



**VILLAGE OF MUNDELEIN
TIF ELIGIBILITY REPORT
PROPOSED DOWNTOWN TIF II DISTRICT**

A study to determine whether all or a portion of an area in the Village of Mundelein qualifies as a Conservation Area as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

Prepared for: Village of Mundelein, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

JULY 11, 2016

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EXECUTIVE SUMMARY

Kane, McKenna and Associates, Inc. (KMA) has been retained by the Village of Mundelein (the “Village”) to analyze the qualification of an area (the “Proposed Area”) to be established as a “redevelopment project area” (also known as a “TIF district”) under the Tax Increment Allocation Act (ILCS 5/11-74.4-1 et. seq.) (the “Act” or “TIF Act”), to be known as “Village of Mundelein Downtown TIF II” (“TIF II”). The Village is considering the creation of TIF II to promote the revitalization of underutilized properties located within the Village and the overall improvement of the Downtown area. This analysis is part of the “Village of Mundelein TIF II Redevelopment Plan” (the “Plan”).

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the potential qualification of the Proposed Area to be TIF II:

- 1) *Conservation Area* – The Proposed Area qualifies as a “Conservation Area” as defined under the TIF Act. Overall, because of certain factors identified in this report, the Proposed Area is in danger of declining toward a blighted condition. This condition prevents, or threatens to prevent, the healthy economic and physical development of properties in a manner that the community deems essential to its overall economic health. Since more than fifty percent (50%) of structures (the actual count is 84%) are over 35 years old or greater, the TIF District meets the threshold statutory criteria to qualify as a Conservation Area TIF.
- 2) *Current conditions impede redevelopment* – The existence of certain conditions found within the Proposed Area present a barrier to the Proposed Area’s successful redevelopment. This is because the factors negatively impact coordinated and substantial private sector investment in the Proposed Area. Without the use of Village planning and economic development resources to mitigate such factors, potential redevelopment projects (along with other activities that require private sector investment) are not likely to be economically feasible.
- 3) *Viable redevelopment sites could produce incremental revenue* – Within the Proposed Area, there are several parcels which potentially could be redeveloped and thereby produce incremental property tax revenue. Such revenue, used in combination with other Village resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the Proposed Area.
- 4) *TIF designation recommended* – To mitigate Conservation Area conditions, promote private sector investment, and foster the economic viability of the Proposed Area, KMA recommends that the Village proceed with the formal TIF designation process for the entire area.

Because the Village will certify in the Plan that the Plan will not displace residents from 10 or more inhabited residential units, the Village is not obligated to conduct a housing impact study or feasibility study pursuant to the TIF Act and such studies are not included as part of the TIF Plan.

I. INTRODUCTION AND BACKGROUND

In the context of planning for the proposed establishment of TIF II, “Redevelopment Project Area” or “RPA”), the Village has initiated this report to determine whether the Proposed Area qualifies as a TIF District. The TIF Act identifies factors that, if present, qualify property as a “conservation area” under the TIF Act (the “Qualification Factors”).

The Proposed Area is depicted on **Exhibit 1**, TIF II Boundary Map. It is generally bounded by Maple Avenue on the north; frontage parcels on Lake Street between Hawley Street and Park Street, and Seymour Avenue (south of Hawley) on the west; Chicago Avenue and the Metra rail line to the east; and Courtland Street and Countryside Highway to the south. The former Anatol property (Archer Business Center – 165 North Archer Ave.), some single family homes and the Village Hall property are excluded.

Objectives. The Village’s general economic development objective is to enhance retail/commercial and mixed use opportunities, including residential development, within the Village, prioritizing the Downtown area. To achieve this overarching objective, the Village has proposed goals that would apply to the proposed TIF II. (Refer to **Table 1** below.)

Given the Village's goals, as well as the conditions of the Proposed Area described in this report, the Village is considering whether to designate the Proposed Area as a TIF District. Absent such a designation, Village officials are concerned that the adverse conditions of the Proposed Area will worsen. The Village is considering whether designating the Proposed Area as TIF II will restore, stabilize, and increase the economic base associated with TIF II, which would not only benefit the community as a whole but also generate additional tax revenues to support municipal services.

