

**The
North Main Street/Eddy Avenue
Redevelopment Project Plan
of the
City of Rockford, Illinois**

**Prepared by the
Department of Community Development
July 2004**

**Adopted by City Council
October 18, 2004**

**THE
NORTH MAIN STREET/EDDY AVENUE
REDEVELOPMENT PLAN
OF THE
CITY OF ROCKFORD, ILLINOIS**

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I. INTRODUCTION

The North Main Street/Eddy Avenue Redevelopment Plan and Project (the "Plan and Project") has been prepared, pursuant to the Tax Increment Allocation Redevelopment Act, Illinois Compiled Statutes, Chapter 65, 5/11-74.4-1 (hereinafter referred to as the "Act"), as a guide for the development and revitalization of an area surrounding the former K-Mart store on North Main Street. The North Main Street/Eddy Avenue Redevelopment Project Area (the "RPA") is located approximately one and one-half mile north of the traditional central business district of downtown Rockford. The boundaries for the RPA are generally described as follows:

In general on the north by Eddy Avenue west of North Main Street and the industrial building directly north of the former K-Mart property east of North Main Street. The RPA follows the east property lines of the commercial properties on the east side of North Main Street and the west property lines of the commercial properties on the west side of North Main Street, excluding the 2500 North Main Street industrial building. The east and west property lines on either side of North Main Street are connected by Fulton Avenue as the southern boundary.

The North Main Street/Eddy Avenue area's history can be traced to the growth and development of growing neighborhoods and the businesses to support those neighborhoods north of downtown Rockford. The vast majority of the structures were built between 1920 and 1940. Many of the early buildings were either residences or small industrial shops built at a time when little or no setback was required from the public right-of-way. The area attained its peak in business activity from the 1950s through the 1970s when the strip shopping areas and stand-alone businesses became popular because of the automobile. Many commercial uses developed there that drew customers from well beyond the surrounding neighborhoods. The rapid commercial and residential development in the 1970s led to many strip shopping areas with no planned growth to accommodate the increased traffic on North Main Street. There was no planned pattern of concentration of retail that evolved between the North Main/Auburn Streets Business District and the site that evolved into the popular North Town Shopping

Center at West Riverside and North Main Street. Instead, what evolved was a hodge-podge of retail, residential, and industrial uses that developed in a manner contrary to modern land planning and use standards.

One of the big attractions for the area was the former A&W Drive-in that was located at the site that is now occupied by Cal Cars Used Car Lot. However, perhaps the biggest economic boost to the area occurred in the late 1960s when the Giant Discount Store was built on North Main Street. In the early '70s, the K-Mart corporation took over the property from the bankrupt Giant Store's ownership. At the time of the K-Mart takeover of the facility, the North Main location was still considered a good retail location although it was, even at that time, one of K-Mart's smaller stores. An addition to the north end of the K-Mart facility took place in the 1980s, when Walgreen's was added at the site to create more of a shopping center environment for the area's business mix. A former residence and barn located west of K-Mart became Traditions Furniture Gallery, a fine furniture store. The nodes of retail activity on North Main reached their height throughout the 1980s and into the early 1990s.

The economic and physical decline of the North Main Street/Eddy Avenue area began when Walgreens built a stand-alone store with a drive-through prescription window at North Main and Halsted Avenue farther north of the K-Mart site. Business activity appeared to steadily decline at the K-Mart shopping center until it finally closed around 2000. The area suffered further blows also around 2000 when Essex Wire, a large industry located further north of the proposed RPA, also closed, putting many employees out of work. Other smaller stores and residents also left the area over the years. In early 2003, the Eagle Foods store on the northwest corner of North Main and Eddy Avenue was closed because of a corporate decision. The RPA and surrounding area was further hurt by the sudden closing and bankruptcy of Ingersoll Milling Machine Company, located south and east of the proposed RPA, and by a steady decline of the older residential properties located along North Main Street. The economic and physical decline of the area is strongly evident and continues to this day. Today, factors such as the increasing physical deterioration and functional obsolescence of the older buildings within the North Main Street/Eddy Avenue Redevelopment Project Area, are evidence to the continued decline as a viable business and residential area.

The North Main Street/Eddy Avenue Redevelopment Project Area and Plan are being created in connection with a mixed-use redevelopment project proposal from the Rockford Local Development Corporation (the "RLDC"), which has championed the cause to create business and residential opportunities in the North Main area. The effort by the RLDC has followed a number of failed attempts, over the last several years, to find users for the K-Mart site to no avail. Because of the building's long, narrow configuration on a landlocked site, its use for today's big box retail format is not a viable option. Still the steady traffic counts and surrounding neighborhood activity for the area are deemed strong enough to support healthier business activity. The City of Rockford's 1999 average daily traffic count on North Main at the Eddy Avenue intersection is 20,000 vehicles. Additionally, surrounding residential areas, off North Main Street, remain fairly strong. The RLDC has proposed a redevelopment concept for the old K-Mart site that would not only bring new residential, office and retail development into the area but would also be expected to stimulate further development on the vacant land located south of the site, and rehabilitation of existing vacant structures on the west side of North Main at Fulton Avenue for use by businesses that would be new to the area.

In order to eliminate blighted conditions, and to better meet the convenience and service needs of the adjacent neighborhoods to the southeast and southwest, and to facilitate and capture business from the traffic passing through the North Main Street/Eddy Avenue area, as well as to create new and affordable residential opportunities for the northwest quadrant, the City has determined that a project to acquire, clear, and redevelop the former K-Mart property for a mixed use development would be in the best interests of the community. The City believes that such a project can only be undertaken by the private sector with public sector assistance. In order to assist in such an effort the City has determined that it will use various powers granted to it under the Act.

The adoption of the North Main Street/Eddy Avenue Redevelopment Project Area and Plan will allow the City to encourage private investments and economic revitalization through a series of redevelopment projects and, thus, stabilize and expand the tax base for all local taxing bodies.

The North Main Street/Eddy Avenue Redevelopment Project Area has been found to be a blighted area as defined by the Act. A blighted area means any improved area

within the boundaries of a redevelopment project area in which a combination of five or more qualifying factors present to a meaningful extent is detrimental to the public safety, health, or welfare. In the North Main Street/Eddy Avenue Redevelopment Project Area, the qualifying factors found in evidence are: deleterious layout or land use; excessive land coverage and overcrowding; obsolescence; deterioration; excessive vacancies; lack of community planning; and the total equalized assessed value of the proposed redevelopment project area has declined for three of the last five calendar years. The City considers it vital that the North Main Street/Eddy Avenue Redevelopment Project Area be revitalized and strengthened to ensure that it will contribute to the economic, physical, and social well being of the Rockford community.

The North Main Street/Eddy Avenue Redevelopment Project Area, on the whole, has not been subject to growth and development through investment by the private sector and would not reasonably be anticipated to be developed without the continued implementation of the redevelopment plan. This is, in part, evidenced by the inability of an experienced local realtor to sell the K-Mart property at a price that is below even the County's assessed market value for the property. A local realtor confirmed that two other properties in the proposed Redevelopment Project Area have been for sale for eight to fifteen years. The former K-Mart site is functionally obsolescent to newer retail development, and the cost of acquiring it and demolishing it makes it economically impossible to develop without the assistance of a Redevelopment Project Area. The high visibility of deteriorating properties at this high traffic location makes it a priority for City action if successful redevelopment activities are to have a chance to take place.

The redevelopment plan is designed to encourage the retention of those existing operating businesses whenever possible and to stimulate private investment and redevelopment through public actions and commitments. It does not propose to substitute public investment for private investment. Rather, public investment will be used to leverage private investment as a means to transform the North Main Street/Eddy Avenue Redevelopment Project Area into a stable environment that will meet the needs of the adjacent neighborhoods. The City, therefore, commits itself, in the adoption of the plan, to the implementation of a comprehensive program for the redevelopment of the North Main Street/Eddy Avenue Redevelopment Project Area.

The creation of the North Main Street/Eddy Avenue Redevelopment Project Area is expected to have no meaningful fiscal impacts upon the other taxing districts. The fiscal impact to be caused via the revitalization efforts for the RPA is expected to be wholly carried by the City and the private sector. Also, even though the number of residential units are anticipated to increase within the area as a result of redevelopment activity, the nature and character of the type of units being considered are not expected to result in an increase of new school-aged children into the Rockford school district. Therefore, the potential increase in the number of residential units in the area is not anticipated to result in increased service demands upon the Rockford Public Schools, Rock Valley College, and the Rockford Public Library. No service demand impacts are anticipated for the Rockford Park District, Greater Rockford Airport Authority, Rock River Water Reclamation District, Winnebago County, and Winnebago County Forest Preserve. The other taxing districts may or may not be impacted by at least temporarily not participating in the receipt of new tax revenues due to the anticipated incremental growth of equalized assessed values within the North Main Street/Eddy Avenue Redevelopment Project Area; however, it should be noted that without the creation of the North Main Street/Eddy Avenue Redevelopment Project Area to stop and reverse the economic and physical decline evident, the other taxing districts could continue to experience the stagnation or loss of existing tax revenues from this area. In view of the minimal impacts likely to result from the creation of the North Main Street/Eddy Avenue Redevelopment Project Area, the City of Rockford has determined that no programs to mitigate any impacts upon the other taxing districts will be required, but the City will allow for a contingency in its planned RPA budget to protect the taxing districts from such an eventuality.

