NORTH SCHAUMBURG REDEVELOPMENT PLAN
TAX INCREMENT FINANCING
ELIGIBILITY STUDY

VILLAGE OF SCHAUMBURG, ILLINOIS

Al Larson, Village President

Prepared for the
Village of Schaumburg

Originally Prepared by:
Busse Consulting, Inc.

January 2009

Amended by:
Teska Associates, Inc.

FINAL January, 2014

CONTENTS

LIST OF FIGURES

LIST OF TABLES

EXECUTIVE SUMMARY

In 2009, an eligibility analysis was conducted for an approximately 175-acre area located in the northeast portion of the Village of Schaumburg (the "Village"), and generally bounded by Algonquin Road (IL Route 62) on the north, the Jane Addams Memorial (Northwest) Toll Road (I-90) on the south, Meacham Road on the west and Arbor Drive on the east (the "Project Area"). Based on that eligibility analysis (performed by Busse Consulting, Inc.), the Village approved the STAR LINE / T.O.D. Redevelopment Project and Plan, which was eventually dissolved in 2011 due to decreasing property values. In 2012, the Village retained Teska Associates, Inc. to reevaluate an expanded study area, including the original study area, the Motorola campus immediately west of the original Project Area, the Shoppes at Prime Village north of the original Project Area, the International Village apartments north of the Motorola campus, the Tollway Industrial Park west of the Motorola campus, the Schaumburg Atrium Center/Discover Office Park/Lakewoods Corporate Center north of Algonquin Road between Plum Grove Road and Quentin Road, the Woodfield Business Center south of the Tollway, and the potential Sunstar development and Medieval Times at the northwest corner of Roselle Road and the Tollway. The expanded project area contains a total of 156 buildings on 714 parcels, including approximately 1,070 acres in area.

Over the past 20 years the Village has carefully planned for the improvement of this section of the Village for purposes of strengthening its long term viability, and expanding its tax base. In 2008, the Village completed the STAR Line Transit Oriented Development District Plan ("T.O.D. Plan"), and updated and expanded this plan in 2013, now referred to as the "North Schaumburg Concept Plan," which serves as a planning document for guiding future development within the proposed TIF area.

To address blighting conditions that weaken the Village's tax base and prevent the Project Area from developing in accordance with Village goals and objectives, the Village desires to (1) adopt a redevelopment plan and project to stimulate the comprehensive redevelopment of the Project Area, (2) designate the Project Area

as a redevelopment project area, and (3) adopt the use of tax increment financing ("TIF") all in accordance with the *Illinois Tax Increment Allocation Redevelopment Act* (65 ILCS 5/11-74.4-1, et seq.) as amended (the "Act").

The Village has engaged the community planning and economic development consulting firm of Teska Associates, Inc. ("Teska") to review and revise the original eligibility study and conduct surveys and analyses of the expanded Project Area in order to determine whether existing conditions within the Project Area are sufficient to classify all or portions of the Project Area as a "blighted area," "conservation area," or a combination thereof according to the Act. This report entitled, *North Schaumburg Redevelopment Project Area Eligibility Study* (the "Eligibility Study") documents conditions that qualify the Project Area for possible designation as a redevelopment project area pursuant to the Act. This Eligibility Study, together with the *North Schaumburg Redevelopment Plan and Program* (the "Plan"), to which this Eligibility Study is incorporated as "EXHIBIT E ," serves as the basis for the Village determining whether all or a portion of the Project Area qualifies for designation as a redevelopment project area according to the Act.

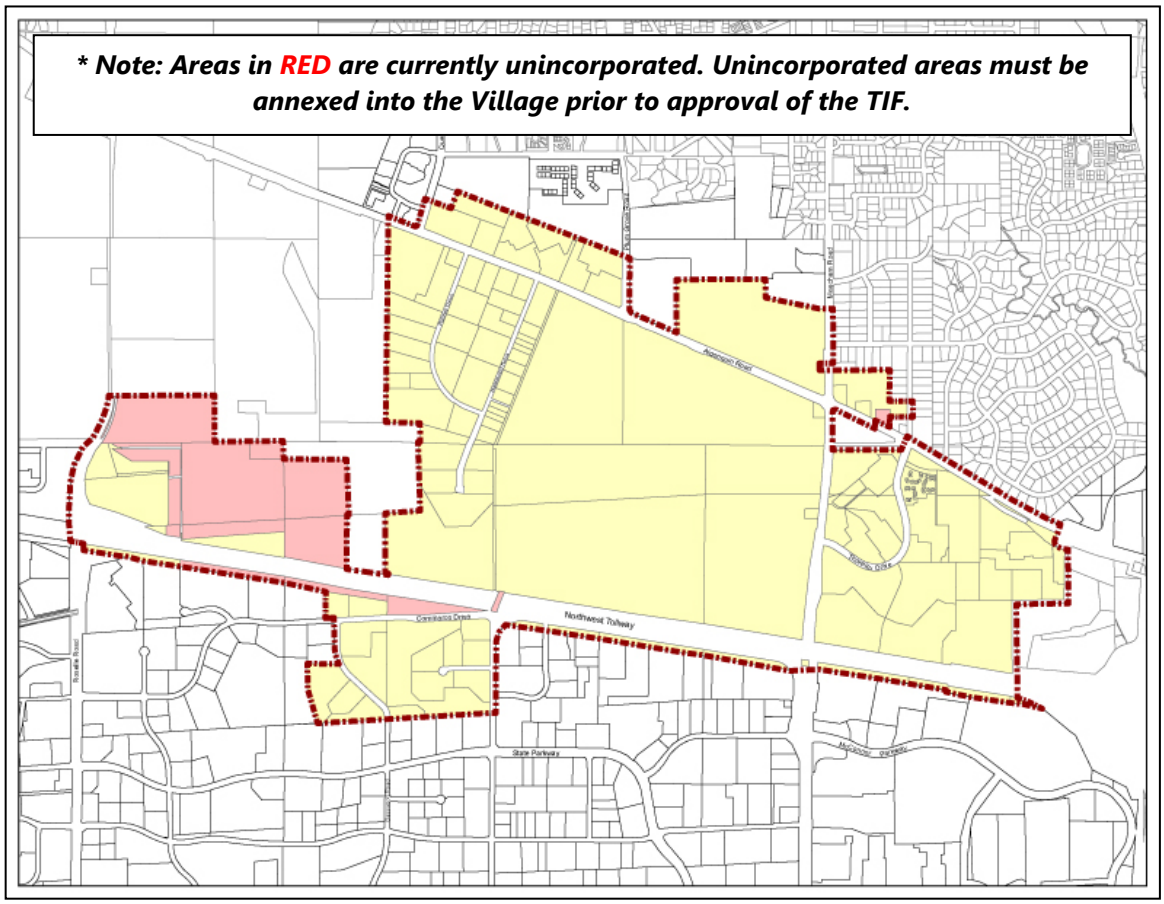
FIGURE 1, *Project Area Boundary*, illustrates the boundary of the Project Area. The Project Area includes a mix of land uses including multi-family residential, commercial, manufacturing, office, hotels, and public uses. "EXHIBIT B ", *General and Legal Description of the Project Area*, contains a legal description of the Project Area.

