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CITY OF AURORA, ILLINOIS
LAKE AND GALENA TIF DISTRICT REDEVELOPMENT PLAN

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&
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I. Introduction

The City of Aurora, Illinois (the "City") is a community located in DuPage, Kane, Kendall and Will Counties, approximately 40 miles west of the City of Chicago's "Loop". The City is generally bounded by the municipalities of Sugar Grove to the west, Batavia and North Aurora to the north, Naperville to the east and Montgomery to the south. The City is situated near major access points and regional land uses (e.g. the Fox River, State Highway 31, I-88 Expressway, etc.)

The history of the City is directly tied to the growth of its central business district (or "Downtown"). Centered around Stolp Island and the Fox River, the City's Downtown developed as its industrial base grew in the mid- and late- 19th Century. By the early-20th Century, the City's Downtown was home to a number of commercial and cultural destinations including department stores, financial institutions and theaters. The Downtown continued to thrive until national trends away from the manufacturing sector began to impact the area in the mid-1970s. As manufacturing led to higher rates of unemployment, investment also began to be directed away from the Downtown towards development in the more suburban eastern portion of the City.

Since this time, the City has focused planning resources on the Downtown and has promoted reinvestment into the struggling central business district. In some ways these efforts have been successful in renewing interest in the central business district as a whole. However, some key sites continue to be impacted by conditions which deter private investment and impede redevelopment.
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The Hobbs Building is a four-story brick building originally constructed in 1892 as a furniture store. It's prominent location on the corner of River Street and Galena Boulevard and its distinct onion-shaped dome led to it becoming an architectural icon of the City's Downtown. However, the building has been impacted by vacancy since 2016 and has slipped into a state of disrepair over the years. Similarly, the nearby Galena Hotel, the City's first hotel, has deteriorated in condition due to neglect and an overall lack of reinvestment.

Given the existing conditions of these and nearby sites, the City has determined that the area as a whole would not be redeveloped in a coordinated manner without the adoption of a Tax Increment Financing Redevelopment Plan. The City with the assistance of Kane, McKenna and Associates, Inc. (KMA), has commissioned this Redevelopment Plan to use tax increment financing in order to alleviate those conditions which deter private investment in the area and to meet redevelopment goals and objectives.

A. Overview of Tax Increment Financing (TIF)

Tax Increment Financing (TIF) is an economic development tool which uses incremental property tax revenues to finance eligible redevelopment activities. In the State of Illinois an area can be designated as a TIF district if it faces certain impediments to redevelopment. At the time of designation the equalized assessed value of tax parcels within the boundaries of the district are "frozen" for the term of the TIF district. Taxing jurisdictions that overlap that district continue to receive property taxes, but those revenues are limited to those based on the "frozen" equalized assessed values. Any property tax revenue generated from increases in equalized assessed value relative to the frozen values are deposited in a special tax allocation fund. This revenue is then used to finance redevelopment activities within the district to accomplish various community and economic development goals.

B. The Redevelopment Plan

The Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended (the "TIF Act" or "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)).

To establish a TIF district ("Redevelopment Project Area" or "RPA), Illinois municipalities must adopt several documents including a Redevelopment Plan and an Eligibility Report. A Redevelopment Plan is any comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions 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 TIF Act.

The City has authorized KMA to study the RPA in relation to its qualification as a TIF district under the TIF Act, to prepare a TIF District Eligibility Report for the RPA and to prepare a Redevelopment Plan for the RPA.

C. Findings Pursuant to the TIF Act

It is found and declared by the City through legislative actions as required by the Act that:

1. The Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this redevelopment plan;

2. The Redevelopment Plan and Project conform to the City of Aurora's Comprehensive Plan (1984) which guides development of the City as a whole.

II. Redevelopment Project Area

A. Redevelopment Project Area Summary

The RPA is located in Downtown Aurora. The City's Downtown, of which the RPA is a part, is characterized by a wide variety of land uses including commercial, residential, institutional and mixed uses.

The RPA generally consists of tax parcels on the northeastern side of Galena Boulevard from Lake Street to the northwest to River Street to the southeast and one tax parcel located on the southwestern side of Galena Boulevard bound in the same manner and generally known as the Galena Hotel.

The RPA consists of 13 tax parcels that are 1.5 acres in size. The RPA is estimated to be approximately 4 acres in size including right-of-ways.

Please see Appendix A of Exhibit 3 for a list of the tax parcels included in the RPA and Exhibit 1 for a visual depiction of the RPA, both of which are attached hereto and made a part hereof.

B. Legal Description of Redevelopment Project Area

The Redevelopment Project Area legal description is attached as Exhibit 2, attached hereto and made a part hereof.