To assure that the required public support is forthcoming, the City intends, pursuant to the Act, to create the North Main Street/Eddy Avenue Redevelopment Plan and Project; to define a North Main Street/Eddy Avenue Redevelopment Project Area on the northwest side of Rockford; and to finance the resulting redevelopment costs with proceeds derived from property tax increment revenues and other public resources if necessary. Tax increment financing must assume the lead role in catalyzing private redevelopment by eliminating the adverse conditions that have precluded intensive

private investment in the past. The North Main Street/Eddy Avenue Redevelopment Plan and Project can enable the City to join as a partner with the private sector in a unified public-private redevelopment effort for the North Main Street/Eddy Avenue Redevelopment Project Area.

The City of Rockford cannot implement this Redevelopment Plan, due to the magnitude of the public investment that is required, without the use of tax increment financing. The ultimate benefit of the Redevelopment Plan and Project will accrue to the City as a whole in the form of a significantly expanded tax base, improved selection of goods and services, and affordable housing and employment opportunities.

Summary

It is found and declared by the City, through legislative actions as required by the Act, that in order to promote and protect the health, safety, and welfare of the public, that certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken; and, to alleviate the existing 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. Public/private partnerships are determined to be necessary in order to achieve development goals. Without the development focus and resources provided under the Act, the development goals of the municipality would not reasonably be expected to be achieved.

It is found and declared by the City 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 said taxing districts. This is because these taxing districts whose jurisdictions include the Redevelopment Project Area would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment.

It is further found, and certified by the City, in connection to the process required for the adoption of this Plan and Project pursuant to 65 ILCS Section 5/11-74.4.3(n)(5) of the Act, that this Plan and Project will not result in the displacement of ten (10) or more

inhabited residential units. Therefore, this Plan and Project does not include a housing impact study as would be otherwise required. The City has certified that the implementation of the Plan and Project will not result in the displacement of ten (10) or more inhabited residential units. The City will amend this Plan and Project (and the RPA) to provide a housing impact study in the manner prescribed by the Act should the City determine a need to withdraw such certification at a future time.

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.

II. NORTH MAIN STREET/EDDY AVENUE REDEVELOPMENT PROJECT AREA BOUNDARIES

(Refer to Map A)

LEGAL DESCRIPTION

All that part of the Southeast Quarter (1/4) of Section Eleven (11) and the Southwest Fractional Quarter (1/4) of Section Twelve (12) all in Township Forty-four (44) North, Range One (1) East of the Third (3rd) Principal Meridian bounded and described as follows, to-wit: Commencing at the Northwest corner of said Southwest Fractional Quarter (1/4) of Section Twelve (12), thence South 290 feet South to a point; thence East parallel with the North line of said fractional quarter, 495 feet to the West line of Country Club Terrace Subdivision, the Plat of which Subdivision is recorded in Book 22 of Plats on page 127 in the Recorder's Office for Winnebago County, Illinois, said last described point being the point of beginning; thence South parallel with the West line of said fractional quarter, 370 feet to a point; thence West parallel with the North line of said fractional quarter, 19.6 feet to a point; thence South parallel with the West line of said fractional quarter, 636.61 feet to the North right-of-way line of Willoughby Avenue, the last three calls all being along the West line of said Country Club Terrace Subdivision; thence West along the North right-of-way line of said Willoughby Avenue, 232 feet to a point; thence South 58 feet to the Northeast corner of Lot 22 in Block 8 as designated upon the Plat of the Resurvey and Rearrangement of the East V_2 of Blocks 1 and 14 of E. H. Marsh's Park View Subdivision and the West $\frac{1}{2}$ of Edgewater Subdivision, the Plat of which Subdivision is recorded in Book 3 of Plats on page 43 in the Recorder's Office for Winnebago County, Illinois; thence South along the East line of Lots 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, and 12 in said Block 8 to the Southeast corner of Lot 12 in said Block 8, said point being on the North right-of-way line of Fulton Avenue; thence West along the North right-of-way of said Fulton Avenue, 209.42 feet to the Southwest corner of said Lot 12 in said Block 8, said point being on the East right-of-way line of North Main Street (Illinois Route 2); thence Westerly 66 feet plus or minus to a point on the West right-of-way line of said North Main Street (Illinois Route 2), said point being the Southeast corner of Lot 9 in Block 1 of said Plat of Resurvey and Rearrangement; thence West along the South line of said Lot 9 of said Block 1, said line also being the North right-of-way line of Fulton Avenue, 146.32 feet to the Southwest corner of said Lot 9 in said Block 1; thence North along the West line of Lots 9, 8, 7, 6, 5, 4, 3, 2, and 1 in said Block 1 of said Plat of Resurvey and Rearrangement to the Northwest corner of Lot 1 in said Block 1; thence East along the North line of said Lot 1 in said Block 1, 145.43 feet to the Northeast corner of said Lot 1 in said Block 1, said point being on the West right-of-way line of said North Main Street (Illinois Route 2); thence North along the West right-of-way line of North Main Street (Illinois Route 2), 164 feet plus or minus to the North right-of-way line of Ford Avenue; thence West along the North right-of-way line of Ford Avenue, 133 feet to a point; thence Northerly parallel with the West right-of-way line of said North Main Street (Illinois Route 2), 193 feet to a point; thence West 188.94 feet to a point 192 feet North of the North right-of-way line of said Ford Avenue; thence Northwesterly, 72.13 feet to a point 383 feet West of the East line of Southeast Quarter North Main Street/Eddy Avenue RPA Legal Description, Continued

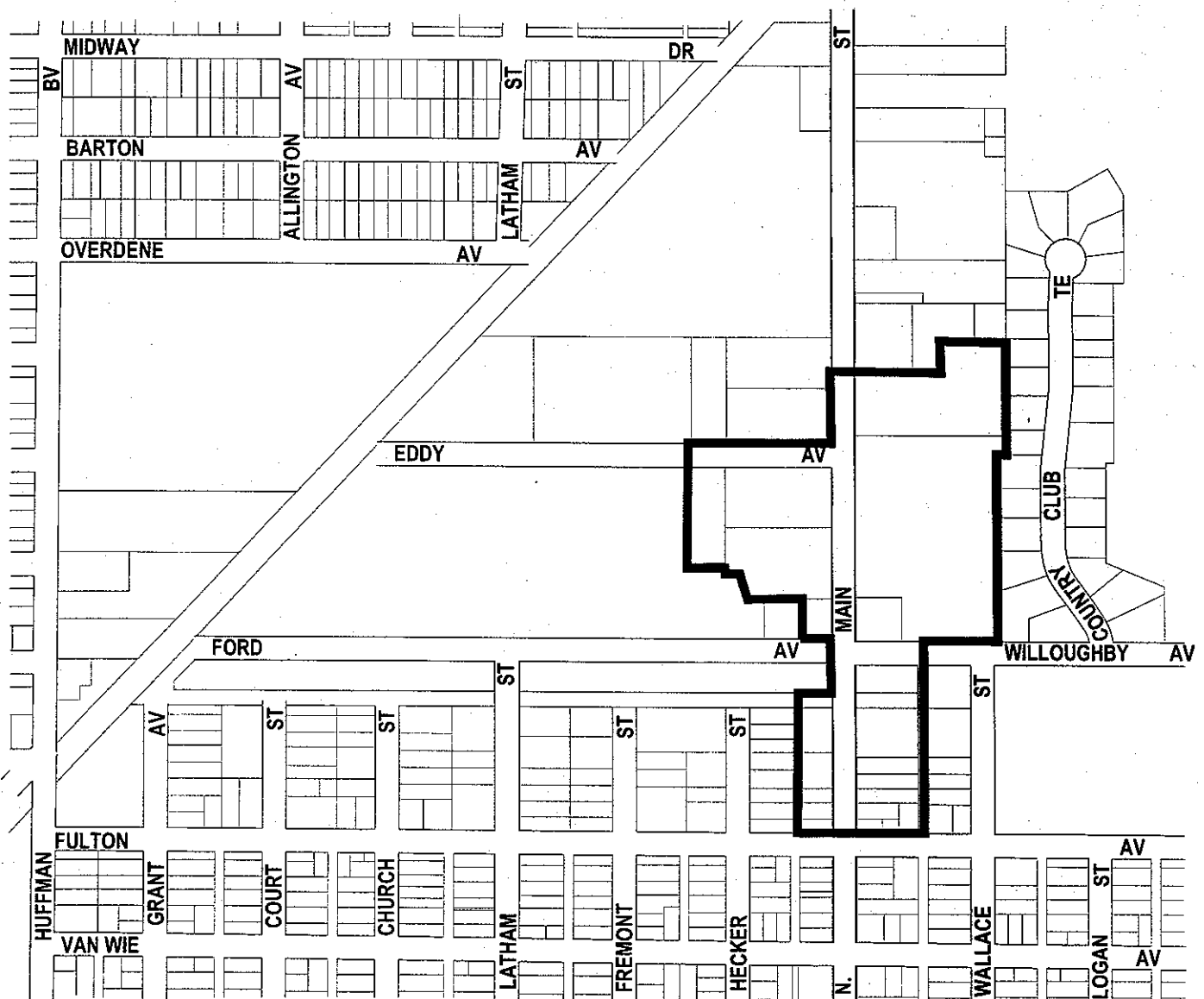
(1/4) of Section Eleven (11) and 1,060.95 feet South of the North line of said quarter section; thence North 20 feet on a line parallel with the East line of said quarter section; thence West 52.6 feet on a line parallel with the South line of said quarter section; thence