TABLE 1

General Goals for the Downtown Area
Economic Development Goals
<u>Policies</u>
<ul style="list-style-type: none">➤ Maximize retail sales tax-generating uses, where appropriate, by concentrating retailers in Downtown and the Village’s commercial corridor.➤ Seek an appropriate mix of commercial retail, commercial service, office and industrial uses.➤ Promote the addition of new office and retail development in the Village, particularly in the commercial corridors and the Downtown area.➤ Work cooperatively with the Economic Development Commission, Mundelein Business Alliance and Mundelein Community Connection to help promote, coordinate, and undertake downtown focused economic development initiatives.➤ Manage business mix and vacancies to enhance the market position and visibility of the downtown core.➤ Evaluate the opportunity for a dining cluster in the downtown core.
Streetscape & Safety Goals
<u>Policies</u>
<ul style="list-style-type: none">➤ Establish a pedestrian-scale wayfinding system within Downtown and at key locations throughout the Village that directs people to key community facilities, retail and office destinations.➤ As redevelopment occurs within the Downtown area, ensure that pedestrian amenities are included in new developments to support pedestrian activity.➤ Continue to work towards the construction of a pedestrian rail crossing near the Metra station to improve commuter access.➤ Improving accessibility and walkability to and from Metra rail and the Village Hall Subdivision and Plaza.➤ Update streetscape design standards to reflect contemporary design practices and green technology.

Source: Strategic Plan for Improving the Economic Development of Downtown Mundelein (2012), Village of Mundelein Master Redevelopment Implementation Plan (2012), Village of Mundelein Comprehensive Plan (2011)

The Village has further determined that redevelopment currently planned for TIF II is feasible only with public finance assistance. The creation and utilization of the Plan is intended by the Village to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of TIF II and to improve the tax base and job creation within the Village.

The use of tax increment financing (“TIF”) relies upon induced private redevelopment in a TIF District to create higher real estate values that would otherwise decline without such investment. By so doing, it would result in increased property taxes compared to the previous land use (and/or lack of use). In this way, the existing tax base for all taxing districts would be protected and a portion of future increased taxes may be pledged to attract the requisite private investment.

Current Land Use. Land uses within the Proposed Area include commercial, industrial, residential and institutional properties. Despite the advantageous location of the Proposed Area, certain parcels in the Proposed Area are underutilized and face challenges due to piecemeal development patterns. The Village Hall Subdivision and the Mundelein Shopping Center currently offer opportunities to coordinate redevelopment and to improve area valuations. The proposed TIF II would provide the Village with the possibility of bringing new development to an area that has become underutilized and has ongoing vacancies.

The Proposed Area suffers from a variety of economic development impediments, as identified in the TIF Act. For example, it suffers from deterioration, obsolescence and lagging or declining equalized assessed valuations (“EAV”). Section V of this report identifies other impediments to redevelopment.

General Scope and Methodology. KMA formally began its analysis by conducting a series of meetings and discussions with Village staff, starting in December 2015 and continuing periodically up to the date of this report's issuance. The purpose of the meetings was to establish boundaries for TIF II and to gather data related to the Qualification Factors for properties included in TIF II. These meetings were complemented by a series of field surveys for the entire area to evaluate the condition of the Proposed Area.

For the purpose of this report, properties within the Proposed Area were examined in the context of the TIF Act governing improved areas (separate provisions of the TIF Act address non-improved or vacant areas). The Qualification Factors discussed in this report qualify the area as a Conservation Area, as the term is defined in the TIF Act.

During the course of its work, KMA reported to key Village staff its findings regarding the Qualification Factors for the Proposed Area. Based on these findings the Village (a) made refinements to the proposed TIF II boundaries and (b) directed KMA to complete this report and to move forward with the preparation of the Plan for TIF II.

For additional information about KMA's data collection and evaluation methods, refer to Section IV of this report.

II. QUALIFICATION FACTORS

With the assistance of Village staff, KMA assessed the Proposed Area to determine the presence or absence of Qualification Factors listed in the TIF Act. The relevant sections of the Act are found below.

The Act sets out specific procedures which must be adhered to in designating a TIF District. By definition, a TIF District (or “Redevelopment Project Area”) is:

“An area designated by the municipality, which is not less in the aggregate than 1½ 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 areas and conservation areas.”

