

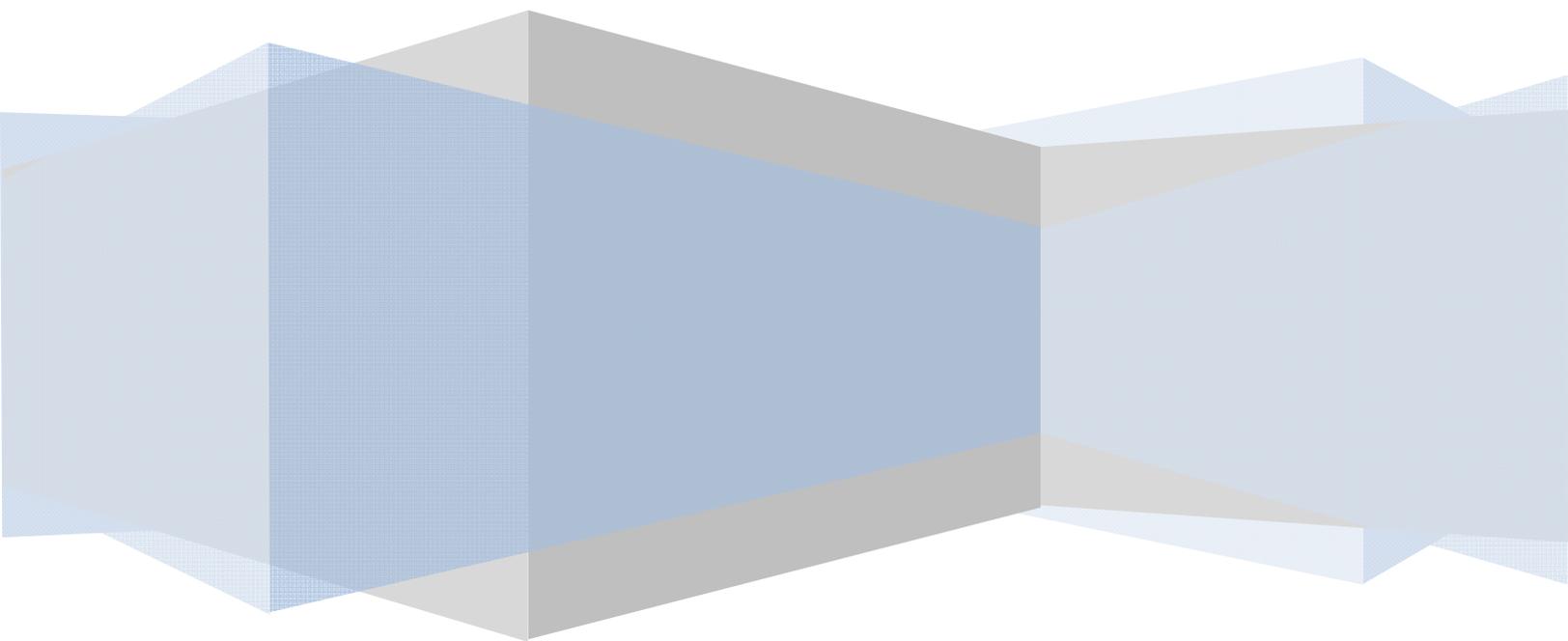
**DOWNTOWN LAKE ZURICH**

# **REDEVELOPMENT STRATEGIES PLAN**

Last Revised: December 30, 2011

PREPARED BY:

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# Downtown Lake Zurich Redevelopment Strategies Plan

This plan summarizes the review of financial conditions, market conditions and planning and zoning documents relevant to Downtown Lake Zurich. Strategies are outlined to help guide the Village in addressing issues relating to bond structure, financing, commercial and residential development, zoning, and TIF. This plan, including the analysis of each of the team members, Teska Associates, Inc. (Teska), Business Districts, Inc. (BDI), and Kane, McKenna & Associates, Inc. (KMA), is organized by the following sections:

1. Financial Analysis of Bond Structure
2. Descriptive List of Financial Tools for Non-Home Rule Communities
3. Market Overview
4. Market Gap Analysis
5. Evaluation of the Proposed Downtown Redevelopment Scenarios (as defined in the 2008 Charrette Book & 2009 Form Based Regulations)
6. Zoning Analysis
7. Amendments to the Downtown TIF Plan
8. Summary
9. Next Steps

## 1 | Financial Analysis of Bond Structure

The Village of Lake Zurich, Illinois (the “Village”) designated an area the “Downtown Tax Increment and Redevelopment Project Area” (the “TIF”) pursuant to the Tax Increment Allocation Redevelopment Act (the “TIF Act”) and to consider using a portion of the property tax increment generated by any development therein to pay for eligible project costs as defined in the TIF Act (the “Eligible Costs”).

The Village has issued bonds secured by property tax increment from the TIF and sales taxes of the Village in order to pay for Eligible Costs (collectively, the “Bonds”) from 2003 to 2011.

The TIF Act requires that the Village set aside 40% of any incremental property taxes related to residential development that has benefited from the TIF to reimburse Unit School District #95 (the “School District”) for any children that are new to the School District that reside in the newly constructed residential development in the TIF (the “School Payments”).

Since 2002, the Village has embarked on several redevelopment activities including the acquisition of property and entering into agreements relating to redevelopment projects. The economic downturn in 2008 has severely limited the Village’s ability to implement new redevelopment projects and to realize the tax increment revenues that were previously projected and anticipated to be applied to future bond debt service payments. Based on existing development and property valuation, anticipated TIF revenues are insufficient to retire outstanding TIF district bond debt. Several scenarios are proposed here to assist the Village in narrowing the “gap” between current TIF revenues and debt service obligations (including near and longer debt service payments). Kane, McKenna has examined historical tax and valuation data associated with the TIF District as well as expenditure data. In order to be conservative, no new projects were assumed to be implemented in the near term.

### Alternative Scenarios

Kane, McKenna has prepared the following four scenarios for the Village to review. Each of the scenarios is based on the assumption that no additional development will occur and that the EAV will

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continue to increase at the rates provided in the Village's Plan of Finance and Feasibility Report dated April 2009. Certain assumptions are identified and are suggested solely for Village review and consideration.

#### Scenario #1

Scenario #1 provides a preliminary analysis of the current debt service on the Bonds and the revenues available to provide for the payment of debt service assuming the following:

1. Incremental property tax revenues and student payments increase at the Inflation Rates;
2. Operations and Maintenance costs (net of any rental income) are initially \$125,000 and increase at the Inflation Rates thereafter.

Scenario #1 indicates that unless new projects are implemented, there is a disparity between revenues and expenditures.

#### Scenario #2

Scenario #2 provides a preliminary analysis of the debt service on the Bonds and the revenues available for the payment of debt service assuming the following changes to Scenario #1:

1. The Series 2003A Bonds are potentially refinanced with the issuance of General Obligation Refunding Bonds (Alternate Revenue Source), Series 2011D Bonds;
2. The debt service on the Series 2011D Bonds is based on current market interest rates and are subject to change;
3. The final maturity of the 2011D Bonds would be three years longer than for the 2003A Bonds with interest only payments through 12/15/2015.

This scenario alleviates some of the revenue/expenditure disparity but only to minimal extent.

#### Scenario #3

Scenario #3 provides a preliminary analysis of the debt service on the Bonds and the revenues available for the payment of debt service assuming the following changes to Scenario #2:

1. One alternative to improve cash flow includes the concepts that the student payments are decreased by 50% commencing with 2012;
2. The Lake County Clerk's Office separates all properties with a negative TIF incremental EAV into a separate tax code;
3. The Village issues additional limited bonds (in addition to the bonds necessary to refund the Series 2009A Bonds) in the maximum amount allowed by law to provide for any shortfalls in debt service; and
4. Net operation and maintenance costs are decreased by 50% commencing with 2012.

Scenario #3 improves the gap between revenues and expenditures, but some disparity still exists.

#### Scenario #4

Scenario #4 provides a preliminary analysis of the debt service on the Bonds and the revenues available for the payment of debt service assuming the following changes to Scenario #3:

1. The student payments are decreased by 50% commencing in 2013 through the debt service payment due on February 1, 2028;
2. The Series 2005A Bonds are refinanced with the issuance of Series 2015 Bonds on 12/16/15 assuming an extension of life of TIF;

3. The debt service on the Series 2015 Bonds is based on current market interest rates for A+ rated tax exempt sales tax and TIF revenue bonds and are subject to change; and
4. The life of the TIF is extended by 12 years.

Scenario #4 offers the Village the ability to cumulatively address the financial disparity associated with projected revenues and existing debt service obligations. Some years still indicate deficiencies, but careful attention to fund balance maintenance and reduction in expenditures provide a financing plan to address deficiencies.

## **2 | Descriptive List of Financial Tools for Non-Home Rule Communities**

Kane, McKenna and Associates, Inc. (“KMA”) has reviewed alternative public financing programs and identified if they could be beneficial or appropriate in the future redevelopment of the Village of Lake Zurich (the “Village”) Tax Increment Finance (“TIF”) District, as potential supplements to TIF District resources.

It should be noted that the redevelopment process is a fluid one with many variables; new sources of financing may surface during the course of establishing incentive programs; some sites may require substantial commitment on the part of the Village to effect change or increase stability within an area; and some sites may improve and/or grow entirely on their own (without Village assistance). The importance of maintaining flexibility while positioning the Village to respond as quickly as possible to positive market demands cannot be over estimated. Helping to guide an area’s development towards a positive redevelopment is possible, as long as realistic objectives are set and policies are implemented in a responsive, yet prudent manner.

A summary of potential financing programs is contained below.

Please note that these programs are not mutually exclusive. Depending upon the characteristics of the project, the market place, and the extent of the incentive request, these programs may be combined with TIF or each other.

### **Potential Public Financing Tools to Assist in the Redevelopment of the TIF District Area**

There are a number of alternative approaches that may be utilized to provide public assistance in potential redevelopment areas. Each approach is only presented in outline form; actual implementation would require a series of technical reviews and structuring issues that would need to be addressed by the Village and private entities (business concerns), and legal counsel.

Non-Home Rule municipalities such as the Village are subject to various statutory limitations in determining the needs for and the form of any public assistance to further economic development. Pursuant to policy goals and objectives, the Village can utilize approaches as a catalyst to initiate a successful market based redevelopment. Among the possibilities are: a) issuing various types of bonds on behalf of a development; b) entering into sales tax or other municipal tax sharing agreements; c) abatement of all or a portion of local property or rebate of sales tax revenues; d) providing grants or loans to a redevelopment project; e) utilizing provisions of the Illinois Business District Act (as amended) permitting sales tax, hotel tax and certain other tax utilization to spur redevelopment; f) capturing incremental taxes through a Tax Increment Finance District for certain infrastructure funding and provide reimbursement for eligible redevelopment costs; and g) implementing a special service area or special assessment.

The following will summarize a few of the above-mentioned forms of assistance that could supplement resources through the TIF District designation, including:

- A. Business District (BD)/Sales Tax Sharing
- B. Tax Abatements
- C. Special Service Area (SSA)
- D. Other Incentives

#### **A | Business District (BD)/Sales Tax Sharing**

The Village could consider the establishment of a Business District (“BD”) for a particular site or series of parcels with potential for increased sales tax activity. To do so, the Village would have to follow a State mandated process; however, the designation process is much less complicated than that required for a TIF.

Under a Business District, the Village could engage in many of the same development activities as allowed under TIF. The key important difference is that with a BD the Village would not capture incremental property taxes as it would with TIF. However, the Village would be able to levy an additional sales tax and certain other taxes (solely within the BD area) at levels of 0.25% increment, (.25%, .50%, .75% or 1.00%) to pay for the cost of activities stated in the Business District Development or Redevelopment Plan. Additional hotel taxes are also allowed.

The designation of an area as a site into a BD would give the Village resources in providing commercial developer assistance for the site as would a TIF. The specific State BD legislation dictates that through designation of an area as a BD, the Village would have the following authority:

- To impose a retail sales tax of up to 1% in quarter percent increments to pay for project costs.
- To impose a hotel operations tax inside the Business District.
- To issue bonds or otherwise incur debt.
- To approve all development and redevelopment proposals within the District.
- To acquire, manage, convey or otherwise dispose of real and personal property acquired pursuant to the provisions of the Plan (including the use of eminent domain for the acquisition of property).
- To apply for and accept capital grants and loans from the United States and the State of Illinois, or any instrumentality of the United States or the State of Illinois, for District development and redevelopment.
- To borrow funds as it may be deemed necessary for the purpose of District development and redevelopment.
- To enter into contracts with any public or private agency or person.
- To sell, lease, trade or improve such real property as may be acquired in connection with District development and redevelopment plan.

- To employ all such persons as may be necessary for the planning, administration and implementation of the District Plan.
- To expend such public funds as may be necessary for the planning, execution and implementation of the Plan.
- To establish by ordinance or resolution procedures for the planning, execution and implementation of the Plan.