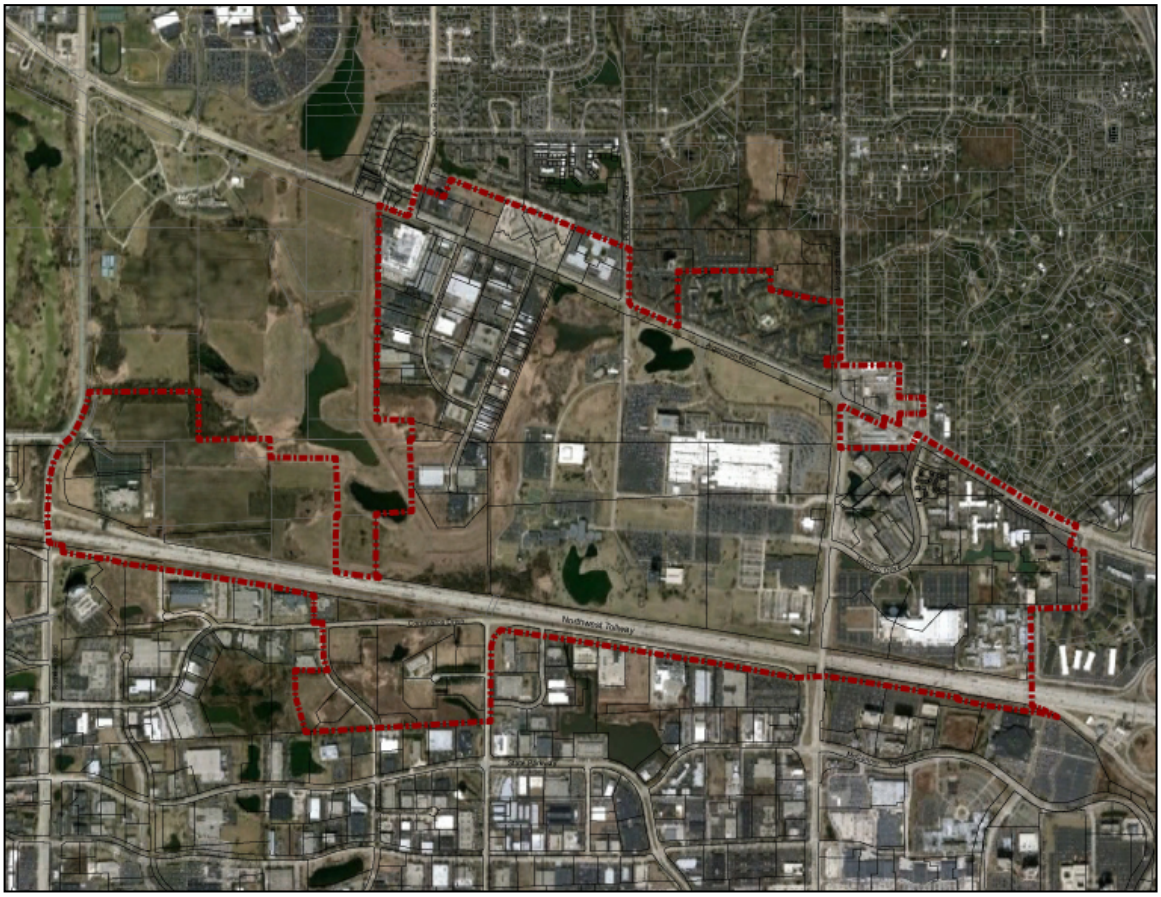
Conclusions

Based upon surveys and analyses conducted for the Village by Teska, the Project Area consists of an improved area, and conditions exist within the improved area to classify the Project Area as a "**conservation area**" for the purposes of qualifying it as a redevelopment project area in accordance with the Act. In accordance with the Act, more than fifty percent (50%) of the buildings are 35 years of age or older, and of the thirteen total qualifying factors set forth in the Act, the following five (5) factors are present to a meaningful extent. In making the determination of redevelopment project area eligibility, it is not required that each and every property or building in the Project Area exhibit qualifying factors. Instead, eligibility is determined on the basis of the conditions within the Project Area as a whole.

- Deterioration
- Obsolescence
- Excessive vacancies
- Lack of community planning
- Declining or lagging equalized assessed valuation ("EAV")

Figure 1: Project Area Boundary





The additional factors of "excessive land coverage" "deleterious land use and layout" and "structures below minimum code standards" are also present in the Project Area but to a lesser extent and are not counted towards eligibility of the Project Area.