North, 15 feet on a line parallel with the East line of said quarter section; thence West 126.2 feet on a line parallel with the North line of said quarter section; thence North 410.95 feet to the North right-of-way line of Eddy Avenue; thence East along the North right-of-way line of said Eddy Avenue, 515.84 feet to the West right-of-way line of said North Main Street (Illinois Route 2); thence Northerly along said West right-of-way line of said North Main Street (Illinois Route 2) to a point 390 feet South of the North line of said Southeast Quarter (1/4) of Section Eleven (11); thence East parallel with said North line of said quarter section, 46 feet to a point on the East line of said quarter section; thence East parallel with the North line of said Southwest Fractional Quarter (1/4) of Section Twelve (12), 310 feet; thence North parallel with the West line of said fractional quarter, 100 feet; thence East parallel with the North line of said fractional quarter, 185 feet to the point of beginning. All situated in the City of Rockford, County of Winnebago and State of Illinois.

MAP A

NORTH MAIN STREET/EDDY AVENUE

REDEVELOPMENT

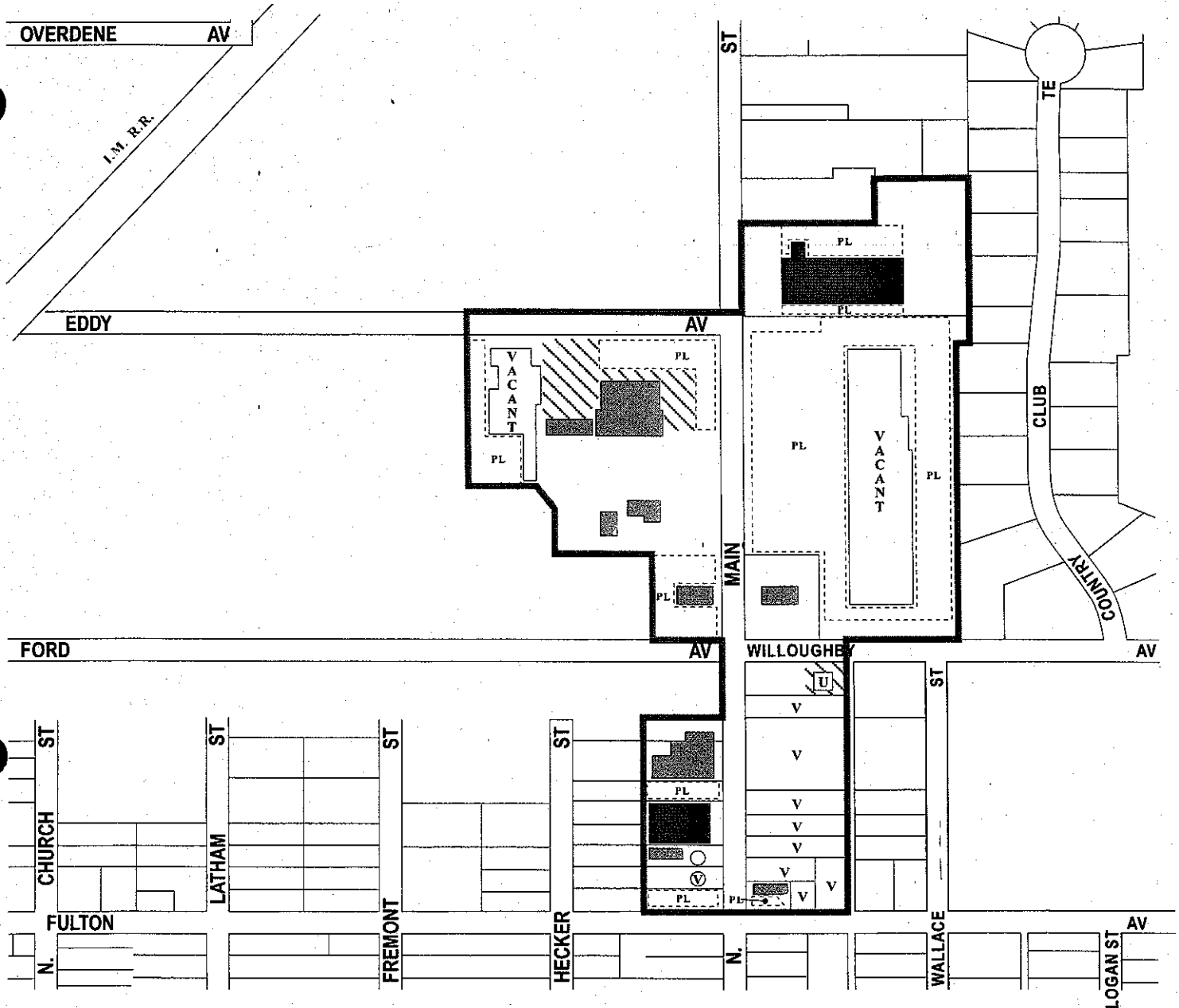


N. MAIN STREET / EDDY AVENUE REDEVELOPMENT AREA

OCTOBER 2004

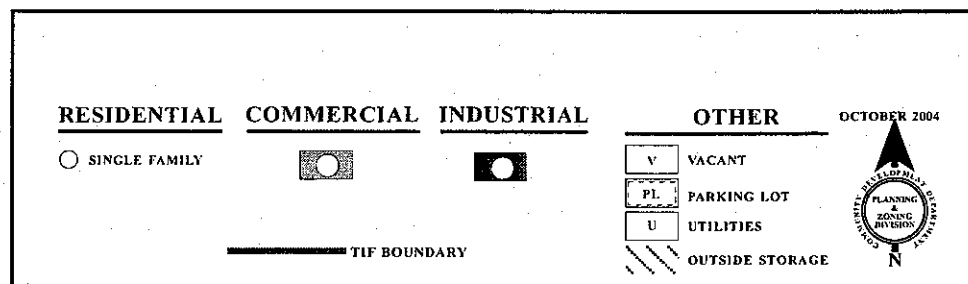
— TIF BOUNDARY





N. MAIN STREET / EDDY AVENUE REDEVELOPMENT AREA

EXISTING LAND USE



III. GOALS AND OBJECTIVES OF THE NORTH MAIN STREET/EDDY AVENUE REDEVELOPMENT PLAN

1. Create and preserve an environment within the North Main Street/Eddy Avenue Redevelopment Project Area, which will protect the health, safety, and general welfare of the City.
2. Reduce, remove and alleviate detrimental conditions; check decline and deterioration; to prevent the North Main Street/Eddy Avenue Redevelopment Project Area from becoming further blighted, through rehabilitation, adaptive reuse or elimination of substandard and obsolescent buildings which presently detract from the functional unity, aesthetic appearance and economic welfare of this Area; and establish the means to prevent recurrence of such conditions.
3. Enhance the economic well-being and strengthen the commercial sector within the North Main Street/Eddy Avenue Redevelopment Project Area by encouraging private investment and reinvestment, through public financing vehicles, to increase business activity, create new housing and job opportunities, and enhance and restore the tax base of taxing districts extending into the Area.
4. Address the need for economic feasibility, cost efficiency, and economies of scale in development through encouraging coordinated development of functionally and aesthetically integrated projects through prudent appropriate acquisition and assemblage of parcels and structures for rehabilitation, adaptive reuse or clearance.
5. Encourage common management in development projects which may provide cost efficient maintenance, utilities, and other annual costs; and may also provide coordinated marketing techniques and strategies.
6. Improve appearance of buildings, right-of-ways, and open space, and encourage high standards of design to create an attractive environment, compatible with efficiency of operation and economic relationships.
7. Emphasize and preserve unique features within the North Main Street/Eddy Avenue Redevelopment Project Area to distinguish it from other areas within

the City.

8. Establish and maintain adequate and safe vehicular and pedestrian circulation, including street construction, street resurfacing, curbs, gutters, streetlighting, signage, and plantings, and adequate off-street parking in locations easily accessible for patrons, residents, and users of the commercial projects.

IV. COMPREHENSIVE PROGRAM FOR REDEVELOPMENT OF THE NORTH MAIN STREET/EDDY AVENUE REDEVELOPMENT PROJECT AREA

- A. Redevelopment Project Activities - The following redevelopment project activities shall be implemented to reduce or eliminate those adverse conditions, the existence of which qualified the North Main Street/Eddy Avenue Redevelopment Project Area as a blighted area. The activities may include, without limitation, the following:

1. Planning and Professional Services - Studies and surveys, plans and specifications; professional services including, but not limited to, architectural, engineering, legal, marketing, financial, appraisal, planning or special services.
2. Acquisition - Property assembly, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land. The City may pay relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or State law.