Statutory criteria relating to the establishment of the BD are summarized below:

- The corporate authorities of the municipality shall hold public hearings at least one week prior to designation of the business district and approval of the business district development or redevelopment plan.
- The area proposed to be designated as a business district must be contiguous and must include only parcels of real property directly and substantially benefited by the proposed business district development or redevelopment plan.
- The corporate authorities of the municipality shall make a formal finding of the following: (i) the business district is a blighted area that, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use; and (ii) the business district on the whole has not been subject to growth and development through investment by private enterprises or would not reasonably be anticipated to be developed or redeveloped without the adoption of the business district development or redevelopment plan.
- The proposed business district development or redevelopment plan shall set forth in writing: (i) a specific description of the proposed boundaries of the district, including a map illustrating the boundaries; (ii) a general description of each project proposed to be undertaken within the business district, including a description of the approximate location of each project; (iii) the name of the proposed business district; (iv) the estimated business district project costs; (v) the anticipated source of funds to pay business district project costs; (vi) the anticipated type and terms of any obligations to be issued; and (vii) the rate of any tax to be imposed pursuant to subsection (12) or (13) of Section 11-74.3-3 and the period of time for which the tax shall be imposed.

**In order for this program to be effective, a large retail tax generator (e.g., food store, general merchandise “big box”) would need to be present.**

The Village could also explore on a case by case basis the potential for sales tax sharing with any proposed user or tenants in the area – subject to the Village’s compliance with State requirements for such incentives (e.g., determining the credit worthiness of the applicant, etc.).

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## **B | Tax Abatements**

Another method of spurring development is the use of abatements. Abatements are authorized in Illinois pursuant to Ill. Rev. Stat., Chap. 120, Sec. 643. Pursuant to the statutory directives governing abatements, an abatement cannot exceed ten years in duration or \$4 million in the total amount abated for the period not to exceed ten years, and must be approved by any affected taxing district, which desires to participate.

The Village, or any other overlapping taxing district, upon a majority vote of each governing authority, may, after the determination of the assessed valuation of a property, order the County Clerk to abate any portion of taxes on commercial and industrial property. Any benefiting development must have located within the taxing district during the immediately preceding year from another state, territory or country, or have been newly created within the State of Illinois during the immediately preceding year, or constitutes an expansion of an existing facility.

There are several factors that make abatements a successful development incentive – the abatement provides a direct incentive to the businesses to locate and proceed with a project in a specific municipality, the source of the abatement is from new revenues generated from the project itself, and as is the case with TIFs, an economic development partnership, a shared benefit, is created between both the businesses and the municipality.

**Based upon historical patterns, a smaller portion of the total tax rate is attributable to the Village. Approximately 60% to 65% of the total tax rate is associated with the school district. Any material abatement calculation would appear to have to include some portion of the non-Village tax rate, including the schools or other taxing districts.**

Given the statutory limitations of the tax abatement:

- \$4,000,000 maximum and 10-year duration;
- Commercial developments eligible for an abatement must locate within a taxing district from another state, territory or county; or be a newly a created project within the state during the immediately preceding year; or, is an expansion of an existing facility (the site is currently vacant and an expansion project would not apply);
- Identify specific users at the time of the abatement approval; and,
- The current redevelopment assistance request is an excess of \$4,000,000.

The structure of the tax abatement would most likely have limited applicability depending on the financial structure of the project. The tax abatement reduces the overall operating costs to the actual entities located at the site and does not produce incremental revenue that may be utilized for site redevelopment by the development entity including rehabilitation, site preparation, land assembly, etc. **As such, the incentive applies to end business users rather than the initial development entity.**

### **C | Special Service Area (SSA)**

This tool enables a “self-taxing district” to be formed, primarily created to fund physical improvements such as infrastructure, commercial area management and promotions, recreational and public safety facilities, etc. Improvements may be funded through additional tax levies imposed through the SSA District, and collected when a development is in place by private developers for the area.

Capital for improvements is often obtained through the issuance of debt. The tax or additional revenues generated by the SSA take the form of additional levies on individual properties, which are then used to amortize the debt. The special service area taxes are collected by the County and remitted to the municipality. Alternatively, annual levies can be used to fund certain special activities.

**Based upon review of the current development budget, the bulk of development costs would be located on private property. Certain offsite improvements such as roadway or signalization construction could be eligible, but additional research would be necessary in order to determine if any other site improvements could be dedicated to the Village (and if the Village would accept such dedications). In addition, research would determine whether or not the owners, taxpayers or tenants would be willing to pay the additional tax in relation to alternative sites (with potentially lower taxes).**

Additionally, the SSA is not an incentive to development; rather, it provides an alternative method to fund public infrastructure through increased taxes on the property. An SSA cannot be put into place if more than 50% of the property owners and 50% of the residents in the area object to its formation.

### **D | Other Incentives**

There are, in theory, other state and federal incentives to promote redevelopment; however: 1) given limited current funding; 2) the nature of the properties (primarily smaller scale properties); and, 3) the nature of the proposed redevelopment (infill or reuse), we do not believe that many of these larger scale incentives could apply to the projects.

Residential related projects may be able to access State financing programs (e.g., the Illinois Housing Development Authority - IHDA), but there are typically restrictions relating to income criteria for some portion of the units, if tax exempt financing or tax credits are utilized as a source of funding.

## **3 | Market Overview**

Since 2005, a national recession has significantly deteriorated the economy that supported retail, office, and residential development. Consequently, few projects are under construction anywhere in the Chicago regional market. Downtown Lake Zurich was especially impacted by this economic setback because it was anticipating significant growth that has failed to materialize. This market overview examines the current market and its potential to capture investment that could enhance Downtown Lake Zurich. It studies today’s key characteristics of retail, office, and residential markets that will determine the attractiveness of development opportunities in Downtown Lake Zurich.

### **Retail**

#### **Logical Markets**

There are three markets that determine the quality of the retail sales opportunity in Lake Zurich’s Downtown.

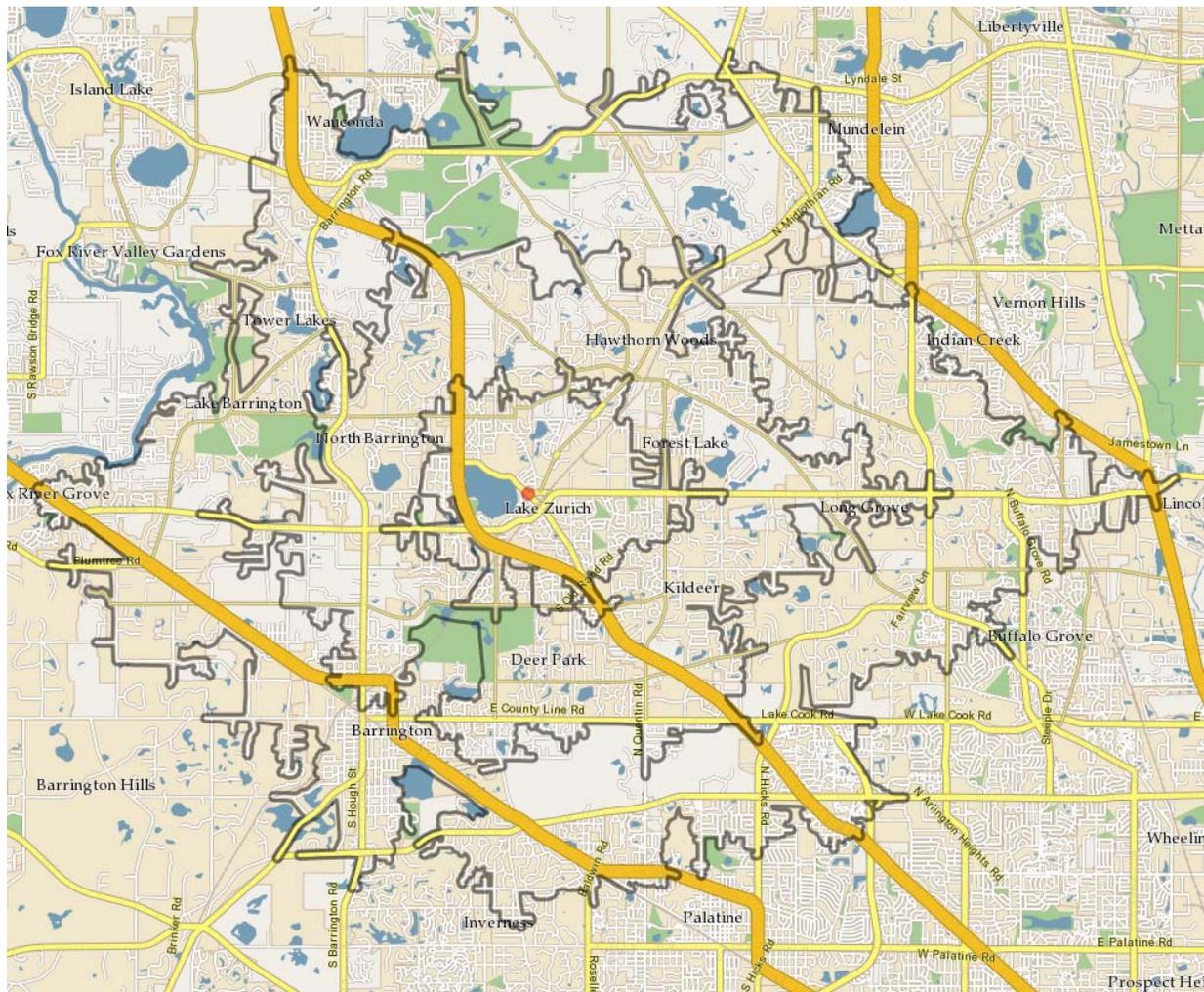
- **Community Affiliated:** Successful Downtowns often define the character of a community. Local pride inspires residents to bring guests to dine in independent restaurants and seek special items at unique stores. The Downtown serves as a setting for community festivals that draw residents. This relationship creates a bond that makes community residents an important market for a Lake Zurich's Downtown.
- The convenience market comprises people living within a quick 5-minute drive. This primary market is the easiest source of sales for any Downtown enterprise. If a store, restaurant, or service offers the needed item, the customer saves time by purchasing it at this nearby location. If the business owner has a relationship with the seller, there is even more likelihood that the transaction will occur in the study area. This market also identifies a 10-minute bicycle trip, representing the geography most likely to contain customers using that mode of travel.
- The destination market comprises people living within a 15-minute drive. Businesses selling items not found elsewhere within the 15-minute drive obtain a significant percent of their sales from destination customers, and the nearby convenience businesses also benefit because the destination customers add-on convenience items and food purchases.

Each of these markets contributes to the overall success of Downtown Lake Zurich, and information about the composition of these markets can be applied to match the amount of store and restaurant space to market spending power. Table 1 reports the key information about Downtown Lake Zurich markets.

**Table 1**

|   | Lake Zurich   | 5-Minutes Drive | 15-Minutes Drive Time |
|---|---------------|-----------------|-----------------------|
| Total Population                              | 19,635        | 18,584          | 148,161               |
| Total Households                              | 6,266         | 6,061           | 51,183                |
| Population Density (per Sq. Mi.)              | 2,885.2       | 2,362.6         | 1,558.1               |
| Median Age                                    | 37.9          | 38.2            | 38.3                  |
| Average Household Income                      | \$128,566     | \$126,693       | \$137,337             |
| Median Household Income                       | \$98,174      | \$95,610        | \$95,589              |
| Employees                                     | 8,000         | 9,945           | 62,127                |
| Retail Spending Power                         | \$341,718,034 | \$327,404,916   | \$2,919,872,143       |
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Figure 1 illustrates the geography associated with the 5, 10, and 15 minute drive time markets.



**Figure 1**

The logical markets for Lake Zurich's Downtown are attractive due to high household income. Although table 2 reports that the convenience numbers compare favorably to nearby Downtowns and recent major redevelopment, table 3 shows that Lake Zurich's destination market is far smaller than the markets accessible to the other commercial centers.

**Table 2**

|                                 | <b>Downtown<br/>Lake Zurich</b> | <b>Downtown<br/>Long Grove</b> | <b>The Glen<br/>Town Center</b> | <b>Downtown<br/>Palatine</b> |
|---------------------------------|---------------------------------|--------------------------------|---------------------------------|------------------------------|
| <b>Total Population</b>         | 18,584                          | 10,597                         | 14,530                          | 24,856                       |
| <b>Total Households</b>         | 6,061                           | 3,293                          | 5,385                           | 10,174                       |
| <b>Median Age</b>               | 38.2                            | 42                             | 35.4                            | 39.1                         |
| <b>Average Household Income</b> | \$126,693                       | \$156,189                      | \$122,436                       | \$97,157                     |
| <b>Median Household Income</b>  | \$95,610                        | \$119,701                      | \$77,783                        | \$76,264                     |
| <b>Number of Employees</b>      | 9,945                           | 3,569                          | 21,385                          | 15,562                       |
| <b>Annual Retail Spending</b>   | \$327,404,916                   | \$207,476,768                  | \$277,735,990                   | \$451,155,263                |

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Table 3

|   | Downtown Lake Zurich | Downtown Long Grove | The Glen Town Center | Downtown Palatine |
|---|----------------------|---------------------|----------------------|-------------------|
| <b>Total Population</b>                       | 148,161              | 248,240             | 216,396              | 217,319           |
| <b>Total Households</b>                       | 51,183               | 88,872              | 80,511               | 83,799            |
| <b>Median Age</b>                             | 38.3                 | 37.5                | 42                   | 38                |
| <b>Average Household Income</b>               | \$137,337            | \$115,491           | \$127,026            | \$106,315         |
| <b>Median Household Income</b>                | \$95,589             | \$84,525            | \$82,381             | \$80,750          |
| <b>Number of Employees</b>                    | 62,127               | 150,989             | 181,888              | 145,989           |
| <b>Annual Retail Spending</b>                 | \$2,919,872,143      | \$4,470,326,771     | \$4,317,592,418      | \$3,964,983,558   |
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### Capture Rates

Another factor that determines the desirability of a site is the unsatisfied demand for goods. Table 4 compares the sales made by Lake Zurich businesses and other communities within the logical markets to the spending power of those communities' residents in total and specifically in Restaurants. This calculation, the "Capture Rate," measures how well-served, and therefore competitive, markets are. Because Restaurants are instrumental in creating a lively downtown, the capture rate for that category also is examined.

