
**CITY OF ROCKFORD
TIF REDEVELOPMENT PLAN
AUBURN ST. TIF DISTRICT**

"Redevelopment plan" means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

Prepared by the City of Rockford, Illinois

in conjunction with

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I. INTRODUCTION

The City of Rockford (the "City") is an established community located in north central Illinois, between the greater Chicago area and Madison, Wisconsin. In this report, the City proposes a Tax Increment Financing Redevelopment Plan (the "Redevelopment Plan" or "Plan") to assist a strategically important area in overcoming a number of redevelopment barriers. The City is pursuing the TIF designation as part of its overall strategy to promote the revitalization of key properties located northwest of downtown Rockford.

Kane, McKenna and Associates, Inc. ("KMA") has been retained by the City of Rockford to conduct an analysis of the potential qualification and designation of the area as a Tax Increment Financing ("TIF") District, and to assist the City in drafting this TIF Redevelopment Plan.

The City has two fundamental goals in pursuing the potential TIF District. The first is to promote redevelopment of an area that has experienced vacancies and secure new, economically productive uses for the parcels. The second goal is to further the City's overall economic development program and thereby diversify its tax base.

TIF Plan Requirements. The City is preparing this Plan as required by the Tax Increment Allocation Redevelopment Act, (the "Act") 65 ILCS 5/11-74.4-3, et. seq., as amended. To establish a TIF district (also known as a Redevelopment Project Area ("RPA")), Illinois municipalities must adopt several documents, including a TIF Redevelopment Plan and Eligibility Report.

The Act enables Illinois municipalities to establish TIF districts, either to eliminate the presence of blight or to prevent its onset. The Act finds that municipal TIF authority serves a public interest in order to: "promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas" (65 ILCS 5/11-74.4-2(b)).

By definition, a TIF "Redevelopment Plan" means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualify the redevelopment project area as a "blighted area," "conservation area" (or combination thereof), or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area as set forth in the Tax Increment Allocation Redevelopment Act.

Community Background. The City of Rockford is one of the oldest communities in the State of Illinois, incorporated in 1839 prior to the Civil War (incorporated as a village, and then chartered as a city in 1852). After a long period of growth during the late 19th and early 20th century, population stabilized around its current level in the post-war era. As of the 2010 Census, the City population is 152,871 (150,115 in the 2000 Census), making it one of the largest communities in the state.

The City has a number of important assets that make it desirable location for residents and that fosters a competitive environment for businesses. First, the City has an educated work, with 80% of the adult population (over age 25) having obtained a high school degree and 21% either a bachelor's degree or an advanced degree (master's degree or other advanced degree). Rockford College is located near the proposed TIF District, and both Northern Illinois University and Beloit College are located within close driving distance.

Secondly, the City possesses a variety of transportation assets, including proximity to multiple Interstate highways, state highways, and an airport. Interstate 90 is the primary linkage to the Chicago area, and Interstate 39 takes travelers south to Rochelle, DeKalb, and other communities. Thirdly, the area is increasingly intertwined with the growing suburban areas northwest of Chicago.

Finally, the City has made a concerted effort under the current leadership to foster economic development. The City has put in place multiple economic development programs and incentives to expedite redevelopment as the Rockford region continues to transition from an older industrial-based economy to a diversified, modern economy.

The Proposed TIF District. The proposed RPA is a compact commercial/industrial corridor district, generally situated along Auburn Street. Most parcels consist of underutilized parcels fronting the street, ranging from Rockton Avenue to the east to Day Avenue to the west. The area contains very few residential uses and not much depth except near the Auburn/Kilburn intersection. At this intersection there is greater depth with several larger industrial parcels located in this portion of the RPA.

The Auburn St. corridor represents an important commercial area within Rockford, and historically has been the site of many retail and automobile-related businesses as well as the Amerock industrial facility. The Amerock site, prior to its closure in 2008, was a major employer and contributor to the City's tax base. Now the area faces a number of redevelopment impediments (including the challenge of reaching a potential agreement with an interested property owner to redevelop the Amerock site), but it has certain assets that could be leveraged as part of its future redevelopment.

Section IV of this report describes a number of redevelopment impediments facing the City. Obsolescence, lagging equalized assessed values (EAV), and

deterioration are some of the key impediments that reduce the competitiveness of the area.

On balance, the TIF area has the potential for redevelopment of certain underutilized properties. As such, the City has identified a number of objectives for redevelopment, with tax increment financing acting as a tool to achieve them. Please refer to Section III of this report for additional information about the goals, objectives and activities to support redevelopment.

The RPA would be suitable for new development if there is coordination of uses and redevelopment activity by the City. Through this TIF Redevelopment Plan and as part of its comprehensive economic development planning, the City intends to attract and encourage commercial and retail/mixed uses to locate, upgrade, expand and/or modernize their facilities within Rockford. Through the establishment of the RPA, the City would implement a program to redevelop key areas within the new TIF District and in so doing, it would stabilize the area, extend benefits to the community, and assist affected taxing districts over the long run.

Rationale for Redevelopment Plan. The City recognizes the need for a strategy to revitalize properties and promote development within the boundaries of the RPA. The needed private investment would only be possible if a TIF district is adopted pursuant to the terms of the Act. Incremental property tax revenue generated by the project will play a decisive role in encouraging private development. Site conditions and diverse ownership that has discouraged intensive private investment in the past will be eliminated. Ultimately, the implementation of the Plan will benefit both the City and surrounding taxing districts, by virtue of the expected expansion of the tax base.

The City has determined that the area as a whole would not be developed in a coordinated manner unless the adoption of the TIF Redevelopment Plan occurs. The City, with the assistance of KMA, has therefore commissioned this Plan to use tax increment financing in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment and land assembly, the RPA will become a more viable area that will attract private investment. The public investment and land assembly will lay the foundation for the redevelopment of the area with private capital. This in turn will set the stage for future retail, commercial and mixed use opportunities surrounding the area.

The designation of the area as an RPA will allow the City to pursue the following beneficial strategies:

- Providing infrastructure that supports subsequent redevelopment plans for the RPA;
- Improvements to the site in preparation for redevelopment (“site prep”) and improvements to the structures in order to accommodate new tenants;
- Entering into redevelopment agreements in order to redevelop property and/or to induce new development to locate within the RPA;
- Establishing a pattern of land-use activities that will increase efficiency and economic inter-relationships, especially as such uses complement adjacent current and/or future commercial opportunities and City redevelopment projects within the RPA and/or surrounding area; and
- Enhancing area appearance through improvements to landscape, streetscape and signage.

Through this Plan, the City will direct the coordination and assembly of the assets and investments of the private sector and establish a unified, cooperative public-private redevelopment effort. Several benefits are expected to accrue to the area: entry of new businesses; new employment opportunities; and physical and aesthetic improvements. Ultimately, the implementation of the Plan will benefit (a) the City, (b) the taxing districts serving the RPA, (c) residents and property owners adjacent to the RPA, and (d) existing and new businesses within the RPA.

City Findings. The City, through legislative actions as required by the Act, finds:

- That the RPA as a whole has not been subject to growth and development through investment by private enterprise;
- That in order to promote and protect the health, safety, and welfare of the public, certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken;
- To alleviate the adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas;
- That public/private partnerships are determined to be necessary in order to achieve development goals;

- That without the development focus and resources provided for under the Act and as set forth in this Plan, growth and redevelopment would not reasonably be expected to be achieved;
- That the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to the taxing districts, because the taxing districts would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment; and
- That the TIF Redevelopment Plan conforms to the Rockford Comprehensive Plan, as detailed in Section III of this report.

Additionally, the City finds that it is useful, desirable, and necessary for the City to assemble land into parcels of sufficient size to encourage development consistent with current standards.

It is further found, and certified by the City, in connection to the statutory process required for the adoption of this Plan, that (a) the that the RPA does not contain over seventy-five (75) inhabited residential units and (b) projected redevelopment of the RPA **will not result** in the displacement of ten (10) inhabited residential units or more. Therefore, *this Plan does not include a Housing Impact Study.*

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA. Redevelopment of the RPA area is tenable only if a portion of the improvements and other costs are funded by TIF.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements thereon substantially benefited by the redevelopment project. Also pursuant to the Act, the area in the aggregate is more than 1½ acres. A boundary map of the RPA is included in Appendix 2 of this Plan.

II. RPA LEGAL DESCRIPTION

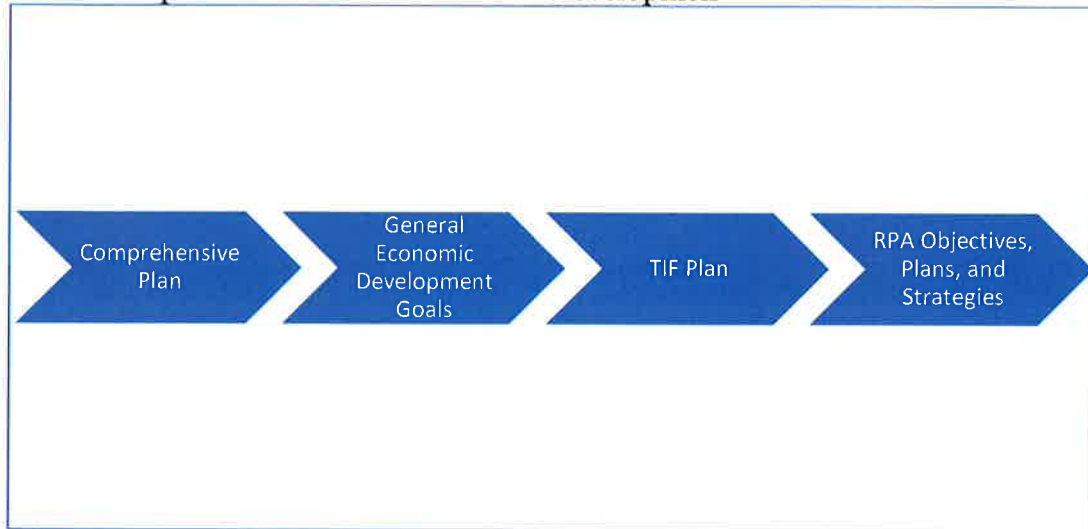
The Redevelopment Project Area legal description is attached in Appendix 1.

III. RPA GOALS AND OBJECTIVES

The City has established a number of economic development goals, objectives, and strategies which would determine the types of activities to be undertaken within the proposed Auburn St. TIF District. These efforts would conform to and promote the achievement of land use objectives in the City's *Comprehensive Plan*.

