

---

**CITY OF NAPERVILLE TIF  
PRELIMINARY QUALIFICATION/DESIGNATION REPORT  
PROPOSED WATER STREET TIF DISTRICT**

---

A study to determine whether all or a portion of an area located in the City of Naperville qualifies as a conservation area as set forth in the definition in the Tax Increment Allocation Redevelopment Act, 65 ILCS Section 5/11-74.4-1, et seq., as amended.

**Prepared For: City of Naperville, Illinois**

**Prepared By: Kane, McKenna and Associates, Inc.**

---

---

**January, 2007**

**CITY OF NAPERVILLE  
PRELIMINARY QUALIFICATION/DESIGNATION REPORT  
PROPOSED WATER STREET TIF DISTRICT**

**TABLE OF CONTENTS**

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
I.	Introduction and Background	1
II.	Qualification Criteria Used	3
III.	The Proposed RPA	7
IV.	Methodology of Evaluation	8
V.	Qualification of Proposed RPA Findings of Eligibility	9
VI.	Summary of Findings and Overall Assessment of Qualification	14

EXHIBIT 1

Proposed RPA Boundary Map

EXHIBIT 2

Property Identification Number List

## I. INTRODUCTION AND BACKGROUND

The City of Naperville (the "City") has authorized Kane, McKenna and Associates, Inc., (KMA) to conduct a study of the properties described in Exhibits 1 and 2 attached hereto (the "Proposed RPA") to determine whether the Proposed RPA would qualify for consideration as a "Redevelopment Project Area" and as a "**conservation area**" pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et. seq., as amended (the "Act").

The City, incorporated in 1857, is located in the Chicago metropolitan area, primarily in DuPage County (with a portion located in Will County) and along the Interstate 88 designated High Technology Corridor. The City has been one of the fastest growing communities in the Chicago metropolitan area and in the State of Illinois with a 2000 Census population of 128,358. The City is home to many corporate headquarters, research centers and facilities for many national and international companies.

The City currently has a vibrant downtown retail area located north of the DuPage River and west of Washington Street. The downtown area is surrounded by residential uses to the north, south and west and by North Central College and various residential uses to the east. The northern edge of the downtown area is currently experiencing additional growth due to the construction of the retail/office/residential development located on the block along Van Buren Avenue.

The Proposed RPA is located primarily south of the downtown core area and immediately south of the DuPage River. The Proposed RPA is generally bounded on (i) the north by the DuPage River, (ii) the east by Main Street, (iii) the south by Aurora Avenue, and (iv) the west by Webster Street. The Proposed RPA consists of sixteen (16) tax parcels and eleven (11) structures as of January, 2007. Approximately 64% of the qualifying structures located in the Proposed RPA are thirty-five or more years old based upon data obtained from the Naperville Township Assessor and the City and aerial photography.

The structures within the Proposed RPA are currently being used primarily for retail, office and institutional uses. Many of the structures within the proposed RPA were originally constructed for residential use. However, certain of the properties along Aurora Avenue have been converted from residential uses to retail and institutional uses. One (1) structure within the southwest portion of the Proposed RPA remains residential. The uses within the remainder of the Proposed RPA consist primarily of various retail and office uses. Three of the vacant parcels within the Proposed RPA recently contained residential structures that were over one hundred years old and which were demolished in 2004. One of the vacant parcels contains a parking lot which was recently paved and which serves a commercial facility across the street from such parking lot. The development of the majority of the Proposed RPA occurred prior to the adoption of a comprehensive plan by the City and can be characterized as having been developed with an uneven pattern of land uses due to the fact that the Proposed RPA is divided from the remainder of the downtown area by the DuPage River.

The Proposed RPA has certain deficiencies related to inadequate utilities for contemporary use of the area, deleterious layout, obsolescence and suffers from the lack of benefits of contemporary community planning.

There are currently numerous property owners within the Proposed RPA. Due to the number of property owners, the Proposed RPA will be difficult to redevelop in a coordinated manner. The City is investigating options related to the redevelopment of the Proposed RPA and preserving the character of the City's downtown area, making contemporary infrastructure improvements in the area and coordinating the redevelopment within the Proposed RPA.

