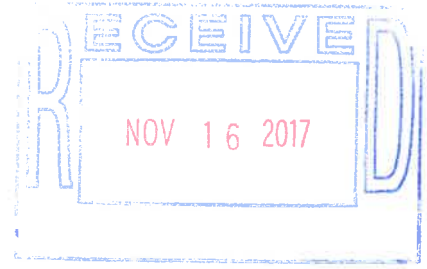


Design Strategies, LTD.

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November 13, 2017



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The Winnetka Public School District 36
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Winnetka, IL 60093

Mr. Chris Johnson
Asst. Superintendent for Finance & Operations
New Trier Township High School District 203
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Ms. Rebecca Wolf
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Mr. John Muno
Executive Director
Winnetka Park District
540 Hibbard Road
Winnetka, IL 60093

RE: Village of Winnetka
Downtown Study Area
Tax Increment Finance Feasibility Report, July 2017 (TIF)

Dear Msrs. Goldstein, Johnson, Muno and Ms. Wolf :

I have completed an initial review of the Village of Winnetka proposed Downtown TIF Study Area.

Documents I reviewed included the TIF Feasibility Report prepared by Ehlers & Associates dated July 2017, Cook County aerial and parcel maps of the Study Area and the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, as amended.

Per the Feasibility Report, the overall Study Area is approximately 41 acres in size and contains 104 tax parcels and is commonly known as the Elm Street Business District. Within the Study Area there are 61 primary buildings, 93% of which are 35 years of age or older according to the feasibility findings.

The Feasibility Report concludes that the Elm Street Business District qualifies as a Redevelopment Project Area (RPA) under the "Conservation Area" criteria. Under the TIF Act a Conservation Area is an improved area in which 50% or more of the buildings in the RPA must be 35 years of age or older and must have at least 3 of 13 blighting factors that are detrimental to the public safety, health, morals or welfare and such an area may become a "blighted" area. The 13 blighting factors within the TIF Act 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.

The Report states the following 5 blighting factors are present in the RPA:

1. Deterioration
2. Inadequate Utilities
3. Excessive Land Coverage
4. Lack of Community Planning
5. Lagging EAV

Deterioration

The Feasibility Report indicated this factor was found to be present throughout the RPA. The Report states that deterioration was present in 31 of the 61 primary structures and 41 of 80 parcels that were occupied by either buildings or parking lots. The findings on this factor did not identify the degree of deterioration (minor, major, critical) or the extent of deterioration, (limited, wide spread). Based on my visual survey of the RPA, I noted a limited number of buildings with minor defects in secondary building components, but found the majority of the buildings to be in basically sound condition. With respect to deterioration in surface improvements (parking lots, sidewalks, alleys, etc.), I noted very limited areas of minor deterioration throughout the proposed RPA. Most of these physical deficiencies could easily be corrected through normal maintenance. I did not see evidence of deterioration being present in the overall RPA that would be detrimental to the public safety, health, morals or welfare of the community. Further, the Report did not identify any parcels or buildings below minimum code

standards (building, zoning, property maintenance) which supports my observations of limited minor deterioration within the RPA.

Inadequate Utilities

The Report states this factor is present throughout the RPA. However, no parcels were identified as exhibiting this blighting factor and there was no evidence to indicate any parcels or buildings suffer from lack of sanitary sewer, potable water supply or experience flooding issues. It appears this factor is limited to the public rights-of-way which are maintained by the Village. The Village has various options available to them in order to improve their infrastructure other than the use of a TIF.

Excessive Land Coverage

The Report finds that this factor is present in 42 of the 66 parcels containing buildings. The TIF Act states *"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 and service."* Although the Report states this factor is present, the following blighting factors were not found to be present: (i) lack of ventilation, light or sanitary facilities; (ii) presence of structures below minimum code standards, and; (iii) deleterious land use or layout. I believe these factors would need to also be present in order to make a finding under the Act. I also observed buildings which covered the entire parcel property line to property line throughout the Study Area; however this is permitted by the Village zoning code.

Lack of Community Planning

The Report indicates this factor is present throughout the entirety of the Study Area. The TIF Act defines Lack of Community Planning as: *"The proposed redevelopment project area was developed prior to or without the benefit of 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."* Based on my research and experience, the Village has a long history of community planning dating back to 1921. For almost one hundred years the Village has had plans which provided guidance for their land use and planning decisions. The first zoning code was adopted in 1922. Similar to community and comprehensive plans, the Village has had regulatory codes controlling use, form, design and compatibility of development for over nine decades. Although the Report found this factor present, it did not identify any of the following blighting factors present: (i) obsolescence; (ii) presence of structures below minimum code, and; (iii) deleterious land use or layout. I believe these factors would need to also be present to indicate evidence of Lack of Community Planning.

Lagging EAV

Assuming the equalized assessed values are shown correct on Table 2 of this Report, I concur with this finding.

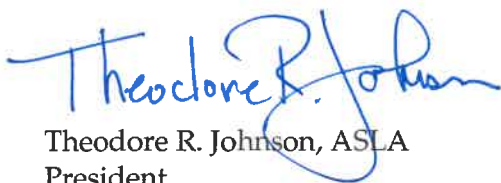
Summary

Based on my visual analysis of the proposed RPA, it is my opinion that the blighting factors of Deterioration, Inadequate Utilities, Excessive Land Coverage and Lack of Community Planning are not present to a meaningful extent and reasonably distributed throughout the proposed RPA. The TIF Act states *“that conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked; that the stable economic and physical development of the conservation area is endangered by the presence of blighting factors as manifested by progressive advanced deterioration of structures.”* It further states that as a result of the existence of conservation areas *“there is an excessive and disproportionate expenditure of public funds, inadequate public and private investment, unmarketability of property, growth in delinquencies and crime, and housing and zoning law violations in such areas together with an abnormal exodus of families and businesses so that the decline of these areas impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in such areas, and threatens the health, safety, morals, and welfare of the public”*. TIF is a tool for municipalities to use for fighting urban decay in older declining areas. The majority of the buildings in the Study Area appeared to be structurally sound and in good repair. The limited areas of deficiencies I observed could easily be corrected by the property owners through asphalt patching, seal coating, painting and tuck-pointing. I did not observe any blighting conditions present to a meaningful extent within the Elm Street Business District that are *“detrimental to the public safety, health, morals or welfare of the community.”* With respect to the repair and upgrade of public infrastructure improvements, these are typical municipal obligations that can be taken care of by the Village using its municipal powers and taxing authority. It is my opinion based on the lack of blighting factors present in the Study Area, the proposed RPA does not qualify as a Conservation Area under the TIF Act.

Should you have any questions regarding this memorandum, please do not hesitate to call me. If additional information becomes available from the Village, I would be pleased to review it.

Sincerely,

TJ Design Strategies, Ltd.



Theodore R. Johnson, ASLA
President