The conclusion of Teska is that the number, degree, extent, and distribution of factors as documented in this Eligibility Study qualify the Project Area to be classified as a "conservation area" as defined in the Act. The conclusions presented in this Eligibility Study are those of Teska. Prior to adopting the necessary ordinances approving the TIF Redevelopment Plan and Program (the companion document to this Eligibility Study), designating the Project Area and approving the use of tax increment financing, the Village has reviewed this Eligibility Study, the eligibility methodologies, related supporting data, and conclusions contained herein. As part of the adoption of the above mentioned ordinances, the Act requires the Village to make this Eligibility Study a part of the public record.

I. INTRODUCTION

A. BASIS FOR REDEVELOPMENT

In 1977, the Illinois General Assembly passed the Act, thereby making tax increment financing ("TIF") available for municipalities state wide. Contained within the preambles of the Act are the following legislative findings of the General Assembly:

- There exist within municipalities throughout the State blighted and conservation areas;
- The presence of blight or conditions that lead to blight are detrimental to the safety, health, welfare, and morals of the public; and
- The eradication of blighted areas and the treatment and improvement conservation areas by redevelopment projects are essential to the public interest.

The Act specifies that certain requirements be met before a municipality can establish a redevelopment project area. One of these requirements is

that the municipality must demonstrate that the redevelopment project area qualifies either as a "blighted area" or as a "conservation area" or combination thereof, within the definitions set forth in the Act.

B. PROJECT AREA ELIGIBILITY

As set forth in the Act, a "redevelopment project area" means an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres and in respect to which the municipality has made a finding that there exist conditions that cause the area to be classified as a Blighted Area, or a Conservation Area, or an Industrial Park Conservation Area, or a combination of both Blighted Areas and Conservation Areas.

The Act establishes separate redevelopment project area eligibility criteria for improved areas and vacant areas. A redevelopment project area may contain both improved and vacant areas. For an improved area to qualify for inclusion in a redevelopment project area it must be classified as either a Blighted Area or a Conservation Area. For a vacant area to qualify for inclusion in a redevelopment project area it must be classified as a Blighted Area under one of two definitions of blight for a vacant area. Summarized below is the definition contained in the Act that guides a municipality in classifying an improved area as a Conservation Area.

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

1. *Dilapidation*
2. *Obsolescence*
3. *Deterioration*
4. *Presence of structures below minimum code standards*

5. *Illegal use of individual structures*
6. *Excessive vacancies*
7. *Lack of ventilation, light, or sanitary facilities*
8. *Inadequate utilities*
9. *Excessive land coverage and overcrowding of structures and community facilities*
10. *Deleterious land use or layout*
11. *Environmental remediation*
12. *Lack of community planning*
13. *Declining or lagging equalized assessed valuation ("EAV")*

Based on various surveys and analyses by Teska, the Project Area (i) exceeds the minimum 1.5-acre requirement with approximately 1,070 acres, (ii) is an improved area, (iii) meets the 35-year age requirement for more than fifty percent (50%) of the structures, and (iv) contains a sufficient presence of qualifying factors to classify it as a Conservation Area.

II. THE PROJECT AREA DESCRIPTION

The Project Area contains approximately 1,070 acres, is located within a prominent portion of the Village, and is generally bounded by Algonquin Road (IL Route 62) on the north, the Jane Addams Memorial (Northwest) Toll Road (I-90) on the south, Roselle Road on the west, and Arbor Drive on the east. Additional parcels north of Algonquin Road (International Village apartments, Discovery Office Park, Schaumburg Atrium Center, and Lakewoods Corporate Center), and south of the Tollway (Woodfield Business Center) are also included. Existing land uses within the Project Area consist of multi-family residential, commercial, manufacturing, office, hotels, and public uses.

For purposes of this redevelopment planning analysis, Teska divided the Project Area into thirteen (13) planning sub-areas. **FIGURE 2**, *Planning Sub-Areas* illustrates the geographic location of the thirteen planning sub-areas. **TABLE 1**, *Land Uses by Sub-Area*, lists the principal land uses within the Project Area. The eastern portion of improvements within the Project Area were planned and constructed pursuant to the Walden International Planned Unit Development (the "Walden Development"). The Walden Development was originally approved in 1968 as a 155-acre mixed-use development including multiple-family residential, commercial, office, and office/service uses. The residential uses consist of townhouses, condominiums and