From a City economic development perspective, the Proposed RPA represents a significant potential for redevelopment. The City is studying various goals and objectives for area development, including infrastructure improvements and upgrades, and potential mixed use related development for the Proposed RPA. The redevelopment could assist the City to accomplish objectives related to infrastructure upgrades and could provide the necessary resources to provide for the comprehensive redevelopment of the Proposed RPA by applying contemporary planning techniques for the benefit of the residents of the City and visitors to the City and Riverwalk area.

Furthermore, the City is mindful of the existing residential uses neighboring the Proposed RPA. Therefore, the City wishes to coordinate any new commercial and residential use development within the Proposed RPA and ensure that development occurs within the guidelines of the City's comprehensive plan, and the City's zoning regulations as they may be determined by the City Council of the City from time to time.

The City has reviewed the Proposed RPA for possible redevelopment for a period of time. In planning for this potential redevelopment, the City has conducted a review of possible land uses for the area. The zoning and land use plans include the existence of residential uses located within the area. A key goal of the City is to promote the development of underutilized sites and to encourage the redevelopment or renovation of the existing sites in order to improve tax base.

The City is concerned that the Proposed RPA may be underutilized and, therefore, benefit from public funds to attract private investment and maximize the public benefits associated with redevelopment. Any large scale redevelopment plan will require the coordination of infrastructure and planning efforts in order efficiently serve the proposed redevelopment, as well as the surrounding area. Therefore, the creation and utilization of a TIF redevelopment plan is being investigated by the City to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the Proposed RPA.

The qualification factors discussed in this Report qualify the area described below as a "**conservation area**"; as such term is hereinafter defined pursuant to the Act.

## II. QUALIFICATION CRITERIA USED

With the assistance of City staff, Kane, McKenna and Associates, Inc. examined the Proposed RPA in January, 2007 and reviewed information collected with respect to the Proposed RPA to determine the presence or absence of appropriate qualifying factors listed in the Act. The relevant sections of the Act are found below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area. Pursuant to the Act, a "Redevelopment Project Area" is defined as follows:

"an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted area and conservation area."

### Conservation Area

The Act defines a "conservation area" as follows:

"**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 area may become a "blighted area":

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

- (C) Deterioration: With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.
- (D) Presence of Structures Below Minimum Code Standards: All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.
- (E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.
- (F) Excessive Vacancies: The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.
- (G) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities 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.
- (H) Inadequate Utilities: Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

- (I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.
- (J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.
- (K) Environmental Clean-Up: The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- (L) Lack of Community Planning: The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning. For purposes of this Report, the references to lack of the benefits of contemporary community planning shall be defined with the same definition as Lack of Community Planning under the Act.

- (M) The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) 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 (3) of the last five (5) 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 (3) of the last five (5) calendar years for which information is available.

III. THE PROPOSED RPA

The Proposed RPA consists of approximately sixteen (16) tax parcels and eleven (11) structures. The land uses within the Proposed RPA are primarily for retail, office and institutional uses. One (1) of the parcels within the southwestern portion of the Proposed RPA remains residential. Six (6) parcels within the Proposed RPA are vacant lots or are lots with minor site improvements (parking lots).

The tax year 2005 Equalized Assessed Valuation (EAV) for the Proposed RPA is \$2,600,260<sup>1</sup>. The 2005 EAV of the Proposed RPA is a percentage of the 2005 EAV of the following taxing districts is as follows:

<u>Taxing District</u>	<u>2005 EAV<sup>2</sup></u>	<u>Proposed RPA 2005 EAV % of Total EAV</u>
DuPage County	\$34,791,533,054	0.0075%
Naperville Township	3,491,252,356	0.0745
Naperville School District #203	3,956,860,631	0.0657
Naperville Park District	5,803,355,409	0.0448
College of DuPage	35,511,253,341	0.0073
City of Naperville	5,624,652,231	0.0462

<sup>1</sup> Source: Naperville Township Assessor

<sup>2</sup> Source: DuPage County Clerk and Will County Clerk

#### **IV. METHODOLOGY OF EVALUATION**

In evaluating the Proposed RPA's potential qualification as a Redevelopment Project Area pursuant to the Act, the following methodology was utilized:

- 1) Site surveys of the Proposed RPA were undertaken by representatives from Kane, McKenna and Associates, Inc. Site surveys were completed for all parcels located within the proposed area.
- 2) Exterior evaluation of structures, noting deterioration, or dilapidation as well as vacancies or possible code violations was completed by KMA.
- 3) The area was studied in relation to review of available planning reports, City ordinances, land surveys, flood maps, local history, and an evaluation of area-wide factors that have affected the area's development (e.g., lack of the benefits of contemporary community planning, obsolescence, inadequate utilities; etc.). Kane, McKenna reviewed the area in its entirety.
- 4) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, criteria factors of specific structures and site conditions on the parcels.
- 5) The Proposed RPA was examined to assess the applicability of the different factors, for both improved land and vacant land, required for qualification for designation as a Redevelopment Project Area under the Act. Evaluation was made by reviewing the information and determining how each measured when evaluated against the relevant factors. Improved land within the Proposed RPA was examined to determine the applicability of the conservation factors for qualification as a Redevelopment Project Area under the Act.

V. QUALIFICATION OF PROPOSED RPA/FINDINGS OF ELIGIBILITY

As a result of KMA's evaluation of each parcel in the Proposed RPA, and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the Proposed RPA as a "conservation area".

CONSERVATION AREA THRESHOLD FACTOR

1) Age

Based upon site surveys, aerial photographs, information provided by the Naperville Township Assessor and City data, approximately 64% (or seven (7) of the eleven (11) structures) were found to be thirty-five years of age or greater.

OTHER CONSERVATION AREA FACTORS

2) Inadequate Utilities

Based upon City data and KMA review, the following improvements to the utilities in the Proposed RPA will be required for redevelopment in a contemporary fashion:

- a) replacement of water mains throughout the Proposed RPA in order to provide proper service for any redevelopment of the Proposed RPA and to provide the requisite fire flows;
- b) rehabilitation of sanitary sewer lines within the Proposed RPA;
- c) development of additional stormwater detention relating to the redevelopment of the Proposed RPA due to the fact that a significant portion of the Proposed RPA is either in a floodway or floodplain; and
- d) installation of additional electrical conduit to provide electric service for any redevelopment project constructed in the Proposed RPA.

### 3) Lack of the Benefits of Contemporary Community Planning

Under the Act, an area suffers from a lack of the benefits of contemporary community planning if the area was developed prior to or without the benefit of a comprehensive or community plan. The lack of a comprehensive or community planning document during the period when the Proposed RPA was primarily developed has contributed to inadequate utilities and parcels of inadequate shape and size to meet contemporary development standards. Over 54% of the structures were developed prior to the adoption of the City's Comprehensive Plan in 1961.

The proposed RPA suffers from a lack of the benefits of contemporary community planning due to the following:

- Conversion of residential structures and commercial uses which has led to inadequate provisions for loading and servicing and parking availability for more contemporary uses in the Proposed RPA.
- The area's utilities were not designed to support significant contemporary commercial development within the Proposed RPA.
- Many of the retail and commercial uses within the Proposed RPA are located in parcels that are inadequate in size and shape and are not substantial enough to sustain modern sized developments.
- Lastly, lacking until recently, an effective and sustained development plan intended to coordinate the redevelopment of the Proposed RPA.

According to the City's Downtown Plan (2000), the City sought to create a Transitional Use District to accommodate uses that would serve as a transition between the intense development of the downtown area and the residential neighborhood, to the south of the Proposed RPA. Furthermore, the Downtown Plan is further designed to accommodate and facilitate the implementation of the northern portion of the Proposed RPA as a gateway area to the downtown whereby additional commercial and residential uses would be encouraged. Therefore, the Downtown Plan would serve to address the deficiencies associated with deleterious land uses.

Having been initially developed without the benefits of a comprehensive plan has resulted in failure of the Proposed RPA to be developed to its fullest potential. The area has a lower tax base than would be expected if the area was developed in a cohesive, consolidated manner.