Exhibit 1

Relationship of Land Use and Economic Development Plans



As indicated in the exhibit above, the City's primary planning document is the *Comprehensive Plan* (also referred to as the *2020 Plan*) which describes the overall vision for the City and is the foundation for City initiatives such as the proposed Auburn St. TIF District. This overarching planning document determines future land uses and influences all other City planning efforts such as the TIF planning process.

General Economic Development Goals of the City. Establishment of the proposed Auburn St. TIF supports the following City-wide objectives.

- Strengthening the property tax base of the City and overlapping tax districts;
- Creating new jobs and retain existing jobs for City and area residents;
- Providing for implementation of economic development and redevelopment strategies that benefits the City and its residents;

- Providing public infrastructure improvements within the City to promote growth;
- Encouraging positive and feasible redevelopment of vacant sites and/or underutilized facilities;
- Coordinating all redevelopment within the City in a comprehensive manner, avoiding land use conflicts and negative community impacts with attracted users; and
- Creating a cooperative partnership between the City and users.

Specific Objectives for the RPA. The general goals for economic development cited above would be supported by specific objectives, strategies and performance measures that would “drive” the redevelopment activities undertaken within the proposed RPA. RPA designation would allow the City to pursue the following objectives:

- Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal to private investors;
- Reduce, eliminate or prevent the onset of blight or other negative factors present within the area;
- Accomplish redevelopment over a reasonable time period;
- Provide for high quality development within the RPA;
- Create an attractive overall appearance for the area; and
- Further the goals and objectives of the *2020 Plan*.

Exhibit 2 identifies certain *2020 Plan* goals that pertain to the proposed Auburn St. TIF District.

Exhibit 2
Comprehensive Plan Goals and Objectives

Goal	Objective	Action
Economic Development Plan Element		
Implement TIFs	Work to overcome land assembly challenges and land use conflicts	<ul style="list-style-type: none"> • Work with developers to assemble property in conjunction with TIF creation
Land Use Plan Element		
Work to integrate Smart Growth principles into the City of Rockford	Mixed use development	<ul style="list-style-type: none"> • Assist with the financing of mixed-use developments • Incorporate planned mixed uses into neighborhood/sub-area plans • Provide incentives for mixed uses

		in new development and redevelopment areas
Same	Create walkable communities	<ul style="list-style-type: none"> • Require site plan design that makes commercial areas more walkable
Same	Strengthen and direct development towards existing urban areas	<ul style="list-style-type: none"> • Facilitate programs and support community based organizations for neighborhood revitalization • Create economic incentives for businesses and homeowners to locate in areas with existing infrastructure
Same	Make development decisions predictable, fair and cost effective	<ul style="list-style-type: none"> • Direct development along corridors

Source: City of Rockford 2020 Plan

Ultimately, the implementation of the Redevelopment Plan would contribute to the economic development of the area and provide new employment opportunities for City residents.

The RPA-specific objectives would be fulfilled by the execution of certain strategies, including but not limited to the following:

- Facilitating the preparation of improved and vacant sites, by assisting any private developer(s) to assemble suitable sites for modern development needs;
- Coordinating site preparation and rehabilitation of structures to provide additional land for new development, as appropriate;
- Fostering the replacement, repair, and/or improvement of infrastructure, including (as needed) sidewalks, streets, curbs, gutters and underground water and sanitary systems to facilitate the construction of new development within the RPA;
- Facilitating the provision of adequate on- and off-street parking within the RPA; and/or
- Coordinating development in tandem with any transportation system upgrades to make the area more accessible.

To track success in meeting RPA-specific objectives and strategies, the City may wish to consider establishing certain performance measures that would help the City monitor the projects to be undertaken within the proposed RPA. The Government Finance Officers Association recommends that municipalities adopting TIF districts evaluate actual against projected performance (e.g., using metrics such as job creation or tax revenue generation). Exhibit 3 below identifies the types of performance measures the City may consider to track the

performance of projects within the RPA. (Section VI of this report discusses the types of projects that the City may pursue within the RPA, with the caveat that specific projects at this point are only conceptual in nature.)

Exhibit 3

Examples of TIF Performance Measures

Measure	Examples
Input	<ul style="list-style-type: none"> • Public investment (\$) • Private investment (\$) • Acres of land assembled for TIF • Bond proceeds
Output/Workload	<ul style="list-style-type: none"> • Jobs created or retained • Number of streetscaping fixtures installed • Commercial space created (square feet)
Efficiency	<ul style="list-style-type: none"> • Leverage ratio (private investment / public investment) • Cost per square foot of commercial space • Public subsidies per job created/retained
Effectiveness	<ul style="list-style-type: none"> • % change in assessed value (AV) in TIF versus AV in rest of City • % change in AV within TIF before and after TIF creation • Municipal sales taxes before and after TIF creation
Risk	<ul style="list-style-type: none"> • Debt coverage ratio • Credit ratings of anchor tenants • Tenant diversification (e.g., percent of total TIF EAV attributable to top 10 tenants in commercial development)

Source: *An Elected Official's Guide to Tax Increment Financing*, Government Finance Officers Association, 2005.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH; FISCAL IMPACT ON TAXING DISTRICTS

Evidence of the Lack of Development and Growth within the RPA. As documented in Appendix 5 of this Plan, the RPA has suffered from the lack of development and would qualify as a conservation area. In recent years, the area has not benefited from sustained private investment and/or development, instead suffering economic decline. Absent intervention by the City, properties within the RPA would not be likely to gain in value.

The proposed RPA exhibits various conditions which, if not addressed by the City, would eventually result in blight. Those conditions include structures and public improvements reflecting obsolescence as well as other deficiencies. These various conditions discourage private sector investment in business enterprises.

Assessment of Fiscal Impact on Affected Taxing Districts. It is anticipated that the implementation of this Plan will not have a negative financial impact on the affected taxing districts. Instead, action taken by the City to stabilize and cause growth of its tax base through the implementation of this Plan will have a *positive impact* on the affected taxing districts by arresting the potential decline or lag in property values, as measured by assessed valuations (AV). In short, the establishment of a TIF district would protect other taxing districts from the potential downside risk of falling AV.

Should the City achieve success in attracting private investment which results in the need for documented increased services from any taxing districts, the City will consider the declaration of “surplus funds,” as defined under the Act and pursuant to any executed intergovernmental agreement. Such funds which are neither expended nor obligated for TIF-related purposes can be used to assist affected taxing districts in paying the costs for increased services.

Any surplus Special Tax Allocation Funds (to the extent any surplus exists) will be shared in proportion to the various tax rates imposed by the taxing districts, including the City. Any such sharing would be undertaken after all TIF-eligible costs – either expended or incurred as an obligation by the City – have been duly accounted for through administration of the Special Tax Allocation Fund to be established by the City as provided by the Act.

An exception to the tax-sharing provision relates to the City’s utilization of TIF funding to mitigate the impact of residential redevelopment upon school districts. In such cases, the City will provide funds to offset the costs incurred by the eligible school districts in the manner prescribed by 65 ILCS Section 5/11-74.4.3(q)(7.5) of the Act. It should be noted that new residential uses are not expected as part of future redevelopment activities. (Refer to Section VI of this Report, which describes allowable TIF project costs.)

V. TIF QUALIFICATION FACTORS PRESENT IN THE RPA

Findings. The RPA was studied to determine its qualifications under the Tax Increment Allocation Redevelopment Act. It was determined that the area as a whole qualifies as a TIF district under the Act. Refer to the *TIF Qualification Report*, attached as Appendix 5 in this Plan.

Eligibility Survey. Representatives of KMA and City staff evaluated the RPA from September 2013 to the date of the publication of this Plan. Analysis was aided by certain reports obtained from the City, reports from City engineering/planning staff, on-site due diligence, and other sources. In KMA's evaluation, only information was recorded which would help assess the eligibility of the proposed area as a TIF District.

VI. REDEVELOPMENT PROJECT

Redevelopment Plan and Project Objectives. As indicated in Section III of this Report, the City has established a planning process which guides economic development and land use activities throughout the City. Consistent with the established planning process, the City proposes to achieve economic development goals and objectives through the redevelopment of the Auburn St. TIF, pursuit of projects within the RPA, and the promotion of private investment via public financing techniques (including but not limited to tax increment financing).

The project-specific objectives envisioned for the Auburn St. TIF are as follows:

- 1) Implementing a plan that provides for the attraction of users and tenants to redevelop underutilized land and buildings that are available within the RPA.
- 2) Constructing public improvements which may include (if necessary):
 - Street and sidewalk improvements (including new street construction and widening of current streets; any street widening would conform with City standards for context-sensitive design);
 - Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation);
 - Signalization, traffic control and lighting;
 - Off-street parking and public parking facilities; and
 - Landscaping, streetscaping, and beautification.
- 3) Entering into Redevelopment Agreements with developers for qualified redevelopment projects, including (but not limited to) the provision of an interest rate subsidy as allowed under the Act.
- 4) Providing for site preparation, clearance, environmental remediation, and demolition, including grading and excavation (any demolition activities would conform to City criteria for allowing demolition) as needed.
- 5) Providing for the rehabilitation of structures in order to improve the occupancy and appearance of the property within the RPA.
- 6) Exploration and review of job training programs in coordination with any City, federal, state, and county programs.
- 7) Entering into agreements for the development and/or construction of public facilities and infrastructure.

Redevelopment Activities. Pursuant to the project objectives cited above, the City will implement a coordinated program of actions. These include, but are not limited to, land acquisition, land disposition, site preparation, clearance, demolition, provision of public infrastructure and related public improvements, construction of new public facilities, and rehabilitation of structures, if necessary. Such activities conform to the provision of the TIF Act that define the scope of permissible redevelopment activities.

Site Preparation, Clearance, Relocation and Demolition

Property within the RPA may be improved through the use of site clearance, excavation, environmental remediation or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment. Relocation may also be required under the TIF Act; the City would conform to the provisions of the Act.

Land Assembly and Disposition

Certain properties or interests in properties in the RPA may be acquired by purchase or the exercise of eminent domain. Properties owned by or acquired by the City may be assembled and reconfigured into appropriate redevelopment sites. If necessary, the City would facilitate private acquisition through reimbursement of acquisition and related costs as well as through the write-down of its acquisition costs. Such land may be held or disposed of by the City on terms appropriate for public or private development, including the acquisition of land needed for construction of public improvements.

Public Improvements

The City may, but is not required to, provide public improvements in the RPA to enhance the immediate area and support the Plan. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including extension of water mains as well as sanitary and storm sewer systems, roadways, and traffic-related improvements;
- Parking facilities; and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.

Rehabilitation/Taxing District Capital Costs

The City may provide for the rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conform to City code provisions. Improvements may include exterior and facade-related work as well as interior-related work.

