot sizes.

Due in part because of the area's older area (by definition being an area where 50% or more of the structures exceed 35 years in age), certain buildings within the proposed TIF District are no longer adequate for their original user or require upgrades in order to be competitive.

The RPA as a whole has factors that contribute to functional obsolescence such as overall building age (as mentioned 65% of the structures are over 35 years old), deterioration, limited lot depth, and the need for coordinated signage, streetscape, and internal circulation, including both pedestrian and vehicle use.

Many of the commercial structures exhibit design features or components that are outdated in relation to market conditions. Signage, façade and exterior treatments, and site improvements in many cases are "dated" and appear outmoded in relation to newer properties. Deterioration of site improvements or building components also contribute to the outmoded or "tired" appearance of many structures and facilities.

Declines in valuation support the economic obsolescence found in the RPA, indicating that both the age and the condition of the properties have resulted in an absolute decline of value from tax year 2009 to tax year 2015.

Overall, the lack of continued maintenance of properties, limited national/regional tenants, and the presence of older buildings have resulted in fewer opportunities for area retailers/commercial establishments to remain competitive in comparison to alternative locations.

- 2) Lack of Community Planning. The Act states that if the proposed Redevelopment Project Area was developed prior to or without the benefit or guidance of a community plan the factor is present. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

Both sides of Harrison Street, Main Street and Madison Street frontage include multiple land uses; including a number of single family homes interspersed with commercial/retail uses and conversions of residential to commercial uses. Some parcels include multiple structures and internal circulation between uses is limited.

As stated above, buffering to adjacent single family uses is mixed, and loading/unloading functions are also varied from use to use both along the business "core" and in adjacent areas. Existing uses reflect piece meal or uncoordinated development patterns. There is little continuity (in streetscape, signage, etc.) to differentiate the area from the neighboring areas.

Much of the development that has occurred within the RPA took place in an era prior to modern community planning techniques, and/or occurred under a lack of comprehensive and coordinated planning.

Lacking until recently has been effective and sustained economic development plans and strategies intended to address the coordinated redevelopment of the entire RPA. This is not to say that improvements did not take place over the years, but that they were implemented without the guidance of a master plan directed toward long-term benefit for the RPA. A lack of such efforts has contributed to the evolution of blighted factors currently present within the RPA.

The lack of coordinated development has left parcels that are inadequate in size and shape for contemporary development. This is evidenced by the narrow lots that the area's buildings sit on, the lack of parking for the area's businesses, the lack of adequate exterior access and the lack of buffering between uses.

- 3) Lagging or Declining EAV. This factor is present if the total equalized assessed value (EAV) of the proposed Redevelopment Project Area has declined for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated. The EAV has declined for three (3) out of the last five (5) calendar years and has lagged Consumer Price Index (CPI) for three (3) of the last five (5) years. Please refer to Exhibit 3 below.

Exhibit 3
EAV Trends for Proposed TIF District

	2015	2014	2013	2012	2011	2010
Total EAV for TIF District	7,571,485	\$7,168,214	\$7,397,632	\$7,710,027	\$7,534,858	\$7,958,662
EAV Annual % Change:	5.63%	-1.95%	-4.05%	2.32%	-5.33%	Base Year
Village Wide EAV: (Excluding the TIF)	782,841,868	\$746,521,305	\$744,930,605	\$779,490,106	\$836,708,892	\$889,906,116
Balance of Village EAV EAV	775,270,383	\$739,267,741	\$737,532,973	\$771,780,079	\$829,174,034	\$881,947,454
Annual% of Change:	4.86%	0.24%	-4.44%	-6.92%	-5.98%	Base Year
CPI-Urban Consumers	0.10%	1.60%	1.50%	2.10%	3.20%	1.60%

Source: Kendall County and U.S. Bureau of Labor Statistics

- 4) Deterioration. The Act defines deterioration as the physical decline of surface improvements, primary building components, and secondary buildings components such as doors, windows, porches or gutters. With respect to surface improvements, deterioration is determined by the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas (including but not limited to surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces).

Deterioration is primarily observed among the surface improvements. Parking lots adjacent to both vacant and occupied structures have widespread cracking as well as potholes and depressions. Because parking lots constitute a large percentage of overall land use in the RPA, the poorly maintained lots, in combination with the lack of buffering discussed above, have a negative aesthetic impact on the area. Approximately forty-six percent (46%) of the tax parcels evidenced deteriorated conditions.

Secondary evidence of deterioration was observed among certain buildings, such as the vacant properties identified above and in the rear portions of occupied buildings.

- 5) Inadequate Utilities. This factor is present if underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electric 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, and obsolete or in disrepair; or (iii) lacking within the Redevelopment Project Area.