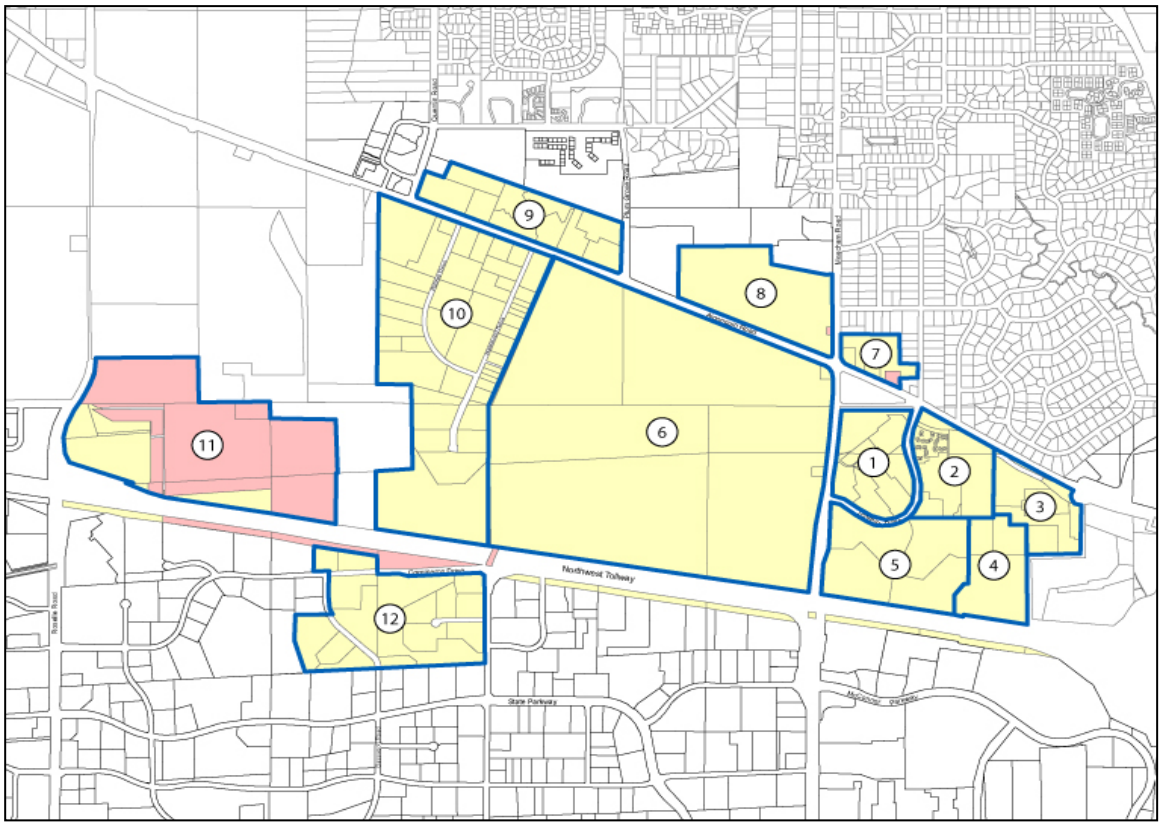
apartments. The Motorola facility began construction in 1967 on their 325-acre campus to the west of the Walden Development (across Meacham Road). During the time of the Motorola construction, International Village, a large apartment complex, was opened which provided the first multiple-family housing in the Village. The balance of the western part of the TIF District developed with primarily office and industrial uses, including Salt Creek office center (1979), Atrium Center and Plum Grove Executive (now Discovery) office center (1985), Lakewood Corporate Center (1986), and the Medieval Times entertainment use in 1991. Development of the Tollway Industrial Park began in 1966, with new business locations continuing through the 1970s and early 1980s for a wide range of manufacturing uses.

The Project Area is characterized by excessive vacancies in the office, multi-family and manufacturing developments, deterioration of buildings and site improvements throughout the entire project area, and the annual growth in equalized assessed value ("EAV") for the Project Area has decreased for 3 of the previous 5 years. Additionally, excessive land coverage in the residential developments with limited access and parking space, and obsolescence of office and manufacturing buildings is present within the Project Area. Finally, at the time the Project Area was first developed, the "General Development Plan" contained in the Village's 1962 Comprehensive Plan called for the area east of Algonquin Road to be developed with manufacturing uses similar to the Motorola Campus to the west. However, this area was developed with multi-family housing, commercial, and office, which was not consistent with the Comprehensive Plan. In addition, the far western portion of the Project Area (Medieval Times) was developed commercially against the recommendations of the Comprehensive Plan.

Table 1: Land Uses by Sub-Area

Sub-Area	Land Uses	No. of Buildings
1	Embassy Suites Hotel, Embassy Plaza, Woodfield Green Office Complex, and American Veterinary Medical Association (AVMA) Building	5
2	Mobil Station, Walden Townhouses (50 units), Hawthorn Estates (219 units), Walden Condominiums (204 units)	24
3	Best Western Hotel, Finn McCool's, Moretti's, Walden Office Square (1821, 1827, 1834)	6
4	Village of Schaumburg storm water pump station, Lakeside of Walden Condominiums (99 units), Field Pointe of Schaumburg apartments (396 units)	16
5	Convention Center / Renaissance Hotel	1
6	Motorola campus	13
7	Shoppes at Prime Village	6
8	International Village Apartments	37
9	Discovery Office Park, Schaumburg Atrium Center, Lakewoods Corporate Center	8
10	Tollway Industrial Park	37
11	Medieval Times, Potential Sunstar Development	1
12	Woodfield Business Center	2
	Total	156

Figure 2: Planning Sub-Areas



III. ELIGIBILITY AND ANALYSIS FINDINGS

Teska conducted the following surveys and analyses within the Project Area to determine whether and to what extent any of the blighting factors are present within the Project Area.

- An exterior survey of the condition and use of each building
- A site conditions survey of streets, sidewalks, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance
- An analysis of existing uses and their relationships
- A comparison of surveyed buildings to local codes of the Village
- An analysis of original and current platting and build
- An analysis of vacant buildings and tenant spaces
- An analysis of equalized assessed valuation over the past five years
- A review of previously prepared plans, studies and data

A. BUILDING CONDITION ANALYSIS

In June and again in September 2012, Teska documented building and property conditions by means of a detailed exterior survey. Noted during the inspections were structural deficiencies and occupancies of individual buildings and related environmental deficiencies within the Project Area. Summarized below is the process used for evaluating building conditions in the Project Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation or deterioration of structures.

1. Building Components Evaluated

During the field survey, each component of a subject building was visually inspected to determine whether it was in sound condition or had minor, major, or critical defects. Each primary and secondary component was evaluated separately as a basis for determining the overall condition of individual buildings. This evaluation considered the relative importance of specific components within a building and the effect that deficiencies in components will have on the remainder of the building. Building components examined were of two types.

a) *Primary/Structural Components*
These include the basic elements of any building: foundation walls, load bearing walls and columns, roof, and roof structure.

b) *Secondary components*
These are components generally added to the primary structural components and are necessary parts of the building, including porches and steps, windows and window units, doors and door units, chimneys, and gutters and downspouts.

2. Building Component Classifications

The four categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below.

1. *Sound*
A Sound classification is given to building components that contain no defects, are adequately maintained, and require no treatment outside of normal maintenance as required during the life of the building.