4) Obsolescence

Obsolescence is defined as the condition or process of falling into disuse. This can also be defined as a structure(s) that has become ill-suited for its original use. The area contains several structures which are ill-suited for their original use.

At least 54% of the structures within the Proposed RPA are forty-nine (49) to one hundred thirty-five (135) years old of which approximately 83% of such structures were originally designed primarily for single-family uses. Furthermore, certain residential structures which have been converted to commercial use are functionally obsolete due to their lack of contemporary parking facilities and access to their sites. Also, certain structures located along Aurora Avenue do not have the benefit of street parking.

A number of the commercial structures within the area exhibit poor layout and orientation as it relates to the proximity to Water Street and the location along the DuPage River. Furthermore, certain of the commercial users along Water Street rely on parking located across from their facilities or upon a vacated portion of Webster Street thereby lacking the benefit of contemporary parking facilities.

Although older buildings often add to the character of the community, the lack of continuity of appealing older structures in this area disrupts the ambiance found in other older areas of the City. Since there are a number of empty spaces between structures and since some of the structures are not being used for purposes for which they were initially designed, the older nature of this area does not contribute to the charm of other older areas in the City.

## OTHER RELEVANT QUALIFICATION FACTORS

These factors are present in various locations within the proposed RPA, but are not present for the whole area.

### 5) Deterioration of Structures and Site Improvements

Pursuant to the Act, deterioration can be evidenced in major or secondary building defects. For example, such defects include, but are not limited to, defects in building components such as windows, porches, gutters and doors.

With respect to surface improvements, deterioration was found related to roadways, driveways, walkways and curbs. Off-street parking areas evidence deterioration, including, but not limited to, surface cracking, potholes, depressions and loose paving materials.

Various degrees of deterioration were identified on seven (7) or 44% of the parcels within the area. According to on-site inspections performed by KMA and documented by site surveys and photographic analysis, some of the site improvements and structures contained the following signs of deterioration:

- Missing, damaged gutters
- Rusted, damaged siding
- Rotted wood frames and/or exterior siding or eaves
- Rotten wood porches or framing materials
- Cracked and damaged concrete steps and porches
- Cracked asphalt in parking lots

## **VI. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION**

The following is a summary of relevant qualification findings as it relates to potential designation of the Proposed RPA by the City as a Tax Increment Finance (TIF) District. The findings herein pertain to the Proposed RPA.

1. The Proposed RPA is contiguous and is greater than 1½ acres in size.
2. The Proposed RPA will qualify as a "conservation area". Further, the factors present throughout the Proposed RPA as documented herein are present to a meaningful extent and are evenly distributed throughout the Proposed RPA. A more detailed analysis of the qualification findings is outlined in this report.
3. All property in the area would substantially benefit by redevelopment project improvements.
4. The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area.
5. The area would not be subject to a comprehensive redevelopment employing modern planning practices without the investment of public funds, including property tax increments.

These findings, in the judgment of KMA, provide the City with sufficient justification to consider designation of the Proposed RPA as a TIF District.