The City may construct or provide for the construction and reimbursement for new facilities to be owned or used by units of local government. The City does not expect that locally designated landmarks or properties listed on or eligible for listing on the National Register of Historic Places (or properties significantly contributing to districts listed on the National Register of Historic Places) will be demolished or modified in connection with the Plan.

Interest Rate Write-Down

The City may enter into agreements with for-profit or non-profit owners/developers whereby a portion of the interest cost for construction, renovation or rehabilitation projects are paid out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

The City may assist facilities and enterprises located within the RPA in obtaining job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to:

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs; and
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

School District Costs

The City may provide for payment of school district costs as provided for in the Act relating to residential components assisted through TIF funding.

General Land Use Plan. As noted in Section I of this report, the proposed RPA currently contains primarily retail uses.

Existing land uses are shown in Appendix 3 attached hereto and made a part of this Plan. Appendix 4 designates future land uses in the Redevelopment Project Area and includes retail, commercial, industrial and mixed uses. Future land uses will conform to the Zoning Ordinance and the *Comprehensive Plan* as either may be amended from time to time.

Additional Design and Control Standards. The appropriate design standards (including any Planned Unit Developments) as set forth in the City's Zoning Ordinance and/or *Comprehensive Plan* shall apply to the RPA.

Eligible Redevelopment Project Costs. Under the TIF statute, redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred as well as any such costs incidental to the Plan. (Private investments, which supplement "Redevelopment Project Costs," are expected to substantially exceed such redevelopment project costs.) Eligible costs permitted by the Act and pertaining to this Plan include:

- (1) *Professional Service Costs* – Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999 (the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;
 - The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
 - Annual administrative costs shall *not* include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;
 - In addition, redevelopment project costs shall *not* include lobbying expenses;
- (2) *Property Assembly Costs* – Costs including but not limited to acquisition of land and other property (real or personal) or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as

an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

- (3) *Improvements to Public or Private Buildings* – Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- (4) *Public Works* – Costs of the construction of public works or improvements, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- (5) *Job Training* – Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- (6) *Financing Costs* – Costs including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including (a) interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter and (b) reasonable reserves related thereto;
- (7) *Capital Costs* – To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project;

- (8) *School-Related Costs* – For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually;¹
- (9) *Relocation Costs* – To the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n) of the Act;
- (10) *Payment in lieu of taxes;*
- (11) *Other Job Training* – Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly

¹ The calculation is as follows: (A) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (B) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition Charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations: (i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act; and (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act. (C) For any school district in a municipality with a population in excess of 1,000,000, additional provisions apply.

to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;

- (12) *Developer Interest Cost* – Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

(A) Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;

(B) Such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;

(C) If there are not sufficient funds available in the special tax allocation fund to make the payment then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;

(D) The total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;

(E) The cost limits set forth in subparagraphs (B) and (D) of paragraph shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act. The percentage of 75% shall be substituted for 30% in subparagraphs (B) and (D);

(F) Instead of the eligible costs provided by subparagraphs (B) and (D), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under

the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph (F) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (F).²

The TIF Act prohibits certain costs. Unless explicitly stated herein the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost. In addition, the statute prohibits costs related to retail development that results in the closing of nearby facilities of the same retailers. Specifically, none of the redevelopment project costs enumerated in the Act shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality.³

Projected Redevelopment Project Costs. Estimated project costs are shown in Exhibit 4 below. Adjustments to estimated line-item costs below are expected and may be made without amendment to the Redevelopment Plan. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act.

Further, the projected cost of an individual line-item as set forth below is not intended to place a limit on the described line-item expenditure. Adjustments may be made in line-items, either increasing or decreasing line-item costs for redevelopment. The specific items listed below are not intended to preclude payment of other eligible redevelopment project costs in connection with the

² The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (F) of paragraph (11) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

³ Termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

redevelopment of the RPA, provided the *total amount* of payment for eligible redevelopment project costs (the “Total Estimated TIF Budget” in Exhibit 4) shall not exceed the amount set forth below, as adjusted pursuant to the Act.

Exhibit 4

RPA Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Land Acquisition, Assembly, and Relocation	2,900,000
Site Preparation, Including Environmental Remediation, Demolition, and Site Grading	8,600,000
Utility Improvements (Including Water, Storm, Sanitary Sewer, Service of Public Facilities, and Road Improvements)	8,600,000
Rehabilitation of Existing Structures; Taxing District Capital Improvements	5,700,000
Public Facilities (including Parking Facilities and Streetscaping)	5,700,000
Interest Costs Pursuant to the Act	2,900,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting, and Marketing)	2,900,000
Job Training	1,400,000
Statutory School District Payments	1,300,000
TOTAL ESTIMATED TIF BUDGET	40,000,000

Notes:

- (1) All project cost estimates are in 2013 dollars. Costs may be adjusted for inflation per the TIF Act.
- (2) In addition to the costs identified in the exhibit above, any bonds issued to finance a phase of the Project may include an amount sufficient to pay (a) customary and reasonable charges associated with the issuance of such obligations, (b) interest on such bonds, and (c) capitalized interest and reasonably required reserves.
- (3) Adjustments to the estimated line-item costs above are expected. Adjustments may be made in line-items within the total, either increasing or decreasing line-items costs for redevelopment. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The individual line-items set forth above are not intended to place an individual limit on the described expenditures – provided that the total amount of payments for eligible redevelopment project costs shall not exceed the “total estimated TIF budget” listed above.

As explained in the following sub-section, incremental property tax revenues from any contiguous RPA may be used to pay eligible costs for the Auburn St. TIF.

Sources of Funds to Pay Redevelopment Project Costs. Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from incremental property tax revenues, proceeds from municipal obligations to be retired primarily with such revenues, and interest earned on resources available but not immediately needed for the Plan. In addition, pursuant to the TIF Act and this Plan, the City may utilize net incremental property tax revenues received from other contiguous RPAs to pay eligible redevelopment project costs or obligations issued to pay such costs in contiguous project areas. This would include contiguous TIFs that the City may establish in the future. (Conversely, incremental revenues from the Auburn St. TIF may be allocated to any contiguous TIF Districts.)

Redevelopment project costs as identified in Exhibit 4 specifically authorize those eligible costs set forth in the Act and do not address the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed. TIF or other public sources are to be used, subject to approval by the City Council, only to leverage and commit private redevelopment activity.

The incremental tax revenues which will be used to pay debt service on the municipal obligations (if any) and to directly pay redevelopment project costs shall be the incremental increase in property taxes. The property tax increment would be attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA – over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2012 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the City may from time to time deem appropriate.

Nature and Term of Obligations to Be Issued. The City may issue obligations secured by the Special Tax Allocation Fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the City by virtue of its power pursuant to the Illinois State Constitution.

Any and all obligations issued by the Village pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years after the date of adoption of the ordinance approving the RPA, or as such a later time permitted pursuant to the Act and to the extent such obligations are reliant upon the collection of incremental property tax revenues from the completion of the twenty-3rd year of the TIF, with taxes collected in the twenty-fourth year. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance.

One or more series of obligations may be issued from time to time in order to implement this Plan. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year. The total principal and interest may be payable from tax increment revenues (including tax increment revenues from current or future contiguous TIF Districts) and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

Certain revenues may be declared as surplus funds if not required for: principal and interest payments, required reserves, bond sinking funds, redevelopment project costs, early retirement of outstanding securities, or facilitating the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan. Such surplus funds shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

Securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds. Further, the securities may be offered on such terms as the City may determine, with or without the following features: capitalized interest; deferred principal retirement; interest rate limits (except as limited by law); and redemption provisions. Additionally, such securities may be issued with either fixed rate or floating interest rates.

Most Recent Equalized Assessed Valuation for the RPA. The most recent equalized assessed valuation for the RPA is based on the 2012 EAV, and is estimated to be approximately \$6,547,000. It is anticipated the estimated base EAV for establishment of the RPA will be the 2012 EAV.

Anticipated Equalized Assessed Valuation for the RPA. Upon completion of the anticipated private development of the RPA over a twenty-three (23) year period, it is estimated that the EAV of the property within the RPA would increase to approximately \$37,000,000-\$38,000,000 depending upon market conditions and the scope of the redevelopment projects.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

Redevelopment Project. The City will implement a strategy with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses conform to City zoning and planning requirements, or if the City undertakes redevelopment activities pursuant to this Plan. Depending upon the scope of the development as well as the actual uses, the following activities may be undertaken by the City:

- Land Assembly and Relocation: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site, with relocation costs undertaken as provided by the Act. If necessary, the City would facilitate private acquisition through reimbursement or write-down of related costs, including without limitation the acquisition of land needed for construction of public improvements.
- Demolition and Site Preparation: The existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition of certain parcels may be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements including environmental remediation necessary to prepare the site for desired redevelopment projects.
- Rehabilitation: The City may assist in the rehabilitation of buildings or site improvements located within the RPA.
- Landscaping/Buffering/Streetscaping: The City may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.
- Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The City may also undertake the provision of necessary detention or retention ponds.
- Roadway/Street/Parking Improvements: The City may widen and/or vacate existing roads. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Parking facilities may be constructed that would be available to the public. Utility services may also be provided or relocated in order to accommodate redevelopment activities.

- **Traffic Control/Signalization:** Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.
- **Public Safety-Related Infrastructure:** Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.
- **School District Costs:** The payment of such costs may be provided pursuant to the requirements of the TIF Act.
- **Interest Costs Coverage:** The City may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.
- **Professional Services:** The City may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The City may reimburse itself from annual tax increment revenue if available.

Commitment to Fair Employment Practices and Affirmative Action.

As part of any Redevelopment Agreement entered into by the City and any private developers, both parties will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race, creed, or sexual orientation. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, sexual orientation, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs, and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and compliance with applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees

are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs. This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed within twenty-three (23) years after the adoption of an ordinance designating the Redevelopment Project Area. The actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the ordinance approving the RPA is adopted.

VIII. PROVISIONS FOR AMENDING THE TIF PLAN AND PROJECT

This Plan may be amended pursuant to the provisions of the Act.

