STAR LINE / T.O.D.
REDEVELOPMENT PROJECT AREA
ELIGIBILITY STUDY

VILLAGE OF SCHAUMBURG, ILLINOIS

Al Larson, Village President

This Eligibility Study is subject to change based on Village review and comments, and may be revised before the Village issues a final Eligibility Study for purposes of the public hearing.

Prepared for the
Village of Schaumburg

Prepared by:
Busse Consulting, Inc.

January 2009

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EXECUTIVE SUMMARY

At the request of the Village of Schaumburg (the "Village"), Busse Consulting, Inc. performed an eligibility analysis for an approximately 175-acre area located in the northeast portion of 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").

The Village has carefully analyzed this area of the Village for purposes of strengthening its prominence. Recently, the Village completed the STAR Line Transit Oriented Development District Plan ("T.O.D. Plan"), which serves as a planning document for guiding future development within the T.O.D. district in anticipation of a possible STAR Line Transit Station along I-90, as well as possible expansions to the Village's Convention Center. The Project Area is located within the northern portion of the T.O.D. district.

To address problem conditions that prevent the Project Area from developing according to 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 engaged the economic development consulting firm of Busse Consulting, Inc. ("BCI") to conduct surveys and analyses of the 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, *STAR Line / T.O.D. 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 STAR Line / T.O.D. Redevelopment Project and Plan (the "Plan"), to which this Eligibility Study is incorporated as "**EXHIBIT E**," serve 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, which generally encompasses the northern section of the T.O.D. district. The Project Area includes a mix of land uses including multi-family residential, commercial, office, hotels, and public uses. **EXHIBIT B**, *General and Legal Description of the Project Area*, contains a legal description of the Project Area.

Conclusions

Pursuant to the Act, conditions must exist within a redevelopment project area that cause the area to be classified as a conservation area, or a blighted area, or a combination of both blighted areas and conservation areas. 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.

Based upon surveys and analyses conducted for the Village by BCI, 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 50 percent of the buildings are 35 years of age or older, and of the thirteen qualifying factors set forth in the Act, the following eight (8) factors are present.

- Obsolescence
- Deterioration
- Structures below minimum code standards
- Excessive vacancies
- Excessive land coverage and overcrowding of structures and community facilities
- Deleterious land use or layout
- Declining or lagging equalized assessed valuation (“EAV”)
- Lack of community planning