Properties may be acquired by the City of Rockford and either (1) be sold or leased for private rehabilitation or redevelopment, or, (2) cleared of all improvements and sold or leased for private redevelopment, or, (3) sold, leased or dedicated for construction of public works or improvements. If the City of Rockford makes a determination that certain other properties should be acquired or that certain properties should not be acquired, it may, by resolution, change the acquisition schedule without the necessity of amending this plan.

3. Rehabilitation - Rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures. Rehabilitation programs to improve the physical conditions and appearances of commercial buildings in the North Main Street/Eddy Avenue Redevelopment Project Area may be made available for a length of time and dollar amount specified by the Rockford City Council. All existing commercial buildings in the project area will be eligible. High standards of design will be encouraged.

The Rockford City Council may go out for proposals for the rehabilitation or redevelopment of any City-owned property in the project area. The City may also choose to participate on a case-by-case basis in the rehabilitation of other properties in the North Main Street/Eddy Avenue Redevelopment Project Area if determined necessary by the Rockford City Council.

4. Public Improvements - Construction of public works or improvements may include, but is not limited to, street construction, street resurfacing, development and installation of speed and traffic control devices and/or off-street parking lots, new sidewalks, new curbs and gutters, lighting, neighborhood entries, parks and landscaping.
5. Issuance of Obligations - The City may issue obligations to provide for redevelopment project costs. The City may allocate funds from either the issuance of such obligations or the North Main Street/Eddy Avenue Special Tax Allocation Fund to pay financing 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 accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 18 months thereafter, and including reasonable reserves related thereto.
6. Agreements with Other Taxing Districts - The City, to the extent the City by written agreement accepts and approves, may pay all or a por-

APPENDIX I

North Main Street/Eddy Avenue Redevelopment Project Area

Eligibility Report Summary

Introduction and Background

In compliance with Tax Increment Allocation Redevelopment Act, Chapter 65, Illinois Compiled Statutes (the "Act"), 5/11-74.4-5(a), the City of Rockford (the "City") hereby presents an Eligibility Report Summary for the proposed expansion of the North Main Street/Eddy Avenue Redevelopment Project Area (the "RPA").

The Act sets out specific procedures that must be adhered to in designating a redevelopment project area. By definition, a "Redevelopment Project Area" is:

"an area designated by the municipality, which is not less in the aggregate than 1-½ 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 area and conservation area."

The proposed RPA is generally described as follows:

In general on the north by Eddy Avenue west of North Main Street and the industrial building directly north of the former K-Mart property east of North Main Street. The RPA follows the east property lines of the commercial properties on the east side of North Main Street and the west property lines of the commercial properties on the west side of North Main Street, excluding the 2500 North Main Street industrial building. The east and west property lines on either side of North Main Street are connected by Fulton Avenue as the southern boundary.

A boundary map and legal description for the proposed RPA is provided within the North Main Street/Eddy Avenue Redevelopment Plan and Project to which this summary is attached as an appendix.

The City of Rockford has determined that the proposed North Main Street/Eddy Avenue Re-development Project Area qualifies as a "blighted area" under the criteria for an improved area as set forth in the legislation:

Under the Act, "blighted area," means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

If improved, industrial, commercial and residential buildings or improvements are detrimental to the public safety, health or welfare because of a combination of five (5) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area:

(A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence: The condition or process of falling into disuse. Structures have become ill suited for the original use.

(C) Deterioration: With respect to buildings, defects including, but not limited to major defects in the secondary building components such as doors, windows, porches, gutters and 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 refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

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

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one 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, provided that the remediation costs 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) The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

The proposed RPA is considered to be overall an improved area for purpose of examination under the criteria for the blighted findings under the Act. The City has determined that the land described herein and in the Plan and Project meet eligibility for the requirements for designation as a blighted improved area pursuant to the Act. Further, it has been determined by, among other methods, site surveys, building condition reports, personal interviews, Winnebago County tax data and an aerial photographic analysis that the area as a whole was found to evidence not less than seven (7) qualification factors, compared to the minimum required for a finding for a blighted improved area of five (5) dictated by the Act.

The City reserves the right to make additional findings in connection with this report prior to the City's adoption of the TIF District. Thus, the report is subject to additional revisions to the extent that such revisions are allowable prior to any action by the City to designate the proposed RPA (as permitted in the manner cited within the Act).

City Determination of Need for RPA Designation and Summary of Area Findings

The City has determined a need to conduct an analysis of the potential qualification and designation of a Tax Increment Finance District (TIF) for approximately 20.45 acres of properties located in the North Main Street/Eddy Avenue area. The City is pursuing the TIF designation as part of its overall strategy to promote the revitalization of key under-utilized properties generally located along the east and west sides of North Main Street (generally between Eddy Avenue on the north and Fulton Avenue on the south).

The City has expressed two major motivations in pursuing this potential TIF District. The first is to promote redevelopment of the former K-Mart facility located on North Main Street (the "K-Mart Parcel"). The K-Mart Parcel is a major concern to the

City because of its long-term vacancy status, and because it has experienced a sharp decline in physical condition and assessed value (over -36% just since tax year 2001) in recent years. The City's second motivation relates to the need to promote redevelopment of the parcels most closely adjacent to the K-Mart Parcel along either side of North Main Street. Anchored by the K-Mart Parcel, the entire RPA has evidenced strong physical and economic decline. The RPA as a whole has suffered an overall decline in assessed valuation of over -17% since 1998, and has been characterized by numerous vacant, deteriorated structures and underdeveloped parcels showing little potential for redevelopment through private sector initiatives alone.

In April 2004, the City formally began its analysis of the proposed RPA to determine if it would qualify for TIF designation under the Act so that the City could utilize powers under the Act to induce economic revitalization for both the K-Mart parcels and the parcels located in the immediate area around that facility. As a result, during a period from April through July 2004 City staff conducted several site visits to the proposed RPA to aid in the preparation of this report. Field surveys and other data collected by City staff have been utilized to test the likelihood of the proposed RPA qualifying for TIF designation under the Act, as herein defined.

Based upon the analysis completed for the proposed RPA, the City has reached the following conclusions and observations regarding the potential TIF qualification for the subject improved and the vacant land:

- 1) The City has concluded that the area as a whole qualifies as a "blighted area" under the TIF Act
- 2) The City has concluded that the approximate twenty-two parcels that make up the proposed RPA comprise improved land that qualifies as a "blighted improved area" under the TIF Act. These parcels are deemed to evidence sufficient factors that meet the conditions of the blighted improved area criteria pursuant to the Act (that is, no less than the required five of the thirteen factors cited under this standard are present). In general, the properties within the proposed RPA have fallen into a trend toward a deteriorated condition. This condition exhibited within the proposed RPA, combined with other indications of decline, such as excessive vacancies, excessive and deleterious land uses, obsolescence, and declining valuations serve as a detriment to the overall healthy economic and physical infrastructure development of the Rockford community.
- 3) The existence of the blighting conditions found within the proposed TIF District presents a serious barrier to the proposed RPA's successful redevelopment. This is because the factors that have created these conditions also negatively impact coordinated and significant private sector investment to promote such redevelopment. It has become apparent to the City that without its active involvement in planning for the proposed RPA, and use of economic development resources in eliminating the

blighting factors, there exists little or no incentive for private sector investment. The City has concluded that without the use of public incentives to induce such private sector investment, the desired redevelopment for the proposed RPA is not economically feasible.

- 4) The City believes that there exist sufficient reasons to expect that the redevelopment of proposed RPA has the potential to produce incremental property tax revenue in amounts sufficient to help it stimulate private sector investment and/or reinvestment for the area.
- 5) To eliminate the existing blighting conditions (thereby promoting the economic viability of the entire RPA), and to promote private sector investment and redevelopment efforts, the City has decided to proceed with the formal TIF designation process for the entire RPA.

Statutory Findings by City Pursuant to the Act

The following is a summary of relevant qualification findings required under the Act:

- 1) The area is contiguous and is greater than 1 and 1/2 acres in size.
- 2) The area can be categorized as a "blighted improved area." Factors necessary to make these findings are present to a meaningful extent and are reasonably distributed throughout the proposed RPA.
- 3) All property in the area would benefit by any proposed redevelopment project improvements.
- 4) The sound growth of the taxing districts that are applicable to this area, including the City of Rockford, has been impaired by the factors found to be present in the area.
- 5) The area as a whole would not be subject to redevelopment without the establishment of an RPA, and investment of public funds, including property tax increments.

Blighted Area Qualification Factors Found within the Proposed RPA

The following is an evaluation and statement of findings on the presence of certain factors, as defined herein, for the land located within proposed RPA.

1. 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.