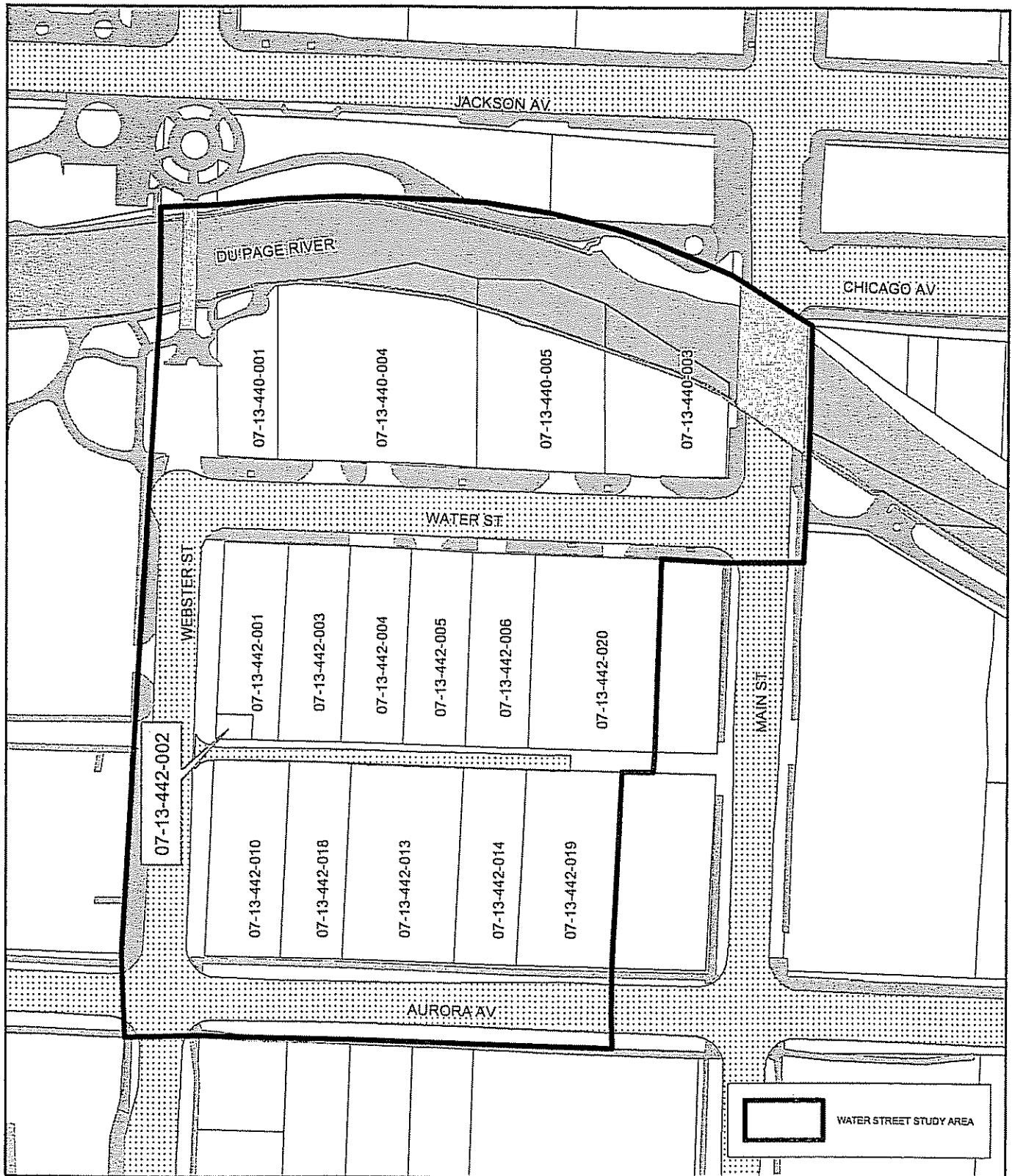
The area has not benefited from coordinated planning efforts by either the public or private sectors. There is a need to focus redevelopment efforts relating to infrastructure, property reuse, public spaces, parking needs and the improvement of existing building inventory.

**EXHIBIT 1**

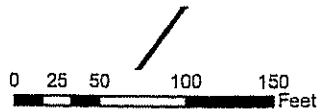
**PROPOSED RPA BOUNDARY MAP**

City of Naperville

WATER STREET STUDY AREA - PARCEL ID NUMBERS (PIN)



Transportation, Engineering and  
Development Business Group  
Questions Contact (630) 420-6694  
www.naperville.il.us  
May 2006



This map should be used for reference only.  
The data is subject to change without notice.  
City of Naperville assumes no liability in the use  
or application of the data. Reproduction or redistribution is  
prohibited without expressed written consent from the City of Naperville.

M:\data\GISUsers\DCDWater Street\Water Street PINS.mxd

**EXHIBIT 2**

**Property Identification Number List**

Proposed RPA

07-13-442-001  
07-13-442-002  
07-13-442-003  
07-13-442-004  
07-13-442-005  
07-13-442-006  
07-13-442-010  
07-13-442-013  
07-13-442-014

07-13-442-018  
07-13-442-019  
07-13-442-020  
07-13-440-001  
07-13-440-003  
07-13-440-004  
07-13-440-005