III. Redevelopment Goals

A. City Goals

The City has established a number of economic development goals, objectives and strategies which would determine the kinds of activities to be undertaken within the RPA.

An important underlying planning document is the City of Aurora's Comprehensive Plan (1984) (the "Comprehensive Plan") which, as an element of the planning process, describes the overall vision for the City and is the foundation for City initiatives. This planning document influences all other City planning process including those related to TIF. The below Table 1 summarises goals in the Comprehensive Plan that are applicable to the RPA.

Table 1. Comprehensive Plan Goals Applicable to Redevelopment Project Area

Element	Goal
Urban Form and Function	- Provide for orderly, balanced and efficient growth and redevelopment; Protect and enhance those assets and values that establish the desirable quality and general livability of the City; Promote the City's position as a regional center
Land Use Interrelationships	- Provide for the growth of the City through the integration of land use patterns and functions that promote complementary interactions
Circulation and Land Use Patterns	- Plan and provide for growth of the City through the coordination of land use patterns and functions with an integrated, efficient, accessible and energy-conserving circulation system
Enhancement of the Urban Environment	- Plan and Provide for growth of the City while protecting, conserving and enhancing its social, cultural and aesthetic environment and economic resources
Housing & Neighborhood	-Promote and plan for residential development or redevelopment to provide a wide range of quality housing opportunities
Economic Development	- Promote and plan for location of commercial centers - Enhance the positive and minimize the negative impacts and relationships that location, design and appearance of commercial activities have on City as a whole - Promote and rejuvenate the Downtown as a multi-use center - Promote sound, diversified and organized industrial, office and commercial growth
Transportation	- Promote a transportation system that efficiently integrates city streets - Promote a street system that will encourage sound community development
Enhancement of Visual Environment	- Enhance the visual and aesthetic environment throughout the City

Source: City of Aurora, Illinois Comprehensive Plan (1984)

Implementation of the Redevelopment Project will facilitate the accomplishment of these and other goals described in the Comprehensive Plan. It is further expected that the Redevelopment Project will return the RPA to economically productive use; thus, accomplishing the City's general goals regarding enhancing and strengthening the City's tax base.

B. Subarea Goals

Prior planning efforts in relation to the RPA, in addition to the Comprehensive Plan, include the recent A Master Plan for Downtown Aurora (2017) (the "Subarea Plan"). The below Table 2 summarises goals in the Subarea Plan that are applicable to the RPA.

Table 2. Subarea Plan Goals Applicable to Redevelopment Project Area

Element	Goal
The Downtown Experience	- Enhance the built environment to create a sense of place - Develop and implement a comprehensive signage and wayfinding program - Improve feelings of comfort and safety
Revitalizing the Downtown Economy	- Enhance the business climate by focusing on economic development initiatives and programming to encourage investment - Support the Downtown core by enhancing livability
Transportation: Getting To and Around Downtown Aurora	- Identify traffic network bottlenecks and high crash locations for projects to improve traffic flow - Encourage walking and enhance the transition to walking from all transportation modes - Encourage the use of bicycles for transportation - Address downtown parking challenges - Identify and fix barriers for those with mobility challenges

Source: A Master Plan for Downtown Aurora (2017).

Implementation of the Redevelopment Project will facilitate the accomplishment o fthese and other goals described in the Subarea Plan.

C. Redevelopment Project Goals and Objectives

Given the potential community benefits that may be gained from redevelopment of the RPA, efforts should be made to achieve the following in the RPA:

1. Reduce or eliminate those adverse impacts described in the TIF Eligibility Report which deter private investment in the RPA

2. Return underutilized property located within the RPA to productive use and strengthen and enhance the City's tax base

3. Provide for high-quality development within the RPA that facilitates community and economic development goals

4. Accomplish redevelopment of the RPA over a reasonable time period

These goals may be accomplished by pursuing the following objectives for the RPA:

1. Promotion of the redevelopment of underutilized property located within the RPA

2. Provision for the assembly or coordination of private and public property for viable redevelopment projects

3. Improvement of existing rights-of-way and infrastructure including, but not limited to roadways, streetscape, traffic signalization and parking improvements

4. Provision of necessary site preparation including, but not limited to, grading, demolition and environmental remediation

5. Provision of public investment that improves the physical condition and visual aesthetic of the area including those in the public realm (e.g. streetscaping, wayfinding) and the private realm (e.g. facades and signage)

These objectives may be pursued independently by the City, in conjunction with other units of government or in private partnership by entering into redevelopment agreements in order to redevelop existing property or induce new development to locate within the RPA.