The proposed RPA is burdened by excessive vacancies with over 50% (or about 10 out of 19) of either unoccupied and/or under-utilized. The most notable of these are associated with the K-Mart Parcel. Structures on that parcel not only once included the K-Mart (and Giant Store before that), but also a Walgreens and smaller retail uses. Those structures have now been vacant for a number of years. Another parcel with multiple excessive vacancies is the industrial property located at Eddy Avenue, immediately west of Village Green's. The current realtor for that property reports that operations ceased at the location approximately 15-years ago. During most of that time, the property has been on the market but has failed to generate concrete prospects. Other parcels in the proposed RPA also have a history of excessive vacancies during recent years. More recently, an apparent casualty in this respect has been Pino's Pizza. This restaurant is under-utilized in the sense that it is operates on only an extended weekend basis, but stays dark most weekdays. This lack of market place support for the area in general, and this location in particular, is also evidenced by the fact that the site previously was the location for the failed Rally's Drive-In, which was demolished in favor of Pino's Pizza. The City is concerned that the obvious large-scale vacancy factor evident at the K-Mart parcel alone is enough to promote the image of persistent business failures along an economically important corridor of the City. This image in turn has an adverse influence not only on the immediate area, but on the Rockford community as a whole. The City also believes that the decline of the properties within the proposed RPA have an adverse impact on the adjacent commercial (to the north and south), residential (to the east and south), and industrial (to the west and east) areas.

2. Deterioration: With respect to buildings, defects including, but not limited to major defects in the secondary building components such as doors, windows, porches, gutters and 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.

Deterioration of buildings and or site improvements were evidenced in relation to at least twenty-two of the twenty-five total parcels located within the proposed RPA. Exterior site surveys and photographic documentation demonstrate extensive evidence of deteriorated conditions throughout the proposed RPA that can be generally described by the following characteristics:

- Buckling exterior brick and siding walls;
- Defects to window and door frame components;
- Failing eaves and fascia elements;
- Defects to building gutters and downspouts;
- Cracked and damaged concrete steps and porches
- Damaged curbs and gutter, cracked asphalt paving, and potholes in lots and/or right-of-ways
- Severe surface cracking of extensive areas of pavement;
- Buckled and caved in areas of asphalt;
- Cracked concrete driveway areas;
- Crumbling areas of sub-base gravel areas;
- Areas of loose paving materials;
- Presence of pot holes and other depressions;
- Weed growth protruding through cracked pavement areas.

These characteristics seemed to have evolved over an extended period of time as evidenced by the advanced age of the majority of structures in the area, and by observations made by City code enforcement findings over several decades that point to a history of poor maintenance for most of the parcels within the proposed RPA.

3. Obsolescence: The condition or process of falling into disuse. Structures have become ill suited for the original use.

At least fifteen of the nineteen structures within the proposed RPA demonstrate some degree of evidence of either being in a state of disuse or falling into disuse. This condition of obsolescence is most prominently evidenced by failure of parcels on the market to attract buyers, declining property values, excessive vacancies, deteriorated conditions and structures that are currently in use for purposes other than their original use and design (One example of this is the use of the former A & W Drive-In for used car dealer Cal Cars). The size and layout of most of the existing structures, as they were originally constructed, does not represent a design that accommodates the need of modern businesses and their customers. The majority of structures are of advanced age and,

therefore have experienced substantial economic and functional depreciation for viable commercial, residential or industrial use given modern building standards and code requirements.

4. 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.

A predominant "land-use" within the proposed RPA is vacant in the form of the unoccupied K-Mart facilities and other properties. Such a use, or non-use, is incompatible with more appropriate commercial and residential uses in the overall surrounding area. The existence of this condition is especially a growing problem for the City in connection to the residential uses that border the proposed RPA to the south. For this reason the City considers the continuation of former commercial and industrial facilities with severe vacancy issues, in such close proximity to residential uses to be a noxious and unsuitable condition. The K-Mart structures in particular are considered a risk for the attraction of vandals for a property that directly abuts a longstanding residential area.

Overall the pattern and mix of residential, commercial and industrial uses that exist in the area to this present day are considered inappropriate by modern land use and zoning standards. This is because the proposed RPA has been developed in piecemeal fashion from the 1920's through the 1970's. As such, incompatible land uses and inappropriate mixed uses found throughout the area were the norm. Commercial and industrial uses and residential uses were permitted to lie in close proximity to one another. Considerations of adequate building setbacks, landscape buffering between uses, the need for adequate loading and unloading and sufficient parking were not considerations when the greater majority of the RPA was developed. Older, substandard side streets, many narrowly constructed and lacking asphalt or curbs and gutter, developed adjacent to many parcels in the area and also contribute to the poor mix of land uses within the proposed RPA. This combination of poorly laid-out streets, lack of lot setbacks and inappropriately mixed land uses are a significant detriment to the City's ability to promote redevelopment of the area.

5. Declining or Lagging Growth in Equalized Assessed Valuations: The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or increasing at an annual rate that is less than the Consumer

Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated.

Following is data for the total equalized assessed valuation (EAV) for the improved properties within the proposed RPA, for over the most recent six-year period, along with comparative gross EAV data for the City over the same time period.

Proposed RPA	2003	2002	2001	2000	1999	1998
Total EAV for TIF Area	1,274,496	1,251,538	1,376,291	1,375,213	1,375,976	1,548,244
Percentage of Change	1.83%	-9.06%	0.08%	-0.06%	-11.13%	--
Total City EAV	1,899,601,027	1,821,059,149	1,732,263,455	1,658,594,175	1,618,727,886	1,626,389,308
Less Proposed TIF EAV	1,898,326,531	1,819,807,611	1,730,887,164	1,657,218,962	1,617,351,910	1,624,841,064
Percentage of Change	4.31%	5.14%	4.45%	2.46%	-0.46%	--

The data demonstrates that the total EAV for the parcels related to the proposed RPA has: a) declined in three (3) out of the last five (5) calendar years; and, b) has increased at an annual rate that is less (and/or decreased at a greater rate) than the balance of the City for five (5) of the last five (5) calendar years.

Additionally, the annual rate of growth in total EAV for the land within the proposed RPA has also lagged behind the annual rate of the Consumer Price Index for the All Urban Consumers for five (5) of the last five (5) calendar years.

These measures, pursuant to the Act, point to an additional blighting condition retarding growth in development and tax base growth within the proposed RPA.

6) Excessive Land Coverage

Excessive land coverage can be defined as the over-intensive use of property and crowding of buildings onto a site. Findings may be evidenced by several factors, including the presence of multiple buildings on the site, lack of reasonably required off-street parking or inadequate provision for loading and service.

The Proposed RPA exhibits several lots with multiple buildings. Over 60% of the lots evidence findings related to excessive coverage. This results in a relatively high ratio of buildings' square foot total size. Many of these buildings were developed prior to the introduction of parking standards and commercial and industrial commerce loading needs.

There exists a very high proportion of the zero lot line parcels in the manner that was more common in the decades prior to construction of modern commercial, industrial and residential development. These conditions are manifested most significantly in the lack of on-site parking facilities for some businesses, and extremely narrow right-of-way separation between City streets and private buildings.

Redevelopment is hindered by the preponderance of structures on several blocks that are adjoined to each other. A related problem is the overcrowding of structures on parcels too small for multiple buildings and uses. The result is that any effort for expansion to create on-site parking for more efficient business operation is discouraged due to the costs of acquisition and/or demolition that make redevelopment economically infeasible for the private sector alone. This factor compounds the problem of deleterious layout/land use and obsolescence found throughout the area. The general lack of land area reduces the viability of economic re-use of those sites with virtually no room for additional on-site facilities that would make the facilities more suitable redevelopment targets. The overcrowding of many structures, especially those that share common walls, also create a fire safety hazard common for the construction standards for the early part of the last century.

Current City land-use and zoning standards call for much lower floor area to building lot ratios than are apparent within much of the proposed RPA. The results are that current land uses in the area are over-intensive when compared with modern zoning and building standards. The conditions of excessive land coverage and overcrowding of structures also create conditions of poor access related to public right-of-ways and, in many cases, lack of private off-street parking. There are also, in most cases, no clear means to separate access to buildings between customers and clients versus the provision of loading and service functions to businesses.

7) Lack of Community Planning

An area suffers from a lack of community planning if the area was developed prior to or without the benefit of a community plan.

The lack of community planning has contributed to excessive land coverage and deleterious layout. The City's first comprehensive plan was

adopted well after the majority of the land within the RPA was developed. Thus, in general the RPA was permitted to develop without the benefit of suitable and consistent development standards.

APPENDIX II HOUSING IMPACT STUDY DETERMINATION

In compliance with 65 ILCS 5/11-74.4-3(n)(j)(5), the City of Rockford hereby presents its determination regarding the need to prepare a Housing Impact Study:

65 ILCS 5/11-74.4-3 (n)(j)(5) - Housing Impact Study requirements

- (5) On and after November 1, 1999, if the redevelopment plan will not result in displacement of residents from inhabited units, and the municipality certifies in the plan that displacement will not result from the plan, a housing impact study need not be performed. If, however, the redevelopment plan would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and no certification is made, then the municipality shall prepare, as part of the separate feasibility report required by subsection (a) of Section 11-74.4-5, a housing impact study.