APPENDIX 1

Legal Description of Project Area

AUBURN TIF DISTRICT - LEGAL DESCRIPTION:

Part of Section 14, 15 and 16 in Township 44 North, Range 1 East of the Third Principal Meridian in the City of Rockford and the State of Illinois, described as follows; Beginning at the Northeast corner of Lot 1 in Block 3 of AUBURN CREST SUBDIVISION, as recorded in the Winnebago County Recorder's Office; thence North 00 degrees 30 minutes 21 seconds West (bearings and distances are derived from WINGIS data and have not been surveyed on the ground) on and along the West line of Lot 1 of SKYLIGHT COMMONS, as recorded in said Recorder's Office, a distance of 1366.45 feet more or less to the Northwest corner of said Lot 1; thence Easterly on and along the North line of said Lot 1, Lot 4 and Lot 3 of said SKYLIGHT COMMONS the following courses and distances, South 73 degrees 22 minutes 24 seconds East, a distance of 61.68 feet, more or less, North 68 degrees 17 minutes 37 seconds East, a distance of 103.81 feet, more or less, South 42 degrees 36 minutes 35 seconds East, a distance of 149.44 feet, more or less, North 74 degrees 08 minutes 15 seconds East, a distance of 241.20 feet, more or less, South 62 degrees 29 minutes 07 seconds East, a distance of 87.37 feet, more or less, South 52 degrees 28 minutes 43 seconds East, a distance of 84.33 feet, more or less, South 12 degrees 21 minutes 29 seconds West, a distance of 33.79 feet, more or less, South 80 degrees 54 minutes 16 seconds East, a distance of 404.26 feet, more or less, South 82 degrees 39 minutes 41 seconds East, a distance of 28.79 feet, more or less, South 63 degrees 40 minutes 03 seconds East, a distance of 49.88 feet, more or less, South 51 degrees 19 minutes 33 seconds East, a distance of 74.64 feet, more or less, South 42 degrees 59 minutes 43 seconds East, a distance of 59.87 feet, more or less, South 38 degrees 17 minutes 34 seconds East, a distance of 42.29 feet, more or less, South 37 degrees 44 minutes 42 seconds East, a distance of 58.38 feet, more or less, South 26 degrees 34 minutes 24 seconds East, a distance of 78.32 feet, more or less, South 26 degrees 34 minutes 24 seconds East, a distance of 93.88 feet, more or less, South 37 degrees 24 minutes 39 seconds East, a distance of 60.45 feet, more or less, South 37 degrees 22 minutes 08 seconds East, a distance of 64.68 feet, more or less, South 75 degrees 33 minutes 55 seconds East, a distance of 143.88 feet, more or less to a Northeasterly corner of said Lot 3 of SKYLIGHT COMMONS; thence South 76 degrees 04 minutes 49 seconds East, a distance of 175.30 feet, more or less to a point on the East line of Central Avenue; thence North 89 degrees 01 minutes 04 seconds East, a distance of 140.02 feet, more or less; thence South 61 degrees 28 minutes 53 seconds East, a distance of 294.03 feet, more or less to a point on the West line of Astor Lane, of BEVERLY PARK, as recorded in said Recorder's Office; thence North 00 degrees 33 minutes 44 seconds West on and along last named line, a distance of 190.56 feet, more or less to the point of intersection with the Westerly extension of the South line of the Alley South of Block 11 of said BEVERLY PARK; thence North 88 degrees 42 minutes 01 seconds East, on and along said South line, a distance of 261.45 feet, more or less to the point of intersection with the West line of Rockwell Street, of ADDITION OF BLOCK 13 TO BEVERLY PARK, as recorded in said

Recorder's Office; thence South 00 degrees 57 minutes 04 seconds East on and along last named line, a distance of 183.72 feet, more or less to the South line of Parkside Avenue of said ADDITION OF BLOCK 13 TO BEVERLY PARK; thence North 88 degrees 41 minutes 17 seconds East on and along last named line, a distance of 250.25 feet, more or less to a point 300 feet West of the West line of Belden Street; thence South 01 degrees 04 minutes 54 seconds East, a distance of 105.40 feet, more or less; thence North 90 degrees 00 minutes 00 seconds East, a distance of 49.40 feet, more or less; thence South 01 degrees 17 minutes 36 seconds East, a distance of 23.49 feet, more or less to a point 250 feet West of said West line of Belden Street and 133 feet South of said South line of Parkside Avenue; thence North 88 degrees 52 minutes 01 seconds East on and along a line parallel to said South line of Parkside Avenue, a distance of 402.10 feet, more or less to the Southeast corner of Lot 9 in Block 7 of CENTRAL PARK FIFTH ADDITION, as recorded in said Recorder's Office; thence North 01 degrees 01 minutes 16 seconds West on and along the East line of said Lot 9, a distance of 131.27 feet, more or less to the Northeast corner of said Lot 9; thence North 88 degrees 41 minutes 23 seconds East on and along said South line of Parkside Avenue, a distance of 147.84 feet, more or less to the Northeast corner of Lot 6 of said Block 7; thence South 01 degrees 01 minutes 09 seconds East on and along the East line of said Lot 6, a distance of 131.54 feet, more or less to the Southeast corner of said Lot 6; thence North 88 degrees 47 minutes 40 seconds East on and along the South line of said Block 7, a distance of 248.62 feet, more or less to the Southeast corner of Lot 1 in said Block 7; thence South 00 degrees 50 minutes 04 seconds East on and along the West line of Vermont Street, a distance of 193.61 feet, more or less; thence North 88 degrees 32 minutes 26 seconds East, a distance of 411.35 feet, more or less; thence South 54 degrees 57 minutes 47 seconds East, a distance of 165.20 feet, more or less to the West line of Richmond Street of WALLIN'S SUBDIVISION as recorded in said Recorder's Office; thence South 72 degrees 23 minutes 03 seconds East, a distance of 54.42 feet, more or less to the East line of said Richmond Street; thence North 01 degrees 01 minutes 38 seconds West on and along last named line, a distance of 290.45 feet, more or less to the Northwest corner of Lot 18 of Block 2 of said WALLIN'S SUBDIVISION; thence North 88 degrees 40 minutes 20 seconds East on and along the North line of said Block 2, a distance of 764.83 feet, more or less to the intersection with the Southerly extension of the West line of Lot 3 in Block 9 of CENTRAL PARK REALTY COMPANY'S SUBDIVISION as reordereed in said Recorder's Office; thence North 17 degrees 56 minutes 40 seconds West on and along said West line of said Lot 3, a distance of 155.95 feet, more or less to the Northwest corner of Lot 1 of said Block 9; thence North 88 degrees 41 minutes 56 seconds East on and along the North line of said Lot 1, a distance of 207.09 feet, more or less to the East line of Kilburn Avenue; thence North 18 degrees 23 minutes 33 seconds West on and along last named line, a distance of 201.45 feet, more or less to the Southwest corner of Lot 22 of BARB'S SUBDIVISION as recorded in said Recorder's Office; thence North 88 degrees 43 minutes 41 seconds East on and along the South line of said Lot 22, a distance of 91.32 feet, more or less; thence South 01 degrees 07 minutes 00 seconds

East, a distance of 62.60 feet, more or less; thence North 79 degrees 35 minutes 41 seconds East, a distance of 91.91 feet, more or less; thence North 88 degrees 42 minutes 14 seconds East, a distance of 74.80 feet, more or less to the intersection with the Northerly extension of the West line of Block 3 of V.W. RENNE'S SECOND SUBDIVISIONS as recorded in said Recorder's Office; thence Southerly on and along said West line of said Block 3 the following courses and distances, South 01 degrees 07 minutes 53 seconds East, a distance of 436.38 feet, more or less, South 88 degrees 31 minutes 03 seconds West, a distance of 4.64 feet, more or less, South 18 degrees 11 minutes 04 seconds East, a distance of 43.53 feet, more or less, South 71 degrees 03 minutes 24 seconds West, a distance of 8.65 feet, more or less, thence South 18 degrees 15 minutes 33 seconds East, a distance of 192.24 feet, more or less to the Southwest corner of Lot 1 of said Block 3; thence North 88 degrees 23 minutes 59 seconds East on and along the South line of said Lot 1, a distance of 71.73 feet, more or less to the West line of Virginia Avenue; thence South 01 degrees 10 minutes 44 seconds East on and along last named line, a distance of 62.19 feet, more or less to the North line of Auburn Street; thence Easterly on and along last named line the following courses and distances, South 88 degrees 26 minutes 35 seconds East, a distance of 50.06 feet, more or less, South 70 degrees 45 minutes 30 seconds East, a distance of 20.66 feet, more or less; thence South 89 degrees 07 minutes 13 seconds East, a distance of 74.91 feet, more or less, South 84 degrees 08 minutes 43 seconds East, a distance of 47.55 feet, more or less, North 89 degrees 53 minutes 28 seconds East, a distance of 191.29 feet, more or less, South 01 degrees 10 minutes 32 seconds East, a distance of 2.73 feet, more or less, North 88 degrees 44 minutes 04 seconds East, a distance of 141.28 feet, more or less to the West line of Lot 15 of Block 7 of GENNY & UPSON'S SUBDIVISION as recorded in said Recorder's Office; thence North 01 degrees 09 minutes 04 seconds West on and along last named line, a distance of 149.83 feet, more or less to the Northwest corner of said Lot 15; thence North 88 degrees 43 minutes 57 seconds East on and along the North line of said Lot 15, a distance of 140.62 feet, more or less to the West line of Evergreen Street; thence South 01 degrees 08 minutes 08 seconds East on and along last named line, a distance of 14.37 feet, more or less; thence North 89 degrees 55 minutes 29 seconds East, a distance of 50.00 feet, more or less to the East line of said Evergreen Street; thence North 88 degrees 17 minutes 35 seconds East, a distance of 228.28 feet, more or less to the West line of Horsman Street; thence South 01 degrees 12 minutes 10 seconds East on and along last named line, a distance of 9.07 feet, more or less to the North line of the Rail Road right of way as shown on said GENNY & UPSON'S SUBDIVISION; thence South 41 degrees 57 minutes 45 seconds East, a distance of 101.11 feet, more or less to the South line of said Rail Road right of way; thence North 41 degrees 41 minutes 02 seconds East on and along last named line, a distance of 214.79 feet, more or less to a point on a line 66 feet North and normally distant from the North line of Lots 12, 13 and 14 in Block 4 of said GENNY & UPSON'S SUBDIVISION; thence North 88 degrees 05 minutes 31 seconds East on and along a line parallel to said North line of Lots 12, 13 and 14, a distance of 119.55 feet, more or less to the intersection with the Northerly extension of