Table 4

|  | Total  | Restaurants |
|--|--------|-------------|
| Lake Zurich  | 167.6% | 155.8%      |
| Barrington   | 147.8% | 118.2%      |
| Deer Park  | 219.6% | 525.2%      |
| Hawthorn Woods   | 6.5%   | 25.1%       |
| Kildeer  | 116.4% | 166.5%      |
| North Barrington   | 6.6%   | 0.0%        |
| Total (Includes Forest Lake)   | 81.2%  | 142.2%      |
| Source: © 2011, by Applied Geographic Solutions, Inc., IL Department of Revenue, BDI |        |             |

Although the community capture rates vary, Lake Zurich, Barrington, Deer Park, and Kildeer are competing successfully for more revenue than their residents pay. Restaurants face a tough market as Deer Park provides especially strong competition.

### Office

Nationally office space is tracked by class:

- **Class A:** Large, newer properties in prime business districts. These buildings usually have at least five floors and are constructed with steel and concrete. They offer high quality finishes, special technology features, business amenities, and convenient access.

- **Class B:** These properties are typically smaller, older, and of wooden framed construction. They have usually been renovated and are in good locations. If the buildings are newer then they are typically smaller and not in a prime location.
- **Class C:** Class C properties are older and have not been renovated. Their condition is typically fair but not considered good.

The regional office market is experiencing vacancy rates never before measured in the 30 years that current publications have tracked this market. Any office construction in the study area would be “Class B” due to limited height and the mixed use character of the development. No “Class B” space is under construction anywhere in the Chicago Region. As CB Richard Ellis summarized these market conditions in its 1<sup>st</sup> quarter 2011 report, “The burdens of the financial crisis are still weighing heavily on Chicago’s suburban office market as total vacancy remains at a historically high level.”

Even when measured by this challenging office market, Downtown Lake Zurich has limited opportunities to meet needs of local, business owning residents who want to reduce commute time by moving their businesses closer to their homes. There is some limited medical office expansion that might consider a location in the study area. Both of these possibilities are “build-to-suit” where the tenant is identified and then the project is designed to meet its specific needs.

## Residential

With no residential development projects currently being marketed in Downtown Lake Zurich, the best guidance on the market for equity condominium and townhome residential development is resale at relatively new projects such as Concord XX, a completed development in the study area. Table 5 reports recent sales and current listings in Concord XX.

**Table 5**

| Sold Properties: 2011 | SQFT | Sold      | Purchased | % Change | \$/SF    | Sold |
|-----------------------|------|-----------|-----------|----------|----------|------|
| 2XX Rosehall Drive    | 1300 | \$145,000 | \$189,000 | -23.3%   | \$111.54 | 4/29 |
| 7XX June Terrace      | 1500 | \$185,000 | \$249,500 | -25.9%   | \$123.33 | 1/25 |
| XX Rosehall Drive     | 1484 | \$181,000 | \$248,000 | -27.0%   | \$121.97 | 1/7  |

| Listed Properties   | SQFT | Current Price | Purchased | % Change | \$/SF    |
|---------------------|------|---------------|-----------|----------|----------|
| 802 June Terrace    | 1500 | \$209,000     | \$271,000 | -22.9%   | \$139.33 |
| 700 June Terrace    | 1830 | \$189,000     | \$259,500 | -27.2%   | \$103.28 |
| 166 Rosehall Drive  | 1806 | \$204,750     | \$281,500 | -27.3%   | \$113.37 |
| 53 Lakebreeze Court | 2144 | \$250,000     | \$389,000 | -35.7%   | \$116.60 |

These nearby examples verify the significant market decline since development transformed downtowns such as Arlington Heights and Palatine. Although construction costs have fallen somewhat, the market price for townhome and condominium units has fallen more sharply. Consequently, any potential projects will encounter significant difficulty meeting community quality standards at a marketable unit price. When buildings containing viable businesses have to be demolished to create a project site, the potential land price cannot replace the value of current lease income. The result has been no new condominium and townhome development.

Throughout the sub region, condominium and townhomes present significant inventory for interested buyers. Table 6 reports “months of supply” and “days on the market (DOM)” to illustrate inventory.

**Table 6**

| Listing Price                                    | April<br>Actives | DOM | Months<br>Supply | May<br>Actives | DOM | Months<br>Supply |
|--|------------------|-----|------------------|----------------|-----|------------------|
| Long Grove, Lake Zurich, Hawthorn Woods, Kildeer |                  |     |                  |                |     |                  |
| \$0 to \$199,999                                 | 8                | 92  | 5.33             | 6              | 79  | 3.79             |
| \$200 to \$349,999                               | 16               | 348 | 16               | 15             | 342 | 12               |
| \$350 to \$499,999                               | 9                | 301 | 54               | 9              | 300 | 54               |
| Total  | 33               | 273 | 12.38            | 30             | 277 | 10               |
| Barrington Area                                  |                  |     |                  |                |     |                  |
| \$0 to \$199,999                                 | 24               | 329 | 8.47             | 31             | 242 | 10.63            |
| \$200 to \$349,999                               | 49               | 207 | 17.29            | 54             | 206 | 20.25            |
| \$350 to \$499,999                               | 20               | 131 | 16               | 24             | 115 | 28.8             |
| Total  | 95               | 227 | 13.41            | 111            | 202 | 16.86            |

The “months of supply” is the length of time required to sell the existing inventory at the current rate of sales. When there is less than five to six month’s supply, sellers have the price advantage. Buyers have an advantage when there is a more supply. New development is less likely to enter an oversupplied market, and consequently there is little new development in today’s over supplied market.

The challenging equity multifamily market has created opportunities for luxury apartments that did not exist when young and upwardly mobile investors could easily purchase a condominium or townhome. On August 2, 2011, *Crain’s Chicago Business* described the appeal of this market to investors, “Sales of apartment properties are surging in the Chicago area and nationwide as investors try to increase their presence in the multifamily market, arguably the strongest real estate sector.” Although traditionally apartments have been difficult to entitle in most suburban communities, mixed-use, developments have successfully included apartments even when equity multi-family structures were attracting buyers. Table 7 compares apartments available in completed, nearby mixed use projects.

**Table 7**

|                      | Units | Monthly Rent |           |
|----------------------|-------|--------------|-----------|
|                      |       | 1-Bedroom    | 2-Bedroom |
| Deerfield            | 56    | \$1,939      | \$2,551   |
| Highland Park        | 30    | \$1,885      | \$2,930   |
| The Glen Town Center | 181   | \$1,880      | \$3,040   |

Apartments, must be developed with enough units to justify on site management that can be held responsible for high standards in tenanting and maintenance.

## Mixed Use

As the economy gradually recovers, the real estate development products most likely to be proposed are different from those that were developed prior to the recession. Most significant for Downtown Lake Zurich is a reexamination of the viability of vertical mixed use. The weakness in the office market means upper story office is unlikely. Given the high ground floor retail vacancy experienced in recently completed projects, future mixed use will give more care to meeting retail site location standards for average daily traffic exposure and space configuration, including ceiling heights of at least 15 feet and spaces with wider street exposure than depth. Tighter mortgage requirements have both limited interest in entry level equity residential products like condominiums and renewed interest in luxury rental residential to accommodate both young people who are building equity before they can purchase a home and others who are looking for flexibility as they test new employment or move seasonally in retirement. Key to attracting new mixed-use development that enhances Downtown Lake Zurich is the increased competition for the few products that might lead the recovery. Active developers have tight budgets and proceed with project design only when the approval process is reliable and clearly addresses today's market constraints.

## Summary

Lake Zurich's market exhibits these characteristics:

- A Retail/Restaurant market that is good but already well served, which means new development is restricted to replacing lost businesses.
- A tough, competitive office market with locally generated build-to-suit and potential for developing medical center.
- A limited multi-family residential market with equity price points between \$150,000 and \$300,000 and much stronger possibility for luxury rental apartments.

## **4 | Market Gap Analysis**

Within the market, Downtown Lake Zurich seeks to move from its existing conditions to a significantly enhanced form. The December 15, 2008 Charrette Book outlined a desired form, and this analysis looks at the "gap" between the changes that the market might support and the changes outlined in that document.

### Current, Planned & Proposed Development

Currently, Downtown Lake Zurich has this configuration:

- Ground floor
  - Approximately 60,000 square feet
  - Net Rents: \$8 to \$12 per square foot
  - At least 50% non-sales tax producing services
  - Significant vacancy with some space that may not be usable
- Upper stories
  - Affordable Apartments
  - Class "C" office

As described elsewhere in this report, the plan calls for a different configuration:

- Ground Floor
  - 172,000 square feet
  - Rents supporting new construction: \$25 to \$30 per square foot
- Upper Story
  - 625 units

Information provided by Lake Zurich staff indicates that there are no Downtown building permits officially seeking approval at this time. However interviews associated with this study report interest in these projects:

- Existing restaurant expansion
- New bank
- Child care center
- Restart of bankrupt townhome project

### **SWOT Analysis**

Implementing the changes desired by the Lake Zurich community, requires a developer-focused assessment of community strengths, weaknesses, opportunities, and threats (SWOT).

- Strengths: Internal Advantages
  - Desirable, amenity rich community make Lake Zurich an attractive home location
  - Natural Setting provides a unique selling point for homes and offices
  - Existing strong businesses offer new businesses a potential customer base
  - Engaged community is likely to support new businesses
  - Local, entrepreneurial investors can undertake market supported projects.
- Weaknesses: Internal disadvantages
  - Lake inaccessibility makes it a visual amenity
  - Low downtown traffic counts limit business exposure and interest of national chains
  - Already applied TIF funding reduces partnership funding
  - Multiple owners of target blocks makes land assembly difficult.
- Opportunities: External advantages
  - Growth of fully prepared food market whether eaten away from or at home improves sales at restaurants
  - Destination dining based on celebrity chefs presents a new business possibility
  - Project scale that fits entrepreneurial investors provides larger appeal
  - Relatively strong luxury rental market suggest a possible new development product
  - Solid interest in water associated residential is a unique, competitive positioning advantage for Lake Zurich
  - Interest in “environmentally sustainable” lifestyles can be accommodated in Lake Zurich’s Downtown.
- Threats: External Disadvantages
  - National, continued economic weakness promises to slow development interest
  - Regional oversupply of equity, multi-family housing makes that product difficult to support in new development
  - Constraints on bank financing hinder developer ability to fund projects
  - Vacancies exerting downward pressure on commercial rents making the rents necessary to support new development unlikely
  - International commodity prices exerting upward pressure on construction costs mean higher prices for new real estate.

When combined with market conditions, this community context defines the supported new uses/business opportunities in Downtown Lake Zurich.

### **Market Supported New Uses / Business Opportunities**

Downtown Lake Zurich's Regulating Plan calls for dramatic change to be achieved over time. Market conditions have extended that time and may alter the ultimate build-out. For now, the development outlook has this character:

- Bleak short-term development outlook
  - Office development is unlikely due to regional economic conditions and high vacancy
  - Retail expansion is focused on filling vacant space along Rand Road
  - Mixed-use projects are under reconsideration due to financial difficulty in the following completed projects
    - DesPlaines Metropolitan foreclosure looming
    - The Glen Town Center developer loan classified as a "troubled asset"
    - Downtown Palatine mixed-use with largely vacant or service ground floors and mixed-use developer withdrawn from Mia Cucina Block
  - Empty Downtown Lake Zurich "pipeline"
- Mid-term (2 to 5 years) development outlook offers improving opportunities
  - Fill gaps in housing product offered by adding luxury rental
  - Add medical office
  - Satisfy "micro-market" office needs of residents
  - Respond to format changes associated with growth in Internet retail
  - Build elements of the plan
- Long-term (over 5 years) development outlook relies on a modified plan that respects the market changes caused by a significantly altered economy
  - Recognize that 172,000 square feet new ground floor space may be unattainable
    - "Rule of thirds" means about 110,000 square feet of stores & restaurants and about 55,000 square feet of office
    - At \$300 per square foot requires sales of \$33 million
    - If families spend \$500 per month, plan success calls for 5,500 new households (currently 6,000 households in 5-minute market)
    - Alternative is displacement of existing businesses
  - Recognize that satisfying market parking requirements of 2 spaces per luxury units means that the plans hoped for more than 600 residential units will be significantly lower at approximately 350 units
    - Equity is about 35 units per project per year (3-year sell through)
    - Rental needs at least 100 units for management and amenities
    - Three separate developments

Today's challenge is continuing to pursue future opportunities in a pragmatic fashion that respects this development outlook. A key to the pragmatic approach is modifying the plan to meet existing conditions.