Based upon visual inspection of the proposed Redevelopment Project Area and verification using the most recent City Directory listing, the City of Rockford has identified a total of only two potential inhabited residential units within the proposed Redevelopment Project Area. Although the proposed Redevelopment Plan and Project may in the future call for the acquisition and demolition of such residential units, as well as the relocation of the tenants in conformance with the requirements set forth in the Act, such impact will be to fewer than 10 inhabited residential units. **The City hereby determines that a Housing Impact Study is not required as part of the North Main Street/Eddy Avenue Redevelopment Plan Project.**

APPENDIX III

NORTH MAIN STREET/EDDY AVENUE REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

All that part of the Southeast Quarter (1/4) of Section Eleven (11) and the Southwest Fractional Quarter (1/4) of Section Twelve (12) all in Township Forty-four (44) North, Range One (1) East of the Third ^(3rd) Principal Meridian bounded and described as follows, to-wit: Commencing at the Northwest corner of said Southwest Fractional Quarter (1/4) of Section Twelve (12), thence South 290 feet South to a point; thence East parallel with the North line of said fractional quarter, 495 feet to the West line of Country Club Terrace Subdivision, the Plat of which Subdivision is recorded in Book 22 of Plats on page 127 in the Recorder's Office for Winnebago County, Illinois, said last described point being the point of beginning; thence South parallel with the West line of said fractional quarter, 370 feet to a point; thence West parallel with the North line of said fractional quarter, 19.6 feet to a point; thence South parallel with the West line of said fractional quarter, 636.61 feet to the North right-of-way line of Willoughby Avenue, the last three calls all being along the West line of said Country Club Terrace Subdivision; thence West along the North right-of-way line of said Willoughby Avenue, 232 feet to a point; thence South 58 feet to the Northeast corner of Lot 22 in Block 8 as designated upon the Plat of the Resurvey and Rearrangement of the East $\frac{1}{2}$ of Blocks 1 and 14 of E. H. Marsh's Park View Subdivision and the West $\frac{1}{2}$ of Edgewater Subdivision, the Plat of which Subdivision is recorded in Book 3 of Plats on page 43 in the Recorder's Office for Winnebago County, Illinois; thence South along the East line of Lots 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, and 12 in said Block 8 to the Southeast corner of Lot 12 in said Block 8, said point being on the North right-of-way line of Fulton Avenue; thence West along the North right-of-way of said Fulton Avenue, 209.42 feet to the Southwest corner of said Lot 12 in said Block 8, said point being on the East right-of-way line of North Main Street (Illinois Route 2); thence Westerly 66 feet plus or minus to a point on the West right-of-way line of said North Main Street (Illinois Route 2), said point being the Southeast corner of Lot 9 in Block 1 of said Plat of Resurvey and Rearrangement; thence West along the South line of said Lot 9 of said Block 1, said line also being the North right-of-way line of Fulton Avenue, 146.32 feet to the Southwest corner of said Lot 9 in said Block 1; thence North along the West line of Lots 9, 8, 7, 6, 5, 4, 3, 2, and 1 in said Block 1 of said Plat of Resurvey and Rearrangement to the Northwest corner of Lot 1 in said Block 1; thence East along the North line of said Lot 1 in said Block 1, 145.43 feet to the Northeast corner of said Lot 1 in said Block 1, said point being on the West right-of-way line of said North Main Street (Illinois Route 2); thence North along the West right-of-way line of North Main Street (Illinois Route 2), 164 feet plus or minus to the North right-of-way line of Ford Avenue; thence West along the North right-of-way line of Ford Avenue, 133 feet to a point; thence Northerly parallel with the West right-of-way line of said North Main Street (Illinois Route 2), 193 feet to a point; thence West 188.94 feet to a point 192 feet North of the North right-of-way line of said Ford Avenue; thence Northwesterly, 72.13 feet to a point 383 feet West of the East line of Southeast Quarter

North Main Street/Eddy Avenue RPA Legal Description – Page 2

(1/4) of Section Eleven (11) and 1,060.95 feet South of the North line of said quarter section; thence North 20 feet on a line parallel with the East line of said quarter section; thence West 52.6 feet on a line parallel with the South line of said quarter section; thence North, 15 feet on a line parallel with the East line of said quarter section; thence West 126.2 feet on a line parallel with the North line of said quarter section; thence North 410.95 feet to the North right-of-way line of Eddy Avenue; thence East along the North right-of-way line of said Eddy Avenue, 515.84 feet to the West right-of-way line of said North Main Street (Illinois Route 2); thence Northerly along said West right-of-way line of said North Main Street (Illinois Route 2) to a point 390 feet South of the North line of said Southeast Quarter (1/4) of Section Eleven (11); thence East parallel with said North line of said quarter section, 46 feet to a point on the East line of said quarter section; thence East parallel with the North line of said Southwest Fractional Quarter (1/4) of Section Twelve (12), 310 feet; thence North parallel with the West line of said fractional quarter, 100 feet; thence East parallel with the North line of said fractional quarter, 185 feet to the point of beginning. All situated in the City of Rockford, County of Winnebago and State of Illinois.

Appendix IV

LISTING OF EQUALIZED ASSESSED VALUES

<u>PIN #</u>	<u>ADDRESS</u>	<u>2003 EAV</u>
11-12-351-013	1015 Fulton Avenue	\$ 2,736
11-12-351-012	1019 Fulton Avenue	\$ 1,710
11-12-351-011	2401 North Main	\$ 18,148
11-12-351-006	2405 North Main	\$ 5,130
11-12-351-005	2411 North Main	\$ 7,148
11-12-351-004	2400 Block North Main, Lot 15	\$ 7,148
11-12-351-003	2400 Block North Main, Lot 16	\$ 7,572
11-12-351-017	2400 Block North Main, Lots 17-18	\$ 14,358
11-12-351-016	2400 Block North Main, Lots 19-22	\$ 31,212
11-12-301-012	2511 North Main	\$ 151,291
11-12-301-011	2601 North Main	\$ 399,999
11-12-301-010	2707 North Main	\$ 160,436
11-11-479-015	2402 North Main	\$ 4,834
11-11-479-014	2408 North Main	\$ 15,886
11-11-479-013	2412 North Main	\$ 23,405
11-11-479-012	2422 North Main	\$ 57,496
11-11-479-011	2430 North Main	\$ 28,125
11-11-479-010	24XX North Main	\$ -0-
11-11-427-008	2516 North Main	\$ 44,148
11-11-427-004	2520 North Main	\$ 117,646
11-11-427-003	2640 North Main	\$ 121,117
11-11-427-002	1202 Eddy Avenue	\$ 54,951

TOTAL

\$ 1,274,496

tion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan. Additionally, under this provision the City may make certain payments to the Rockford School District should any redevelopment project result in increased student population that is new to the district, in the manner prescribed by the Act.

7. Payment In Lieu Of Taxes - The City, to the extent the City by written agreement accepts and approves, may make payment in lieu of taxes to all of the taxing districts to compensate for temporary decreases in the current equalized assessed value of property within the redevelopment project area from the time of adoption of tax increment financing until the current equalized assessed value exceeds the total initial equalized assessed value of property in the project area.
8. Interest costs 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;
 - b) such payments in any one-year may not exceed 30% of the annual interest costs incurred by the developer 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 pursuant to the Act then the amounts so due shall accrue and be payable when sufficient funds are available in the Special Tax Allocation Fund; and
 - d) the total of such interest payments paid pursuant to this Act may not exceed 30% of the (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 this Act.
9. Job Training and Retraining Projects - The City may provide for the costs of job training and retraining projects, including the cost of programs

implemented by businesses located within the North Main Street/Eddy Avenue Redevelopment Project Area.

10. Redevelopment Project Agreements - Subject to receipt and acceptance of satisfactory project proposals pursuant to Section VI of this plan, the City may acquire or may facilitate the acquisition of properties within the North Main Street/Eddy Avenue Redevelopment Project Area for resale or lease to private developers, development corporations, or other bodies politic.

IV. B. Redevelopment Project Financing

1. Estimated Redevelopment Project Costs - A summary of estimated redevelopment project costs is shown in Table I. "Redevelopment Project Costs" mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this redevelopment plan and redevelopment project. Such costs include, without limitation, the costs for any and all of the redevelopment project activities described in Section IV. A. of this plan.

The City is not subject to or liable for such cost unless the City determines by Ordinance that said cost should be incurred and paid. Table I shows that it is estimated that approximately \$ 3,500,000 will be incurred in total project costs. The foregoing cost estimates may not take into account the rate of inflation to be experienced during implementation of the redevelopment project and plan. Cost estimates may be increased by the actual rate of inflation pertaining to the nature of the cost to be incurred. The estimate for total project costs, taking into account specific rates of inflation in reference to particular costs to be incurred, is intended to impose a ceiling on total redevelopment project cost. It is also intended, however, that the City may make, by resolution of City Council, adjustments in line categories of cost estimates or establish new categories permitted by the Tax Increment Allocation Redevelopment Act

without the necessity of plan amendment.