Under the Act, “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 and which is not yet a blighted area, but because of a combination of 3 or more Qualification Factors, is detrimental to the public safety, health, morals or welfare and may become a blighted area.

Qualification Factors for a Conservation Area. In accordance with the TIF Act, KMA performed a two-step assessment to determine if the Proposed Area would qualify as a Conservation Area. First, KMA analyzed the threshold factor of age to determine if 50% or more of structures within the Proposed Area were 35 years of age or older. KMA determined that 50% or more of such structures are 35 years of age or older.

If a proposed Conservation Area meets this age threshold, then the following Qualification Factors are examined to determine “conservation area” qualification:

Property qualifies as a *Conservation Area* if it is not yet a blighted area but is detrimental to the public safety, health or welfare because of a combination of three (3) or more of the following Qualification Factors, each of which is (i) present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the proposed Redevelopment Project Area:

- (A) Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building 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, 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 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 refers 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 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 are 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. Any such remediation costs would 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.
- (M) Lagging or Declining EAV. The total equalized assessed value (EAV) of the proposed Redevelopment Project Area has declined for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated, 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 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 prior to the year in which the Redevelopment Project Area is designated.

III. THE PROPOSED AREA

The Proposed Area contains approximately 85 tax parcels.

The Proposed Area contains improved land designated primarily for commercial, industrial, residential, mixed-use and institutional purposes. The Proposed Area's potential for redevelopment is challenged because certain structures are older or converted to other uses, the Proposed Area has an overall uncoordinated appearance, due to multiple land uses and largely piecemeal development patterns. In particular, the Proposed Area has been impacted by the general economic downturn in the commercial real estate market throughout the Chicago metropolitan area, including the Village and Lake County. Redevelopment options for the Proposed Area are being considered by the Village including the designation of the Proposed Area as TIF II. Further analysis whether the Proposed Area qualifies as a TIF District, under the Qualification Factors, is included in Section V of this report.

IV. METHODOLOGY OF EVALUATION

In evaluating the Proposed Area's qualification as a TIF District under the Qualification Factors, the following methodology was utilized:

- 1) Site surveys of the Proposed Area were undertaken by representatives from KMA, supplemented with photographic analysis of the sites. Site surveys were completed for each parcel within the Proposed Area.
- 2) KMA performed EAV trend analysis to ascertain EAV growth (or lack thereof) in the Proposed Area over the last five years.
- 3) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as deterioration, and obsolescence. Additionally, KMA reviewed the following data: 2009-2014 tax information from Lake County, parcel tax maps, site data, local history (discussions with Village staff), and an evaluation of area-wide Qualification Factors that have affected the Proposed Area's development (e.g., deleterious layout, declining EAV, etc.).
- 4) Existing structures and site conditions were surveyed in the context of checking against Qualification Factors and as applied to structures and site conditions on the parcels within the Proposed Area.
- 5) The Proposed Area was examined to assess the applicability of the Qualification Factors

V. FINDINGS FOR DESIGNATION OF PROPOSED AREA AS TIF II

Based upon KMA’s evaluation of parcels in the Proposed Area and analysis of each of the Qualification Factors summarized in Section II, KMA made the following findings and determinations. KMA found that, because of the Qualification Factors the Proposed Area qualifies as a “Conservation Area” under the Act and therefore may be designated as TIF II. The Qualification Factors are summarized in **Table 2** below. The Qualification Factors are found to be clearly present and reasonably distributed throughout the Proposed Area, as required under the Act.

TABLE 2

Summary of Conservation Area Findings: TIF II

Maximum Possible Qualification Factors per TIF Act	Minimum Qualification Factors Needed to Qualify per TIF Act	Qualification Factors Present in Proposed Area
13	3	<p>6</p> <ul style="list-style-type: none"> • Lack of Community Planning • Lagging or Declining EAV • Deleterious Layout • Deterioration • Obsolescence • Inadequate Utilities

Note: In addition to 6 Qualification Factors above, the Proposed Area meets the statutory age threshold that 50% or more of the structures are 35 years or older.