### **Changes to Improve Plan's Developer Appeal**

The most critical element in a plan's developer appeal is the ability to meet return on investment objectives. With limited information on building materials and specific tenant needs, any analysis of each site concept's financial feasibility is a preliminary estimate of potential market response. Essentially this analysis screens each of the plan blocks' development concepts to identify where revisions are

necessary to devise a realistic plan. This level of analysis is designed to identify which priority development sites may warrant more detailed analysis by pinpointing the projects most likely to appeal to developers because they offer profit potential. The assumptions underlying this initial analysis, as listed on table 8, are uniformly optimistic. An optimistic approach ensures that the needed public investment will only increase as specific challenging conditions that decrease profitability are identified for each site. Uniformity in the assumption allows fair comparison between sites. With this initial analysis approach, concepts that require substantial public investment can be confidently identified and modified, or rejected in favor of more feasible alternatives. The next level of analysis tests how specific, less optimistic market conditions impact the financial feasibility of the site concepts. This analysis begins that sensitivity test by examining how slow product absorption and lower rents change each concept's profitability.

**Table 8**

| <b>Blended Equity and Loan Investment Returns</b> |           |
|---|-----------|
| Rental Apartments                                 | 9.0%      |
| Other Development                                 | 11.0%     |
| <b>Rents &amp; Sales Prices</b>                   |           |
| New Commercial Net Rent                           | \$27.00   |
| Net Operating Income % of Net Rent                | 85%       |
| Market Rate Townhome Sales Price                  | \$300,000 |
| Market Rate Condo Sales Price                     | \$200,000 |
| Monthly Luxury Apartment Rent/SF                  | \$1.75    |
| <b>Costs</b>                                      |           |
| Residential Construction per SF                   | \$167.05  |
| Stick built apartment Construction                | \$135.81  |
| Store Construction                                | \$147.12  |
| Restaurant Construction                           | \$237.72  |
| Office Construction                               | \$230.60  |
| Soft Cost   | 15%       |
| Garage Parking Space                              | \$23,000  |
| Surface Parking Space                             | \$6,000   |
| Covered parking                                   | \$18,000  |
| Land per square foot                              | \$20.00   |

Using these assumptions with the plans for each Downtown Lake Zurich, block as laid out in the Form Based Regulations, produces the analysis of the market development gap reported on Table 9.

|        | New Retail Square Feet | Condo Units | Surface Parking Spaces | Garage Parking | Total Cost   | Maximum Value | Surplus or Gap | Land @ \$20/SF | Surplus or Gap with Land Purchase | Annual Taxes | Market Issues |
|--------|------------------------|-------------|------------------------|----------------|--------------|---------------|----------------|----------------|-----------------------------------|--------------|---------------|
| Site A | 30,000                 | 64          | 31                     | 217            | \$20,846,567 | \$20,163,636  | (\$682,931)    | \$1,716,380    | (\$2,399,311)                     | \$403,273    | 1,2,3,5       |
| Site B | 42,000                 | 54          | 27                     | 249            | \$21,804,755 | \$21,109,091  | (\$695,664)    | \$3,387,160    | (\$4,082,824)                     | \$422,182    | 2,3,5         |
| Site C | 34,000                 | 103         | 105                    | 237            | \$28,682,107 | \$28,945,455  | \$263,347      | \$3,705,880    | (\$3,442,533)                     | \$578,909    | 2,5           |
| Site D | 16,000                 | 63          | 71                     | 119            | \$16,269,236 | \$16,527,273  | \$258,037      | \$1,758,600    | (\$1,500,563)                     | \$330,545    | 2,3,5         |
| Site E | 16,000                 | 45          | 18                     | 105            | \$12,876,992 | \$12,927,273  | \$50,280       | \$1,292,240    | (\$1,241,960)                     | \$258,545    | 3,5           |
| Site F | 0                      | 59          | 0                      | 155            | \$13,614,423 | \$11,800,000  | (\$1,814,423)  | \$4,333,320    | (\$6,147,743)                     | \$236,000    | 3,5           |
| Site G | 0                      | 76          | 0                      | 196            | \$17,415,185 | \$15,200,000  | (\$2,215,185)  | \$7,094,720    | (\$9,309,905)                     | \$304,000    | 2,3,5         |
| Site H | 11,100                 | 14          | 52                     | 36             | \$5,266,564  | \$5,524,545   | \$257,981      | \$764,760      | (\$506,779)                       | \$110,491    | 2,3,5         |
| Site I | 30,000                 | 64          | 31                     | 217            | \$20,846,567 | \$20,163,636  | (\$682,931)    | \$1,716,380    | (\$2,399,311)                     | \$403,273    | 2,3,5         |
| Site J | 19,300                 | 49          | 102                    | 73             | \$13,407,330 | \$14,472,912  | \$1,065,582    | \$2,346,800    | (\$1,281,218)                     | \$289,458    | 2,3,5         |

## Market Issues Key

- 1 Parking does not fit
- 2 Retail absorption unlikely
- 3 Project size makes marketing & management difficult
- 4 Halted development
- 5 High cost of structured parking

Table 9

As Lake Zurich learned, when it began to facilitate Downtown redevelopment in 2005, land assembly costs for whole blocks causes proposals to be unprofitable for private development. The Village sought to rectify that problem by beginning land assembly, and now owns parcels in many blocks, however, with the exception of block “A,” that assembly is incomplete so developers considering this plan must rely on the column, shown in Table 9 above, titled “Surplus or Gap with Land Purchase” to determine potential return. This gap confirms the need to modify plan elements to attract investor interest.

Plan modifications that the Village should consider include:

- Significant reduction in the amount of ground floor retail to match the limited opportunity to attract new retail uses. With this change, projects could become residential, with attractive entry courtyards and reduced heights that allow less expensive construction.
- Project rather than whole Block Plans that create development efficiencies by sizing developments to allow financing and removing purchase and demolition concern that keep current owners from improving properties. Project orientation could modify the current plan’s building configurations to create these development options:
  - Combine blocks A and E into a single residential development of approximately 100 units
  - Combine blocks F and G into an auto-oriented (underlying zoning) site
  - Remove “development cloud” from blocks H and J to offer affordable vintage space/pad sites that provide space for entrepreneurial business near new development
  - Refine blocks B and D as build-to-suit opportunities that can remain or be redeveloped
  - Designate the block C street frontage to complement B/D build to suit

As an example of how these changes could alter the investment returns, table 10 looks at options for combining blocks “A” and “E” into a single residential development.

**Table 10**

|                         | Blocks A and E Plan | Blocks A and E Convertible Apartments | Blocks A and E Apartments |
|-------------------------|---------------------|---------------------------------------|---------------------------|
| New Retail Square Feet  | 38,400              | 0                                     | 0                         |
| Condo/Apartment Units   | 109                 | 215                                   | 215                       |
| Garage Parking          | 322                 | 322                                   | 322                       |
| Total Hard & Soft Costs | \$33,861,639        | \$45,697,749                          | 38747745.44               |
| Land cost               | \$0                 | \$0                                   | 0                         |
| Residential Value       | \$21,800,000        | \$45,144,885                          | \$45,144,885              |
| Retail Condo Value      | \$9,425,455         |                                       |                           |
| Maximum Value           | \$31,225,455        | \$45,144,885                          | \$45,144,885              |
| Profit (Gap)            | (\$2,636,184)       | (\$552,864)                           | \$6,397,140               |

The alteration to convertible apartments reduces the apartment size but continues the finishes associated with condominiums while the standard apartments use a different construction method to control costs and create a profit that could be used to pay land costs or increase the project’s design and landscaping quality.

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### **Summary of Gap that Limits Development Potential in Downtown Lake Zurich**

Given the urgency of Downtown Lake Zurich's obligation to fund its bond payments, one must find real estate investment opportunities that can be undertaken quickly. This is because design, permitting and construction extends for at least 18 months and property tax revenue is not generated until a year after occupancy. These conditions mean that a project conceived immediately probably will not generate any tax increment until at least 2014.

Successful new development in Downtown Lake Zurich will capitalize on the following area strengths:

- Downtown is the center of an amenity rich community offering good schools, convenient shopping along Rand Road, and nearby employment;
- The lake presents a highly desirable natural setting; and
- There are local, entrepreneurial investors interested in development opportunities.

Over the next 18 months to 2 years, the most likely match between those strengths and market interest is luxury rental that capitalizes on people's interest in living near water. After the market absorbs its existing stock of unsold, suburban condominiums, the high quality construction envisioned for Downtown Lake Zurich likely would allow conversion from apartments to owned condominiums. A Downtown Lake Zurich luxury rental development would contain at least 100 units and be more easily financed if it contained 200 units. A 200 or more unit development can possibly include limited, ground floor retail if the site matches retail traffic exposure requirements. Real estate taxes on a successful luxury apartment development could be \$400,000 to \$500,000 annually.

Local, entrepreneurial investors may have an interest in commercial projects that appeal to a specific tenant. These projects satisfy build-to-suit non-market needs such as shortening commutes or improving the image of a strong community serving business. Replacing the existing building of a successful local restaurant with a larger, modern, more upscale, new building would fit the financial capacity of local, entrepreneurial investors. New banks and medical offices are additional opportunities for this type of investment. If Downtown Lake Zurich were to approve a total of 30,000 square feet of new commercial development in a few projects, additional property taxes could be \$100,000 to \$200,000.

Although today's market presents significant challenges to attracting new real estate investment, Lake Zurich can compete for the limited available development. The key is to quickly create public/private partnerships that entitle financially sound, market responsive projects.

## **5 | Evaluation of the Proposed Downtown Redevelopment Scenarios** **(AS DEFINED IN THE 2008 CHARRETTE BOOK & 2009 FORM BASED REGULATIONS)**

In order to understand the impact of the proposed land use and development program outlined in the 2008 Charrette Book and further refined in the 2009 Form Base Regulations, we evaluated the feasibility of providing the proposed amount of retail/office units and residential units for each of the key redevelopment sites in Downtown Lake Zurich. The Charrette Book categorizes these redevelopment sites into 10 blocks (Blocks A through K). We also evaluated the capacity for each block to accommodate the parking associated with the block's specified land use program.

Our evaluation is quantitatively summarized in the tables provided in Appendix B. Our conclusions from this evaluation include the following:

- The proposed amount of retail/office will physically fit on each block at ground level. However, **the market analysis does not present evidence that the total amount of retail/office area anticipated in the plan can be supported in the foreseeable future.**
- Assuming each proposed residential unit has 2 parking spaces as required in the Downtown FBR Overlay District, with 1 space included within an enclosed garage, 6 of the 10 blocks (A, B, C, E, F, and G) have the capacity to provide a structured garage at ground level to accommodate the residential parking spaces. The other **4 blocks (D, H, J, and K) lack this capacity**, which means that the residential parking that cannot be placed in at ground-level must be accommodated underground, on an off-street surface lot, or in on-street spaces. This analysis suggests that **the cost of structured parking may prove to be a major limiting factor as to how the blocks develop.**

The Village's Zoning Code, particularly §7-411 for the DR Downtown Redevelopment Overlay District, requires a less stringent parking ratio of 1.2 parking spaces per residential unit, which is generally more consistent with downtown parking needs. Using this lower ratio, only one additional block (D) would have the capacity to provide a structured garage at ground level to accommodate the residential parking spaces. **Three of the 10 blocks (H, J, and K) would still lack this capacity.**

- Assuming retail/office parking and the remaining residential parking (that isn't placed in a ground-level structure) is placed on an off-street surface lot, only 2 of the 10 blocks (F and G) have the capacity to accommodate this parking. The other 8 blocks (A, B, C, D, E, H, J, and K) lack this capacity, meaning the remaining parking that cannot be placed on a surface lot must be placed underground or in on-street spaces. Again, **the cost of structured parking may be a major limiting factor.**
- Assuming the buildable space above ground level is devoted to residential units, none of the 10 blocks has the capacity to accommodate the proposed amount of residential units. For example, 64 units are proposed for Block A, but it only has the capacity to accommodate 50 units, creating a deficit of 14 units that cannot be provided as proposed. For all 10 blocks, there is a deficit of 232 total residential units that cannot be provided as proposed. As a result, **this analysis supports the Market Gap Analysis in recommending a reduced amount of downtown residential units to meet market needs and fit within the physical dimensions of each block.**

## 6 | Zoning Analysis

The analysis of zoning regulations included assessments of the following documents:

- Village of Lake Zurich Form Based Regulations (FBR)
- Ordinance No. 2008-12-603: An Ordinance Amending the Lake Zurich Zoning Code to Establish the Downtown FBR Overlay District
- Part IV of the Village of Lake Zurich Zoning Code: DR Downtown Redevelopment Overlay District

When assessing the zoning regulations outlined in each document, the consultant determined the potential impact – whether positive or negative – of the regulations that were most relevant to the redevelopment of Downtown Lake Zurich (see the complete review of each document in Appendix C). For example, for the Form Based Regulations, the maximum building height regulations may have a positive impact by providing flexibility for smaller, less dense building. On the other hand, the

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recommendation for the corner building at Route 22 and West Main Street on Block F to pair with one another to create a gateway may have a negative impact by precluding two separate unrelated developments; this raised the potential to consider how the desired gateway feature could possibly be formed by other means without reliance on the pairing of the two buildings.