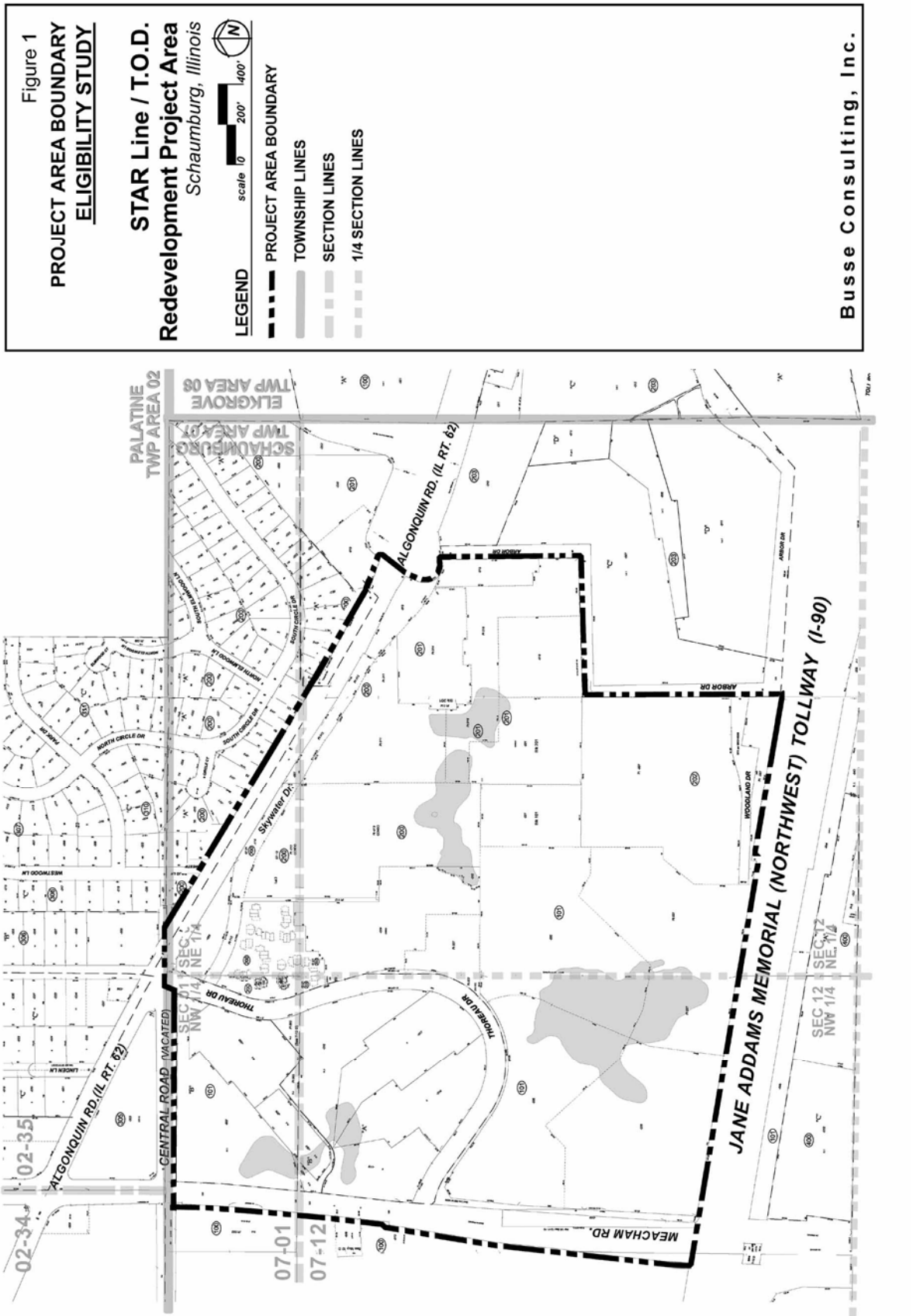
Figure 1
PROJECT AREA BOUNDARY
ELIGIBILITY STUDY
STAR Line / T.O.D.
Redevelopment Project Area
Schaumburg, Illinois
scale 0 200' 400'
LEGEND
PROJECT AREA BOUNDARY
TOWNSHIP LINES
SECTION LINES
1/4 SECTION LINES
Busse Consulting, Inc.
PALATINE TWP AREA 02
ELK GROVE TWP AREA 08
SCHAUMBURG TWP AREA 01
ALGONQUIN RD. (IL RT. 62)
JANE ADDAMS MEMORIAL (NORTHWEST) TOLLWAY (I-90)
MEACHAM RD.
CENTRAL ROAD (VACATED)
Skywater Dr.
ARBOR DR
WOODLAND DR
THOREAU DR
NORTH CIRCLE DR
SOUTH CIRCLE DR
SEC. 11 NW 1/4
SEC. 11 NE 1/4
SEC. 12 NW 1/4
SEC. 12 NE 1/4
02-35
02-34
07-01
07-12

Five (5) of the eight (8) factors are present to a meaningful extent, including: (i) "excessive vacancies," (ii) "excessive land coverage and overcrowding of structures and community facilities," (iii) "deleterious land use and layout," (iv) "declining or lagging EAV," and (v) "lack of community planning." The factors of "obsolescence", "deterioration" and "structures below minimum code standards" are present to a lesser extent.

This Eligibility Study documents the extent and distribution of blighting factors within the improved area that allow the Project Area to be classified as a conservation area for the purposes of qualifying it as a redevelopment project area in accordance with the Act.