TABLE I.**NORTH MAIN STREET/EDDY AVENUE REDEVELOPMENT PROJECT AREA****Summary of Estimated Redevelopment Project Costs**

	Estimated Total Project Costs <u>2004-2027 (A)</u>
1. Planning & Professional Expenses	\$ 200,000
2. Acquisition & Related Expenses	\$ 1,900,000
3. Rehabilitation & Construction	\$ 350,000
4. Public Improvements	\$ 800,000
5. Costs for Issuance of Obligations	\$ 80,000
6. Agreements with Other Taxing Districts	\$ 45,000
7. Interest Costs Pursuant to Act	\$ 100,000
8. Job Training and Retraining	<u>\$ 25,000</u>
TOTAL	\$ 3,500,000

- (A) All project cost estimates are in year 2004 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of such obligations as well as to provide for capitalized interest and reasonably required reserves. Adjustments to the estimated line item costs above are expected. 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 totals of line items set forth above are not intended to place a total limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the total amount of payment for eligible Redevelopment Project Costs shall not exceed the amount set forth above, as adjusted pursuant to the Act. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment.

Pursuant to the TIF Act, the City may utilize net incremental property tax revenues received from other contiguous redevelopment project areas to pay eligible redevelopment project costs, or obligations issued to pay such costs, in these contiguous redevelopment project areas, and vice versa.

2. The Sources of Funds to Pay Redevelopment Project Costs - Four principal sources of funds may be utilized to pay redevelopment project costs. These are: (1) income from the sale or lease of properties to be rehabilitated or re-developed; (2) real estate tax increment revenues; (3) revenues from federal programs available to the City of Rockford; and (4) other sources of revenue including taxes levied and collected on any and all property in the City of Rockford.

There may be other sources of revenue that the City determines are appropriate to allocate the payment of redevelopment project costs. Funds received from these sources will be deposited in a North Main Street/Eddy Avenue Tax Allocation Fund to pay redevelopment project costs or to retire obligations issued to pay redevelopment project costs. The sources of funds to pay redevelopment project costs are described below.

a. Property Disposition Proceeds Estimates - Proceeds from the sale or lease of publicly-owned or publicly-acquired properties in the project area may be allocated to the North Main Street/Eddy Avenue Tax Allocation Fund to pay redevelopment project costs or to retire obligations issued to pay redevelopment project costs. However, the disposition of such properties may involve the sale or lease of said properties for less than the fair market value.

b. Real Estate Tax Increment Revenues - The term "real estate tax increment revenues" as used in this plan refers to those tax revenues resulting from the application of the Act, Section 11-74.4-8(b), to real property in the North Main Street/Eddy Avenue Redevelopment Project Area.

(1) The Equalized Assessed Valuation of the Redevelopment Project Area. The tax year 2003 equalized assessed value of real estate within the North Main Street/Eddy Avenue Redevelopment Project Area amounted to \$1,274,496. A summary by blocks of the equalized assessed value in the project area is in Appendix IV.

(2) Anticipated Equalized Assessed Value Upon Completion of the Redevelopment Project. The anticipated Equalized Assessed Value

upon completion of the Redevelopment Project is estimated to be \$4.6 million.

c. Federal Program Funds - The City of Rockford may allocate resources from federal programs it receives or which it may receive. This may include Community Development Block Grant (CDBG), HOME, or EDA funds to assist in the City's efforts to fund redevelopment project costs for the North Main Street/Eddy Avenue Redevelopment Project Area.

d. Other Sources of Revenue - The City may, in addition to obligations secured by the North Main Street/Eddy Avenue Tax Allocation Fund, which is the sum of the allocations from the three revenue sources described above, pledge toward payment of said obligations any part of any combination of the following:

- (1) Net revenues of all or part of any redevelopment project;
- (2) Taxes levied and collected on any or all property in the City;
- (3) The full faith and credit of the City;
- (4) A mortgage on part or all of the redevelopment project; or
- (5) Any other taxes or anticipated receipts that the City may lawfully pledge.

3. Nature and Term of Obligations to be Issued - Without excluding other methods of municipal financing, a source of funding will be obligations secured by the North Main Street/Eddy Avenue Tax Allocation Fund. Such obligations shall have a term not to exceed twenty (20) years. Such obligations may be issued in one or more series. The City may, in addition to obligations secured by the North Main Street/Eddy Avenue Tax Allocation Fund, pledge for a period not greater than the term of said obligations toward payment of said obligations any part of any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the City; (c) the full faith and credit of the City; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the City may lawfully pledge.

**V. GENERAL LAND USES TO APPLY IN THE NORTH MAIN STREET/-
EDDY AVENUE REDEVELOPMENT PROJECT AREA**

Land uses that currently exist were attached earlier as Map B following the map of the Redevelopment Project Area. Map C, the North Main Street/Eddy Avenue Land Use Plan, identifies a general land use plan to be effective with the adoption of this plan. This redevelopment plan is consistent with the Year 2020 Plan, the official plan of the City of Rockford. This plan identifies the planned areas as the Commercial Areas, the Mixed Use Area and the Industrial Areas. The following section identifies the major types of land uses that are planned for each of these areas.

A. Commercial Area

This area is intended to function as a commercial "core" within the North Main Street/Eddy Avenue Redevelopment Project Area. This area is intended to provide for a variety of commercial retail and service functions, private off-street parking, and other uses commonly found in the various neighborhood business areas in Rockford. It is anticipated that future development in the Commercial Area should correspond to the C2 or C3 districts within the City of Rockford Zoning Ordinance. Public improvements such as new sidewalks buffered from the street with landscaping will help not only the commercial area, but all areas.

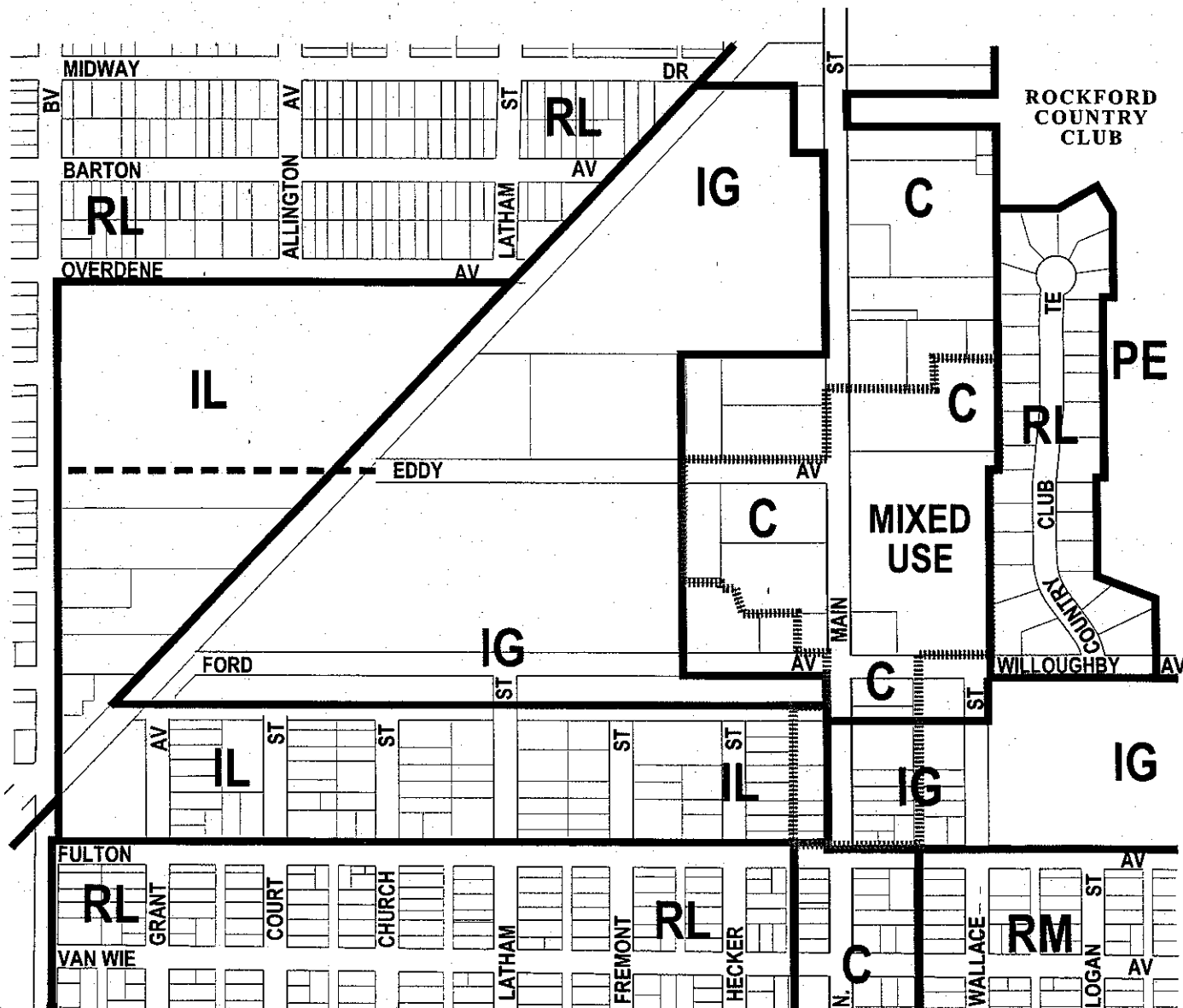
B. Mixed Use Area

This area is intended to function as a mixed multi-use "core" within the North Main Street/Eddy Avenue Redevelopment Project Area. This area is intended to provide for offices, commercial retail and service functions, public and private off-street parking, and medium-density residential development that will have ownership covenants.

