



Aurora's Economic Development Partnership

To: Invest Aurora Board of Directors
From: David Hulseberg, President/CEO, Invest Aurora
Date: 2/16/2016
Re: River Edge Redevelopment Zone – Designated Zone Organization Status

Overview The City of Aurora is just one of five communities eligible for tax incentives and grant programs under the River Edge Redevelopment Zone Act, authorized by the State of Illinois on March 21, 2007. The 30 year program was envisioned to target the redevelopment of environmentally challenged and economically distressed properties adjacent to Illinois rivers. The *Aurora River Zone* is centered on the downtown of Aurora, and along the Fox River.

In April of 2015, Illinois approved the expansion of the *Aurora River Zone* (Attachment A). The annexation area met many of the same environmentally distressed conditions of the original zone, and incorporated more than 1,000,000 additional square feet of vacant building space. Many of these buildings are functionally obsolete by the standards of modern industrial users, which makes redevelopment difficult. The expansion of tax credit programs under the River Edge Redevelopment Zone Act increases the feasibility of rehabilitation for mixed use projects.

In addition to these provisions, the Illinois River Edge Redevelopment Zone Act provides that a municipality or county may identify one or more community based organizations to be a designated zone organization (DZO). When authorized by local ordinance with the approval of the Department of Commerce and Economic Opportunity (DCEO), an approved designated zone organization may solicit and receive cash or in-kind corporate contributions for approved projects.

In January of 2016, DCEO approved Invest Aurora as an eligible community based organization. In February of 2016, the City of Aurora agreed to move forward in designating Invest Aurora as the DZO for the Aurora River Zone (Attachment B).

Benefit The benefit of operating as a DZO is to augment the programs and activities of the organization while simultaneously addressing problems common to the zone area. When authorized by local ordinance (Attachment B), DZOs such as Invest Aurora may solicit and receive cash or in-kind corporate contributions for approved projects. DCEO has the authority to approve or disapprove proposed projects and to specify the amount of contributions a DZO is eligible to receive for the project.

This provision allows corporations to claim State income tax deduction at double the value of the contribution to the extent that (1) the contribution qualifies as a charitable contribution under Section 170(c) of the Internal Revenue Code (26 U.S.C. 170(c)); and, (2) the Department of Commerce and Economic Opportunity approves the amount of the contribution which may be claimed as a deduction.

This State income tax deduction affords Invest Aurora additional leverage with property owners in the *Aurora River Zone*. As a DZO, Invest Aurora can apply pressure and expedite redevelopment and rehabilitation of many of the vacant properties. When donated with a specific project in mind, Invest Aurora can open properties to request for proposals, so long as they meet DCEO's approved project parameters. When combined with other tax credits and grant programs in the River Edge Redevelopment



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Zone Act, classification as a DZO becomes an effective tool in Invest Aurora's continued mission of economic development for the City of Aurora.

Attachments

- A. River Edge Redevelopment Zone Map
- B. City of Aurora Ordinance Appointing Invest Aurora as a DZO