the West line of Lot 11 of said Block 4; thence South 01 degrees 12 minutes 37 seconds East on and along last named line, a distance of 65.80 feet, more or less to the Northwest corner of said Lot 11; thence North 88 degrees 21 minutes 13 seconds East on and along the North line of said Lot 11 and the North line of Lot 10 of said Block 4 and the Easterly extension of said North line of Lot 10, a distance of 116.26 feet, more or less to the East line of Lot 8 of said Block 4; thence North 01 degrees 21 minutes 11 seconds West on and along last named line, a distance of 9.32 feet, more or less to the Northwest corner of said Lot 8; thence North 88 degrees 04 minutes 40 seconds East on and along the North line of said Lot 8, a distance of 142.21 feet, more or less to the West line of Rockton Road; thence North 01 degrees 13 minutes 25 seconds West on and along last named line, a distance of 8.00 feet, more or less; thence South 89 degrees 43 minutes 05 seconds East, a distance of 66.02 feet, more or less to the Southwest corner of Lot 18 of H.H. CARNEY'S SUBDIVISION as recorded in said Recorder's Office; thence North 01 degrees 14 minutes 22 seconds West on and along the East line of said Rockton Road, a distance of 91.06 feet, more or less to the Northwest corner of Lot 17 of said H.H. CARNEY'S SUBDIVISION; thence North 88 degrees 39 minutes 31 seconds East on and along the North line of said Lot 17, a distance of 99.55 feet, more or less to the Northeast corner of said Lot 17; thence South 01 degrees 20 minutes 15 seconds East on and along the East line of said Lot 17 and 18, a distance of 91.24 feet, more or less to the North line of Lot 19 of said H.H. CARNEY'S SUBDIVISION; thence North 88 degrees 40 minutes 46 seconds East on and along said North line and the South line of Lot 14 of said H.H. CARNEY'S SUBDIVISION, a distance of 82.02 feet, more or less; thence South 01 degrees 32 minutes 56 seconds East, a distance of 153.91 feet, more or less to said North line of Auburn Street; thence South 89 degrees 11 minutes 59 seconds West on and along last named line, a distance of 30.77 feet, more or less to the intersection with the Northerly extension of the East line of Lot 3 of GARFIELD HEIGHTS ADDITION as recorded in said Recorder's Office; thence South 00 degrees 09 minutes 13 seconds West on and along said East line of said Lot 3, a distance of 208.88 feet, more or less to the Southeast corner of said Lot 3; thence South 88 degrees 36 minutes 43 seconds West on and along the South line of said Lot 3, and Lots 1 and 2 of said GARFIELD HEIGHTS SUBDIVISION, a distance of 147.38 feet, more or less to said East line of Rockton Road; thence North 01 degrees 00 minutes 48 seconds West on and along last named line, a distance of 34.46 feet, more or less to the intersection with the Easterly extension of the South line of Lots 6, 7, 8 and 9 of AUBURN PARK SUBDIVISION as recorded in said Recorder's Office; thence South 88 degrees 33 minutes 56 seconds West on and along said South line of said Lots 6, 7, 8 and 9, a distance of 267.26 feet, more or less to the Southwest corner of said Lot 6; thence South 88 degrees 22 minutes 42 seconds West, a distance of 47.83 feet, more or less to the Southeast of Lot 5 of said AUBURN PARK SUBDIVISION; thence South 00 degrees 18 minutes 08 seconds East on and along the West line of Auburn Court, a distance of 115.56 feet, more or less to the Southeast corner of Lot 25 of said AUBURN PARK SUBDIVISION; thence South 88 degrees 38 minutes 29 seconds West on and along the South line of said Lot 25 and Lot 36 of said AUBURN PARK

SUBDIVISION, a distance of 235.81 feet, more or less to the Southwest corner of said Lot 36; thence South 89 degrees 46 minutes 07 seconds West, a distance of 66.47 feet, more or less to the East line of Lot 2 of COUNTY ASSESSOR PLAT of the Southeast Quarter of Section 15 and part of the Northeast Quarter of Section 22, Township 44 North, Range 1 East of the Third Principal Meridian; thence South 05 degrees 00 minutes 00 seconds East on and along last named line, a distance of 280.42 feet, more or less to the Southeast corner of said Lot 2; thence South 88 degrees 34 minutes 52 seconds West on and along the South line of said Lot 2 and the Westerly extension of said South line of Lot 2, a distance of 683.57 feet, more or less to the Northeast corner of Lot 5 of said COUNTY ASSESSOR PLAT; thence South 34 degrees 09 minutes 28 seconds West on and along the East line of said Lot 5, a distance of 51.95 feet, more or less; thence South 89 degrees 49 minutes 19 seconds East, a distance of 42.14 feet, more or less; thence Southwesterly on a curved path concave to the Southeast with a radius of 2507.20 feet, an arc length of 442.37 feet, more or less, a chord bearing of South 29 degree 20 minutes 53 seconds West and a chord distance of 441.79 feet, more or less to the West line of said Kilburn Avenue; thence South 18 degrees 28 minutes 00 seconds East on and along last named line, a distance of 414.49 feet, more or less to the Southeast corner of Lot 36 of said COUNTY ASSESSOR PLAT; thence South 63 degrees 20 minutes 59 seconds West on and along the South line of said Lot 36, a distance of 199.82 feet, more or less to the intersection of the Northerly extension of the East line of lot 32 of said COUNTY ASSESSOR PLAT; thence South 18 degrees 24 minutes 31 seconds East on and along said East line of said Lot 32, a distance of 143.29 feet, more or less; thence South 63 degrees 57 minutes 57 seconds West, a distance of 156.89 feet, more or less to the East line of the Rail Road right of way depicted on said COUNTY ASSESSOR PLAT; thence North 11 degrees 05 minutes 59 seconds East on and along last named line, a distance of 177.28 feet, more or less to the North line of Quarry Street; thence South 63 degrees 26 minutes 40 seconds West on and along last named line, a distance of 193.76 feet, to the Southwest corner of Lot 6 of said COUNTY ASSESSOR PLAT; thence Northerly on and along the West line of said Lot 6 a curved path concave to the Southwest with a radius of 1610.73 feet, an arc length of 830.53 feet, more or less, a chord bearing of North 08 degree 21 minutes 56 seconds West and a chord distance of 821.36 feet, more or less to the South line of Arthur Avenue; thence South 88 degrees 35 minutes 10 seconds West on and along last named line, a distance of 86.33 feet, more or less; thence North 01 degrees 55 minutes 14 seconds West, a distance of 68.63 feet, more or less to the Southeast corner of Lot 12 in Block 5 of FREMONT L TAYLOR'S SECOND SUBDIVISION as recorded in said Recorder's Office; thence South 88 degrees 22 minutes 17 seconds West on and along the North line of said Arthur Avenue, a distance of 399.76 feet, more or less to the Southwest corner of Lot 12 in Block 4 of said FREMONT L TAYLOR'S SECOND SUBDIVISION; thence North 01 degrees 09 minutes 28 seconds West, a distance of 133.62 feet, more or less to the South line of the Alley running through said Block 4; thence North 88 degrees 40 minutes 59 seconds East on and along the South line of said Alley, a distance of 100.53 feet, more or less to the Northeast corner of Lot 14 of said Block 4;

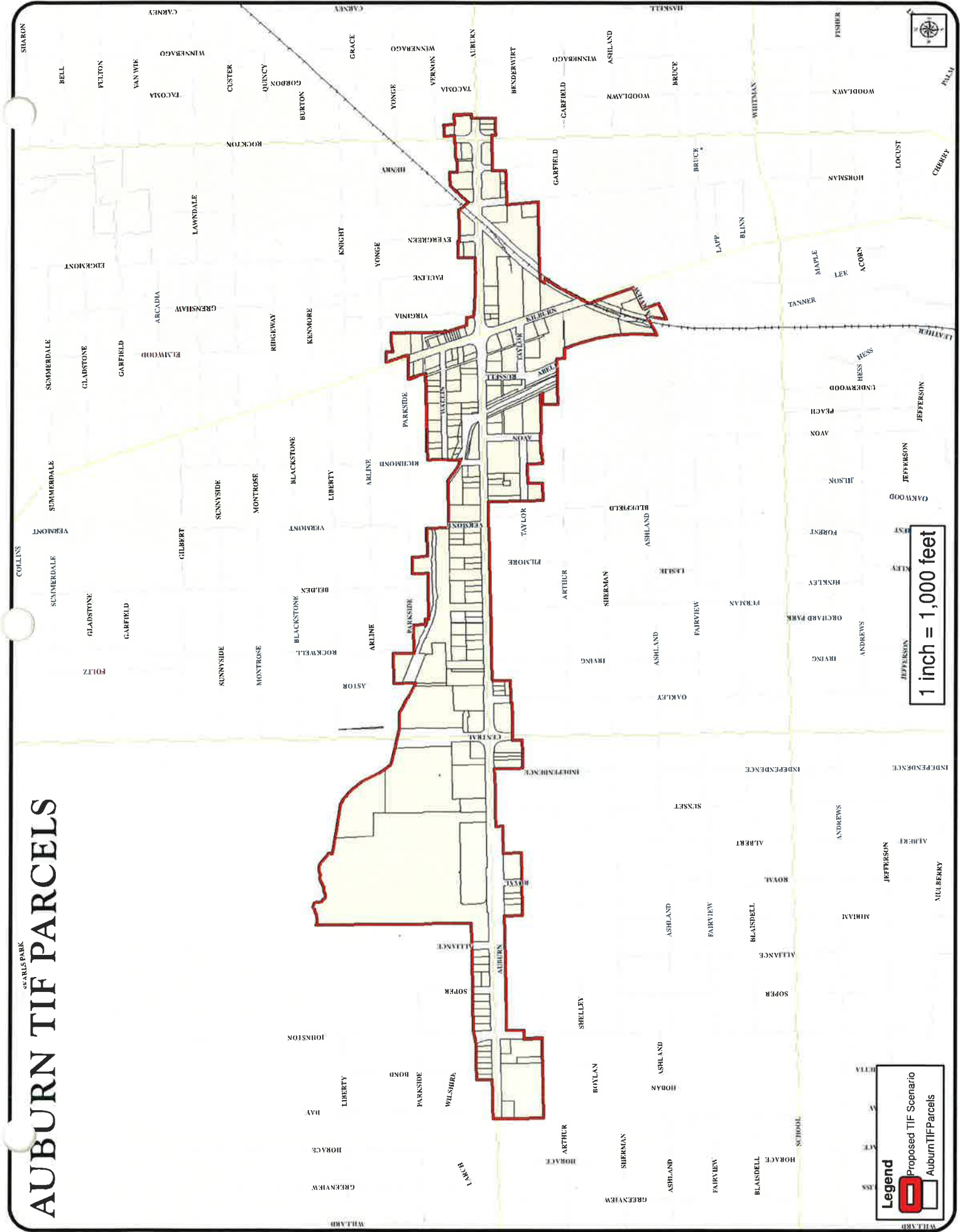
thence North 24 degrees 39 minutes 02 seconds West, a distance of 18.70 feet, more or less to the Southeast corner of Lot 1 of said Block 4; thence South 88 degrees 29 minutes 00 seconds West on and along the North line of said Alley running through said Block 4, a distance of 346.32 feet, more or less to the Southwest corner of Lot 6 of said Block 4; thence North 01 degrees 00 minutes 38 seconds West on and along the West line of said Lot 6, a distance of 9.41 feet, more or less; thence South 88 degrees 51 minutes 07 seconds West, a distance of 174.42 feet, more or less; thence South 01 degrees 11 minutes 16 seconds East, a distance of 10.40 feet, more or less; thence South 88 degrees 44 minutes 36 seconds West, a distance of 93.02 feet, more or less; thence North 01 degrees 14 minutes 05 seconds West, a distance of 134.11 feet, more or less to the South line of Taylor Street; thence South 88 degrees 40 minutes 10 seconds West, a distance of 170.55 feet, more or less; thence South 01 degrees 13 minutes 56 seconds East, a distance of 133.89 feet, more or less to the North line of the Alley running through Block 2 of P.PAULSEN'S SUBDIVISION as recorded in said Recorder's Office; thence South 88 degrees 44 minutes 36 seconds West on and along last named line, a distance of 153.68 feet to the Southeast corner of Lot 6 in said Block 2; thence North 01 degrees 10 minutes 29 seconds West on and along the East line of said Lot 6 in Block 2 and the East line of Lot 6 and Lot 9 in Block 1 of said P.PAULSEN'S SUBDIVISION, a distance of 481.93 feet, more or less to the South line of said Auburn Street; thence South 88 degrees 38 minutes 35 seconds West on and along last named line, a distance of 1504.07 feet, more or less; thence South 86 degrees 00 minutes 24 seconds West on and along last named line, a distance of 65.57 feet, more or less to a point on a line 24 feet West and normally distant to the East line of Lot 3 in Block 2 of MANNING SUBDIVISION as recorded in said Recorder's Office; thence South 00 degrees 52 minutes 26 seconds East on and along a line parallel to said East line of Lot 3, a distance of 157.98 feet, more or less to the North line of an Alley running through said Block 2; thence South 88 degrees 40 minutes 28 seconds West on and along last named line, a distance of 198.00 feet, more or less to the Southeast corner of Lot 1 in Block 3 of said MANNING SUBDIVISION; thence South 00 degrees 53 minutes 19 seconds East on and along the West line of Oakley Avenue, a distance of 9.01 feet, more or less to the centerline of and Alley running through said Block 3; thence South 88 degrees 44 minutes 52 seconds West on and along said centerline, a distance of 262.07 feet, more or less to the East line of Central Avenue; thence South 89 degrees 40 minutes 36 seconds West, a distance of 66.01 feet, more or less to the West line of said Central Avenue; thence South 00 degrees 47 minutes 35 seconds East on and along last named line, a distance of 85.17 feet, more or less; thence South 88 degrees 58 minutes 00 seconds West, a distance of 249.89 feet, more or less to the East line of Independence Avenue; thence North 00 degrees 29 minutes 43 seconds West on and along last named line, a distance of 249.85 feet, more or less to said South line of Auburn Street; thence South 86 degrees 57 minutes 19 seconds West on and along last named line, a distance of 192.85 feet, more or less; thence North 89 degrees 22 minutes 38 seconds West on and along last named line, a distance of 188.49 feet, more or less; thence South 88 degrees 09 minutes 08 seconds West on and