Overall, and with some limitations, the zoning regulations provide an appropriate level of flexibility to ensure the Village can further refine regulations that ensure a quality redevelopment project that fits the character envisioned for Downtown Lake Zurich. For example, Ordinance No. 2008-12-603, which amends the Zoning Code to establish the Downtown FBR Overlay District, authorizes the Village Board to further define use limitations for downtown, which will be beneficial in situations where certain redevelopment projects are proposed and the uniqueness of the proposed uses may help enhance the character of downtown, even though they may not be explicitly listed as permitted or special uses.

Despite the flexibility offered by the Village's zoning regulations, there are certain standards that we view should be considered for modification in order to provide greater clarity to the Village's expectations of developers, which would help streamline the development approval process without sacrificing the Village's abilities to regulate design, form, and use. **The Consultant Team recommend the following zoning strategies to amend the Village's zoning standards and map:**

1. Create provisions in the Downtown FBR Overlay District and the DR Downtown Redevelopment Overlay District that provide developers with the flexibility to have the option to apply standard regulations of the underlying zoning district in certain situations, with Village Board approval, while adhering in general to the Downtown FBR Overlay District or the DR Downtown Redevelopment Overlay District.
2. Reduce parking standards to allow for greater flexibility in the required amount of parking in the downtown area, particularly recognizing the potential opportunities for shared parking between uses and multi-task, single car trips that are common in many mixed use downtown districts. In particular, we recommend reducing residential parking from 2.00 to 1.20 parking spaces per unit, which would be consistent with the parking standard set in §7-411 for the DR Downtown Redevelopment Overlay District in the Village's Zoning Code. In addition, we recommend reducing commercial (flex, retail, office) parking from 4.00 parking spaces per 1,000 sq ft to 3.00 spaces per 1,000 sq ft; this adjusted ratio could be applied to both the FBR Overlay District and the DR Downtown Redevelopment Overlay District. While the amount of space (whether at surface or underground) devoted to parking would be reduced by decreasing downtown parking standards, a separate strategy to reduce the anticipated amount of commercial space and residential units would also contribute to the reduction of space needed for parking.
3. Consider the following modifications to the Village's zoning standards to help streamline the development approval process without sacrificing the Village's abilities to regulate design, form, and use:
  - a. Include additional permitted uses that the market will support and may be attracted to Downtown Lake Zurich to §7-303, §7-404, §7-408, and §7-507 to allow certain uses as of right.
  - b. Include additional special uses that the market will support and may be attracted to Downtown Lake Zurich to §7-405 and §7-508 to allow certain uses with a special permit.
4. Consider the following modifications to the Village Zoning Map to help foster greater concentration of downtown commercial uses at its strongest retail exposures along Route 22 and at the four-point intersection at Main Street and Old Rand Road:

- a. Change the zoning of the lots on Blocks B and J presently zoned IB to B-2, which would allow for dwelling units above the ground floor as a special use.
- b. Change the zoning of the lots on Block C presently zoned OS to B-2, which would allow for dwelling units above the ground floor as a special use.
- c. Change the zoning of lots that are presently zoned R-4 or R-5 to B-2, which would allow for dwelling units above the ground floor as a special use; this change may not be necessary if certain development sites are residential only and do not offer a commercial component.

## 7 | Amendments to the Downtown TIF Plan

In general, the goals and objectives outlined in the Downtown TIF District Redevelopment Plan & Project are reflective of the Village's intentions for redeveloping and enhancing downtown. No changes to the redevelopment plan are recommended at this time. However, the optimal time to consider revisions to the Downtown TIF Plan would be if or when the Village elects to extend the life of the TIF.

## 8 | Summary

Many changes in the market and financial conditions have combined to threaten the viability of the Redevelopment Plan for Downtown Lake Zurich. Although today's market presents significant challenges to attracting any new real estate investment, Lake Zurich can compete for the limited available development. Adjustment of the land use designations and zoning appear to be necessary to attract development that is supportable in the near term market conditions, in order to establish development momentum. In contrast to the expectations of the downtown overlay and the charrette based plan, fewer sites are likely to be developed as mixed use projects. The difficulty in accommodating parking and amenities in support of first floor commercial and upper floor uses on the same site is now made more impractical by market economics.

In order to recreate critical mass and vitality Downtown Lake Zurich would benefit from concentrating its commercial uses at its strongest retail exposures along Rte 22 and at the four-point intersection at Main Street and Old Rand Road. In addition to modifications to the anticipated mix and location of uses within the downtown, some modifications to the zoning or overlay standards may be necessary to accommodate the parking and other improvements that are required to attract marketable projects.

If nothing changes, the anticipated TIF revenues are not sufficient to retire the TIF district bond debt. Each of the TIF financing scenarios outlined in this memo is based on some combination of the following actions:

1. Restructuring of existing debt;
2. Negotiation of the reduction of school payments;
3. Creation of a separate tax code for the parcels with EAVs that are less than the frozen base EAV for such parcel;
4. Increased issuance of limited bonds;
5. Reduction in net operating and maintenance expenditures; and
6. Extension of the life of the TIF.

Furthermore, additional analysis will be required to determine whether the increase in inflation rate is a reasonable assumption and whether any new development in the TIF is projected. Additional legal and tax analysis will be required to determine the Village's ability to issue additional limited bonds and bonds to refund bonds in the manner described above.

As outlined above, the modifications to the Village's zoning standards and district designations will also provide greater clarity to the community's expectations of developers, which would help streamline the development approval process without sacrificing the Village's abilities to regulate design, form, and use. As the market overview indicated, a streamlined approval process would attract active but budget-conscious developers who proceed with project design only when the approval process is reliable.

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## 9 | Next Steps: Short-Term Implementation Strategies

The following is a series of next steps that the Village should undertake within one year of approving this plan. These immediate steps would allow the Village to move forward in a positive direction by completing steps that are achievable in the near term in order to identify and attract developers and lay the groundwork for longer term actions to redevelop Downtown Lake Zurich.

### Financial Strategies

1. Follow up with Lake County Clerk's Office regarding creation of new tax codes.
2. Continue discussions with the school district regarding modifications to the annual school tuition calculations.
3. Determine if a 12 year extension to the TIF term is feasible.
4. Continue to review opportunities for restructuring of debt (but coordinate with numbers 2 and 3 above).
5. Review O&M costs in order to reduce by at least 50% over the next 2 years.

### Administrative Strategies

6. Create pad ready sites, which may include, where applicable: demolition, environmental cleanup, public improvements, utility improvements, and land assembly to create appropriately sized sites that appeal to developers.
7. Consolidate Village-owned parcels and private parcels via options and other partnership agreements.
8. Develop incentives for less-desirable parcels. Not all incentives need to be financial in nature, some may be in the form of regulatory relief.

### Planning & Zoning Strategies

9. Remove the Charrette documents from the Village website to ensure that it is not construed as being representative of the strategic policies for Downtown Lake Zurich. An interim strategy could be to let developers use the base zoning regulations, while the land use policies and zoning regulations are being updated.
10. Recognize that each site is unlikely to have a mixed use element as portrayed in the Charrette document, and that overall, retail will have a smaller footprint than anticipated.
11. Remove the development cloud on properties at the intersection of Main and Old Rand.
12. Initiate discussions with local entrepreneurs and property owners about the potential for reverting to underlying zoning, which would help make these properties more responsive to the market.
13. Modify the zoning review standards to accommodate a better match between market-driven development and parking demand. Allow for "demonstrated parking" (that can be created later, if additional parking is "demanded" after construction) and other modifications to parking standards, upon adequate evidence presented by the developer.

14. Remove restrictions on personal and financial services to locate in Downtown Lake Zurich.
15. Modify the downtown land use plan, while keeping the quality aspects of the plan, and underlying zoning to ensure that sites are capable (or can quickly be made capable) of being developed for market driven uses without extensive special use or planned unit development review.

**Marketing Strategies**

16. Create marketing materials that focus on the top sites (counter to previous advice but today only the best projects are moving forward).

**Developer Identification Strategies (Phase II of Downtown Redevelopment)**

17. Build momentum and a reputation for success. Trying to hit a grand slam by recruiting a developer that can do it all will take longer, be more expensive and is inherently riskier than scoring with a lot of base hits.
18. Seek developers for right-sized sites. Rather than an entire block or single parcel approach, developable sites should be sized to meet the market, such as a minimum of 100 residential development phases on one or more adjacent sites, for example.

**SCENARIO #1**

**Preliminary - For Discussion Purposes Only**

**Village of Lake Zurich, Illinois  
Summary of Projected Revenues Available for Debt Service  
Preliminary Analysis - Current Projections**

**Appendix A**

| Bond Maturity Dates |            | Total Current       | Total Net       | Surplus/<br>Deficiency | Surplus/<br>Deficiency       | Tax Rate                        | Additional Annual Property                  |         |
|---------------------|------------|---------------------|-----------------|------------------------|------------------------------|---------------------------------|---|---------|
| <u>12/15</u>        | <u>2/1</u> | <u>Debt Service</u> | <u>Revenues</u> | <u>Aft. D/S</u>        | <u>O&amp;M<sup>(1)</sup></u> | <u>Necessary For</u>            | <u>Tax on \$150,000 Market</u>              |         |
|                     |            |                     |                 |                        | <u>Aft. O&amp;M</u>          | <u>Deficiency<sup>(2)</sup></u> | <u>Value Property Required to</u>           |         |
|                     |            |                     |                 |                        |                              |                                 | <u>Provide For Deficiency<sup>(3)</sup></u> |         |
| 2011                | 2012       | 1,004,685.51        | 1,374,856       | 370,171                | (125,000)                    | 245,171                         | 0.000%                                      | \$0.00  |
| 2012                | 2013       | 1,291,418.76        | 1,375,402       | 83,983                 | (126,250)                    | (42,267)                        | 0.005%                                      | \$2.50  |
| 2013                | 2014       | 2,459,111.26        | 1,425,661       | (1,033,450)            | (128,775)                    | (1,162,225)                     | 0.134%                                      | \$66.99 |
| 2014                | 2015       | 2,515,086.26        | 1,498,888       | (1,016,199)            | (132,638)                    | (1,148,837)                     | 0.132%                                      | \$65.99 |
| 2015                | 2016       | 2,565,186.26        | 1,570,721       | (994,465)              | (136,617)                    | (1,131,083)                     | 0.130%                                      | \$64.99 |
| 2016                | 2017       | 2,729,636.26        | 1,630,935       | (1,098,702)            | (140,716)                    | (1,239,418)                     | 0.143%                                      | \$71.49 |
| 2017                | 2018       | 2,883,513.76        | 1,709,744       | (1,173,770)            | (144,937)                    | (1,318,707)                     | 0.152%                                      | \$75.99 |
| 2018                | 2019       | 3,014,246.26        | 1,776,044       | (1,238,202)            | (149,286)                    | (1,387,488)                     | 0.160%                                      | \$79.99 |
| 2019                | 2020       | 3,142,925.00        | 1,845,051       | (1,297,874)            | (153,764)                    | (1,451,638)                     | 0.167%                                      | \$83.49 |
| 2020                | 2021       | 3,338,907.50        | 1,966,691       | (1,372,216)            | (158,377)                    | (1,530,593)                     | 0.176%                                      | \$87.99 |
| 2021                | 2022       | 3,453,157.50        | 2,007,709       | (1,445,448)            | (163,128)                    | (1,608,577)                     | 0.185%                                      | \$92.49 |
| 2022                | 2023       | 2,869,595.00        | 2,051,506       | (818,089)              | (168,022)                    | (986,111)                       | 0.114%                                      | \$56.99 |
| 2023                | 2024       | 2,956,260.00        | 2,088,239       | (868,021)              | (173,063)                    | (1,041,084)                     | 0.120%                                      | \$59.99 |
| 2024                | 2025       | 3,147,992.50        | 2,123,422       | (1,024,571)            | (178,255)                    | (1,202,825)                     | 0.138%                                      | \$68.99 |
| 2025                | 2026       | 879,682.50          | 2,157,016       | 1,277,333              | (183,602)                    | 1,093,731                       | 0.000%                                      | \$0.00  |
| 2026                | 2027       | 883,330.00          | 883,330         | 0                      | 0                            | 0                               | 0.000%                                      | \$0.00  |
| 2027                | 2028       | 883,930.00          | 883,930         | 0                      | 0                            | 0                               | 0.000%                                      | \$0.00  |
| 2028                | 2029       | 881,045.00          | 881,045         | 0                      | 0                            | 0                               | 0.000%                                      | \$0.00  |
| Totals              |            | 40,899,709.33       | 29,250,189      | (11,649,520)           | (13,911,951)                 |                                 |   |         |

**Notes:**

<sup>(1)</sup> Amount is net of rental income of \$125,000; assume increases at the Inflation Rate

<sup>(2)</sup> Based on 2010 EAV of \$872,121,444)

<sup>(3)</sup> Assumes market value of \$150,000 for assessment purposes, an assessment rate of 33.33% and an equalized value of 1.0