Finding as a Conservation Area. The Proposed Area is found to qualify as a Conservation Area under the Qualification Factors criteria set forth in the TIF Act. As indicated in Section II, KMA performed a two-step assessment, first finding that 50% or more of structures within the Proposed Area were over 35 years of age. Based upon Village data, County Assessor and site survey data, 27 of 32 structures (84%) were over 35 years in age.

Qualification Factors. As a second step, KMA reviewed the Qualification Factors needed to qualify as a Conservation Area, finding that six Qualification Factors were present:

- 1) Lack of Community Planning. The Act states that if an area was developed prior to or without the benefit or guidance of a community plan this Qualification Factor is present. This Qualification 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.

Both sides of Seymour Avenue frontage include multiple incompatible land uses; including a number of single family homes interspersed with commercial/retail uses. Some parcels include multiple structures and buffering between uses is limited. As an example, on Chicago Avenue there is a single-family home near/adjacent to commercial uses with little buffering.

As stated above, buffering to adjacent single family uses is mixed, and loading/unloading functions are also varied from use to use, both along the downtown “core” and in adjacent areas. Existing uses reflect piece meal or uncoordinated development patterns.

Much of the development that has occurred within the Proposed Area took place in an era prior to modern community planning techniques, and/or occurred under a lack of comprehensive and coordinated planning.

Lacking until recently has been effective and sustained economic development plans and strategies intended to address the coordinated redevelopment of the entire Proposed Area. Although some improvements were made over the years, they were implemented without the guidance of a master plan directed toward long-term benefit for the Proposed Area. A lack of such efforts has contributed to the evolution of Qualification Factors currently present within the Proposed Area.

The lack of coordinated development has left parcels that are inadequate in size and shape for contemporary development. This is evidenced by the larger lots that the Proposed Area’s buildings set on, narrow streets and rights-of-way, the lack of adequate exterior access and the lack of buffering between uses.

- 2) Lagging or Declining EAV. This Qualification Factor is present if the total EAV of the proposed Redevelopment Project Area has declined for three (3) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated, 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 (“CPI”) for five (5) of the last five (5) calendar years prior to the year in which the Redevelopment Project Area is designated. The EAV of the Proposed Area has declined for three (3) consecutive years and has lagged CPI growth five (5) of the last five (5) years. Please refer to **Table 3**.

TABLE 3

EAV Trends for Proposed Area and CPI Data

	2014	2013	2012	2011	2010
Total EAV of Proposed Area	\$7,242,328	\$7,441,376	\$7,515,610	\$8,173,227	\$8,078,200
EAV Change (%)	-2.67%	-0.99%	-8.05%	1.18%	1.57%
CPI- All Urban Consumers	1.60%	1.50%	2.10%	3.20%	1.60%

Declining and lagging years are indicated in **bold**. Sources: Lake County Clerk, Lake County Assessor, Village of Mundelein

Overall, the lack of continued maintenance of properties, limited national/regional tenants, and the presence of older buildings have resulted in fewer opportunities for area retailers/commercial establishments to remain competitive in comparison to alternative locations. It is also noted that several commercial spaces in the Mundelein Shopping Center, along Seymour Avenue and Hawley Commons have experienced ongoing vacancies, directly contributing to the decline in EAV.

- 3) Deterioration. The Act defines deterioration as the physical decline of surface improvements, primary building components, and secondary buildings components such as doors, windows, porches or gutters. With respect to surface improvements, deterioration is determined by the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas (including but not limited to surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces).

Deterioration within the Proposed Area is primarily observed among the surface improvements. Parking lots adjacent to both vacant and occupied structures have widespread cracking as well as potholes and depressions. Because parking lots constitute a large percentage of overall land use in the Proposed Area, the poorly maintained lots, in combination with the lack of buffering discussed above, have a negative aesthetic impact on the Proposed Area. Area-wide deterioration was noted throughout the Proposed Area, specifically, the lots along Crystal Street, Plaza Circle, and the parking lots in the Mundelein Shopping Center, Hawley Commons and retail options along Lake Street.

Secondary evidence of deterioration was observed among certain buildings, such as the vacant properties identified in this report and in the rear portions of occupied buildings.

- 4) Deleterious Land Use or Layout. The Act states that deleterious land use and layout occurs with the existence of incompatible land-use relationships, buildings occupied by

inappropriate mixed-uses or uses that are considered to be noxious, offensive or unsuitable for the surrounding area.