along last named line, a distance of 127.08 feet, more or less to the Northwest corner of Lot 1 in Block 4 of AUBURN MANOR SUBDIVISION as recorded in said Recorder's Office; thence South 02 degrees 02 minutes 55 seconds East on and along the West line of said Block 4, a distance of 60.28 feet, more or less to the intersection with the Easterly extension of the South line of Auburn Street Service Drive; thence South 88 degrees 13 minutes 36 seconds West on and along said South line of said Auburn Street Service Drive, a distance of 237.87 feet, more or less to the Northwest corner of Lot 8 of AUBURN MANOR SUBDIVISION NO. 3 as recorded in said Recorder's Office; thence South 00 degrees 26 minutes 56 seconds East on and along the West line of said Lot 8, a distance of 159.05 feet, more or less to the North line of an Alley running along the Southern portion of said AUBURN MANOR SUBDIVISION NO. 3; thence South 88 degrees 51 minutes 39 seconds West on and along said North line, a distance of 549.32 feet, more or less to the Southwest corner of Lot 3 of said AUBURN MANOR SUBDIVISION NO. 3; thence North 01 degrees 12 minutes 36 seconds West on and along the West line of said Lot 3, a distance of 160.98 feet, more or less to the South line of said Auburn Street Service Drive; thence South 88 degrees 46 minutes 18 seconds West on and along last named line, a distance of 1006.83 feet, more or less to the East line of Johnston Avenue; thence South 00 degrees 54 minutes 25 seconds East on and along last named line, a distance of 153.77 feet, more or less; thence South 89 degrees 14 minutes 38 seconds West, a distance of 69.32 feet, more or less to the West line of said Johnston Avenue; thence South 00 degrees 36 minutes 16 seconds East on and along last named line, a distance of 157.95 feet, more or less to the Northeast corner of Lot 79 of BOYLAN TERRACE SUBDIVISION as recorded in said Recorder's Office; thence South 88 degrees 50 minutes 00 seconds West on and along the North line of Lots 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 and 79 in said BOYLAN TERRACE SUBDIVISION, a distance of 698.41 feet, more or less to the Southwest corner of lot 90 in said BOYLAN TERRACE SUBDIVISION; thence North 00 degrees 38 minutes 15 seconds West on and along the West line of said Lot 90 and the Northerly extension of said West line, a distance of 444.79 feet, more or less to said North line of Auburn Street; thence North 88 degrees 46 minutes 33 seconds East on and along last named line, a distance of 341.78 feet, more or less to the West line of Lot 165 of KEN-ROCK SUBDIVISION as recorded in said Recorder's Office; thence North 00 degrees 33 minutes 33 seconds West on and along last named line, a distance of 137.29 feet, more or less to the Northwest corner of said Lot 165; thence North 88 degrees 53 minutes 54 seconds East on and along the North line of Lots 165, 166, 167, 168, 169, 170 and 171 of said KEN-ROCK SUBDIVISION, a distance of 315.71 feet, more or less to the Northeast corner of said Lot 171; thence North 79 degrees 24 minutes 49 seconds East, a distance of 111.78 feet, more or less to Northwest corner of Lot 5 in Block 1 of said AUBURN CREST SUBDIVISION; thence North 88 degrees 37 minutes 32 seconds East on and along the North line of Lots 1, 2, 3, 4 and 5 in Block 1, Lots 1, 2, 3, 4 and 5 in Block 2 and Lots 1, 2 and 3 in Block 3 of said AUBURN CREST SUBDIVISION, a distance of 944.37 feet, more or less to the Point of Beginning.

APPENDIX 2
Boundary Map of RPA

AUBURN TIF PARCELS

CHARLES PARK



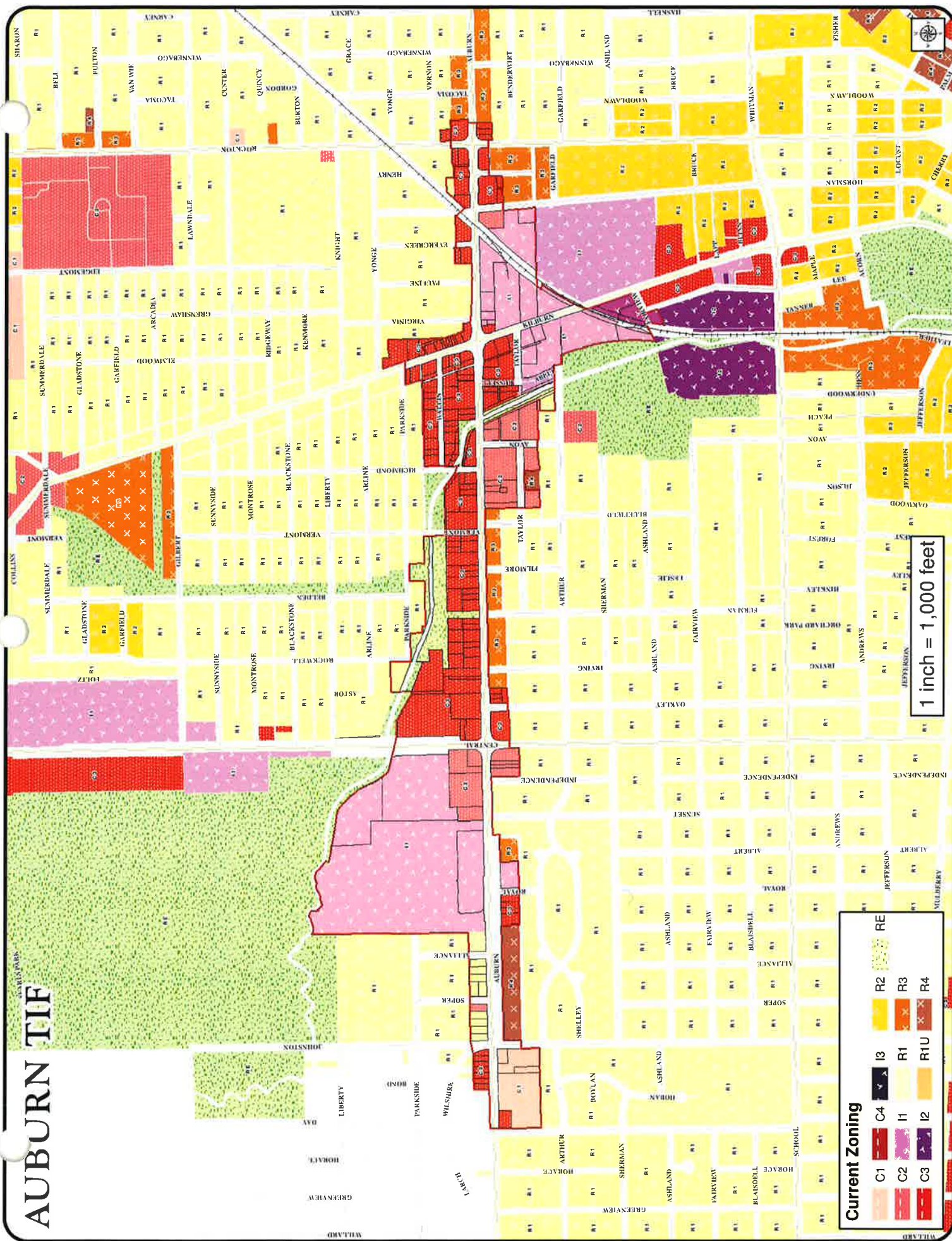
Legend

Proposed TIF Scenario
 Auburn TIF Parcels

1 inch = 1,000 feet

APPENDIX 3
Existing Land Use Map of RPA

AUBURN TIF



APPENDIX 4
Future Land Use Map of RPA

CHARLES PARK



APPENDIX 5

TIF Qualification Report

Prepared by Kane, McKenna and Associates

CITY OF ROCKFORD, ILLINOIS

PRELIMINARY TIF QUALIFICATION REPORT

PROPOSED AUBURN ST.
REDEVELOPMENT PROJECT AREA

A preliminary analysis to assess the likelihood that all or a portion of an area located in the City of Rockford would qualify as a conservation area as defined in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et seq., as amended.