The conclusion of BCI is that the number, degree, 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 BCI engaged by the Village to examine whether conditions exist to qualify the area as a conservation area. Prior to adopting the necessary ordinances approving the Plan (the companion document to this Eligibility Study), designating the Project Area and approving the use of tax increment financing, the Village should review 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 of 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, the Project Area (i) exceeds the minimum 1.5-acre requirement with approximately 175 acres, (ii) is an improved area, (iii) meets the 35-year age requirement for more than 50 percent of the structures, and (iv) contains a sufficient presence of qualifying factors to classify it as a Conservation Area.

II. THE PROJECT AREA

The Project Area contains approximately 175 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, Meacham Road on the west and Arbor Drive on the east. Existing land uses within the Project Area consist of multi-family residential, commercial, office, hotels, and public uses.

For purposes of this redevelopment planning analysis, BCI divided the Project Area into five planning sub-areas. **FIGURE 2**, *Planning Sub-Areas*, illustrates the geographic location of the five planning sub-areas. **TABLE 1**, *Land Uses by Sub-Area*, lists the principal land uses within the Project Area. The majority 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 Project Area is characterized by excessive vacancies in both office and the multi-family developments, deterioration of buildings and site improvements, excessive land coverage in the residential developments with limited access and parking space, deleterious land use and layout with a disjointed internal circulation system that causes fragmentation of both related and unrelated uses. Additionally, the annual growth in equalized assessed value ("EAV") for the Project Area lags the overall annual growth of Village EAV. 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 Project Area to be developed with manufacturing uses, which would match the area west of Meacham Road containing Motorola Headquarters. However, the Project Area developed with multi-family housing, commercial, and office.

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	Radisson 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), Fieldpointe of Schaumburg apartments (396 units)	16
5	Convention Center / Renaissance Hotel	1
	Total	52

