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Date: March 10, 2009

To: Matt Maloney, Chicago Metropolitan Agency for Planning

From: *S. B. Friedman & Company*

Subject: **Fiscal Analysis of Brownfield Redevelopment**

S. B. Friedman & Company (*SBFCo*) was engaged by the Chicago Metropolitan Agency for Planning (CMAP) to prepare a white paper analyzing the financial costs and benefits of brownfield developments from the perspective of major taxing districts. The goal of this analysis is to quantify the fiscal impact of brownfield redevelopment in terms of the changes in property values and increases in property, sales, and other taxes as a result of such redevelopment.

Due to the highly variable nature of brownfield redevelopment projects, including differences in contamination level, location within the municipality and region, and the type of project completed at each site after remediation, *SBFCo* utilized a case study approach that documented these variations in the estimation of fiscal impacts. The analysis reviews the "direct" property value and tax impacts associated with the brownfield redevelopment project, as well as the "indirect" or "secondary" property value and tax impacts of properties located in immediately adjacent blocks.

Case Studies

SBFCo reviewed a series of brownfield redevelopment projects in the seven-county CMAP region and selected six case studies such that they accounted for the following criteria:

- A cross-section of development types and all major land uses (residential, retail, office, industrial and hotel uses)
- Adequate geographic distribution in the region (i.e., inner city location, west suburbs, north and south suburbs)
- Construction start and end dates of the project were such that property assessment data was available for a sufficient time frame before and after the project development

Once the case studies were selected, *SBFCo* compiled background information and associated quantitative data regarding each project. A summary chart showing the project redevelopment program parameters; project start and completion dates; public and private development costs; and associate investment leverage ratios of the selected case studies are shown in Table 1 on the following page. A brief description and background information for the six selected projects are discussed in this Section. Figures 1 through 6 illustrating the project site location and the boundaries of the secondary impact area are shown at the end of the memo.

CMAP Brownfield Fiscal Analysis

Table 1: Case Study Background Information & Project Financials

Case Study #	1	2	3	4	5	6
Project Name	**Metra Station & Gateway Plaza**	**State Line Industrial Area**	**Westin Hotel**	**Homan Square**	**Station Crossing**	**Main Street Station**
Address	**100 N BROCKWAY ST**	**Stateline Road & Sibley Blvd**	**597 N Milwaukee Ave**	**3517 W. Arthington St**	**965 W Rogers St**	**14 S Prospect St**
City	**Palatine**	**Calumet City [1]**	**Wheeling**	**Chicago**	**Downers Grove**	**Roselle**
County	**Cook**	**Cook**	**Cook**	**Cook**	**DuPage**	**DuPage**
Approximate Site Area (Acres)	7	15	26	55	2	4
Redevelopment Program:						
Office SF	100,000			500,000		7,600
Retail/Restaurant SF	33,000	6,800	56,580		13,215	19,590
Industrial SF		94,000				
Hotel Rooms			412			
Residential Units				310	48	48
Public Facilities	1,244 space Parking Deck			100,000 SF Community Center		
Project Timing						
Construction Start Year	2001	1999	2005	1993	2001	2002
Construction End Year	2003	2004	2006	2002	2003	2004
Land Assembly & Cleanup Costs:						
Municipal Brownfield/Land Assembly	$ 1,500,000	$ 13,000,000	$ 500,000	$ 8,000,000	$ 466,000	$ 2,750,000
IEPA Brownfield Grants	$ 60,000	$ 288,305			$ 184,495	
Private Brownfield/Land Assembly				$ 17,000,000		
Total Brownfield/Land Assembly Cost	$ 1,560,000	$ 13,288,305	$ 500,000	$ 25,000,000	$ 650,495	$ 2,750,000
Total Project Costs:						
Municipal Investment	$ 14,780,000	$ 13,340,000	$ 23,000,000	$ 30,000,000	$ 486,538	$ 3,150,000
Municipal Investment Description	Parking Deck	Property assembly and cleanup	Private TIF-Eligible Expenses	New community center, half public infrastructure	Purchase of project parcels, cleanup costs, staff costs	Land Assembly/Clean Up, Stormwater Retention
Other State Grants	$ 1,500,000	-	-		-	
Private Investment	$ 20,000,000	$ 11,515,000	$ 93,000,000	$ 150,000,000	$ 10,900,000	$ 12,122,991
Total Project Cost	$ 36,340,000	$ 25,143,305	$ 116,000,000	$ 180,000,000	$ 11,571,033	$ 15,272,991
Private/Public Investment Leverage Ratio	**1.23**	**0.86**	**4.04**	**5.00**	**22.40**	**3.85**
Secondary Projects Catalyzed:	Opened up land for redevelopment in the remainder of the TIF	Later redevelopment of more former industrial sites into new distribution facilities, a massage school, and others	New Anchor for "Restaurant Row" on Milwaukee			

[1] This redevelopment project was focused on job creation rather than increasing development density and EAV. Therefore, its fiscal indicators will be lower than the other projects.

Source: Cook County Assessor, DuPage County Clerk, "Returns to Brownfield Investments" from the Illinois Institute for Rural Affairs, Village of Palatine, City of Calumet City, Village of Downers Grove, The Shaw Company, *S. B. Friedman & Company*

CASE STUDY 1: METRA STATION & GATEWAY CENTER, PALATINE

This project was initiated in 2000 after adoption of the *Palatine Downtown Land-Use Guide (*"the Guide"). The Guide was the culmination of a series of plans, public meetings, and other efforts seeking to revitalize the downtown and create a transit-oriented, mixed-use center. One of the key recommendations included consolidation of the many Metra commuter parking lots in the downtown into a central parking deck to open up land for redevelopment. The combined Gateway Center and Metra Station projects, located on a seven-acre site within downtown, created centralized parking; added new, transit-oriented commercial and retail space to the downtown; and provided a new, better-situated Metra station for Palatine.