Prepared for: City of Rockford, Illinois

Prepared by: Kane, McKenna and Associates, Inc.

February 2014

**PROPOSED AUBURN ST. REDEVELOPMENT PROJECT AREA
PRELIMINARY TIF QUALIFICATION REPORT**

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EXECUTIVE SUMMARY

On behalf of the City of Rockford, Illinois (the "City"), Kane, McKenna and Associates, Inc. (KMA) has been retained to conduct an analysis of the potential qualification and designation of certain property located in the City, to be addressed herein as the proposed Redevelopment Project Area (the "RPA" or "TIF District").

The City is pursuing the RPA designation as part of its strategy to promote the revitalization of the targeted property and thereby assist the City in achieving its policy goal of promoting economic development. By undertaking the designation, the City will help strengthen the RPA as a significant contributor to the City's overall economic base.

Based upon the preliminary analysis completed to date, KMA has reached the following conclusions regarding the potential qualification of the RPA as a TIF District:

- 1) *The proposed TIF District meets the criteria for a "conservation area," as the term is defined under the TIF Act* – Overall, the parcels within the proposed TIF District have declined toward a blighted condition. This condition prevents, or threatens to prevent, the healthy economic and physical development of properties in a manner that the community deems essential to its overall economic health.
- 2) *Current conditions impede redevelopment* – The conditions found within the proposed TIF District present a barrier to the area's successful redevelopment. Without the use of City planning and economic development resources to mitigate such conditions, potential redevelopment activities are not likely to be economically feasible.
- 3) *Viable redevelopment sites could produce incremental revenue* – Within the proposed TIF District, there are parcels which potentially could be redeveloped or rehabilitated and thereby produce incremental property tax revenue or other additional revenues to the City. Such revenue, used in combination with other City resources for redevelopment incentives or public improvements, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.
- 4) *Pursuit of TIF designation is recommended* – To mitigate the existing conditions (thereby promoting the improved physical condition of the proposed RPA) and to leverage the City's investment and redevelopment efforts, KMA recommends that the City pursue the formal TIF designation process for the RPA.

Because the City will not pursue the redevelopment of residential parcels that could potentially dislocate 10 or more residential units within the proposed TIF district, the City will not conduct a housing impact study pursuant to the TIF Act.

I. BACKGROUND

In the context of planning for the proposed Redevelopment Project Area, the City has initiated a study of the area to determine whether it would potentially qualify as a TIF District. Kane, McKenna and Associates, Inc. agreed to undertake the study of the proposed RPA or TIF District on the City's behalf.

Current Land Use. The proposed RPA is an area generally situated along or in the vicinity of Auburn Street. Most parcels consist of underutilized parcels fronting the street, ranging from Rockton Avenue to the east to Day Avenue to the west. The proposed RPA is a compact commercial/industrial corridor district, with very little residential and not much depth except near the Auburn/Kilburn intersection. At this intersection there is greater depth with several larger industrial parcels located in this portion of the RPA.

The Auburn St. corridor represents an important commercial area within Rockford, and historically has been the site of many retail and automobile-related businesses as well as the Amerock industrial facility. The Amerock site, prior to its closure in 2008, was a major employer and contributor to the City's tax base. Now the area faces a number of redevelopment impediments (including the challenge of reaching a potential agreement with an interested property owner to redevelop the Amerock site), but it has certain assets that could be leveraged as part of its future redevelopment.

Section IV of this report describes a number of redevelopment impediments facing the City. Obsolescence, lagging equalized assessed values (EAV), and deterioration are some of the key impediments that reduce the competitiveness of the area.

General Redevelopment Objectives. The City's general economic development objectives are to enhance residential as well as commercial and mixed use opportunities within the City as well as within the proposed RPA. To achieve this overarching objective, the City has proposed the following guidelines in its 2020 Plan ("Comprehensive Plan") as identified in Exhibit 1 below.

Exhibit 1

Comprehensive Plan Goals and Objectives

Goal	Objective	Action
Economic Development Plan Element		
Implement TIFs	Work to overcome land assembly challenges and land use conflicts	<ul style="list-style-type: none">• Work with developers to assemble property in conjunction with TIF creation
Land Use Plan Element		
Work to integrate Smart Growth principles into the City of Rockford	Mixed use development	<ul style="list-style-type: none">• Assist with the financing of mixed-use developments• Incorporate planned mixed uses into neighborhood/sub-area plans• Provide incentives for mixed uses in new development and redevelopment areas
Same	Create walkable communities	<ul style="list-style-type: none">• Require site plan design that makes commercial areas more

Same	Strengthen and direct development towards existing urban areas	<ul style="list-style-type: none"> • Facilitate programs and support community based organizations for neighborhood revitalization • Create economic incentives for businesses and homeowners to locate in areas with existing infrastructure
Same	Make development decisions predictable, fair and cost effective	<ul style="list-style-type: none"> • Direct development along corridors

Given the gap between the City's goals for the area versus the current conditions described in this report, the City has determined that the redevelopment of the proposed RPA would be highly beneficial to the community. With a redevelopment strategy in place, the economic base of the RPA would be stabilized and increased – thereby benefiting the community as a whole. Without such a redevelopment strategy, the adverse conditions identified in this report would likely worsen.

General Scope and Methodology. KMA performed its analysis by conducting a series of meetings and discussions with City staff and property owners, starting in August 2013 and continuing periodically up to the date of this report. The purpose of the meetings was to gather data related to the qualification criteria for properties included in the study area. These meetings were complemented by a series of field surveys for the entire area to evaluate the condition of the proposed RPA, on a parcel-by-parcel basis. The field surveys and data collected have been utilized to test the likelihood that the proposed RPA would qualify for TIF designation.

The qualification factors discussed in this report would qualify the proposed RPA as a conservation area, as the term is defined pursuant to the TIF Act.

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

II. QUALIFICATION CRITERIA

With the assistance of City staff, Kane, McKenna and Associates, Inc. assessed the proposed RPA to determine the likelihood that qualifying factors listed in the Act would be present. The relevant provisions of the Act are cited below.

The Act sets out specific procedures which must be adhered to in designating a redevelopment project area (RPA). By definition, a “redevelopment project area” is:

“An area designated by the municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.”

Under the Act, a “conservation area” means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where certain conditions are met, as identified below.

TIF Qualification Factors for a Conservation Area. In accordance with the Illinois TIF Act, KMA performed a two-step assessment to determine if the proposed RPA qualified as a conservation area. First, KMA analyzed the threshold factor of age to determine if a majority of structures were 35 years of age or older.

Secondly, the area was examined to determine if a combination of three (3) or more of the following factors were present, each of which is (i) present, with that presence documented to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area. Per the TIF Act, such an area is not yet a blighted area but because of a combination of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

- (A) Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- (B) Obsolescence. The condition or process of falling into disuse. Structures become ill-suited for the original use.
- (C) Deterioration. With respect to buildings, defects include but are not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but

limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards. All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

(G) Lack of Ventilation, Light, or Sanitary Facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area; (ii) deteriorated, antiquated, and obsolete or in disrepair; or (iii) lacking within the redevelopment project area.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking or inadequate provision for loading service.

(J) Deleterious Land-Use or Layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for (or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for) the clean-up of hazardous waste, hazardous substances or underground storage tanks required by State or federal law. Any such remediation costs would constitute a material impediment to the development or redevelopment of the redevelopment project area.

(L) Lack of Community Planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) "Stagnant" EAV. The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years. The finding is based on the last 5 years for which information is available.

III. EVALUATION METHODOLOGY

In evaluating the proposed RPA's potential qualification as a TIF District, the following methodology was utilized:

- 1) Site surveys of the RPA were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites. Site surveys were completed for each parcel of land within the proposed RPA.
- 2) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as overcrowding and obsolescence. Additionally, KMA reviewed the following data: 2007-2012 tax information from Winnebago County, Sidwell parcel tax maps, aerial photos, site data, local history (including discussions with City staff), and an evaluation of area-wide factors that have affected the area's development (e.g., lack of community planning, deleterious land-use and layout, etc.).
- 3) Existing structures and site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act factors applicable to specific structures and site conditions of the parcels.
- 4) The RPA was examined to assess the applicability of the different factors required for qualification as a TIF district. KMA reviewed information on specific parcels and area-wide factors and compared it with the relevant statutory factors. Specifically, the RPA was evaluated to determine the applicability of the thirteen (13) different factors, as defined under the Act, which would qualify the area as a TIF district.

IV. QUALIFICATION FINDINGS FOR PROPOSED RPA

Based upon KMA's preliminary evaluation of parcels in the proposed RPA and analysis of each of the eligibility factors summarized in Section II, the following factors are presented to support qualification of the proposed RPA as a conservation area under the TIF Act. These factors are summarized in the table below.

Exhibit 2

Summary of TIF-Qualifying Factors

Maximum Possible Factors per Statute	Minimum Factors Needed to Qualify per Statute	Qualifying Factors Present in Proposed RPA
13	3	7 <ul style="list-style-type: none">• Lagging EAV• Obsolescence• Excessive Vacancies• Excessive Land Coverage/Overcrowding• Deleterious Layout/Land Use• Lack of Community Planning• Deterioration

Findings for RPA. The TIF District is found to qualify as a conservation area under the statutory criteria set forth in the TIF Act. As a first step, KMA determined that 96 of 121 structures (79%) were 35 years in age or older, based upon City data. Secondly, KMA reviewed the 13 aforementioned criteria needed to qualify the area as a conservation area, determining that 7 factors were present:

1. Lagging or Declining EAV. The EAV of the TIF District had absolute declines in EAV valuations for each of the past 5 years. Additionally, it has grown at a rate slower than the Consumer Price Index (CPI) in every year (refer to chart below). Therefore, a finding of lagging EAV is made pursuant to the TIF Act.