**SCENARIO #2**  
**Preliminary, For Discussion Purposes Only**

**Village of Lake Zurich, Illinois**  
**Summary of Projected Revenues Available for Debt Service**  
**Preliminary Analysis - Refunding of Series 2003A Bonds Only**

**Appendix A**

| Bond Maturity Dates<br>12/15 2/1 |      | Debt Service   |                |                |                |                |                |                |                |   | 2009 Plan of Finance Revenue Assumptions |                   |  |                                    |                     |   | Surplus/<br>Deficiency<br>Aft. D/S | Surplus/<br>Deficiency<br>O&M <sup>(5)</sup> |                         |                       |              |            |
|----------------------------------|------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|--|-------------------|--|------------------------------------|---------------------|---|------------------------------------|--|-------------------------|-----------------------|--------------|------------|
|                                  |      | 2003A<br>Bonds | 2005A<br>Bonds | 2005B<br>Bonds | 2009A<br>Bonds | 2009B<br>Bonds | 2009C<br>Bonds | 2011B<br>Bonds | 2011C<br>Bonds | Proposed 2011D<br>Ref. Bonds <sup>(1)</sup> | Total Current<br>Debt Service            | Inflation<br>Rate | Current Incr.<br>Revenues <sup>(2)</sup> | Student<br>Payments <sup>(3)</sup> | New Net<br>Revenues | Proceeds From                                 |                                    | Surplus/<br>Deficiency<br>Aft. O&M           | Carryforward<br>Balance |                       |              |            |
|                                  |      |                |                |                |                |                |                |                |                |   |  |                   |  |                                    |                     | Limited Bonds<br>For Refunding <sup>(4)</sup> |                                    |  |                         | Total Net<br>Revenues |              |            |
| 2011                             | 2012 | 0.00           | 148,593.75     | 5,337.50       | 463,062.50     | 71,825.00      | 174,030.00     | 68,068.00      | 25,195.63      | 17,369.96                                   | 973,482.34                               | N/A               | 1,504,225                                | (592,431)                          | 0                   | 463,063                                       | 1,374,856                          | 401,374                                      | (125,000)               | 276,374               | 276,374      |            |
| 2012                             | 2013 | 0.00           | 297,187.50     | 10,675.00      | 497,072.50     | 71,825.00      | 174,030.00     | 104,720.00     | 38,762.50      | 84,502.50                                   | 1,278,775.00                             | 1.0%              | 1,476,684                                | (598,355)                          | 0                   | 497,073                                       | 1,375,402                          | 96,627                                       | (126,250)               | (29,623)              | 246,751      |            |
| 2013                             | 2014 | 0.00           | 672,187.50     | 135,675.00     | 529,765.00     | 71,825.00      | 174,030.00     | 369,720.00     | 158,762.50     | 84,502.50                                   | 2,196,467.50                             | 2.0%              | 1,506,218                                | (610,322)                          | 0                   | 529,765                                       | 1,425,661                          | (770,807)                                    | (128,775)               | (899,582)             | (652,831)    |            |
| 2014                             | 2015 | 0.00           | 708,125.00     | 104,800.00     | 576,115.00     | 71,825.00      | 174,030.00     | 370,745.00     | 161,362.50     | 84,502.50                                   | 2,251,505.00                             | 3.0%              | 1,551,405                                | (628,632)                          | 0                   | 576,115                                       | 1,498,888                          | (752,617)                                    | (132,638)               | (885,256)             | (1,538,086)  |            |
| 2015                             | 2016 | 0.00           | 817,187.50     | 0.00           | 620,265.00     | 71,825.00      | 174,030.00     | 374,670.00     | 158,550.00     | 84,502.50                                   | 2,301,030.00                             | 3.0%              | 1,597,947                                | (647,491)                          | 0                   | 620,265                                       | 1,570,721                          | (730,309)                                    | (136,617)               | (866,927)             | (2,405,013)  |            |
| 2016                             | 2017 | 0.00           | 821,562.50     | 0.00           | 651,965.00     | 196,825.00     | 174,030.00     | 376,270.00     | 160,112.50     | 364,502.50                                  | 2,745,267.50                             | 3.0%              | 1,645,885                                | (666,916)                          | 0                   | 651,965                                       | 1,630,935                          | (1,114,333)                                  | (140,716)               | (1,255,049)           | (3,660,062)  |            |
| 2017                             | 2018 | 0.00           | 825,000.00     | 0.00           | 701,405.00     | 291,700.00     | 174,030.00     | 381,120.00     | 161,537.50     | 364,182.50                                  | 2,898,975.00                             | 3.0%              | 1,695,262                                | (686,923)                          | 0                   | 701,405                                       | 1,709,744                          | (1,189,231)                                  | (144,937)               | (1,334,169)           | (4,994,231)  |            |
| 2018                             | 2019 | 0.00           | 826,000.00     | 0.00           | 737,455.00     | 382,025.00     | 174,030.00     | 384,377.50     | 157,150.00     | 362,627.50                                  | 3,023,665.00                             | 3.0%              | 1,746,120                                | (707,531)                          | 0                   | 737,455                                       | 1,776,044                          | (1,247,621)                                  | (149,286)               | (1,396,907)           | (6,391,137)  |            |
| 2019                             | 2020 | 0.00           | 826,000.00     | 0.00           | 775,305.00     | 467,075.00     | 174,030.00     | 385,937.50     | 157,425.00     | 364,942.50                                  | 3,150,715.00                             | 3.0%              | 1,798,503                                | (728,757)                          | 0                   | 775,305                                       | 1,845,051                          | (1,305,664)                                  | (153,764)               | (1,459,428)           | (7,850,565)  |            |
| 2020                             | 2021 | 0.00           | 825,000.00     | 0.00           | 864,852.50     | 446,675.00     | 299,030.00     | 390,862.50     | 157,175.00     | 366,242.50                                  | 3,349,837.50                             | 3.0%              | 1,852,458                                | (750,619)                          | 0                   | 864,853                                       | 1,966,691                          | (1,383,146)                                  | (158,377)               | (1,541,523)           | (9,392,088)  |            |
| 2021                             | 2022 | 0.00           | 848,000.00     | 0.00           | 872,815.00     | 0.00           | 819,030.00     | 399,000.00     | 156,375.00     | 361,477.50                                  | 3,456,697.50                             | 3.0%              | 1,908,032                                | (773,138)                          | 0                   | 872,815                                       | 2,007,709                          | (1,448,988)                                  | (163,128)               | (1,612,117)           | (11,004,205) |            |
| 2022                             | 2023 | 0.00           | 844,000.00     | 0.00           | 882,565.00     | 0.00           | 1,143,030.00   | 0.00           | 0.00           | 366,240.00                                  | 3,235,835.00                             | 3.0%              | 1,965,273                                | (796,332)                          | 0                   | 882,565                                       | 2,051,506                          | (1,184,329)                                  | (168,022)               | (1,352,351)           | (12,356,556) |            |
| 2023                             | 2024 | 0.00           | 839,000.00     | 0.00           | 884,230.00     | 0.00           | 1,233,030.00   | 0.00           | 0.00           | 365,020.00                                  | 3,321,280.00                             | 3.0%              | 2,024,231                                | (820,222)                          | 0                   | 884,230                                       | 2,088,239                          | (1,233,041)                                  | (173,063)               | (1,406,104)           | (13,762,660) |            |
| 2024                             | 2025 | 0.00           | 858,000.00     | 0.00           | 883,292.50     | 0.00           | 1,406,700.00   | 0.00           | 0.00           | 362,950.00                                  | 3,510,942.50                             | 3.0%              | 2,084,958                                | (844,829)                          | 0                   | 883,293                                       | 2,123,422                          | (1,387,521)                                  | (178,255)               | (1,565,775)           | (15,328,435) |            |
| 2025                             | 2026 | 0.00           | 0.00           | 0.00           | 879,682.50     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 879,682.50                               | 3.0%              | 2,147,507                                | (870,174)                          | 0                   | 879,683                                       | 2,157,016                          | 1,277,333                                    | (183,602)               | 1,093,731             | (14,234,704) |            |
| 2026                             | 2027 | 0.00           | 0.00           | 0.00           | 883,330.00     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 883,330.00                               | 3.0%              | 0  | 0                                  | 0                   | 883,330                                       | 883,330                            | 0  | (189,110)               | (189,110)             | (14,423,815) |            |
| 2027                             | 2028 | 0.00           | 0.00           | 0.00           | 883,930.00     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 883,930.00                               | 3.0%              | 0  | 0                                  | 0                   | 883,930                                       | 883,930                            | 0  | (194,784)               | (194,784)             | (14,618,598) |            |
| 2028                             | 2029 | 0.00           | 0.00           | 0.00           | 881,045.00     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 881,045.00                               | 3.0%              | 0  | 0                                  | 0                   | 881,045                                       | 881,045                            | 0  | (200,627)               | (200,627)             | (14,819,226) |            |
| 2029                             | 2030 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2030                             | 2031 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2031                             | 2032 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2032                             | 2033 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2033                             | 2034 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2034                             | 2035 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2035                             | 2036 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2036                             | 2037 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| 2037                             | 2038 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                                     | 3.0%              | 0  | 0                                  | 0                   | 0   | 0                                  | 0  | 0                       | 0                     | (14,819,226) |            |
| Totals                           |      | 0.00           | 10,155,843.75  | 256,487.50     | 13,468,152.50  | 2,143,425.00   | 6,467,090.00   | 3,605,490.50   | 1,492,408.13   | 3,633,564.96                                | 41,222,462.34                            |                   |  |                                    |                     |   |                                    |  |                         |                       |              | 13,468,153 |

Notes:  
<sup>(1)</sup> Refunding of Series 2003A Bonds based on current interest rates, current credit rating and designation of bank qualification  
<sup>(2)</sup> Assumes no additional development with increases at the Inflation Rate  
<sup>(3)</sup> Based on 2010-11 Fiscal Year student payments; assumes increases at the Inflation Rate  
<sup>(4)</sup> Issued to provide proceeds for debt service payments on Series 2009A Bonds  
<sup>(5)</sup> Amount is net of rental income of \$125,000; assume increases at the Inflation Rate

**SCENARIO #3 (Revised)**  
**Preliminary - For Discussion Purposes Only**

**Village of Lake Zurich, Illinois**  
**Summary of Projected Revenues Available for Debt Service**  
**Preliminary Analysis - Refunding of Series 2003A Bonds, New Tax Code for Negative TIF Increment Properties and 50% Reduction in School Payments and O&M**