Gateway Center was completed in 2002. Prior to redevelopment, the site contained known contamination from a former dry cleaner, which the Village of Palatine assessed using an Illinois EPA Brownfields Redevelopment Grant of $60,000. The 1,244-space public parking garage built at the rear of the site serves a dual purpose as a commuter parking facility and an engineered barrier isolating the environmental contamination. The north end of the site contains Gateway Center, a 102,000-square-foot office building. The east end contains several small retailers and is the new home of Durty Nellie's, a restaurant with live entertainment that relocated from a smaller space elsewhere in downtown Palatine.

The Gateway Center project had a significant catalytic impact in revitalizing downtown Palatine because the parking garage incorporated into the site provided an alternative location for commuter parking, freeing a significant amount of land for new retail and residential development to occur. The 1,244-space parking garage is owned and operated by the City of Palatine. The site generated an estimated $927,000 in property taxes in 2008, compared to approximately $88,000 in property taxes generated in 2001 (adjusted to 2008 dollars). The Village invested approximately $14.8 million in TIF funds in the redevelopment project, the majority of which was used to construct the parking deck.

CASE STUDY 2: STATE LINE INDUSTRIAL AREA, CALUMET CITY

In 1988, Calumet City started a planning and implementation process to address the growing number of vacant, former industrial and commercial properties on State Street and State Line Avenue at the City's eastern boundary. The community is fully built out, and redeveloping these sites offered a way to increase its tax base and bring new jobs and retail to the community. The sites in this analysis are located in a TIF district and an Enterprise Zone.

The City's first step was to obtain a U.S. EPA grant of $200,000 to complete Phase 1 assessments and remediation planning on approximately 18 blocks of vacant industrial properties, although *SBFCo*'s analysis focused on a five-block subset of this area that was completed by 2005. After planning was complete the City removed approximately 30 underground storage tanks from the properties, significantly more tanks than the original Phase 1 analysis estimated to be present. The Illinois EPA also provided a Brownfield redevelopment grant of $88,305 to the City to assist in cleanup of the contamination. After remediation was completed, Calumet City purchased the properties in 1994 using approximately $13 million in proceeds from TIF-backed bonds. It then began an aggressive campaign to market the parcels to new retailers, restaurants, and industrial users.

Between 1998 and 2005, the period reviewed in this analysis, Calumet City successfully attracted two fast-food restaurants (totaling 6,800 SF) and four new industrial businesses (totaling 94,000 SF) in addition to aiding in the expansion of an existing construction business. The longer time period for redevelopment occurred due to several changes in leadership within the Calumet City government and administration. For each successful project, the City sold its parcel for $1.00 after the project plan was approved by the City Council. Since 2005, the area has added a massage therapy school and a 13,000-square-foot retail building, and an existing plumbing business has expanded. The City has more than doubled its property taxes within the project area, from $362,000 in 1999 (adjusted to 2008 dollars) to $777,000 in 2008. At the time of this report, almost all of the brownfield parcels purchased by the City had been redeveloped.

CASE STUDY 3: WESTIN HOTEL, WHEELING

The Westin North Shore is a newly completed hotel and restaurant project that has provided a new anchor for Wheeling's "Restaurant Row" along Milwaukee Avenue. The site formerly held a riding stable, a vacant lot, a Wonderbread outlet, and an AAA Auto Sales. Wheeling spent approximately $500,000 on a combination of land acquisition and cleanup costs to move redevelopment forward. Construction began on the site in the spring of 2005, and the Westin opened in October of 2006. The hotel includes four restaurants: Osteria di Tramonto (currently under renovation), Tramonto's Steak & Seafood, the RT Lounge and Gale's Coffee Bar. The developer also constructed the adjacent, 25,000-square-foot Prairie Crossing Retail Center, a restaurant and bank outlot.

The Wheeling Westin site and associated retail currently generate an estimated $2.5 million in property taxes per year. In the year prior to redevelopment, the property taxes were approximately $326,000 (adjusted to 2008 dollars). The restaurants at the hotel and at the western edge of the site produced an estimated $4.5 million in food and beverage taxes in 2008, approximately $630,000 of which goes to the Village.

CASE STUDY 4: HOMAN SQUARE, CHICAGO

Homan Square is the 55-acre redevelopment of the former Sears Roebuck & Co headquarters in Chicago's North Lawndale neighborhood. In 1988, Sears began talks with the City of Chicago and a local developer to explore options for redeveloping the site. After reviewing the initial concept plans, the City committed to the project and promised to provide infrastructure for the site. Sears then began working with the local community and The Shaw Company (a Chicago developer) to formulate a final plan for the site. Community leaders requested that the site contain housing, commercial development, and community services. At the time, the property contained a series of buildings, including the first catalog plant, the product testing/laboratory building, a garden, and a 14-story tower, and little new investment had occurred since the late 1960s. The redevelopment plan sought to preserve the historic elements of the Sears campus, as well as reflect community desires.

Construction began on the first component of the development, single-family homes for low-income buyers, in spring 1994. Late phases included a second set of single-family homes, a 150-unit rental building, and a community center. All development was completed by late 2001.

Development not included in this analysis included the Lawndale Plaza shopping center, conversion of a former Sears building into a police station, and conversion of the former Powerhouse into a charter school.

After completion of the community center in 2001, the EAV of the Homan Square site was 3.1 times its original value (adjusted to 2009 dollars). The 2007 EAV of the secondary area is 2.5 times its value five years prior to construction of Homan Square. In 2008 *SBFCo* estimates that the Homan Square site produced $1.1 million in property taxes, compared to $348,000 in 1993 (adjusted to 2008 dollars).

CASE STUDY 5: STATION CROSSING, DOWNERS GROVE

Station Crossing is a mixed-use project with condominiums over ground floor retail in downtown Downers Grove. Like the Palatine project above, this project occurred in an established downtown area where the municipality was seeking to create a more vibrant downtown. The brownfield site was a former car dealership located near the Downers Grove Main Street Metra stop. The Village began planning redevelopment of the site, originally known as Block 117, in 1999 by publishing a Request for Qualifications from potential developers and pursuing options to fund the analysis and remediation of the contamination on the site. In 2000, the Village reviewed a series of development options for the site and received an Illinois EPA Brownfields Redevelopment Grant of $119,338 to complete Phase 1 analysis and prepare a remediation plan for Block 117, as well as another brownfield site in the Village. In 2001, the Village chose a developer for the site, and the building was completed in 2002.