Exhibit 3
EAV Trends for Proposed TIF District

PIN	2012	2011	2010	2009	2008	2007
Total TIF EAV	\$6,547,373	\$6,898,814	\$7,353,680	\$7,549,374	\$7,949,449	\$8,331,606
	-5.1%	-6.2%	-2.6%	-5.0%	-4.6%	
City EAV	1,702,505,627	1,884,634,186	2,001,641,320	2,075,250,626	2,092,231,551	2,024,310,394
	-9.7%	-5.8%	-3.5%	-0.8%	3.4%	
CPI	2.10%	3.20%	1.60%	-0.40%	3.80%	

Notes:

(1) Figures in **bold** for those years in which the TIF EAV declined.

(2) EAV figures in thousands (000).

Source: Winnebago County Assessor and U.S. Bureau of Labor Statistics

2. Obsolescence. The Act states that obsolescence is the condition or process of falling into disuse or structures that have become “ill-suited” for their original use. Overall, the RPA exhibits both functional and economic obsolescence.

Economic obsolescence is manifested by the lagging EAV first and foremost. As mentioned, the EAV has declined in each of the past 5 years and has lagged CPI during those years. As a result, current EAV is now at \$6.5 million versus \$8.3 million 5 five years ago – cumulatively, a 21% decline.

The vacant commercial structures are also indicative of obsolescence – particularly in terms of being a competitive business area for commercial and retail activity. The area had once been a thriving area for retail and industrial tenants, but many of the tenants including the largest (Amerock) are now defunct.

Functionally, there is obsolescence in terms of the age of structures and related deterioration. More than 50% of the parcels are over 50 years in age, according to the City: 75 structures are 50 years or older whereas only 46 building are less than 50 years old. Most development (by decade) took place in the 1950s as follows:

Exhibit 4

Decade Built	Structures*
1910s	1
1920s	4
1930s	2
1940s	13
1950s	43
1960s	29
1970s	4
1980s	6
1990s	14
2000s	2
2010s	0

Source: City of Rockford

Note: No data for 3 structures

Moreover, structures such as the Amerock building are literally “ill-suited” for continued use as is. To find a new, competitive use for such sites would likely require demolition or significant alterations of the buildings.

3. Excessive Vacancies. As noted in Section II, the TIF Act states that this finding is characterized by the presence of unoccupied or underutilized buildings that represent an adverse influence on the area. The proposed Auburn St. Street TIF District has, at a minimum, the following buildings that were evidenced to be partially or completely vacant:

Exhibit 5

Vacant Building List	
<ul style="list-style-type: none"> Amerock building (800,000 sq. ft.)* 3017 Wallin 3022 Wallin 3106 Wallin 3115 Wallin 3120 Wallin 3127 Wallin 1525 Kilburn 1607 Kilburn 	<ul style="list-style-type: none"> 2720 Auburn 2902 Auburn 3011 Auburn 3122 Auburn* 3200 block of Auburn (11-15-328-006 PIN) 3300 block of Auburn (@ Avon)* 3419 Auburn 3605 Auburn 3944 Auburn 4223 Auburn 4421 Auburn

*Per TIF Act, list includes partially and completely vacant buildings. Asterisked building are partially vacant. A large majority of the Amerock building is vacant as of November 2013.

4. Excessive Land Coverage/Overcrowding of Structures. Pursuant to the Act, a finding of overcrowding can be made if parcels are not adequate in size or shape or multiple buildings are on a single parcel, in conjunction with such indicators as lack of parking. The triangular area bounded by Kilburn, Auburn and a railroad line represents an overcrowded, overdeveloped site with multiple facilities on the site and very little space for interior circulation. In addition, there is a pattern of older commercial structures being overcrowded with minimal parking and minimal internal circulation (in comparison to the smaller number of national retailers/restaurants such as McDonalds that had more parking and better circulation for off-street movement of vehicles).

5. Deleterious Layout and Land Use. KMA observed deleterious layout and land use in terms of incompatible land-use relationships such as the lack of buffering between industrial/commercial and residential uses. Ideally, with modern land use planning regulations, the City would require new developments to have visual and spatial barriers (e.g., fences, landscaping or setbacks) between incompatible uses; instead, there are in many instances intensive industrial/commercial uses directly adjacent to residential

uses. As indicated below, the former Amerock building is situated near residential structures and there is interspersed throughout the Auburn corridor many residences.

Moreover, residences do not have easy ingress/egress their dwellings since they have to enter/back out into a busy street with relatively high traffic counts. Per the Illinois Department of Transportation, Auburn Street has about 13,400 vehicles per day (west of the Kilburn intersection); by comparison other nearby east/west streets are lower such as School Street (8,750) or Liberty Street (825) or even State Street (8,700). Additional overall conditions found present include:

According to the City, a majority (62%) of the structures found within the Study Area were built over 50 years ago. As a result, these properties were developed during a period before the City had in place an effective community planning process to guide development procedures. Properties were developed with little regard to adjacent land uses, and without foresight into the intensity of industrial/ commercial operations present today, in part due to the importance of automobile traffic and the need for sufficient parking. In terms of land uses, industrial, commercial, retail, and residential uses inappropriately overlap in some areas, when compared to the modern land use standards currently employed in more recently constructed portions of the City.

In general, poor parcel layout and lack of buffering account for deleterious land use/layout. Regarding the parcel layout, certain industrial, commercial and retail facilities are not configured to easily accommodate the daily movement and loading of truck traffic. In the lots adjacent to residential uses (many directly adjacent to the proposed TIF District), there are loading/unloading difficulties in terms of truck traffic going down narrow alley ways or narrow rear lots or areas. The parcel layout is also affected by issues related to the coordination of individual uses to the movement of traffic along Auburn Street (one of the busiest arterial roads with the northwest quadrant of the City, based upon review of IDOT data).

As a result, there are certain issues pertaining to ingress/egress. Many of the retail businesses have little space for ingress/egress, much less "transitional" frontage roads that would separate slower moving traffic approaching a business (e.g., to park and shop) from faster moving traffic along Auburn Street. A majority of the businesses along the corridor have shallow parcel depths and/or site dimensions that do not afford much room for loading, unloading, or parking, in comparison to modern uses. Additionally, the execution of turns into retail establishments is difficult since (a) vehicles have to slow rapidly to execute the turn, (b) turns need to be made into a tight space due to the narrow/shallow parking lots in some instances and (c) entering the parking lot areas customers need to avoid closely situated cars already parked in the narrow lots (or which may be backing up to leave some of the older retail-related business locations).

KMA findings were verified by a City analysis of land use planning deficiencies within the proposed TIF District (refer to Exhibit 5).

Exhibit 6

City Data on Deleterious Layout and Land Use

- Field observations revealed 58 open driveway cuts on the North side of Auburn Street within the limits of the TIF, verified by the aerial photographs. There are at least an additional half dozen inactive driveway cuts.
- There is no frontage road system to help focus the access points and no left turn lanes except at the major intersections including Rockton Avenue, Kilburn Ave, and Central Avenue.
- There are no median barriers, preventing left turns out of these driveways across traffic, except for a short two-block stretch from Independence to just short of Oakley.*
- Commercial development is further impeded by the inadequate depth of the commercial area due to historic development patterns, where adjacent residential neighborhoods backed up to or came to within approximately 150 feet or less of Auburn Street.
- Very few new commercial developments of any scale can work within this lot depth parameters without having to seek zoning variations. These lot depths also preclude frontage roads.
- Most properties are non-conforming with respect to parking, landscaping and building setbacks. Many uses are non-conforming because they are not permitted uses in their perspective Zoning Districts according to the current zoning ordinance.

Source: City of Rockford Planning Department

* This is in contrast to controlled access corridors, such as East State Street from Mulford Rd. to the Boone County line where all access points are either signalized intersections or right-in- right out access points that , when combined with the continuous barrier median, serve to prevent all left turns except at the signalized intersection.

6. **Lack of Community Planning.** According to the Act, an area suffers from a lack of community planning if the area was developed prior to, or without the benefit of, a community plan. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, overcrowded parcels, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The City did not have a comprehensive plan in place during the time period that the area was developed: as mentioned, the majority of the area developed over 50 years ago (based on the City's building age data), in the absence of any municipal comprehensive planning process to guide development. By comparison, the City adopted its first comprehensive plan during the 1970s.

The area's lack of community planning is evidenced by certain land use problems. In particular, limited parking, lack of buffering between residential and commercial/industrial areas, and poor ingress/egress reflect the historically piece-meal, uncoordinated development that has taken place along 3rd Street. For example, the Amerock building (historically, a large industrial use) was situated on 2 sides by

residential areas, with very minimal buffers or screens. In general, residential structures are interspersed among commercial uses in a checkerboard pattern.

In summary, modern development of the improved areas within the TIF District should discourage the mixing of conflicting land-uses without sufficient land platting, provide buffers between commercial and residential areas, establish appropriate land development ratios (e.g., floor area ratios), and set other restrictions to prevent problems that arise out of incompatible uses.

7. Deterioration. Various degrees of deterioration were observed throughout the proposed TIF District. Much of the observed deterioration involved the condition of surface improvements, particularly alleys, parking lots, and sidewalks. Overall, these surface improvements evidenced deterioration in terms of multiple potholes, uneven pavement, "alligator" cracking and rampant weed growth. Corrective maintenance was needed for these areas, such as crack sealing, concrete and asphalt repair, etc.

In addition, the commercial structures, the former Amerock industrial facility and residences reflected deterioration. For example, certain building components such as window frames, siding, roofs, and fascia were deteriorated (revealing chipped, broken, warped surfaces) and needed corrective maintenance to restore the original condition. Certain buildings also had problems in terms of bubbling paint as well as water-related damage (e.g., heavily rusted gutters and fascia). For example, the Amerock building had water leaks that caused damaged to interior ceilings marked by damaged ceiling tiles. Many of the vacant buildings listed above were noticeably deteriorated and reflected disinvestment in the properties.

V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the City potentially designating the proposed RPA as a TIF District.

- The area is contiguous and is greater than 1½ acres in size;
- The proposed RPA meets the criteria for a conservation area TIF District, if the City pursues this course of action. The qualifying factors found in the proposed RPA are present to a meaningful extent and are evenly distributed throughout the proposed RPA. A more detailed analysis of the qualification findings is outlined in Section IV of this report;
- All property in the area would substantially benefit by the proposed redevelopment project improvements;
- The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area; and
- The area would not be subject to redevelopment without the investment of public funds, including property tax increment.

In the judgment of KMA, these preliminary findings support the case for the City to initiate a formal process to consider the area as a TIF District.