

I. Summary of Illinois TIF District Eligibility Requirements

As set forth in the Illinois TIF Act, a TIF District or "redevelopment project area" (in this report "redevelopment project area" and "TIF District" are used interchangeably) means an area designated by the municipality which is not less in the aggregate than 1.5 acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an "industrial park conservation area" or a "blighted area" or a "conservation area," or a combination of both "blighted" and "conservation" areas. The requirements for qualification of a conservation area and a blighted area are described below.

In general, it is also important to note that tests of eligibility are based on the conditions of the area as a whole. It is not required that eligibility be established for each property in the proposed TIF redevelopment project area. In addition to establishing eligibility under the TIF Act, a municipality must also find that:

". . . the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the redevelopment plan."

This finding is commonly referred to as the "but for" finding.

This report primarily addresses factors related to eligibility. While the presence and combination of eligibility factors generally provides evidence to support a "but for" finding, additional evidence should be assembled and included in the Redevelopment Plan (one of the two required analyses for establishing a TIF, along with the Eligibility Report.)

It should also be noted that definitions such as "blighted" and the other related factors referred to in this report have specific meanings within the TIF Act. The Act's definitions may not be compatible with the understanding the general public has of these terms. Therefore, it is important to understand that the language as it is used within the context of the TIF Act has been applied to evaluate the appropriateness of the use of TIF as an economic development tool within this Study Area.

Recommended Type of TIF

As stated above, there are four classifications for TIFs under the TIF Act.

- Blighted (for improved land)
- Blighted (for vacant land)
- Conservation Area (improved or combination of improved and vacant)
- Industrial Park Conservation Area

There are insufficient vacant parcels to consider any of the Study Area as "Blighted (for vacant land)". Likewise, the "Industrial Park Conservation Area" category does not apply to the Study

Area. The criteria for “Blighted (for improved land)” and “Conservation Area” have the same definitions but one or the other may be applied based on the combination of factors and extent to which they are present. In the case of this Study Area, we recommend that the “Conservation Area” category be applied.

Under the TIF Act, a conservation area is an improved area in which 50 percent or more of the structures in the area have an age of 35 years or more and there is a presence of a combination of three (3) or more of the thirteen (13) factors defined in the TIF Act. Such an area is not yet a blighted area, but because of the presence of a combination of three or more of these factors, the area may become a blighted area. The 13 conservation factors are:

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 or overcrowding of structures and community facilities
10. Deleterious land-use or lay-out
11. Environmental remediation
12. Lack of community planning
13. Total equalized assessed value ("EAV") of the properties is declining or lagging compared to the growth in EAV for the balance of the Village or the Consumer Price Index