While the Village held the project site for several years prior to redevelopment, the project was privately controlled five years before construction began and produced approximately $5,000 per year in property taxes. At its first year of full assessment (2004), the project generated approximately $300,000 in property taxes. In 2007, *SBFCo* estimates that the development produced approximately $578,000 in property, sales, and restaurant taxes.

CASE STUDY 6: MAIN STREET STATION, ROSELLE

After a planning process to determine a new vision for the former Shirl's Drive-In site, the Village of Roselle chose to undertake land consolidation and environmental cleanup on its own prior to redevelopment, spending approximately $3 million on the land assembly and the testing and cleanup processes. In 2001, the Village then released a Request for Proposals for development of a new Town Center in its downtown. Now named Main Street Station, the project is comprised of 42 condominium units above approximately 27,000 square feet of retail.

The project was completed in 2004, but the developer has had trouble leasing the retail portions. This may be due to a number of factors, including poor visibility and its location on the edge of downtown. However, the EAV of the project site has increased significantly, and is now 1.7 times its value prior to the redevelopment. Once retail spaces reach full occupancy, this ratio should rise. In 2007, *SBFCo* estimates that the property produced approximately $458,000 in property and sales taxes, compared to approximately $95,000 in 2002 (2008 dollars).

Data Compilation for Fiscal Analysis

For each case study *SBFCo* cross-referenced the project site and secondary area with County Sidwell maps to identify the project and secondary area PIN numbers. The project history was researched to find the year construction began and the year of first full assessment. Assessment data for the Project Site and the Secondary Area was obtained from the County (Cook and DuPage) Assessors for the year in which project construction began and the year of first full assessment of the project. To allow for property value trend analysis for the Secondary Area *SBFCo* also collected historical assessment data for up to five years prior to project construction and up to five years after project construction (actual number of years may vary depending on data availability). Where PINs had been divided or combined during the period under study, *SBFCo* researched the division history of the PIN and requested the assessment history of the prior PINs. The PIN data and corresponding assessment data were compiled and the corresponding Equalized Assessed Values (EAVs) were calculated after accounting for exemptions and by applying the equalizer.

In order to accurately compare the change in EAV in the project and secondary areas over time, all property values were inflated to 2007, the most recent year of Board Certified assessed values. The property inflation rate for each case study was estimated based on the change in the EAV of the corresponding community over the same time period. This method was chosen because assessment values vary greatly across the region, and the community-wide EAV provides a measure of how values changed in the remainder of the same municipality.

Fiscal Results

Table 2 on the following page depicts the results of the fiscal analysis of the six brownfield case studies outlined above. The key analysis metrics and the corresponding results for the project site and the secondary area are discussed below.

PROJECT SITE IMPACTS

Property Value Multiplier: This metric is the ratio of the inflation-adjusted EAV (in 2007 dollars) of the project site prior to construction and after completion and full/substantial assessment of the project. The purpose of this metric is to quantify and compare the direct impact of the six case study brownfield projects on the property values of the project site itself. The results in Table 2 show that, excluding the outlier value of the Station Crossing project, the Property Value Multiplier for the project site varies between 1.3 and 8.3 for the Stateline Industrial Area case study in Calumet City and the Homan Square Development in the City of Chicago.

CMAP Brownfield Fiscal Analysis

Table 2: EAV and Tax Generation Analysis

Case Study #	1	2	3	4	5	6
Project Name	**Metra Station & Gateway Plaza**	**State Line Industrial Area**	**Westin Hotel**	**Homan Square**	**Station Crossing**	**Main Street Station**
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City	**Palatine [5]**	**Calumet City**	**Wheeling**	**Chicago**	**Downer's Grove**	**Roselle [5]**
County	**Cook**	**Cook**	**Cook**	**Cook**	**DuPage**	**DuPage**
Approximate Site Area (Acres)	7	15	26	55	2	4
Redevelopment Program:						
Office SF	100,000			500,000		7,600
Retail/Restaurant SF	33,000	6,800	56,580		13,215	19,590
Industrial SF		94,000				
Hotel Rooms			412			
Residential Units				310	48	48
Public Facilities	1,244 space Parking Deck			100,000 SF Community Center		
Project Impacts						
EAV Before Project	$ 1,614,695	4,292,133	$ 4,164,418	$ 9,470,932	$ 151,089	$ 1,324,191
EAV After Project	$ 8,525,230	5,482,622	$ 34,666,188	$ 29,521,112	$ 5,764,634	$ 3,521,940
Property Value Multiplier	**5.3**	**1.3**	**8.3**	**3.1**	**38.2**	**2.7**
Yearly Property Tax Generation before Project [5]	$ 87,984	$ 362,630	$ 325,772	$ 347,773	$ 4,791	$ 95,197
Yearly Property Tax Generation after Project	$ 927,127	$ 776,914	$ 2,544,152	$ 1,117,270	$ 325,747	$ 190,459
Annual Sales, Hotel, and Restaurant Tax Generation after Project	$ 565,941	$ 34,059	$ 4,914,535	N/A	$ 252,693	$ 268,432
Annual Tax Generation after Project	**$ 1,493,068**	**$ 810,972**	**$ 7,458,687**	**$ 1,117,270**	**$ 578,440**	**$ 458,891**
Secondary Impacts						
EAV Before Project [5]	$ 43,491,097	$ 3,557,740	$ 17,858,090	$ 7,593,174	$ 10,821,808	$ 7,109,830
2007 EAV	$ 88,938,487	$ 4,794,719	$ 18,895,244	$ 19,137,462	$ 11,722,808	$ 6,103,160
Property Value Multiplier	**2.04**	**1.35**	**1.06**	**2.52**	**1.08**	**0.86**
EAV CAGR Before Project	-5.05%	-1.40%	-4.47%	-18.1%	-2.48%	0.03%
EAV CAGR After Project	14.97%	0.06%	1.90%	3.3%	2.63%	-4.96%