2. *Minor Deficient*
A Minor Deficient classification is given to building components that contain minor defects (loose or missing material or holes and cracks over a limited area), which may or may not be corrected through the course of normal maintenance but could be significant depending on the size of the building or number of buildings in a large complex. Buildings with minor defects clearly indicate a lack of or a reduced level of maintenance. Minor defects have limited effect on either primary or secondary components and the correction of such defects may be accomplished by the owner or occupants of small and medium size residences and commercial buildings. Minor defects are not considered in rating a building as structurally substandard.

3. *Major Deficient*
A Major Deficient classification is given to building components that contain major defects over a widespread area, which would be difficult to correct through normal maintenance. Buildings in the

major deficient category would require replacement or rebuilding of components or significant upgrading of larger buildings or complexes of buildings by people skilled in the building and maintenance trades.

4. *Critical (Dilapidated)*
   A Critical classification is given to building components that contain major defects so extensive that the building is classified as substandard (dilapidated) and the cost of and degree of repair would be excessive or unfeasible. Examples of such major defects are bowing, sagging, or settling to any or all exterior component causing the structure to be out-of-plumb, or broken, loose, or missing material and deterioration over a widespread area.

B. AGE

Age is a prerequisite factor in determining an area's qualification for designation as a conservation area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems can be a function of time, level of maintenance and climate, structures which are 35 years in age or older typically exhibit more problems and require greater maintenance than more recently constructed buildings.

The Project Area contains 156 buildings consisting of a variety of building types including office, hotel, retail, manufacturing, multi-family residential, and public buildings. Of the total 156 total buildings, approximately 96 (62%) are 35 years in age or older.

Conclusion
Fifty percent (50%) or more of the buildings in the Project Area are 35 years of age or older; therefore, the Project Area meets the prerequisite for designation as a "conservation area."

C. PRESENCE OF CONSERVATION AREA FACTORS

Summarized below are the definitions contained in the Act that serve as guidelines for identifying blighting conditions, followed by the conclusions of the surveys and analyses completed for each blighting factor based on existing conditions within the Project Area.

The conclusions indicate whether the factor is present within the Project Area, and the relative extent to which the factor is present. A factor noted as "not present" indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses that would indicate its presence. A factor noted as "present to a limited extent" indicates that the factor is present, but the distribution or impact of the factor is limited. Finally, a factor noted as "present to a meaningful extent" indicates that the factor is present throughout major portions of the Project Area, and that the presence of such conditions has a major adverse impact or influence on adjacent and nearby development. Only qualifying factors "present to a meaningful extent" are counted towards eligibility of the Project Area.

1. Dilapidation

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

Discussion / Conclusion

The condition of each building was determined based on findings of an exterior survey of each building within the Project Area, as described earlier in this Eligibility Study. The results of the analysis indicate that while "deterioration" is widely present, its presence is not advanced to the degree of "dilapidation." The factor of "dilapidation" is not present within the Project Area.

2. Obsolescence

As defined in the Act, obsolescence refers to *"the condition or process of falling into disuse. Structures have become ill suited for the original use."*

Discussion

With respect to properties and buildings, the nature of obsolescence may be functional or economic, or a combination of both. Generally, functional obsolescence relates to the physical utility of a property or structure, and economic obsolescence relates to the ability of a property or building to compete in the market place.

a) Functional obsolescence

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

Over time, geographical and structural changes occur within industries and real estate markets causing properties to become ill suited for their original use, resulting in deficiencies in those buildings that limit their ability to function for their original purpose. This loss in functionality and overall usefulness or

desirability of a property, diminishes the value of the property and the building.

b) Economic obsolescence

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

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

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

<u>Conclusion</u>

Overall, "obsolescence" is present to a meaningful extent throughout the Project Area. Obsolescence within the Project Area includes multi-family residential buildings containing obsolete

heating, ventilation, and air-conditioning (HVAC) as evidenced by window air conditioners protruding from windows, as opposed to high-efficiency HVAC systems contained in modern residential construction. Additionally, enclosed parking provided for Field Pointe of Schaumburg is constrained by limited floor-to-ceiling heights, and 6-foot-1-inch garage door heights. The International Village apartments, constructed in 1967, also lack amenities available in modern multi-family developments.

Also, obsolescence is evidenced by buildings of limited size, design, and utility where excessive vacancies appear as first symptoms of obsolescence. Thirteen (13) of the fifteen (15) office buildings (87%) within the Project Area currently have excessive vacancies in terms of floor area and duration. Over the past 4 years, all of the office buildings have had an average quarterly vacancy rate exceeding 10 percent, and in most cases significantly higher. Currently, approximately 379,738 sf (or 41%) of the total 926,180 sf of total leasable office space is vacant within the Project Area, with individual building vacancies as high as 100 percent in some cases (Schaumburg Atrium Center). Significant vacancies also exist within the Motorola campus buildings (approximately 35%), with 3 of the 13 buildings completely or nearly completely vacant and no longer suitable for use by Motorola. Additional vacancies are also present within the Tollway Industrial Park and adjacent commercial space along Algonquin Road.

3. Deterioration

As defined in the Act, deterioration refers to, *"with respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but*

not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protrude through paved surfaces."

Discussion

Based on the definition contained in the Act, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. For purposes of evaluating structures to determine the presence of deterioration, the following guiding principles were followed.

- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of paint, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.

- Deterioration, which is not easily correctable and cannot be accomplished in the course of normal maintenance, may also be evident in buildings. This would include buildings with defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, interior walls, ceilings, stairs etc.), and defects in primary building components (e.g., foundations, frames, roofs, floors, load-bearing walls, or building systems, etc.), respectively. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree and extent of primary and secondary component defects.

- All buildings and site improvements classified as dilapidated are also classified as deteriorated.