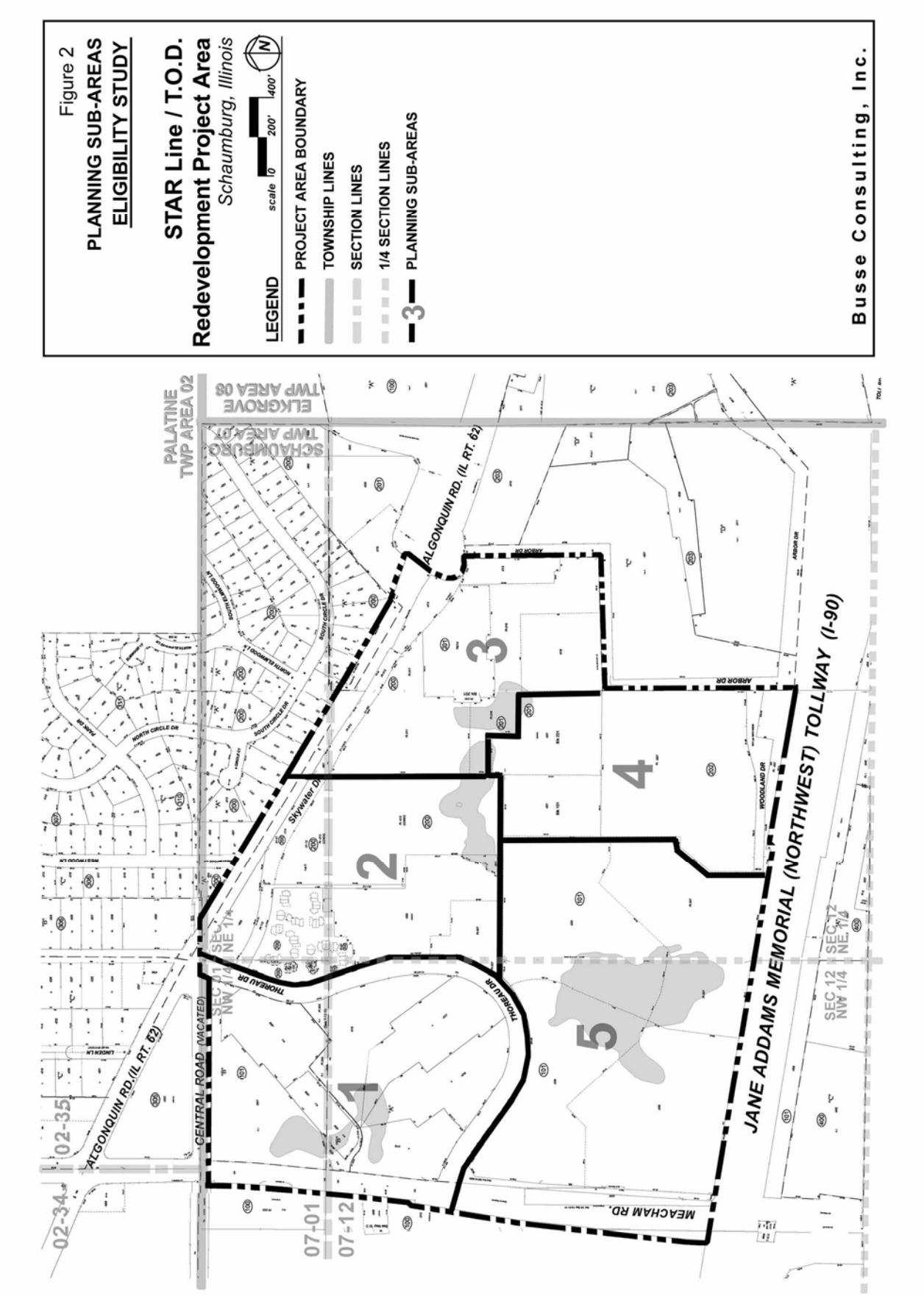
Figure 2
PLANNING SUB-AREAS
ELIGIBILITY STUDY
STAR Line / T.O.D.
Redevelopment Project Area
Schaumburg, Illinois
scale 0 200' 400'
LEGEND
PROJECT AREA BOUNDARY
TOWNSHIP LINES
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PLANNING SUB-AREAS
Busse Consulting, Inc.
PALATINE TWP AREA 02
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ALGONQUIN RD. (IL RT. 62)
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MEACHAM RD.
THOREAU DR
ARBOR DR
WOODLAND DR
SEC 12 NW 1/4
SEC 12 NE 1/4
02-35
02-34
07-01
07-12
1
2
3
4
5

III. ELIGIBILITY SURVEY AND ANALYSIS FINDINGS

BCI conducted the following surveys and analyses within the Project Area to determine whether and to what extent any of the blight 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 building size and layout
- 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 April 2008, BCI 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 in 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. **FIGURE 3**, *Exterior Survey Form*, illustrates the building condition survey form used to record building conditions and blight factors.

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.

EXTERIOR BUILDING SURVEY

PROJECT		BLOCK #	PERSONNEL	DATE

EXTERIOR SURVEY FORM

G. TIF Blight/Conservation Factors

1. Dilapidation
2. Obsolescence
3. Deterioration
4. Illegal Use of Individual Structures
5. Presence of Structures Below Minimum Code Standards
6. Excessive Vacancies
7. Excessive Land Coverage/Overcrowding of Structures and Community Facilities
8. Lack of Ventilation, Light, or Sanitary Facilities
9. Inadequate Utilities
10. Deleterious Land-Use or Layout
11. Lack of Community Planning
12. Environmental Remediation
13. Declining or Lagging Equalized Assessed Valuation

PARCEL	BLDG	ACTIVITY	A. LAND USE NO.1	NUMBER OF UNITS	NUMBER OCCUPIED	LAND USE NO.2	NUMBER OF UNITS	NUMBER OCCUPIED	B. HEIGHT	C. CONSTRUCTION	D. DECADE	E. FOUNDATION	F. WALLS	G. ROOF	H. SECONDARY	I. BUILDING RATING	J. BLIGHTING FACTORS	COMMENTS