Notes:

[1] All dollar amounts have been adjusted to 2007 dollars using the EAV inflation for the respective community over the same time period

[2] Taxes after project completion include property taxes, sales taxes, restaurant taxes, and hotel taxes

[3] Secondary impacts are measured on an area geographically adjacent to each project site, not the Municipality as a whole

[4] All EAV estimates have had homeowner and senior exemptions subtracted

[5] For project sites where the municipality purchased the property prior to redevelopment, the most recently available full assessed value was used instead of the year of construction start EAV

Source: Cook County Assessor, DuPage County Clerk, "Returns to Brownfield Investments" from the Illinois Institute for Rural Affairs, Village of Palatine, City of Calumet City, Village of Downers Grove, The Shaw Company, *S. B. Friedman & Company*

The key factors influencing the project site property value multipliers are as follows:

- **The pre-development uses and corresponding pre-project EAV values.** In general, low project site EAV values prior to the redevelopment will contribute to higher property multipliers if all other factors are kept constant. Therefore, brownfield sites that are underutilized and have relatively low EAV levels have the potential to generate high property value impacts. In this context the exempt status of property due to public ownership prior to redevelopment can also distort the property value multiplier. In most case studies profiled in this memo we were able to account for this factor by researching the property values prior to public acquisition. However, the historical EAV data for the Station Crossing site was not available even though there was significant public ownership. Therefore, the low property value of the Station Crossing site resulted in an artificially high property value multiplier of over 38 for this case study.

- **The density of redevelopment.** From a property tax perspective, a higher density development (assuming it is legally permissible and marketable) of specific uses and product type on a given site will usually generate higher property value impacts. For example a five-story, 30-unit condominium project will likely generate more value than a three-story, 20-unit condominium project if both products can be physically accommodated on a given site and are comparably priced. In the case of the Wheeling Westin Hotel case study the relatively high property value multiplier is driven by the fact that the redevelopment involved a significant increase in density due to the high-rise upscale hotel on the site that formerly had vacant property and low intensity uses.

- **The type of uses and development products associated with the redevelopment.** There are significant differences in the valuation of uses and development product. For example, keeping density, location and other market factors constant, Class A or B office space will generally be valued and assessed higher than Class A or B industrial space because office space is usually built to a more finished quality and is more expensive to construct. In addition, the functional usage factors of manufacturing or warehouse distribution space require that modern industrial real estate product is a relatively low density development that is usually one story with surface parking and loading docks. By contrast, office development can achieve higher density levels, particularly if it can support structured parking. These inherent product and value differences among uses and products therefore affect the property value multiplier. These factors contributed to the relatively lower property value multiplier in the industrial redevelopment in Calumet Park compared to the office redevelopment in Palatine.

SECONDARY AREA IMPACTS

- **Property Value Multiplier.** This metric is the ratio of the inflation-adjusted EAV (in 2007 dollars) of the secondary area prior to construction and after completion and full/substantial assessment of the project site. This metric is similar to the project site property multiplier in that both involve before and after property value ratios, but the purpose of the analysis is to quantify the indirect property value changes of the secondary area after the brownfield redevelopment projects. The results show that property value

multipliers on the secondary area are much more modest, ranging from 1.06 to 2.52, excluding the Main Street Station case study in Roselle that experienced a decline in value in the secondary area.

- **EAV Compound Annual Growth Rates (CAGR).** This set of metrics calculated only for the secondary area measures the compound annual growth (CAGR) of the inflation-adjusted EAV for the secondary area before and after project completion. In all cases except Main Street Station, the secondary area EAV not only grew faster than it had prior to project completion, but it also switched from declining values before the project to increasing values after the project.

It is important to note that the analyses results for the secondary area are not based on statistical techniques that have isolated the property value changes in the secondary area as specifically attributable to the brownfield redevelopment projects. Other factors, such as development activities unrelated to the brownfield redevelopment project or EAV growth faster than the community-wide inflationary growth in this subarea, may have contributed to the secondary area impacts shown in Table 2. Rather, the analysis results quantify the overall level of fiscal impacts that have occurred in the selected case studies from all these factors, including brownfield redevelopment. As such they provide insights regarding the factors influencing property value enhancements in the secondary area as a result of brownfield redevelopment and other related factors as discussed below.

The key factors influencing the secondary area property value multipliers and EAV CAGR are as follows:

- **EAV levels prior to the brownfield redevelopment.** Similar to the project site, a low existing base of EAV values in the secondary area will contribute to a higher multiplier.

- **Inflation rates of existing property.** As previously indicated, all property values were inflated to 2007 dollars by the corresponding community-wide inflation rate to discount the effects of normal property value inflationary growth. Increases at a rate higher than that of the overall municipality were assumed to be attributable to redevelopment, unless other mitigating factors were known

- **Redevelopment of properties within the Secondary Area.** The most significant positive change in property values in the secondary area arises when redevelopment occurs. Ideally, redevelopment within the project site will spur market-driven redevelopment within the secondary area. In some cases, the municipality chooses to direct redevelopment of a significant portion of the secondary area in order to encourage particular uses or develop a cohesive identity for the district. As with the primary area, if the new uses are high density and predominantly residential or commercial, the secondary area will be more likely to also experience significant gains in EAV.

  The secondary area can potentially decrease in value after redevelopment on the main project site, as happened at Roselle's Main Street Station. In this case, the secondary area contained a condominium project that went into auction due to poor performance,

indicating market saturation. Therefore, market depth for the chosen product types can be a key factor. However, a number of factors such as location, building configuration, amenities, and visibility may negatively affect the performance of the project site and of development in the secondary area. In Homan Square, the City of Chicago created a TIF to assist with future redevelopment near the project site, and the area eventually became home to significant retail and residential development, as well as a charter high school. In this area, the demand for retail and new housing stock was significant, and the initial investment at the project site indicated both the City's willingness to further development in the area and the market's demand for new housing.