Based upon review by the Village's engineer and Village staff, the following inadequate characteristics of the RPA's infrastructure are identified:

- Portions of the water main would need to be installed to connect with the existing water main and allow the entire TIF district to be served with potable water and fire protection service.
 - The sewer system is antiquated and is currently undersized; as a result a new storm sewer collection system would be required to serve a majority of the RPA.
 - Certain existing utilities may also require relocation as part of any redevelopment plan.
 - Numerous curb cuts and driveways connect to arterial streets and coordination of these approaches will be needed to reduce conflicts and improve traffic flow.
 - Curb and gutter improvements are required in some areas of the RPA.
- 6) Deleterious Land Use or Layout. The acts states that deleterious land use and layout occurs with the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses are considered to be noxious, offensive or unsuitable for the surrounding area.

As a whole the RPA has sufficient available parking space. However, existing parking is concentrated in municipal parking facilities in close radius to parks and residential units. Many businesses lack their own off-street parking and rely on public parking facilities to attract customers and clients. In many cases the parking is not adjacent or near the businesses.

Where public off-street parking does exist in close proximity to businesses, that parking is situated in positions with limited visual access to potential patrons. Noticeable public off-street parking is available, but many stores have not or cannot be re-oriented to where customers can enter within a few feet of where their vehicle is parked.

Also, traffic patterns and conditions are determinants in relation to deleterious land use and layout. Traffic issues in the RPA which contribute to this factor are management of traffic flow and volumes along Washington Street (U.S. Highway 34) at Madison Street, and Washington Street (U.S. Highway 34) at Main Street/Harrison Street/Adams Street. Daily challenges at the aforementioned intersections are created given that traffic is not separated from traffic for residential areas, and deficiencies in traffic related signage are causes for safety concerns in connection to pedestrian, general traffic, and especially truck traffic throughout the central area of the RPA.

Another factor is the ongoing issue of single-family homes within and on the fringes of the RPA which are in close proximity to commercial and institutional uses. In most instances, there is little buffer between such conflicting land-uses on parcels now zoned by the Village for retail and commercial uses.

Merchants and service providers operating in many of the structures are reliant on restricted on-street parking, or off-street parking facilities to serve the needs of customers and clients. This puts them at a competitive disadvantage with their counterparts in retail malls and business parks.

The majority of the area's buildings lack adequate loading and unloading provisions and as stated earlier, adequate off-street parking provisions. As a result, loading and unloading is primarily conducted with total or partial blocking of streets or driveways. Often, there is no significant buffer between commercial concerns and residential areas. Parking for employers and business patrons may be forced onto the neighboring residential side streets or on other off site alternatives.

VI. SUMMARY OF FINDINGS / GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the Village's potential designation of the proposed TIF District.

1. The area is contiguous and is greater than 1½ acres in size;
2. The proposed RPA will qualify as a Conservation Area. Further, the Conservation Area factors found in the RPA are present to a meaningful extent and are distributed throughout the area. A more detailed analysis of the qualification findings is outlined in Section V of this report;
3. All property in the area would substantially benefit by the proposed redevelopment project improvements;
4. The sound growth of taxing districts applicable to the area, including the Village, has been impaired by the factors found present in the area; and
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

In the judgment of KMA, these findings provide the Village with sufficient justification to consider designation of the TIF District.

The improved portions of the proposed RPA are found to be a “conservation area” due to the presence to a meaningful extent of the factors described in the previous section. For these reasons, the conditions identified will qualify the RPA for such a designation under the Act.