Codes	A.	Land Use	B.	Height	C.	Construction	D.	Decade		
	R	Residential	1	1 story	1	Masonry	0	Before 1900	6	1950-1960
	C	Commercial	01	1 1/2 story	2	Concrete	1	1900-1910	7	1960-1970
	I	Industrial	2	2 stories	3	Wood	2	1910-1920	8	1970-1980
	P	Public	02	2 1/2 stories	4	Metal	3	1920-1930	9	1980-1990
	S	Semi-Public	3	3 stories			4	1930-1940	10	1990-2000
	T	Transit	4	4 stories			5	1940-1950	11	2000-2010

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.

a) 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.

b) 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.

c) 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.

d) Critical

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.

3. Final Building Rating

After completion of the exterior building condition survey, each individual building was placed in one of four categories based on the combination of defects found in various primary and secondary building components. Each final rating is described below, and for the purpose of this analysis, minor deficient and major deficient buildings are considered the same as deteriorating buildings as referenced in the Act; substandard buildings are the same as dilapidated buildings, and building and structure are used interchangeably.

a) Sound

Sound buildings kept in a standard condition, presently requiring no maintenance. Buildings so classified have less than one minor defect.

b) Deficient

Deficient buildings contain defects that collectively are either not easily correctable through normal maintenance or require contracted skills to accomplish the level of improvements as part of maintenance or correction of defects. The classification of “major” or “minor” reflects the degree or extent of defects found during the survey of the building.

i. Minor

Buildings classified as minor deficient require minor repairs, i.e., the buildings have at least one minor defect, beyond normal maintenance, in one of the primary components or in the combined secondary components but contain less than one major defect.

ii. Major

Buildings classified as major deficient require major repairs, i.e., the buildings have at least one major defect in either one of the primary components or in the combined secondary components, but contain less than one critical defect.

c) Substandard

Structurally substandard buildings contain defects that are so serious and so extensive that the building must be removed. Buildings classified as structurally substandard have two or more major defects on any of the primary or secondary components.

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 52 buildings consisting of a variety of building types including office, hotel, retail, multi-family residential, and public buildings. Of the total 52 buildings, approximately 67% are 35 years in age or older.

Conclusion

Fifty percent 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.

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 present, its presence is not advanced to the degree of "dilapidation." The factor of "dilapidation" is not present.

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.

Conclusion

Overall, “obsolescence” is present to a limited 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 Fieldpointe of Schaumburg is constrained by limited floor-to-ceiling heights, and 6-foot-1-inch garage door heights.

Also, obsolescence is evidenced by buildings of limited size, design, and utility where excessive vacancies appear as first symptoms of obsolescence. Six of the seven office buildings within the Project Area currently have excessive vacancies in terms of floor area and duration. Over the past 10 years, all buildings have had an average annual vacancy rate exceeding 5 percent. Currently, approximately 105,000 sf (or 19%) of the total 553,618 sf of total leasable office space is vacant within the Project Area, with individual building vacancies as high as 43 percent.

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 protruding 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 deteriorated.

Deterioration of Site Improvements

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

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."

Conclusion

Various site improvements and parking lots are in poor condition, with surface parking containing cracks and protruding weed growth. **TABLE 2**, *Summary of Building Conditions*, tabulates building deterioration by extent and location. Overall, deterioration of buildings or sites is present in 3 of the 5 sub-areas within the Project Area.