- **Synergies with the project and surrounding area.** If significant redevelopment occurs within the secondary area after completion of the original project, the intensity of redevelopment in the secondary area can in turn drive an increase in value at the original project site. At this point, redevelopment at the project site and secondary area has combined to generate a synergistic, area-wide increase in value, and the district as a whole is increasing in value. The downtown Palatine redevelopment appears to have reached this point, with significant increases in density due to new retail, commercial space, and residential throughout the downtown.

Strategic Considerations

Brownfield redevelopments are typically a part of a complicated infill project. Besides the added costs and time associated with the remediation of contaminants, there are often other factors that may be barriers to redevelopment such as site assembly, parcel shape, need for demolition, new road infrastructure and other extraordinary costs to be incurred before the site is ready for development. Therefore, in many cases communities need to take a proactive role in stimulating the redevelopment of brownfield sites. The analysis of the brownfield redevelopment case studies provides some valuable lessons for communities trying to pursue such redevelopment. To achieve success and maximize the catalytic impact of brownfield redevelopment that extends beyond the project site, communities could consider the following strategies:

- **Establishing the goals of the redevelopment.** The community should establish the goals of the proposed redevelopment. Potential goals could be creating a revitalized and active district, increasing jobs, enhancing tax base, stimulating private investment or a combination of some of these goals. It is important to keep in mind that in some cases these goals might not be compatible. For example, a mixed-use condominium and retail project can help revitalize a downtown district and enhance the tax base, but it will not likely have a strong impact on a community's job base. On the contrary, job-producing manufacturing/industrial uses may have a lower impact on enhancing the tax base of a community because these uses tend to have lower property assessments. Calumet City was successful in fulfilling its primary intent of enhancing its job base by creating development-ready land for new companies, but achieved only a modest enhancement in its tax base.

- **Planning the redevelopment area.** Communities are in the best position to plan for their future, review the larger context of an area and develop an area-wide strategy that

best serves the communities goals. Brownfield projects that are a result of a larger implementation-oriented planning effort tend to have successful outcomes because the planning process can help in identifying targeted redevelopment sites and the type of development that would be suitable on those sites. The Metra Station & Gateway Center development in Palatine best exemplifies the potential for careful planning. The project was the result of a long planning process to encourage the revitalization of downtown Palatine. The planning process revealed that a significant amount of land could be freed for redevelopment if a parking garage were built within the downtown. Therefore, by freeing up additional land for redevelopment the Gateway Center project had a significant catalytic impact in revitalizing downtown.

- **Ensuring market viability.** Market feasibility of the planned product types is also a critical factor in brownfield redevelopment. Roselle's Main Street Station provides an example of the possible conflict between community desires for a specific type of development and the site's market potential. Much of the retail at Main Street Station does not face Roselle Road, limiting the visibility from a high-traffic corridor that most retailers want when selecting a space. Further, the site is too far from the Roselle Metra station for convenient access by commuters and too far from the other retailers on Irving Park and Roselle Roads to build on adjacencies. While this redevelopment may reflect the desire of the community for a town center development, the site access and visibility are not adequate to support ground-floor retail uses. The development has therefore struggled to attract tenants and achieve a significant revitalizing effect on the downtown area. In addition, redevelopment plans must have the flexibility to adapt to changing market conditions and cyclical downturns in the real estate market. This is particularly important for redevelopment plans that are of substantial scale and have longer development horizons of five years or more. For example in the Homan Square case study, the developers had to replace an entire phase of single family homes with an expanded community center due to market factors, such as a slowdown in single family home sales due to increased competition.

At the most basic level, brownfield redevelopment projects must balance the same fundamental concerns that any municipally driven redevelopment project addresses: strategic and long-term plans, market viability, community goals, and relationship to the surrounding area. If each of these aspects is incorporated into the project planning, the project then has more potential to achieve fiscal success and meet the goals of the municipality.