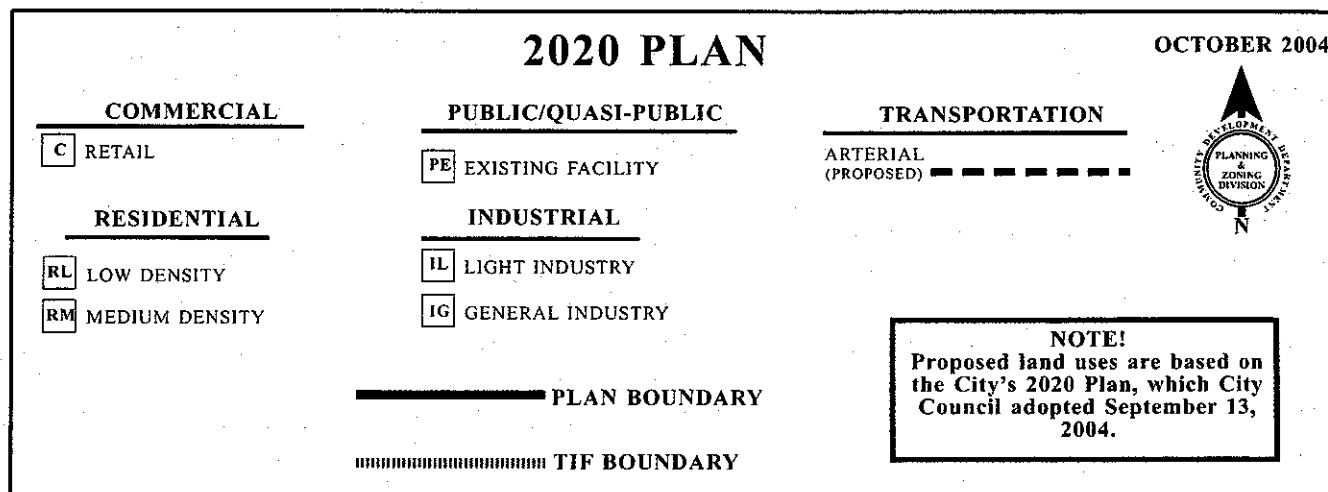
C. Industrial Area

This area is presently occupied by a variety of small industrial buildings intended to be renovated to be more pleasing to the eye. Better landscaping of off-street parking areas as well as such public improvements as new sidewalks buffered from the street with landscaping

will add to the improved appeal of the area. Any future industrial development should correspond to the I-1 district of the City of Rockford Zoning Ordinance.



N. MAIN STREET / EDDY AVENUE REDEVELOPMENT AREA



VI. PROJECT PROPOSALS

The City has authority to negotiate directly with any public or non-profit institutions or private developers for redevelopment of parcels of land and rehabilitation of the buildings to be acquired, as soon as reasonably possible. The sale or lease price of each parcel or building will be subject to negotiation. Proposals should be submitted to the Department of Community Development.

- A. Developer's Requirements - Developers will be required by contractual agreement to observe the land-use and building requirements of this redevelopment plan. The contract and the disposition documents will set forth in detail the provisions, standards, and criteria for achieving the objectives and requirements of the redevelopment plan. The City of Rockford will select developers on the basis of their proposals, a determination of the developer's ability to carry out such proposals, and the conformance of the proposals to the redevelopment plan. This may be through fixed-price offerings, through negotiation where the plan objectives are determining factors, or by other means which, in the determination of the City of Rockford, will best assure the attainment of the objectives of the redevelopment plan.

No conveyance, lease, mortgage, disposition of land or other property or agreement, relative to the development of the property shall be made except upon the adoption of an ordinance by the City Council of the City of Rockford. Furthermore, no conveyance, lease, mortgage, or other disposition of land or agreement relating to the development of property shall be made without making public disclosure of all the terms of such disposition or agreement, and all bids and proposals made in response to the City's request.

Disposition documents will provide for achieving the unified development and maintenance of common areas, service access, walks, utilities, and driveways. The reversionary rights to all existing public right-

of-ways that ultimately may be vacated and that are adjacent to project acquired property may be retained by the City of Rockford in order to assure adequate control over the development and use of such areas.

Developers will not be permitted to defer the start of construction for a period longer than that required for the preparation of architectural plans, the securing of satisfactory financing, and the review and approval of such plans by the City of Rockford in order to establish their conformance with the provisions of the plan and the disposition documents.

In addition, the following provisions will be included in the agreement:

1. That the developers will submit to the City of Rockford a plan and a construction schedule for the proposed development.
2. That the purchase of the real property is for the purpose of redevelopment and not for speculation.
3. That the real property will be built upon, improved or rehabilitated in conformity with the objectives and the provisions of the redevelopment plan.
4. That the building of improvements will be commenced and completed within a reasonable time.
5. That the developers, their successor or assigns, agree that there will be no discrimination against any person or group of persons on account of race, sex, creed, color, national origin, marital status, ancestry, or cognitive or physical condition in the sale, lease, sublease, transfer, use, occupancy tenure, or enjoyment of the premises therein conveyed, nor will the developers themselves, or any claiming under or through them, establish or permit such practices of discrimination of segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, or vendees in the premises therein conveyed.

B. Items Developers Should Include In Proposal

1. Description of Property, including
 - a. Location
 - b. Size
 - c. Characteristics
 - d. Access to Property
 - e. Utilities
 - f. Zoning
2. Project Concept
 - a. Nature of Project
 - b. Size and Description
 - c. Market - type, strength
 - d. Timing
 - e. Management and Leasing
 - (1) Personnel
 - (2) Experience
3. Design Concept
4. Documented Land Control, where applicable
 - a. Types
 - b. Outstanding Obligations
 - c. Copy of Document for Verification
5. Developer Profile
 - a. Overall Experience
 - b. Previous Projects
 - (1) Name
 - (2) Location
 - (3) Size
 - (4) Nature of Project
 - c. References
 - d. Business Financial Statements
 - e. Personal Financial Statements

6. Development ProForma Outline

1.0 Cost of Development

1.1 Acquisition

1.2 Cost of Construction

1.3 Fees

A. Architectural & Engineering

B. Legal

C. Surveys

D. Permits and Inspections

E. Leasing Commission

F. Construction Management

G. Developer's Fee

1.4 Construction Financing Interest

1.5 Contingency

1.6 Total Cost

2.0 Financing

2.1 Total Cost of Development

2.2 Conventional Financing

2.3 Equity

3.0 Annual Cash Flow Analysis

3.1 Gross Annual Revenue

A. Gross Leasable Building Area

B. Net Leasable Area

C. Annual Rent

D. Annual Income

E. Vacancy Factor

F. Gross Annual Revenue

3.2 Net Income Before Debt Service

A. Gross Annual Revenue

B. Annual Expenses

1. Management

2. Maintenance

3. Taxes

4. Utilities

5. Insurance

C. Net Income Before Debt Service

3.3 Annual Debt Service (ADS)

3.4 Cash Flow Before Taxes

3.5 Return On Investment

3.6 Return On Investment After Taxes

VII. CONFLICT OF INTEREST PROVISIONS

In addition to the State of Illinois Compiled Statutes pertaining to the disclosure of economic interests by municipal officials, 5 ILCS 420/4A-101 et seq., the Act (65 ILCS 5/11-74.4(n)) provides that:

If any member of the corporate authority, a member of a commission established pursuant to this Act, or an employee or consultant of the municipality involved in the planning and preparation of a redevelopment plan or project for a redevelopment area or proposed redevelopment area, owns or controls an interest, direct or indirect, in any property included in any redevelopment area, or proposed redevelopment area, he or she shall disclose the same in writing to the clerk of the municipality, and shall also so disclose the date and terms and conditions of any disposition of any such interest, which disclosures shall be acknowledged by the corporate authorities and entered upon the minute books of the corporate authorities. If an individual holds such an interest then that individual shall refrain from any further official involvement in regard to such redevelopment plan, project or area, from voting on any matter pertaining to such redevelopment plan, project or area, or communicating with other members concerning any matter pertaining to said redevelopment plan, project or area. Furthermore, no such member or employee shall acquire of any interest, direct or indirect, in any property

in a redevelopment area or proposed redevelopment area after either (a) such individual obtains knowledge of such plan, project or area, or (b) first public notice of such plan, project or area, whichever occurs first.

Pursuant to the above-cited Statute, the City has requested compliance from such individuals potentially so affected by the conflict of interest provisions.

VIII. TERMINATION DATE

This Redevelopment Plan and 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 North Main Street/Eddy Avenue Redevelopment Project Area. The actual date for the termination of the Plan and Project and 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 in which the ordinance approving the RPA is adopted.

IX. FAIR EMPLOYMENT AND AFFIRMATIVE ACTION PLAN COMMITMENT

The City of Rockford hereby commits itself to compliance with the provisions of Section 4, Equal Employment Opportunity, of the City of Rockford's Personnel Rules and Regulations, as adopted by City Council on March 13, 1989 and amended on November 25, 1991.