Table 2: Summary of Building Conditions

Subarea	Total Structures	Sound	Minor Deficient	Major Deficient	Substandard Dilapidated
1	5	5	0	0	0
2	24	2	15	7	0
3	6	5	1	0	0
4	16	2	14	0	0
5	1	1	0	0	0
Total	52	15	30	7	0
Percent	100%	29%	58%	13%	0%

Of the 52 structures within the Project Area, 37 exhibit signs of deterioration (7 of the 52 buildings, or 13 percent indicated advance deterioration--major deficient). Overall deterioration of buildings and site improvements is present to a limited extent throughout the 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, 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 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 a limited extent in the Project Area. Seven of 52 buildings exhibited structural or advanced deterioration of visible components beyond normal maintenance. Additionally, handicap access (ADA) is obstructed and inadequately marked for some building entrances.

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, and in residential buildings located in Sub-Areas 2 and 4. Currently, five of seven office buildings in the Project Area have vacancies exceeding 10 percent. And, during the last 10 years, all buildings have encountered vacancy rates exceeding 5 percent. In 2008, approximately 105,000 sf (or 19%) of the total 553,618 sf of total leasable office space was vacant. Over the period 1999 to 2008, the average annual vacancy rate for office buildings was 22 percent of total leasable floor area. **TABLE 3**, *Office Building Vacancy Rates: 1999 - 2008*, lists historic annual office vacancy rates for the past ten years.

Table 3: Office Building Vacancy Rates: 1999 - 2008

	SUB-AREA 1 (Office & SF)				SUB-AREA 3 (Office & SF)			
	AVMA	Embassy	Woodfield Green 1	Woodfield Green 2	1821 Walden	1827 Walden	1834 Walden	Total
YEAR	76,000	140,466	52,408	56,984	75,920	75,920	75,920	553,618
1999	3%	62%	27%	31%	27%	16%	15%	30%
2000	3%	21%	15%	18%	48%	22%	12%	20%
2001	6%	13%	23%	24%	44%	14%	26%	20%
2002	4%	17%	48%	22%	12%	15%	35%	20%
2003	10%	19%	39%	41%	23%	21%	21%	23%
2004	8%	9%	43%	28%	22%	11%	30%	19%
2005	11%	17%	34%	14%	19%	22%	27%	20%
2006	14%	38%	17%	14%	16%	31%	20%	24%
2007	6%	53%	28%	9%	16%	17%	7%	24%
2008	1%	43%	11%	14%	24%	14%	0%	19%
Avg.	7%	29%	29%	22%	25%	18%	19%	22%

Source: Village of Schaumburg CoStar report through 1Q 2008

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. Finally, vacancies within the Project Area are significant in terms of floor area and duration. Overall "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 as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and 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 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 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 developments, there appears to be insufficient or limited spaces allocated for guest parking. Consequently, the layout of the residential developments which proportionally represent large sites of the total Project Area, do not promote the intended synergistic relationship between similar uses and open space, thereby creating excessive land coverage within the Project Area.

Conclusion

The factor of "excessive land coverage and overcrowding of structures and community facilities" is present to a meaningful extent throughout the Project Area.

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. The "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

No information from the Village or research regarding the adequacy of existing utilities was documented as part of the overall analysis. Accordingly, "inadequate utilities" was not documented or found to be present in the Project Area.

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

Examples of incompatible land-use relationships include inappropriate mixed-uses, or uses that may be similar, yet in their design and layout with one another the similar uses do not promote the intended synergistic relationship between the similar uses. Examples of deleterious layout include buildings, and site designs that are poorly oriented or laid out, creating dysfunctional buildings and spaces, which leads to economic and functional obsolescence, and the overall decline of an area.

The Walden Development was approved in 1968, and its design and layout of land-uses contained new, untested design elements of the day, which over time, have unintentionally caused the existence of incompatible land-use relationships within an area intended to promote synergy among similar and mixed uses. Evidence of the existence of incompatible land-use relationships is listed below.

1. The Project Area consists of a series of separate residential and commercial developments, including those contained within Walden Development. 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 aggravates 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 complemetary 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
6. Open space devoted to and surrounding storm water retention ponds is designed and laid out, in large part, to accommodate storm detention requirements, rather than for purposes of integrating similar and complementary land uses to create a sense of place, and enhancing active and passive recreation benefits of storm water retention ponds and their surrounding open space

Conclusion

”Deleterious land use or layout” is present to a meaningful extent throughout 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 served as the community plan 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 would match the area west of Meacham Road containing Motorola Headquarters.