Deterioration of Site Improvements

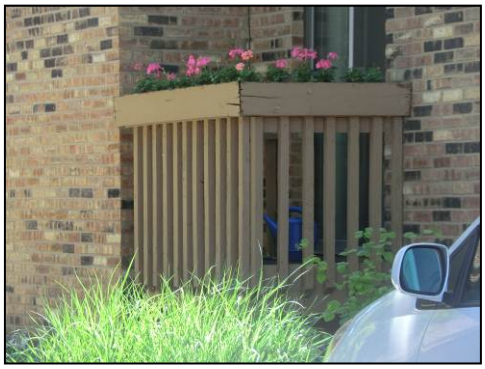
Field surveys were conducted to identify the condition of site improvements, including street pavement, parking, and surface storage areas.

Examples of deteriorating site improvements throughout the Project Area (streets, parking areas, sidewalks, curbs, fences, etc.)

Deterioration of Buildings

The presence of deterioration among buildings contained within the Project Area was determined based on observable components and the degree and distribution of minor and major defects. The analysis of building and site deterioration is based on the survey methodology and criteria described in the preceding section entitled "Building Condition Analysis."

Examples of deteriorating building improvements throughout the Project Area (foundation cracks, tuck pointing, decks, roofs, etc.)



Conclusion

Various site improvements and parking lots are in poor condition throughout the Project Area, with surface parking lots containing extensive cracking, potholes and depressions, protruding weed growth, instances of crumbling curbs and gutters, cracks in sidewalks, collapsing fences, and failing retaining walls. **TABLE 2**, *Summary of Building Conditions,* tabulates primary building deterioration by extent and location. Overall, deterioration of site improvements is present in all twelve (12) sub-areas within the Project Area, while minor deterioration of buildings is present in eight (8) out of twelve (12) sub-areas. Major deterioration is present in only one (1) out of twelve (12) sub-areas.

Table 2: Summary of Building Conditions

Sub-Area	Total Structures	Sound	Minor Deficient	Major Deficient	Substandard Dilapidated
1	5	5	0	0	0
2	24	2	22	0	0
3	6	3	3	0	0
4	16	2	14	0	0
5	1	1	0	0	0
6	13	6	7	0	0
7	6	4	2	0	0
8	37	12	23	0	0
9	8	8	0	0	0
10	37	18	18	1	0
11	1	0	1	0	0
12	2	2	0	0	0
Total	156	63	90	1	0
Percent	100%	40%	57%	1%	0%

Of the 156 structures within the Project Area, 91 exhibit some signs of deterioration (or 58%). Overall, deterioration of buildings and site improvements is present to a meaningful extent throughout the entire Project Area.

4. Illegal Use of Individual Structures

As defined in the Act, illegal use of individual structures refers to "*the use of structures in violation of applicable federal, state, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.*"

Discussion / Conclusion
While some of the uses, layout of sites, setback requirements, and building coverage may not be in conformance to current building or zoning requirements, no illegal activities were found to be present. "Illegal use of individual structures" is not present within the Project Area.

5. Structures Below Minimum Code Standards

As defined in the Act, the presence of structures below the minimum code standards refers to "*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.*"

Discussion
As referenced in the definition above, the principal purposes of governmental codes applicable to properties are to require buildings to be constructed in such a way as to sustain safety of loads expected from the type of occupancy; to be safe for occupancy against fire and similar hazards; and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code standards are characterized by defects or deficiencies that threaten the health, safety, or general welfare of its occupants or adjacent properties.

Conclusion
The factor of "structures below minimum code standards" is present to some extent within the Project Area but has not been confirmed by supporting evidence from the Village. As previously noted, 91 of 156 buildings (58%) exhibited some level of building deterioration, including potentially hazardous deck supports and columns

supporting porticos over entranceways. Additionally, handicap access (ADA) is obstructed and inadequately marked for some building entrances. This suggests some degree of code violations are present, but without supporting documentation "structures below minimum code standards" is not used as a qualifying factor for eligibility of the Project Area.

6. Excessive Vacancies

As defined in the Act, excessive vacancies refer to "*the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.*"

Discussion / Conclusion

The factor of excessive vacancies is present to a meaningful extent in office buildings throughout the Project Area, throughout the Motorola campus and Tollway Industrial Park, and in residential buildings located in Sub-Areas 2 and 4.

In addition, currently thirteen (13) of fifteen (15) office buildings (87%) in the Project Area contain excessive vacancy rates. During the past years, from 2009 to the first quarter of 2013, the combined vacancy rates for the total leasable office space throughout the Project Area exceeded 40%. **TABLE 3**, *Office Building Vacancy Rates: 2009 – 2013*, lists annual office vacancy rates for the past four (4) years.

Table 3: Office Building Vacancy Rates: 2009 – 2013

	Total SF	Total Avail SF	% Vacancy
Current	1,148,497	449,358	39.1%
2012	1,148,497	430,915	37.5%
2011	926,180	401,803	43.38%
2010	926,180	395,800	42.73%
2009	926,180	386,050	41.68%

Source: Village of Schaumburg CoStar report through 1Q 2013

Motorola is experiencing excessive vacancies throughout their campus as well. Out of approximately 2.6 million square feet of available space, approximately 900,000 sq. ft. is currently vacant, or approximately 35% of the total campus is currently unoccupied.

Excessive vacancies within multi-family residential buildings located in Sub-Areas 2 and 4, is the result of a combination of factors, including (i) higher than normal turnover rates for units, (ii) removal of units from the market for purposes of remodeling those units in an effort to enhance their marketability, (iii) and an attempt at converting an apartment building into condominiums. Aggravating residential vacancies is the current financial market where mortgage lending has essentially dried up.

Vacancies of the four multiple-family developments range from 4% to approximately 20%. In addition, the Tollway Industrial Park contains scattered vacancies (6 of 37 buildings, or 16%) throughout the development, including completely vacant buildings as well as multi-tenant buildings with partial vacancy.