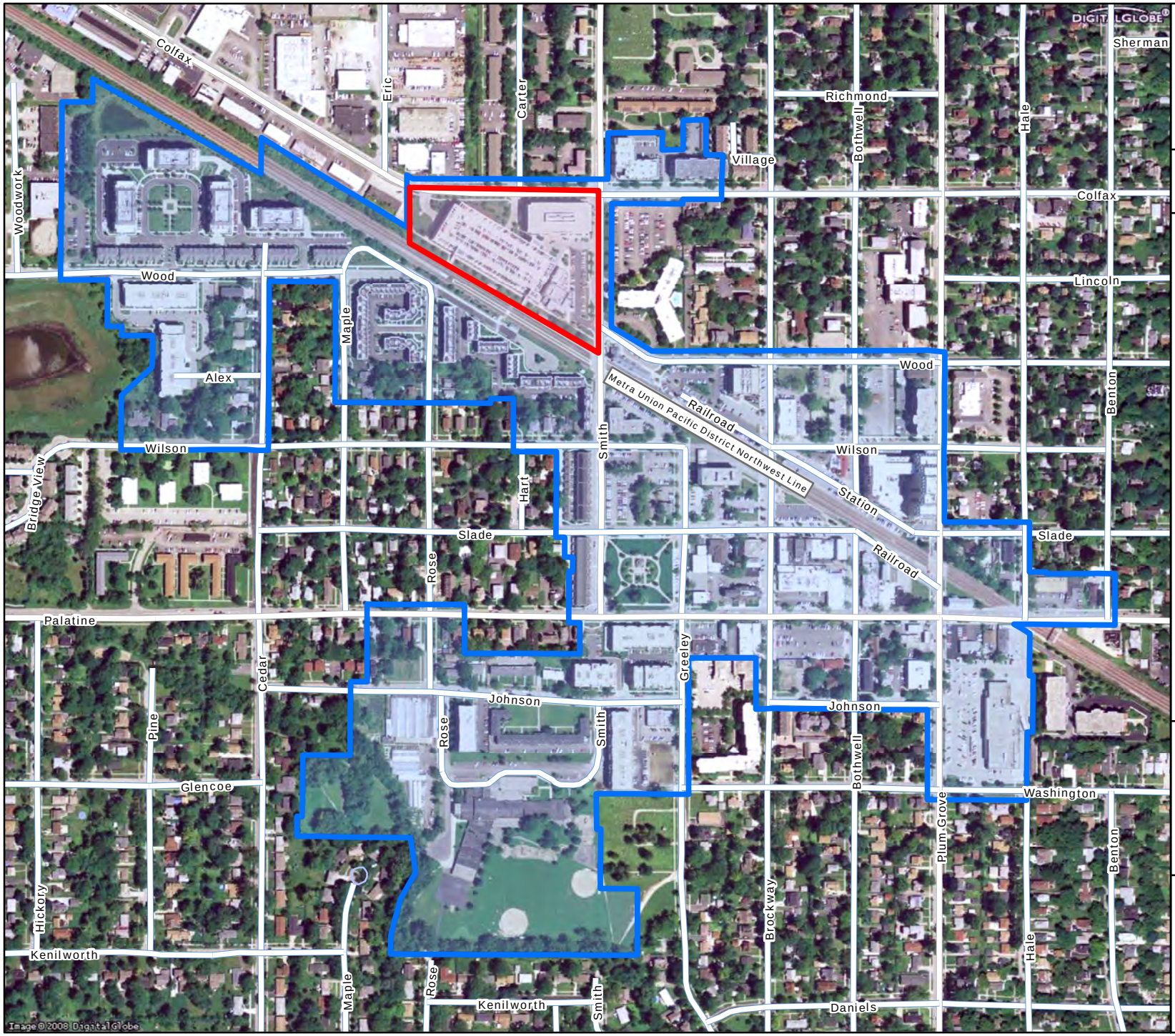

Figure 1:
Case Study 1

Metra Station & Gateway Plaza

Palatine, IL

Legend

- Project Site
- Secondary Impact Area

0 250 500 Feet

NORTH

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March 2009

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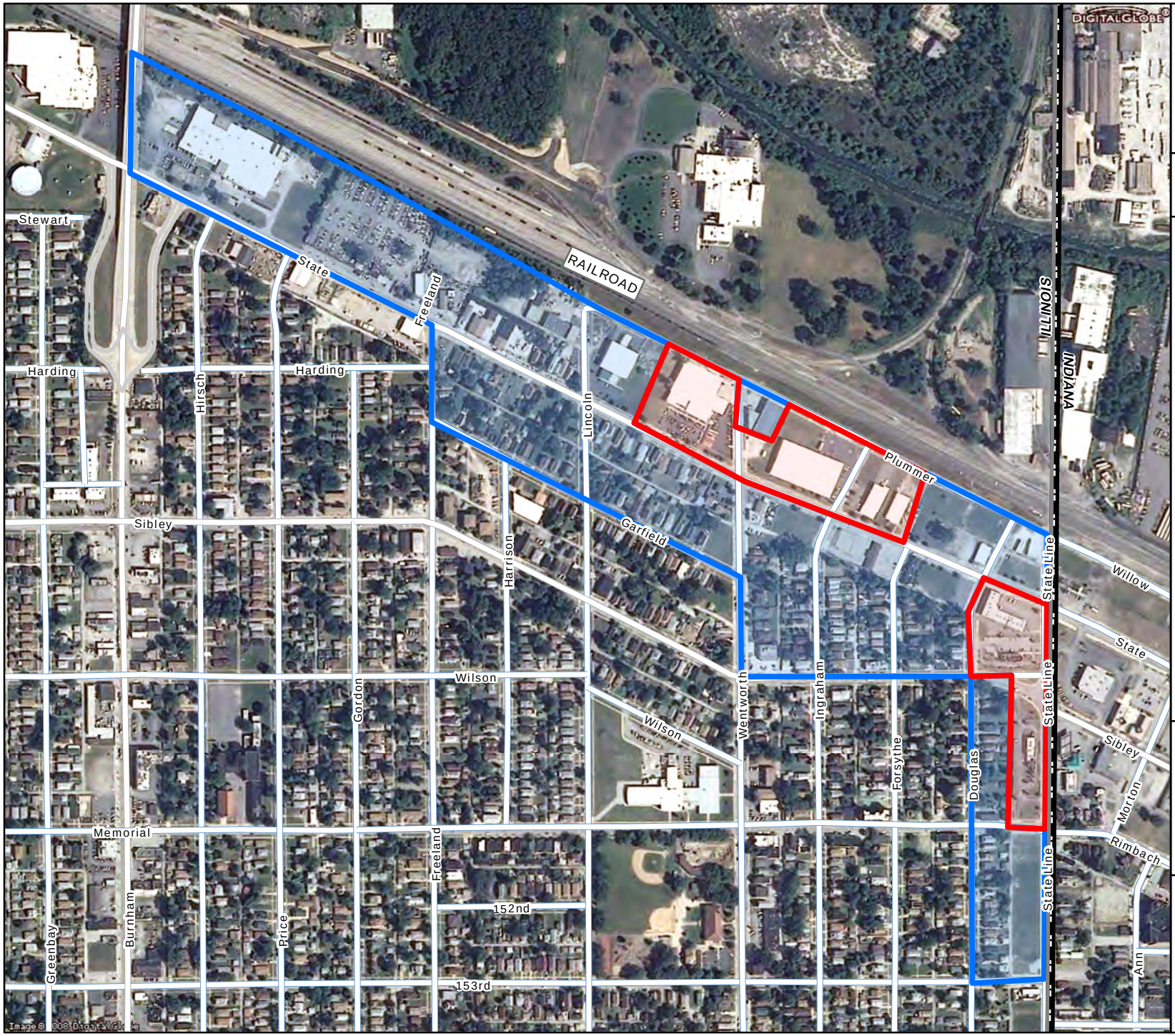

Figure 2:

Case Study 2

State Line Industrial Area

Calumet City, IL

Legend

- Project Site
- Secondary Impact Area

0 250 500 Feet

NORTH

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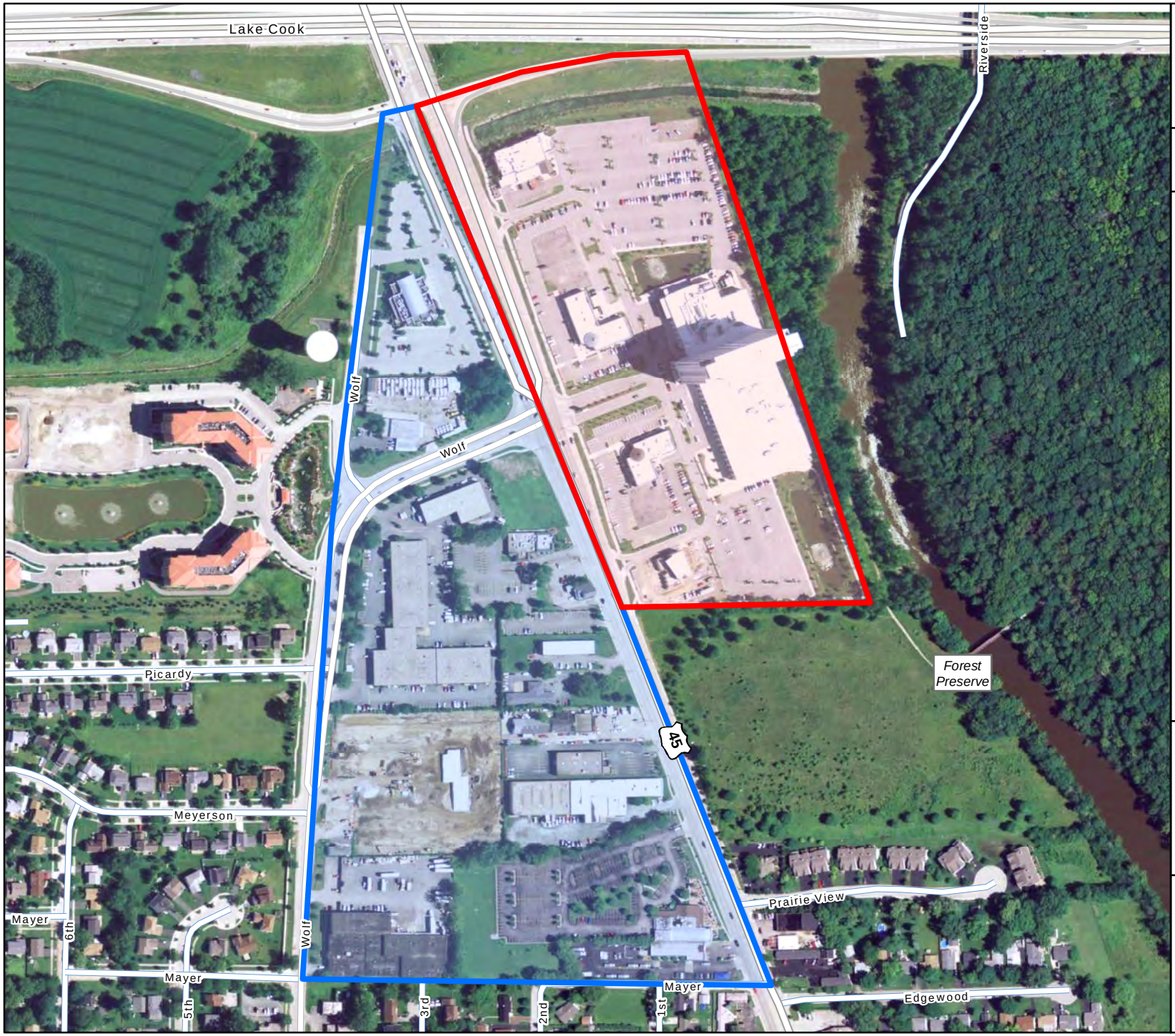

Figure 3:
Case Study 3
Westin Hotel

Wheeling, IL

Legend

- Project Site
- Secondary Impact Area

0 200 400 Feet

NORTH

DRAFT

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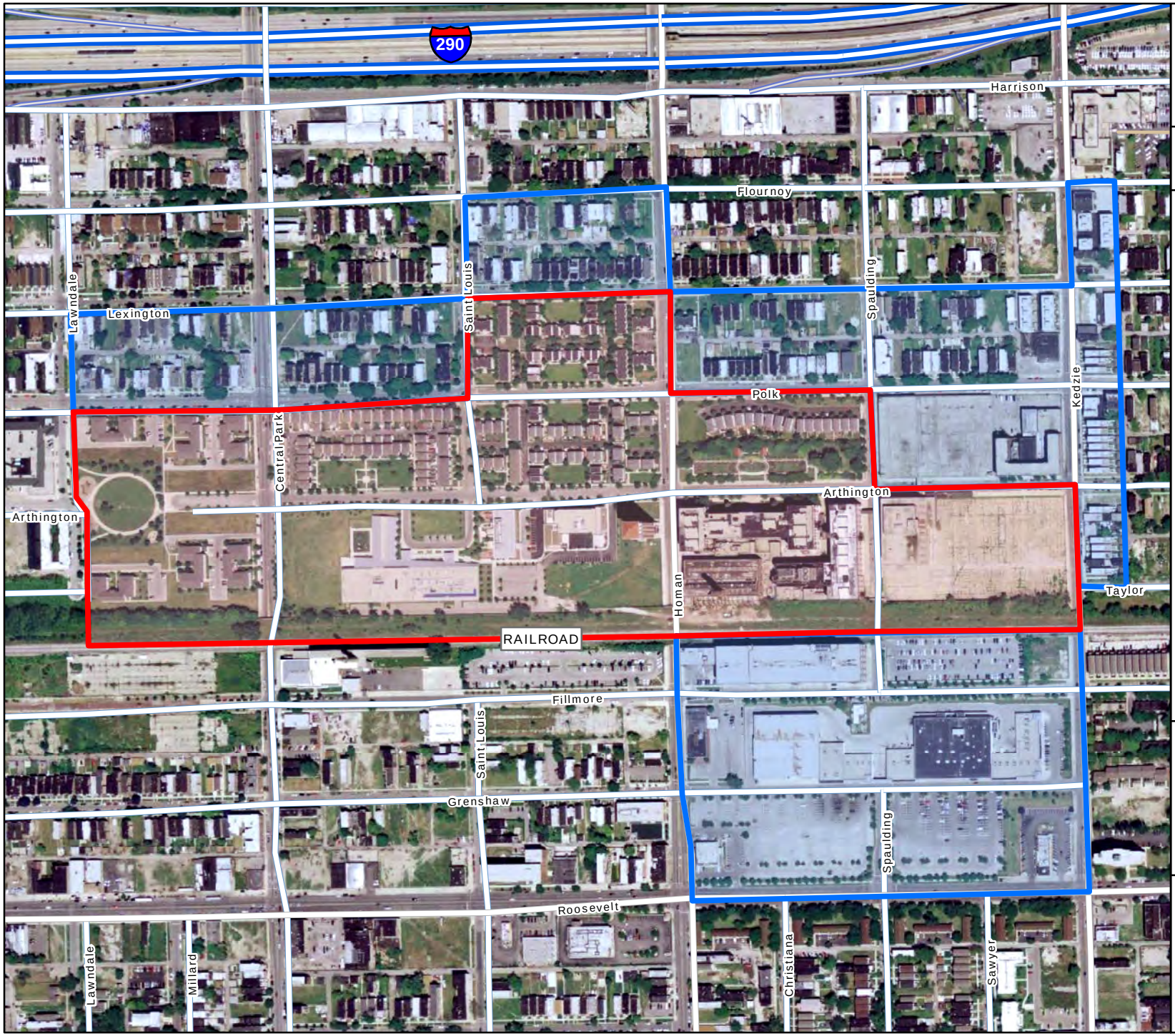