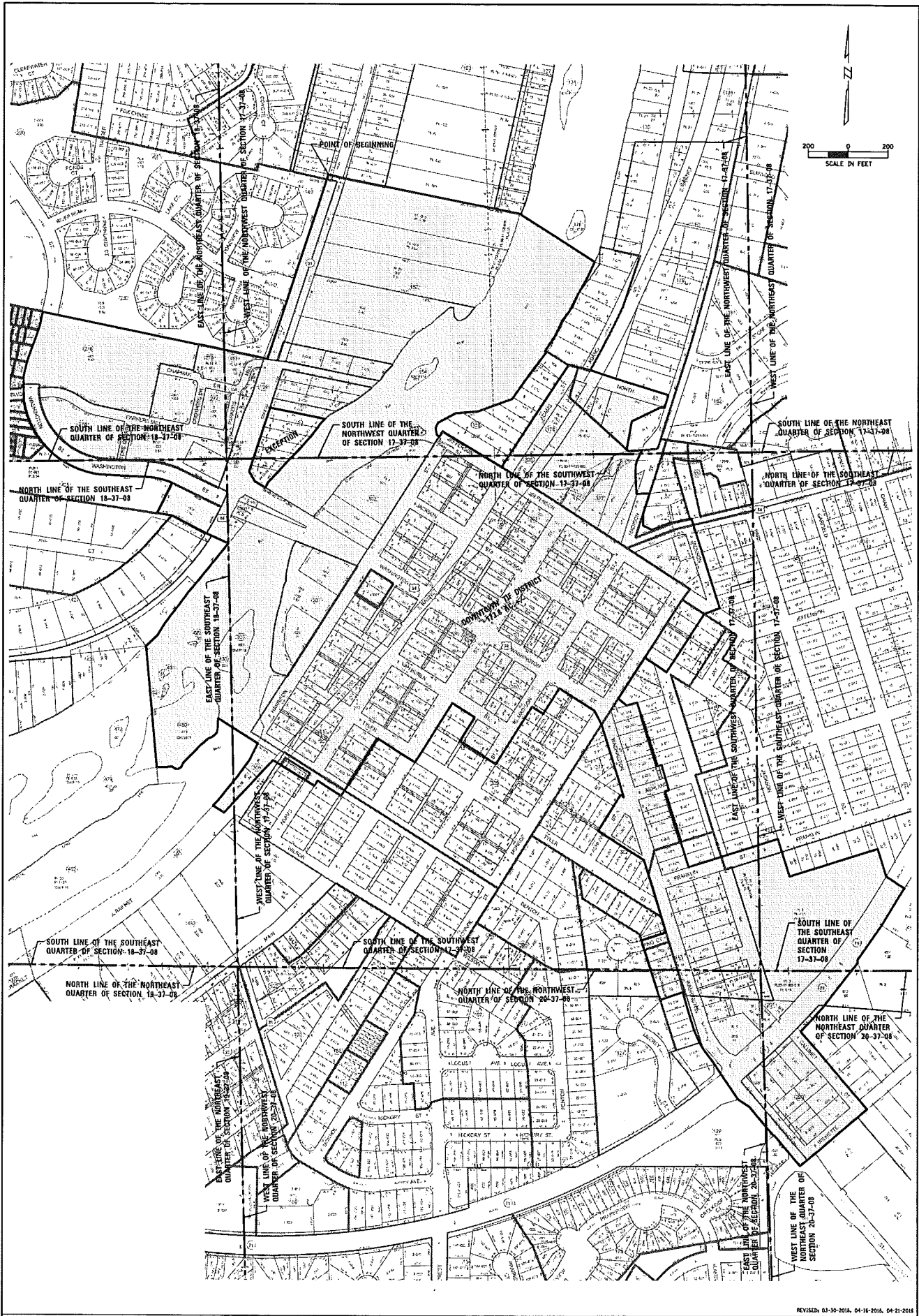
The TIF findings described in this report pertain to those properties located within the boundaries shown in Exhibit A. The following conservation area qualification factors are distributed throughout the area for the improved portion of the RPA: age, deleterious land use or layout, lack of community planning, obsolescence, inadequate utilities and excessive vacancies.

The proposed RPA, as it exists today, has conditions that impede its successful redevelopment. There is a need for actions and activities to promote its economic redevelopment, and to eliminate blighting conditions evident today throughout the RPA.

Without the benefits available through designation as a RPA, the presence of factors outlined above threaten to hinder existing private investments and reduce the potential for sound growth and the existing and future tax base for the area's taxing bodies. Designation of the proposed RPA as a TIF District by the Village would be consistent with the overall intent of the TIF Act. It is recommended, therefore, that the Village proceed with the TIF designation process and enact a Redevelopment Plan and Project Area for the proposed RPA.

S:\Client Folders\Oswego\2016 Main St.-Washington St. TIF

EXHIBIT A
RPA BOUNDARY MAP



CB CHRISTOPHER B. BURKE ENGINEERING, L.T.O.
 3575 West Higgins Road, Suite 600
 Rosemont, Illinois 60018
 (847) 823-0500

DOWNTOWN TIF DISTRICT
 IN
 VILLAGE OF OSWEGO, ILLINOIS
 PREPARED FOR
 VILLAGE OF OSWEGO

REVISED: 03-30-2016, 04-16-2016, 04-21-2016

CALC.	JRM	PROJECT NO.
DNW.	AJK	160148
CHKD.	JRM	SHEET 1 OF 1
SCALE:	1"=200'	DRAWING NO.
DATE:	03-28-2016	EXH160148A

5409920160148 SURVEY EXP 06/04/12.DWG

EXHIBIT B
PARCEL LIST

Proposed 2016 Oswego

Downtown TIF

Updated: 5/03/2016

PIN

03-17-152-003	03-17-309-001	03-17-327-017	03-17-337-012	03-20-201-001
03-17-152-004	03-17-309-002	03-17-329-001	03-17-337-013	03-20-201-002
03-17-152-005	03-17-309-003	03-17-329-002	03-17-337-014	03-20-203-003
03-17-152-006	03-17-309-004	03-17-329-003	03-17-337-015	03-20-203-004
03-17-152-007	03-17-309-005	03-17-329-004	03-17-351-001	03-20-203-005
03-17-152-008	03-17-309-006	03-17-331-001	03-17-351-003	03-20-203-008
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03-17-153-002	03-17-309-010	03-17-331-006	03-17-352-008	03-20-203-011
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03-17-308-006	03-17-327-015	03-17-337-010	03-20-128-012	
03-17-308-007	03-17-327-016	03-17-337-011	03-20-128-013	