As mentioned previously, single family homes within the Proposed Area are in close proximity to commercial and institutional uses. In most instances, there is no buffer between such conflicting land-uses. Smaller residential uses persist on parcels now zoned by the Village for retail, commercial, and mixed uses. This create poor ingress/egress to public right-of-ways and no clear means to separate access to buildings between residents, customers and clients versus provision for loading and other service functions to businesses.

- 5) Obsolescence. The Act states that obsolescence is the condition or process of falling into disuse or structures that have become ill-suited for their original use. The Proposed Area exhibits both economic and functional obsolescence. The need for access/egress, storage or buffering to adjacent uses are present due to the lot sizes and lack of buffering.

Partly because the Proposed Area is an older area (by definition being an area where 50% or more of the structures exceed 35 years in age), certain buildings within the Proposed Area are no longer adequate for their original user or require upgrades in order to be competitive. Some single-family homes have been repurposed for commercial uses along Lake Street and other structures appear outdated, requiring upgrades to remain competitive for current use.

The Proposed Area as a whole has factors that contribute to functional obsolescence such as overall building age (as mentioned 84% of the structures are over 35 years old), deterioration, and the need for coordinated signage, streetscape, and internal circulation, including both pedestrian and vehicle use.

Many of the commercial structures exhibit design features or components that are outdated in relation to market conditions. The underutilized Mundelein Shopping Center and adjacent vacant car wash have obsolete characteristics and cannot be used outside of their original intended uses. Signage, façade and exterior treatments, and site improvements in many cases are “dated” and appear outmoded in relation to newer properties. Deterioration of site improvements or building components also contribute to the outmoded or “tired” appearance of many structures and facilities. The industrial/business park includes primarily smaller structures with limited ceiling height.

Declines in area valuation support the economic obsolescence found in the Proposed Area, indicating that both the age and the condition of the properties have resulted in an absolute decline of value from tax year 2009 to tax year 2014.

Also as noted above, certain properties have experienced vacancies in recent years, many located in prominent parts of the Proposed Area (including along Seymour Avenue and Chicago Avenue).

- 6) Inadequate Utilities. This Qualification Factor is present if underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electric services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the Proposed Area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the Proposed Area.

Based on a review of the Village's existing infrastructure within the Proposed Area inadequacies were found in these areas:

The existing sewer systems range between 60 to 100 years old and are obsolete in piping materials and size. Current piping size does not meet future capacity requirements and will not accommodate additional development. The Proposed Area also has issues with storm water management and chronic nuisance ponding. Area-wide detention facilities and sewer systems are currently insufficient in supporting future redevelopment and land use.

VI. SUMMARY OF FINDINGS / GENERAL ASSESSMENT OF QUALIFICATION FACTORS

The following is a summary of relevant qualification findings as it relates to the Village's potential designation of the Proposed Area as TIF II.

1. The Proposed Area is contiguous and is greater than 1½ acres in size;
2. The Proposed Area qualifies as a Conservation Area. Further, the Qualification Factors found in the Proposed Area are present to a meaningful extent and are distributed throughout the Proposed Area, as outlined in Section V of this report;
3. All property in the Proposed Area would substantially benefit by the proposed redevelopment project improvements identified in the Plan;
4. The sound growth of taxing districts with jurisdiction within the Proposed Area, including the Village, has been impaired by the Qualification Factors found present in the Proposed Area; and
5. The Proposed Area would not be subject to redevelopment without the investment of public funds, including property tax increments.

In the judgment of KMA, these findings provide the Village with sufficient justification to designate the Proposed Area as TIF II.

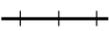
EXHIBIT A

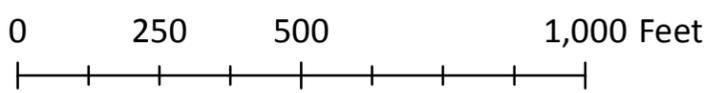
TIF II Boundary Map

TIF II Boundary Map

Downtown Mundelein, Illinois



- Legend**
-  Railroads
 -  Street Centerline
 -  Mundelein Parcels
 -  TIF II



Map Date: July 11, 2016