Figure 4:
Case Study 4
Homan Square

Chicago, IL

Legend

- Project Site
- Secondary Impact Area

0 250 500 Feet

NORTH

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Figure 5:
Case Study 5
Station Crossing

Downers Grove, IL

Legend

- Project Site
- Secondary Impact Area

0 125 250 Feet

NORTH

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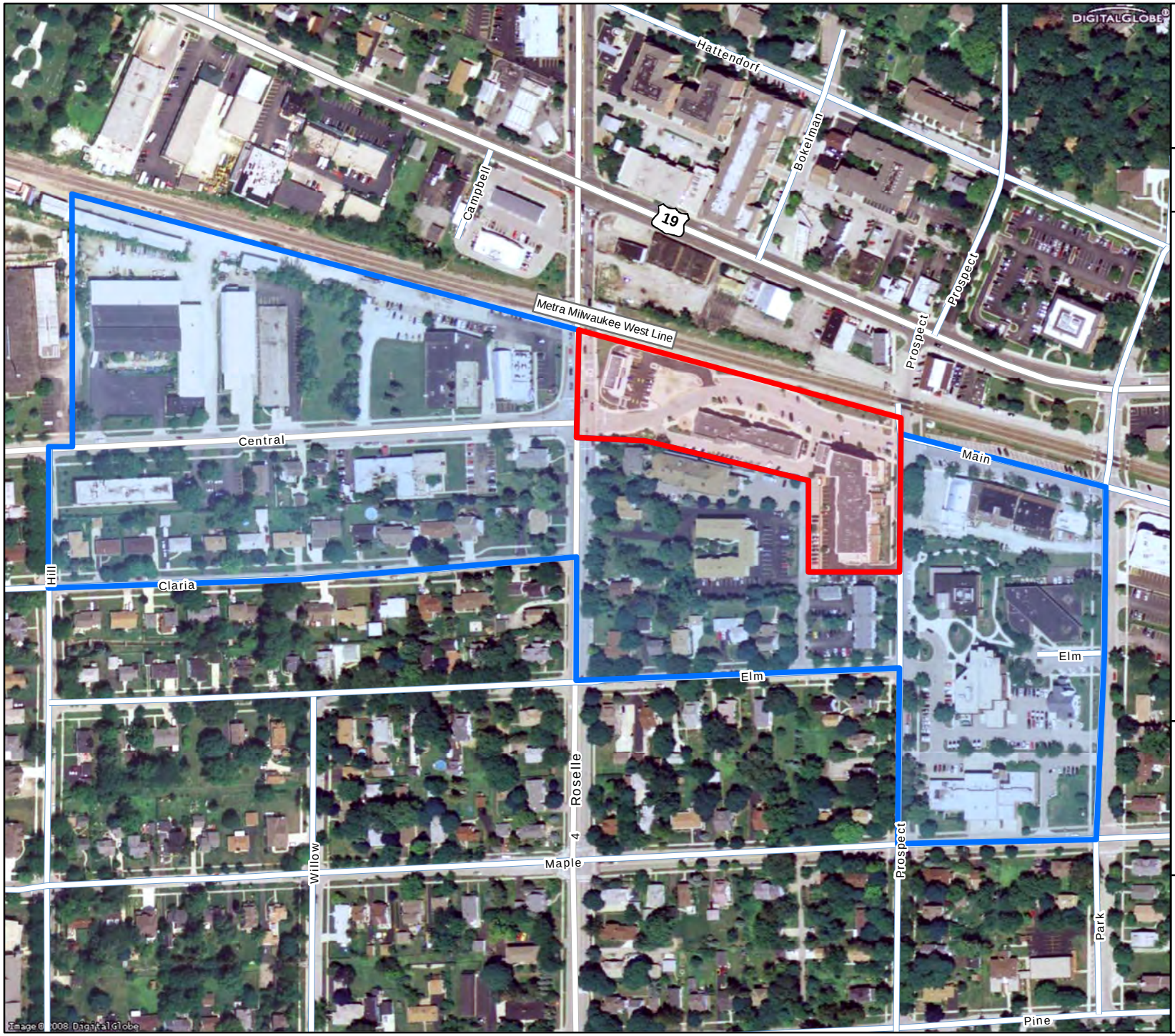

Figure 6:
Case Study 6
Main Street Station

Roselle, IL

Legend

- Project Site
- Secondary Impact Area

0 150 300 Feet

NORTH

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