| Bond Maturity Dates<br>12/15 2/1 |      | Debt Service   |                |                |                |                |                |                |                |   |                               | Inflation<br>Rate | 2009 Plan of Finance Revenue Assumptions |                                    |                                    |  |   |                        |                       | Surplus/<br>Deficiency<br>Aft. D/S | Surplus/<br>Deficiency<br>Carryforward |           |             |  |
|----------------------------------|------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|-------------------------------|-------------------|--|------------------------------------|------------------------------------|--|---|------------------------|-----------------------|------------------------------------|--|-----------|-------------|--|
|                                  |      | 2003A<br>Bonds | 2005A<br>Bonds | 2005B<br>Bonds | 2009A<br>Bonds | 2009B<br>Bonds | 2009C<br>Bonds | 2011B<br>Bonds | 2011C<br>Bonds | Proposed 2011D<br>Ref. Bonds <sup>(1)</sup> | Total Current<br>Debt Service |                   | Current Incr.<br>Revenues <sup>(2)</sup> | Student<br>Payments <sup>(3)</sup> | New Net<br>Revenues <sup>(4)</sup> | Proceeds From<br>Limited Bonds<br>For Refunding <sup>(5)</sup> | Proceeds From<br>Add. Issuance<br>of Limited Bonds <sup>(6)</sup> | Total<br>Limited Bonds | Total Net<br>Revenues |                                    | O&M <sup>(7)</sup>                     | Aft. O&M  | Balance     |  |
| 2011                             | 2012 | 0.00           | 148,593.75     | 5,337.50       | 463,062.50     | 71,825.00      | 174,030.00     | 68,068.00      | 25,195.63      | 17,369.96                                   | 973,482.34                    | N/A               | 1,504,225                                | (592,431)                          | 150,000                            | 463,063  | 0   | 463,063                | 1,524,856             | 551,374                            | (125,000)                              | 426,374   | 426,374     |  |
| 2012                             | 2013 | 0.00           | 297,187.50     | 10,675.00      | 497,072.50     | 71,825.00      | 174,030.00     | 104,720.00     | 38,762.50      | 84,502.50                                   | 1,278,775.00                  | 1.0%              | 1,476,684                                | (299,178)                          | 151,500                            | 497,073  | 450,000   | 947,073                | 2,276,079             | 997,304                            | (63,125)                               | 934,179   | 1,360,553   |  |
| 2013                             | 2014 | 0.00           | 672,187.50     | 135,675.00     | 529,765.00     | 71,825.00      | 174,030.00     | 369,720.00     | 158,762.50     | 84,502.50                                   | 2,196,467.50                  | 2.0%              | 1,506,218                                | (305,161)                          | 154,530                            | 529,765  | 425,000   | 954,765                | 2,310,352             | 113,884                            | (64,388)                               | 49,497    | 1,410,050   |  |
| 2014                             | 2015 | 0.00           | 708,125.00     | 104,800.00     | 576,115.00     | 71,825.00      | 174,030.00     | 370,745.00     | 161,362.50     | 84,502.50                                   | 2,251,505.00                  | 3.0%              | 1,551,405                                | (314,316)                          | 159,166                            | 576,115  | 375,000   | 951,115                | 2,347,370             | 95,865                             | (66,319)                               | 29,545    | 1,439,596   |  |
| 2015                             | 2016 | 0.00           | 817,187.50     | 0.00           | 620,265.00     | 71,825.00      | 174,030.00     | 374,670.00     | 158,550.00     | 84,502.50                                   | 2,301,030.00                  | 3.0%              | 1,597,947                                | (323,745)                          | 163,941                            | 620,265  | 325,000   | 945,265                | 2,383,407             | 82,377                             | (68,309)                               | 14,068    | 1,453,664   |  |
| 2016                             | 2017 | 0.00           | 821,562.50     | 0.00           | 651,965.00     | 196,825.00     | 174,030.00     | 376,270.00     | 160,112.50     | 364,502.50                                  | 2,745,267.50                  | 3.0%              | 1,645,885                                | (333,458)                          | 168,859                            | 651,965  | 300,000   | 951,965                | 2,433,251             | (312,016)                          | (70,358)                               | (382,374) | 1,071,290   |  |
| 2017                             | 2018 | 0.00           | 825,000.00     | 0.00           | 701,405.00     | 291,700.00     | 174,030.00     | 381,120.00     | 161,537.50     | 364,182.50                                  | 2,898,975.00                  | 3.0%              | 1,695,262                                | (343,462)                          | 173,925                            | 701,405  | 250,000   | 951,405                | 2,477,130             | (421,845)                          | (72,469)                               | (494,314) | 576,977     |  |
| 2018                             | 2019 | 0.00           | 826,000.00     | 0.00           | 737,455.00     | 382,025.00     | 174,030.00     | 384,377.50     | 157,150.00     | 362,627.50                                  | 3,023,665.00                  | 3.0%              | 1,746,120                                | (353,765)                          | 179,143                            | 737,455  | 220,000   | 957,455                | 2,528,952             | (494,713)                          | (74,643)                               | (569,356) | 7,621       |  |
| 2019                             | 2020 | 0.00           | 826,000.00     | 0.00           | 775,305.00     | 467,075.00     | 174,030.00     | 385,937.50     | 157,425.00     | 364,942.50                                  | 3,150,715.00                  | 3.0%              | 1,798,503                                | (364,378)                          | 184,517                            | 775,305  | 175,000   | 950,305                | 2,568,947             | (581,768)                          | (76,882)                               | (658,650) | (651,030)   |  |
| 2020                             | 2021 | 0.00           | 825,000.00     | 0.00           | 864,852.50     | 446,675.00     | 299,030.00     | 390,862.50     | 157,175.00     | 366,242.50                                  | 3,349,837.50                  | 3.0%              | 1,852,458                                | (375,310)                          | 190,052                            | 864,853  | 75,000  | 939,853                | 2,607,053             | (742,784)                          | (79,189)                               | (821,973) | (1,473,002) |  |
| 2021                             | 2022 | 0.00           | 848,000.00     | 0.00           | 872,815.00     | 0.00           | 819,030.00     | 399,000.00     | 156,375.00     | 361,477.50                                  | 3,456,697.50                  | 3.0%              | 1,908,032                                | (386,569)                          | 195,754                            | 872,815  | 75,000  | 947,815                | 2,665,032             | (791,666)                          | (81,564)                               | (873,230) | (2,346,232) |  |
| 2022                             | 2023 | 0.00           | 844,000.00     | 0.00           | 882,565.00     | 0.00           | 1,143,030.00   | 0.00           | 0.00           | 366,240.00                                  | 3,235,835.00                  | 3.0%              | 1,965,273                                | (398,166)                          | 201,627                            | 882,565  | 75,000  | 957,565                | 2,726,299             | (509,536)                          | (84,011)                               | (593,548) | (2,939,780) |  |
| 2023                             | 2024 | 0.00           | 839,000.00     | 0.00           | 884,230.00     | 0.00           | 1,233,030.00   | 0.00           | 0.00           | 365,020.00                                  | 3,321,280.00                  | 3.0%              | 2,024,231                                | (410,111)                          | 207,675                            | 884,230  | 75,000  | 959,230                | 2,781,026             | (540,254)                          | (86,531)                               | (626,786) | (3,566,565) |  |
| 2024                             | 2025 | 0.00           | 858,000.00     | 0.00           | 883,292.50     | 0.00           | 1,406,700.00   | 0.00           | 0.00           | 362,950.00                                  | 3,510,942.50                  | 3.0%              | 2,084,958                                | (422,414)                          | 213,906                            | 883,293  | 75,000  | 958,293                | 2,834,742             | (676,201)                          | (89,127)                               | (765,328) | (4,331,893) |  |
| 2025                             | 2026 | 0.00           | 0.00           | 0.00           | 879,682.50     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 879,682.50                    | 3.0%              | 2,147,507                                | (435,087)                          | 220,323                            | 879,683  | 0   | 879,683                | 2,812,425             | 1,932,743                          | (91,801)                               | 1,840,942 | (2,490,952) |  |
| 2026                             | 2027 | 0.00           | 0.00           | 0.00           | 883,330.00     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 883,330.00                    | 3.0%              | 0  | 0                                  | 0                                  | 883,330  | 0   | 883,330                | 883,330               | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2027                             | 2028 | 0.00           | 0.00           | 0.00           | 883,930.00     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 883,930.00                    | 3.0%              | 0  | 0                                  | 0                                  | 883,930  | 0   | 883,930                | 883,930               | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2028                             | 2029 | 0.00           | 0.00           | 0.00           | 881,045.00     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 881,045.00                    | 3.0%              | 0  | 0                                  | 0                                  | 881,045  | 0   | 881,045                | 881,045               | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2029                             | 2030 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2030                             | 2031 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2031                             | 2032 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2032                             | 2033 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2033                             | 2034 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2034                             | 2035 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2035                             | 2036 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2036                             | 2037 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| 2037                             | 2038 | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00  | 0.00                          | 3.0%              | 0  | 0                                  | 0                                  | 0  | 0   | 0                      | 0                     | 0                                  | 0                                      | 0         | (2,490,952) |  |
| Totals                           |      | 0.00           | 10,155,843.75  | 256,487.50     | 13,468,152.50  | 2,143,425.00   | 6,467,090.00   | 3,605,490.50   | 1,492,408.13   | 3,633,564.96                                | 41,222,462.34                 |                   |  |                                    |                                    | 13,468,153   | 2,895,000   |                        |                       |                                    |  |           |             |  |

Notes:  
<sup>(1)</sup> Refunding of Series 2003A Bonds based on current interest rates, current credit rating and designation of bank qualification  
<sup>(2)</sup> Assumes no additional development with increases at the Inflation Rate  
<sup>(3)</sup> Based on 2010-11 Fiscal Year student payments; assumes 50% decrease in school payments commencing in 2012 with increases at the Inflation Rate thereafter  
<sup>(4)</sup> Assumes County Clerk creates a separate tax code for all properties that have a 2010 equalized assessed value less than the frozen base equalized assessed value  
<sup>(5)</sup> Issued to provide proceeds for debt service payments on Series 2009A Bonds  
<sup>(6)</sup> Proceeds from additional issuance of limited bonds to provide for deficiencies in debt service (refunding of additional bonds)  
<sup>(7)</sup> Amount is net of rental income of \$125,000; assume 50% decrease in Net O&M commencing in 2012 with increases at the Inflation Rate thereafter



# Appendix B: Summary Tables for Evaluation of the Proposed Downtown Redevelopment Scenarios

## Regulating Factors for Downtown Redevelopment

Village of Lake Zurich, Illinois

### ASSUMPTIONS & STANDARDS

| Land Use                 | Parking Ratio            | Factor (Standard)  | Factor (Alt 1) | Factor (Alt 1) | % Buildable Space |
|--------------------------|--------------------------|--|----------------|----------------|-------------------|
| Flex, Retail, Office     | 4 spaces per 1,000 sq ft | 0.0040   | 0.0035         | 0.0030         | 85%               |
| Multi-Family Residential | 2 spaces per unit        | 2.0000   | 1.5000         | 1.2500         | 85%               |
| Parking Lot Type         | Size Standard            | Factor   |                |                |                   |
| Off-street surface       | 350 sq ft per space      | 350 Source: "Parking Principles", Special Report 125, Highway Research Board, National Research Board, National Academy of Sciences & National Academy of Engineering. |                |                |                   |
| Off-street structure     | 365 sq ft per space      | 365  |                |                |                   |

### TESTING WHETHER PROPOSED DEVELOPMENT SCENARIOS WILL FIT ON EACH BLOCK SITE (As proposed in Charette Book, 12/15/06)

| Block              | Buildable Site Area | Permitted Zone (3rd Story) | Building Area (footprint only) | Parking Area (surface only) | Difference in Area | Will proposed scenario fit on the site? | Total Parking Spaces | Structured Parking Spaces | Surface Parking Spaces | Total Parking Spaces | Retail Parking Spaces | Office Parking Spaces | Residential Parking Spaces | Retail Floor Area (sq ft) |         | Office Floor Area (sq ft) |       | Residential Units |     | Residential (footprint) | Building Height (stories) |      |
|--------------------|---------------------|----------------------------|--------------------------------|-----------------------------|--------------------|---|----------------------|---------------------------|------------------------|----------------------|-----------------------|-----------------------|----------------------------|---------------------------|---------|---------------------------|-------|-------------------|-----|-------------------------|---------------------------|------|
|                    |                     |                            |                                |                             |                    |   |                      |                           |                        |                      |                       |                       |                            | Min                       | Max     | Min                       | Max   | Min               | Max |                         | Min                       | Max  |
| A                  | 85,819              | -                          | 79,198                         | 10,857                      | (4,236)            | NO                                      | 248                  | 217                       | 31                     | 248                  | 120                   | -                     | 128                        | -                         | 30,000  | -                         | -     | -                 | 64  | 55,000                  | 1                         | 5    |
| B                  | 169,358             | 34,838                     | 90,781                         | 9,550                       | 69,027             | YES                                     | 276                  | 249                       | 27                     | 276                  | 168                   | -                     | 108                        | -                         | 42,000  | -                         | -     | -                 | 54  | 97,000                  | 1                         | 4    |
| C                  | 185,294             | 32,667                     | 86,530                         | 36,726                      | 62,038             | YES                                     | 342                  | 237                       | 105                    | 342                  | 136                   | -                     | 206                        | -                         | 34,000  | -                         | -     | -                 | 103 | 75,000                  | 1                         | 4    |
| D                  | 87,930              | 24,831                     | 43,301                         | 24,978                      | 19,651             | YES                                     | 190                  | 119                       | 71                     | 190                  | 64                    | -                     | 126                        | -                         | 16,000  | -                         | -     | -                 | 63  | 38,000                  | 1                         | 4    |
| E                  | 64,612              | 28,737                     | 38,362                         | 6,475                       | 19,775             | YES                                     | 124                  | 105                       | 18                     | 124                  | 34                    | -                     | 90                         | -                         | 8,400   | -                         | -     | -                 | 45  | 39,000                  | 1                         | 4(3) |
| F                  | 216,666             | 38,018                     | 56,416                         | (12,798)                    | 173,048            | YES                                     | 118                  | 155                       | (37)                   | 118                  | -                     | -                     | 118                        | -                         | -       | -                         | -     | -                 | 59  | 66,000                  | 1                         | 4(2) |
| G                  | 354,736             | 71,607                     | 11,607                         | (15,464)                    | 298,593            | YES                                     | 152                  | 196                       | (44)                   | 152                  | -                     | -                     | 152                        | -                         | -       | -                         | -     | -                 | 76  | 65,000                  | 1                         | 4    |
| H                  | 38,238              | 8,212                      | 13,295                         | 18,191                      | 6,752              | YES                                     | 88                   | 36                        | 52                     | 88                   | 44                    | 16                    | 28                         | -                         | 11,100  | -                         | 4,000 | -                 | 14  | 12,000                  | 1                         | 4    |
| J                  | 117,340             | 41,320                     | 26,655                         | 35,535                      | 55,150             | YES                                     | 175                  | 73                        | 102                    | 175                  | 77                    | -                     | 97                         | -                         | 19,300  | -                         | -     | -                 | 49  | 57,000                  | 1                         | 4    |
| K1,2               | 44,458              | 11,548                     | 13,635                         | 35,419                      | (4,590)            | NO                                      | 139                  | 37                        | 101                    | 139                  | 46                    | -                     | 93                         | -                         | 11,400  | -                         | -     | -                 | 46  | 70,000                  | 1                         | 4(3) |
| K2,3               | 85,518              | 53,341                     | 13,635                         | 35,419                      | 36,464             | YES                                     | 139                  | 37                        | 101                    | 139                  | 46                    | -                     | 93                         | -                         | 11,400  | -                         | -     | -                 | 46  | 70,000                  | 1                         | 4(3) |
| TOTAL <sup>3</sup> | 1,364,451           | 220,171                    | 519,780                        | 149,470                     | 695,201            | YES                                     | 1,851                | 1,424                     | 427                    | 1,851                | 689                   | 16                    | 1,146                      | -                         | 172,200 | -                         | 4,000 | -                 | 573 | 574,000                 |                           |      |