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 Comp 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 Comp Plan. 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 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. This evidence is further detailed under "Deleterious Land Use or Layout."

Conclusion

"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, a comparison was made between the growth in total EAV for the Project Area and the growth in EAV for the balance of the Village for the assessment period 2002 through 2007 to derive annual rates of change for a five-year period. Summarized in **TABLE 4**, *EAV Growth Rates: Village and Project Area*, are the annual growth rates for the Project Area and the Village during this period.

Table 4: EAV Growth Rates: Village and Project Area

Assessment-Collection Year	2002 - 2003	2003 - 2004	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008
PROJECT AREA EAV *						
Cook	$73,753	$70,685	$78,902	$83,999	$78,605	$92,872
% Change		-4.2%	11.6%	6.5%	-6.4%	18.2%
BALANCE OF VILLAGE EAV *						
Cook	$3,193,525	$3,146,118	$3,578,030	$3,830,379	$3,831,217	$4,400,861
DuPage	2,816	2,816	3,191	3,188	3,366	3,334
	$3,196,341	$3,148,934	$3,581,221	$3,833,567	$3,834,583	$4,404,195
% change		-1.5%	13.7%	7.0%	0.03%	14.9%
VILLAGE TOTAL EAV *						
Cook	$3,267,278	$3,216,803	$3,656,932	$3,914,378	$3,909,822	$4,493,733
DuPage	2,816	2,816	3,191	3,188	3,366	3,334
Total	3,270,094	3,219,619	3,660,123	3,917,566	3,913,188	4,497,067
% change		-1.5%	13.7%	7.0%	-0.11%	14.9%

** EAV dollars amounts expressed in millions*

For the period 2002 through 2007, the annual growth rate in the total EAV of the Project Area either declined or increased at a rate that was less than the annual growth rate for the balance of the Village for four of the five periods of change. Based on this comparative analysis, the rate of growth in EAV for the Project Area has not kept pace with the rate of growth in EAV for the balance of the Village. Accordingly, "declining or lagging EAV" is present to a meaningful extent throughout the Project Area.

IV. CONCLUSION

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

The conclusion of BCI 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. The conclusions presented in this Eligibility Study are those of BCI engaged by the Village to examine whether conditions exist to qualify the area as a conservation area. Prior to adopting the necessary ordinances approving the Plan (the companion document to this Eligibility Study), designating the Project Area and approving the use of tax increment financing, the Village should review 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.

The Project Area meets the requirements of the Act for designation as a "Conservation Area." **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 are the conclusions of the presence of Conservation Area blighting factors within the Project Area. There is a meaningful presence and a reasonable distribution of a minimum of three of the thirteen blighting factors listed in the Act for a Conservation Area. The following five (5) factors are present to a meaningful extent.

- Excessive vacancies
- Excessive land coverage and overcrowding of community facilities
- Deleterious land-use or layout
- Declining or lagging equalized assessed valuation
- Lack of community planning

Additionally, the following three (3) factors are present to a limited extent.

- Obsolescence
- Deterioration
- Structures below minimum code standards

Table 5: Presence and Distribution of Conservation Area Factors

		Sub Areas					
	Conservation Area Factors	**1**	**2**	**3**	**4**	**5**	**Project Area**
1	Obsolescence	■	□	□	□		□
2	Deterioration	□	■	□	□		□
3	Structures below minimum code standards		□				□
4	Excessive vacancies	■	□	■	□		■
5	Excessive land coverage		■		■		■
6	Deleterious land use or layout	■	■	■	■		■
7	Lack of community planning	■	■	■	■		■
8	Declining or lagging EAV	■	■	■	■		■

Not present

□ Present to a limited extent

■ Present to a meaningful extent