Overall, vacancies within the Project Area are significant in terms of floor area and duration. **Therefore, "excessive vacancies" is present to a meaningful extent throughout the Project Area**.

7. Excessive Land Coverage

As defined in the Act, excessive land coverage and overcrowding of structures and community facilities refers to *"the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area that exhibits excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and 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 reasonable required off-street parking, or inadequate provision for loading and service."*

Discussion

The eastern portion of the Project Area contains multiple buildings arranged on separate lots containing limited and disjointed open space. The pedestrian and vehicular circulation systems serving the various uses within the Project Area do not promote convenient, accessible and shared access of open space for the benefit and enjoyment of persons living and working within the Project Area. Excessive land coverage and overcrowding of sites pertains primarily only to the multi-family residential developments in Sub-Areas 2 and 4 with limited space between buildings, open space for landscaping features and limited parking spaces based on the number of units. In some of the residential developments, there appears to be insufficient or limited spaces allocated for guest parking. Consequently, the layout of the residential developments which proportionally represent a limited portion of the total Project Area (5% of the total area of the Project Area), do not promote the intended synergistic relationship between similar uses and open space, thereby creating excessive land coverage within only a limited portion of the Project Area. Evidence of

the existence of excessive land coverage for the eastern portion of the Project Area (east of Meacham Road) is listed below:

1. The Walden Development consists of a series of separate residential and commercial developments. Collectively, however, the separate design and layout of each use does not promote the intended synergistic relationship and activities between and among similar and dissimilar uses within the Project Area.

2. Land use layout and building orientation is largely designed to accommodate and promote automobile access, parking and circulation, rather than for purposes of enhancing the quality of life for residents, employees, and guests through shared parking, pedestrian and land-use connections, and other site amenities.

3. With a limited exception of open space devoted to and surrounding storm water retention ponds, open space within the Project Area is largely arranged to accommodate set-back requirements, rather than for purposes of enhancing the quality of life for residents, employees, and guests through shared and useable open space, pedestrian and land-use connections, and other site amenities.

Conclusion

The factor of "excessive land coverage and overcrowding of structures and community facilities" is present primarily within the eastern portion of the Project Area to the east of Meacham Road. Therefore, due to the limited extent of the Project Area affected (approximately 50 acres or 5% of the total area) "excessive land coverage and overcrowding of structures and community facilities" is not present to a meaningful extent.

8. Lack of Ventilation, Light, or Sanitary Facilities

As defined in the Act, lack of ventilation, light, or sanitary facilities refers to *"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 or inadequacy 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 refer 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."*

Discussion / Conclusion

The exterior survey alone could not adequately document the presence of this factor. Therefore "lack of ventilation, light, and sanitary facilities" was not documented as part of the Project Area eligibility analysis.

9. Inadequate Utilities

As defined in the Act, inadequate utilities refers to *"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 within the Village to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area."*

Discussion / Conclusion

Information provided by the Village indicates that existing utilities are generally adequate, and there is no plan at this time for significant upgrades to existing utilities. However, no utilities exist to serve the vacant land at the western boundary of the Project Area. Since the

vacant area is a relative small portion of the entire planning area, this alone is not sufficient support for the inclusion of this criteria. Accordingly, "inadequate utilities" was not found to be present in the Project Area to a meaningful extent.

10. Deleterious Land Use or Layout

As defined in the Act, deleterious land use or layout refers to *"the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area."*

Discussion/Conclusion
Examples of incompatible land-use relationships include inappropriate mixed-uses, or uses that no longer promote the intended synergistic relationship between the similar uses as originally intended, creating dysfunctional use relationships and inadequate spaces, and obsolete uses that no longer conform to current development trends. These conditions lead to economic and functional obsolescence, and the overall decline of an area.

Although the Walden Development, approved in 1968, exhibits design problems in the poorly designed and integrated mix of uses, excessive surface parking, lack of open space and pedestrian amenities, buffers, poor access and circulation, the overall land use objectives to provide housing near employment centers to reduce vehicle travel remains a desirable planning objective.

Therefore, "Deleterious land use or layout" is not present within the Project Area.

11. Lack of Community Planning

As defined in the Act, lack of community planning means that *"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."

Discussion

In 1962, the Village adopted its first Comprehensive Plan (the "1962 Comp Plan"), which was last updated in 1996. The 1962 and subsequent Comprehensive Plan updates have served as the community plan over the past 50 years for purposes of guiding development throughout the Village, including the Project Area. The "General Development Plan" contained in the 1962 Comp Plan called for the Project Area to be developed with manufacturing uses, which has occurred on the western portion of the Project Area with the development of the Motorola campus, beginning in 1967, and later development of the Tollway Industrial Park.

During the early 1960s, northwest suburban municipalities were capturing a great amount of the rising demand for manufacturing space and developments. Accordingly, it was reasonable for the Village to include in its 1962 Comprehensive Plan accommodations for manufacturing facilities. Additionally, the Project Area was conveniently located at the interchange of Interstate 90 (I-90) and Illinois Route 53.

Parallel with the rising manufacturing sector was a growth in jobs, and a need to house employees. However, opportunities for accommodating a growing employment base near existing utilities and roadways was limited within adjacent municipalities due to a lack of land area set aside for new multi-family housing, as well as perceived incompatibility between multi-family housing and single-family housing within the general development community.

To accommodate a growing population, as well as to enhance its tax base, the Village parted from its 1962 Comprehensive Plan when developing the eastern portion of the Project Area (east of Meacham Road). However, developments such as Walden Development were new for both the Village, as well as the northwest suburbs. Likewise, switching from a manufacturing use to a mix of residential, commercial and office uses presented various seen and unforeseen planning risks

and hurdles that the Village would tend to and strive to overcome to ensure successful horizontal integration of the mixed uses.