## Appendix B: Summary Tables for Evaluation of the Proposed Downtown Redevelopment Scenarios

| BUILDING AREA PER STORY |                            |                            |                            |                            |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Block                   | Building Area<br>(Story 1) | Building Area<br>(Story 2) | Building Area<br>(Story 3) | Building Area<br>(Story 4) |
| A                       | 79,198                     | 58,258                     | 55,276                     | 29,610                     |
| B                       | 90,781                     | 90,781                     | 46,125                     | 9,322                      |
| C                       | 86,530                     | 86,530                     | 81,483                     | 21,789                     |
| D                       | 43,301                     | 43,301                     | 31,830                     | 7,385                      |
| E                       | 38,362                     | 37,700                     | 37,700                     | 37,700                     |
| F                       | 50,292                     | 50,292                     | 21,842                     | 21,842                     |
| G                       | 71,607                     | 64,747                     | 1,201                      | 1,201                      |
| H                       | 13,295                     | 13,295                     | 4,339                      | 957                        |
| J                       | 26,655                     | 26,655                     | 26,655                     | 9,266                      |
| K1 <sup>2,3</sup>       | 13,635                     | 13,635                     | 13,635                     | -                          |
| K2 <sup>2,3</sup>       | 13,635                     | 13,635                     | 13,635                     | -                          |
| TOTAL <sup>5</sup>      | 513,656                    | 485,194                    | 320,086                    | 139,072                    |

## Appendix B: Summary Tables for Evaluation of the Proposed Downtown Redevelopment Scenarios

| CAPACITY OF STORY 1 TO ACCOMMODATE RETAIL/OFFICE + 1 LEVEL OF STRUCTURED PARKING FOR RES UNITS |                            |                                |                                  |  |   |
|--|----------------------------|--------------------------------|----------------------------------|--|---|
| Block  | Building Area<br>(Story 1) | Retail/Office Use<br>(Story 1) | Residential Parking<br>(Story 1) | <sup>A</sup> Difference in Area<br>(Story 1) | Will proposed uses &<br>parking fit on Story 1? |
| A  | 79,198                     | 30,000                         | 23,360                           | 13,958                                       | YES   |
| B  | 90,781                     | 42,000                         | 19,710                           | 15,454                                       | YES   |
| C  | 86,530                     | 34,000                         | 37,595                           | 1,956  | YES   |
| D  | 43,301                     | 16,000                         | 22,995                           | (2,189)                                      | NO  |
| E  | 38,362                     | 8,400                          | 16,425                           | 7,783  | YES   |
| F  | 56,416                     | -                              | 21,535                           | 26,419                                       | YES   |
| G  | 71,607                     | -                              | 27,740                           | 33,126                                       | YES   |
| H  | 13,295                     | 15,100                         | 5,110                            | (8,909)                                      | NO  |
| J  | 26,655                     | 19,300                         | 17,768                           | (14,411)                                     | NO  |
| K1 <sup>2,3</sup>  | 13,635                     | 11,400                         | 16,964                           | (16,774)                                     | NO  |
| K2 <sup>2,3</sup>  | 13,635                     | 11,400                         | 16,964                           | (16,774)                                     | NO  |
| TOTAL <sup>5</sup>   | 519,780                    | 176,200                        | 209,202                          | 56,411                                       | YES   |

### NOTES

<sup>A</sup> Assumes that 10% of the Building Area is considered unbuildable for elements such as lobbies, hallways, elevator shafts, stairwells, etc.

## Appendix B: Summary Tables for Evaluation of the Proposed Downtown Redevelopment Scenarios

| CAPACITY OF GROUND LEVEL TO ACCOMMODATE SURFACE PARKING |                     |                                    |                              |                                       |                               |  |
|---|---------------------|------------------------------------|------------------------------|---------------------------------------|-------------------------------|--|
| Block   | Buildable Site Area | Remaining Area for Surface Parking | Capacity for Surface Parking | <sup>B</sup> Required Surface Parking | Difference in Surface Parking | Will site hold sufficient surface parking? |
| A   | 85,819              | 13,958                             | 39.88                        | 184                                   | (144)                         | NO   |
| B   | 169,358             | 15,454                             | 44                           | 222                                   | (178)                         | NO   |
| C   | 185,294             | 1,956                              | 6                            | 239                                   | (233)                         | NO   |
| D   | 87,930              | (2,189)                            | (6)                          | 127                                   | (133)                         | NO   |
| E   | 64,612              | 7,783                              | 22                           | 79                                    | (56)                          | NO   |
| F   | 216,666             | 26,419                             | 75                           | 59                                    | 16                            | YES  |
| G   | 354,736             | 33,126                             | 95                           | 76                                    | 19                            | YES  |
| H   | 38,238              | (8,909)                            | (25)                         | 58                                    | (84)                          | NO   |
| J   | 117,340             | (14,411)                           | (41)                         | 126                                   | (167)                         | NO   |
| K1 <sup>2,3</sup>                                       | 44,458              | (16,774)                           | (48)                         | 92                                    | (140)                         | NO   |
| K2 <sup>2,3</sup>                                       | 85,518              | (16,774)                           | (48)                         | 92                                    | (140)                         | NO   |
| TOTAL <sup>5</sup>                                      | 1,364,451           | 56,411                             |                              |                                       | (1,101)                       |  |

### NOTES

<sup>B</sup> Excludes the amount of residential parking that would be placed in a ground level structure.

# Appendix B: Summary Tables for Evaluation of the Proposed Downtown Redevelopment Scenarios

| CAPACITY OF STORIES 2, 3, 4 TO ACCOMMODATE RESIDENTIAL UNITS |                                    |  |   |  |  |  |
|--|------------------------------------|--|---|--|--|--|
| Block  | Building Area<br>(Stories 2, 3, 4) | <sup>C</sup> Capacity for Res Units<br>(Stories 2, 3, 4) | Proposed Res Units<br>(Stories 2, 3, 4) | Difference in Units<br>(Stories 2, 3, 4) | Will proposed res units<br>fit on Stories 2, 3, 4? |  |
| A  | 143,144                            | 47   | 64                                      | (17)                                     | NO   |  |
| B  | 146,228                            | 48   | 54                                      | (6)                                      | NO   |  |
| C  | 189,802                            | 76   | 103                                     | (27)                                     | NO   |  |
| D  | 82,516                             | 27   | 63                                      | (36)                                     | NO   |  |
| E  | 113,100                            | 37   | 45                                      | (8)                                      | NO   |  |
| F  | 93,976                             | 31   | 59                                      | (28)                                     | NO   |  |
| G  | 67,149                             | 22   | 76                                      | (54)                                     | NO   |  |
| H  | 18,591                             | 6  | 14                                      | (8)                                      | NO   |  |
| J  | 62,576                             | 20   | 49                                      | (28)                                     | NO   |  |
| K1 <sup>2,3</sup>  | 27,270                             | 9  | 46                                      | (38)                                     | NO   |  |
| K2 <sup>2,3</sup>  | 27,270                             | 9  | 46                                      | (38)                                     | NO   |  |
| TOTAL <sup>5</sup>   | 944,352                            | 323  | 573                                     | (251)                                    | NO   |  |

## NOTES

<sup>C</sup> Assumes that 10% of the Building Area is considered unbuildable for elements such as hallways, elevator shafts, stairwells, etc.

## Appendix C: Review of Village Documents

### Village of Lake Zurich Form Based Regulations (FBR)

| Regulation/Standard  | Potential Impact on Redevelopment  | Document Reference |
|--|--|--------------------|
| Minimum portion of building façade required to be built to build-to-line (BTL)   | May constrain building setbacks from property line   | Pages 6-15         |
| Minimum setbacks from adjacent property  | May constrain building setbacks from adjacent properties   | Pages 6-15         |
| Maximum building heights   | Provide flexibility for smaller, less dense buildings  | Pages 6-15         |
| Indication of additional story above the third story as a penthouse  | May impede fourth story from being a regular residential story (not a penthouse)   | Pages 7-11, 13-15  |
| A minimum of three separate buildings that may be connected (Block E)  | May restrict construction of less than three buildings   | Page 10            |
| The corner buildings at Route 22 and West Main Street must pair one with the other, so as to create a gateway (Block F)  | May preclude two separate unrelated developments; could gateway feature be formed by other means without reliance on the pairing of the two buildings?   | Page 11            |
| Ceiling height clearances  | Provide flexibility to meet varying space needs of potential users; however, must ensure max/min ceiling heights are still appropriate given altered market conditions and user expectations       | Pages 19-22        |
| Retail and restaurant opportunities along Lake Front Promenade   | Would demand for retail and restaurant opportunities along major thoroughfares (Main Street, Rand Road, and Route 22) be sufficient under current/foreseeable market conditions?                   | Page 24            |
| Storm Water Strategy for the entire site shall be defined prior to first phase of construction                           | Should define who is responsible for preparing the Storm Water Strategy, as the initial developer(s) for the site may see this as a hindrance if they are responsible for the strategy             | Page 27            |
| Minimum parking ratios: 4 spaces per 1,000 sq ft (Flex, Retail, and Office); 2 spaces per unit (Multifamily Residential) | Ensure parking ratios are appropriate for the anticipated mix of development, particularly given altered market conditions   | Page 27            |
| Combined parcel parking strategy shall be established to ensure all redevelopment will have sufficient parking           | Should define who is responsible for preparing the combined parcel parking strategy, as the initial developer(s) for the site may see this as a hindrance if they are responsible for the strategy | Page 27            |
| General development and design standards (general, architecture, landscaping)  | Provide standards that are strict enough to outline specific detail but have some flexibility for creative site design   | Pages 27-33        |

*NOTE: In cases where there is any conflict or inconsistency between the FBR Overlay District and the underlying base zoning districts, the FBR regulations control (per Ordinance No. 2008-12-603, §7-502-B1).*

**Ordinance No. 2008-12-603: An Ordinance Amending the  
Lake Zurich Zoning Code to Establish the Downtown FBR Overlay District**

| Regulation/Standard                 | Potential Impact on Redevelopment   | Document Reference |
|-------------------------------------|---|--------------------|
| Board Authority to Adjust           | Allows the Village Board to adjust certain requirements as part of its site plan, exterior appearance, or special use approval process  | §7-505D            |
| Use Limitations                     | Allows the Village Board to “limit the types of retail, office, or service uses that are authorized within the FBR Overlay District”  | §7-506B            |
| Permitted Uses                      | May need to be reassessed to ensure the appropriate uses are permitted by right, particularly given altered market conditions   | §7-507<br>§7-303   |
| Special Uses                        | May need to be reassessed to ensure the appropriate uses are authorized via special use permit, particularly given altered market conditions  | §7-508             |
| Parking and Loading Requirements    | Allows the Village Board to modify parking and loading requirements by ordinance, as well as assess shared parking arrangements, cooperative parking arrangements, and public parking credits, as appropriate | §7-509             |
| Sign Regulations                    | Provides the Village Board with the greatest flexibility to review and approve any proposed sign in the FBR Overlay District  | §7-510             |
| Improvements; Development Agreement | Indicates that “the development agreement may require the design and construction of improvements that serve property and uses beyond the scope of the development project”                                   | §7-511             |

*NOTE: In cases where there is any conflict or inconsistency between the FBR Overlay District and the underlying base zoning districts, the FBR regulations control (per Ordinance No. 2008-12-603, §7-502-B1).*

**Part IV of the Village of Lake Zurich Zoning Code: DR Downtown Redevelopment Overlay District**

| Regulation/Standard                              | Potential Impact on Redevelopment  | Document Reference |
|--|--|--------------------|
| Permitted Uses                                   | May need to be reassessed to ensure the appropriate uses are permitted by right, particularly given altered market conditions  | §7-404<br>§7-408   |
| Special Uses                                     | May need to be reassessed to ensure the appropriate uses are authorized via special use permit, particularly given altered market conditions   | §7-405             |
| Limitations on Uses                              | Allows the Village Board to “limit the types of retail, office, or service uses that are authorized within the DR Downtown Redevelopment Overlay District”   | §7-406             |
| Additional Standards                             | Allows the Village Board to periodically “adopt, by ordinance, additional standards for development and uses within the DR Overlay District”   | §7-407B            |
| Special Exterior Appearance and Design Standards | Allows the Village Board to “consider and evaluate all development and use of all property within the DR Overlay District... including without limitation location, bulk, height, architectural design, color, and consistency with the goals and purposes set for in §7-401 of this Code” | §7-407C            |
| Parking and Loading Requirements                 | Allows the Village Board to “change, alter, vary, modify, or waive a parking or loading requirement as it applies to a development approved by the Board”  | §7-409             |
| Sign Regulations                                 | Allows the Village Board to “change, alter, vary, modify, or waive any sign regulation”  | §7-410             |
| Bulk, Yard, and Space Standards                  | Allows the Village Board to “change, alter, vary, modify, or waive any bulk, yard, or space regulation,” including those specifically outlined in §7-411   | §7-411             |

*NOTE: In cases where there is any conflict or inconsistency between the DR Overlay District and the underlying base zoning districts, the DR regulations control (per §7-402).*