As a result of new and untested design elements of the Walden Development, and an absence of effective community planning to respond to those elements in 1968, the Project Area exhibits evidence of adverse or incompatible land-use relationships (both between and among similar and dissimilar uses), inadequate street layout, improper subdivision, and parcels of inadequate shape and size to meet contemporary development standards; evidence demonstrating an absence of effective community planning throughout the eastern half of the Project Area. Evidence of the existence of lack of community planning for the eastern portion of the Project Area is listed below:

1. The Walden Development consists of a series of separate residential and commercial developments. Collectively, however, the separate design and layout of each use does not promote the intended synergistic relationship and activities between and among similar and dissimilar uses within the Project Area.

2. Land use layout and building orientation is largely designed to accommodate and promote automobile access, parking and circulation, rather than for purposes of enhancing the quality of life for residents, employees, and guests through shared parking, pedestrian and land-use connections, and other site amenities.

3. Numerous commercial and residential access drives are not aligned along collector streets, which aggravate the circumstance of incompatible land use relationships.

4. Lack of shared access drives and parking among similar uses, combined with limited and inefficient internal circulation aggravate vehicular circulation, and creates "invisible" barriers to otherwise complementary land uses.

5. With a limited exception of open space devoted to and surrounding storm water retention ponds, open space within the Project Area is largely arranged to accommodate set-back requirements, rather than for purposes of enhancing the quality of life for residents,

employees, and guests through shared and useable open space, pedestrian and land-use connections, and other site amenities.

The success of industrial development and access provided by the Tollway has brought new opportunities to the Village for expanded industrial uses. The expansion of the TIF District to include properties to Roselle Road is proposed to capture such new development opportunities. However, the most recent 1996 Village Comprehensive Plan does not address or have a plan for the expansion of industrial or other uses to Roselle Road.

Conclusion

"Lack of Community Planning" is present to a meaningful extent throughout the eastern and western portions of the Project Area. **Therefore, due to the amount of the Project Area affected (approximately 15%), "lack of community planning" is present to a meaningful extent throughout the Project Area**.

12. Environmental Remediation

As defined in the Act, environmental remediation means that *"the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area."*

Discussion / Conclusion

The condition of environmental remediation has not been documented as part of the Project Area eligibility analysis.

13. Declining or Lagging Equalized Assessed Valuation

As defined in the Act, a declining or lagging equalized assessed valuation means that *"the total EAV of the proposed redevelopment project area has declined for three of the last five calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for three of the last five calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three of the last five calendar years for which information is available."*

Discussion / Conclusion

For purposes of this Eligibility Study, an analysis of the increase/decrease in EAV of the Project Area was conducted for the assessment period of 2007 through 2012, along with a comparison between the growth in total EAV for the Project Area and the growth in EAV for the balance of the Village, and a comparison of the EAV to the Consumer Price Index (CPI) for all urban consumers, to derive annual rates of change for a five-year period. **TABLE 4** summarizes the EAV growth rates for the Project Area, the Village, and the CPI during the last five years.

Table 4: EAV Growth Rates: Project Area, Village and CPI

	2007	2008	2009	2010	2011	2012
Project Area EAV	$310,908,330	$323,505,121	$284,863,528	$245,438,260	$214,283,537	$213,676,423
% Change	NA	4.05%	-11.94%	-13.84%	-12.69%	-0.28%
EAV of Remainder of Village	$4,189,610,582	$4,400,612,868	$4,264,066,696	$3,804,274,346	$3,397,215,607	$3,114,061,255
% Change	NA	5.04%	-3.10%	-10.78%	-10.70%	-8.33%
Consumer Price Index (CPI)	207.342	215.303	214.537	218.056	224.939	229.594
% Change	NA	3.84%	-0.36%	1.64%	3.16%	2.07%

As shown in Table 4 above, in the previous 5 years that assessment information is available (the period 2007-2012), the Project Area has decreased in EAV for 4 of those 5 years (2009, 2010, 2011, and 2012).

In comparison with the remainder of the Village of Schaumburg (total Village EAV minus the Project Area EAV), the Project Area has increased at a rate that is less than the remainder of the Village in 4 of the previous 5 years (2008, 2009, 2010, and 2011).

In addition, the Project Area has increased at a rate that is less than the increase in the Consumer Price Index (CPI) for all urban consumers for 4 of the previous 5 years (2008, 2009, 2010 and 2011)

Based upon the decrease in EAV of the Project Area for 4 of the past 5 years, and the increase in growth of the EAV of the Project Area being less than the increase in growth of the CPI for all urban consumers and the Village of Schaumburg for 4 of the past 5 years, "declining or lagging growth in EAV" is present to a meaningful extent within the Project Area.

IV. CONCLUSION

Based on the surveys and analyses conducted by Teska, the Project Area is an "improved area" within the guidelines contained in the Act.

The conclusion of Teska is that the number, degree, and distribution of conservation area factors as documented in this Eligibility Study qualify the Project Area to be classified as a "**conservation area**" as defined in the Act.

TABLE 5, *Presence and Distribution of Conservation Area Factors*, tabulates the distribution and extent of the presence of Conservation Area blighting factors that exist within the Project Area. Summarized below is the conservation area blighting factors that are present to a meaningful extent, and reasonably distributed within the Project Area.

- Deterioration
- Excessive vacancies
- Obsolescence
- Lack of community planning
- Declining or lagging equalized assessed valuation

Table 5: Presence and Distribution of Conservation Area Factors

		Sub Areas												
	Conservation Area Factors	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**Project Area**
1	Deterioration	X	•	°	•	X	•	•	•	°	•	°	x	•
2	Excessive Vacancies	•	°	•	°	x	•	X	x	•	°	x	x	•
3	Obsolescence	•	°	°	°		•	x	°	•	°	x	x	•
4	Lack of Community Planning	•	•	•	•	x	x	x	x	x	x	x	x	•
5	Declining or Lagging EAV	•	•	•	•	•	•	•	•	•	•	•	•	•

X Not present
° Present to a limited extent
• Present to a meaningful extent