IV. Evidence of Lack of Development and Growth

Eligibility Report

The Redevelopment Plan Area's qualification under the TIF Act was evaluated by representatives of KMA from November, 2019 to the date of this draft report. Analysis was aided by certain reports obtained from the City and other sources. Only information which would directly aid in the determination of eligibility for a TIF district was utilized.

The reported results of this evaluation are attached as Exhibit 3 of this Redevelopment Plan and Project and made a part hereof.

Findings

As found in Exhibit 3 of this Redevelopment Plan and Project, the RPA has suffered from certain impediments to redevelopment. The area has been burdened with a lack of significant private investment and/or development. As a result, the RPA is not likely to experience significant development and growth without the use of City resources.

Those factors which evidence lack of development and growth in the RPA are; (i) lack of community planning; (ii) excessive vacancies; (iii) declining/lagging equalized assessed value (EAV); (iv) deterioration; (v) inadequate utilities; and, (vi) obsolescence.

V. Assessment of Fiscal Impact on Affected Taxing Districts

It is anticipated that the implementation of this Redevelopment Plan and Project will have a positive financial impact on the affected taxing districts. Actions to be taken by the City to enhance the its tax base through the implementation of this Redevelopment Plan and Project will have also have a positive impact on the affected taxing districts.

It is anticipated that the RPA will require no increased services from any affected taxing districts outside of the City. Strategies will be encouraged to promote growth via private investment within the area, while specific objectives will be geared toward stabilizing the RPA's existing strengths and revitalizing the RPA's redevelopment potential.

Should the City achieve success in attracting private investment which does result in the need for documented increased services from any taxing districts, the City will consider the declaration of sufficient surplus funds (which funds are neither expended nor obligated) as provided by the TIF Act, to assist affected taxing districts in paying the costs for the increased services.

Any surplus funds that may exist will be proportionately shared, based on the appropriate tax rates for a given year, with the various taxing districts including the City. Prior to any surplus disbursement, all TIF eligible costs either expended or incurred as an obligation by the City will be duly accounted for through the administration of the Special Tax Allocation Fund to be established by the City as provided by the TIF Act.

Any impacts to school district are expected to be addressed through the utilization of payments provided by the TIF Act in connection with residential projects receiving TIF funding. Please see Section VI (D) of this report for more information regarding these payments.

VI. Housing Impact Study

The RPA was studied in order to determine if a housing impact study would need to be conducted pursuant to the TIF Act.

A housing impact study is not required to be completed because the City will certify that it will not displace ten or more residential units and that the RPA contains less than 75 inhabited residential units.

If later the City does decide that it is necessary to dislocate ten or more residential units or add 75 or more inhabited residential units, then the City must complete a housing impact study and amend the Redevelopment Plan herein.

VII. Redevelopment Project

A. Redevelopment Activities

The City will implement a coordinated program of actions, including, but not limited to, the following actions:

Land Assembly: Property within the RPA may be acquired, assembled and reconfigured into appropriate redevelopment sites.

Site Preparation, Clearance, and Demolition: Property within the RPA may be improved by site clearance, excavation, regrading, environmental remediation or demolition.

Public Improvements: Public improvements within the RPA may be provided or repaired to support the Redevelopment Plan and Project. Examples of such public improvements may include, but are not limited to: (i) public utilities and infrastructure including roadways, water mains, sanitary sewer systems and storm sewer systems; (ii) public parking facilities; (iii) stormwater management and detention facilities; (iv) landscaping, lighting, traffic signalization; signage; and other improvements to the streetscape.

Rehabilitation: Rehabilitation of certain structures within the RPA in order to provide for the redevelopment of the area and conformance to City provisions. Improvements may include commercial signage upgrades, exterior and facade related work as well as interior related work.

Interest Rate Write-Down: Entering into agreements with property owners/developers whereby a portion of the interest cost of a construction, renovation or rehabilitation project is paid for on annual basis out of the Special Tax Allocation Fund of the RPA, in accordance with the Act.

School Costs: Funding school tuition costs as provided for by the TIF Act.

Job Training: Assisting facilities and enterprises located within the RPA in providing job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to; federal programs, state programs, applicable local vocational educational programs including community college sponsored programs and other federal, state, county or non-profit operated programs that are available or will be developed and initiated over time.

B. General Land Use Plan

Existing land uses consist of commercial and institutional uses. Existing land uses are shown in Exhibit 4, attached hereto and made a part hereof.

Intended land uses in the RPA consist of [Insert proposed uses]. Intended land uses will conform to the City's Comprehensive Plan. Exhibit 5, attached hereto and made a part of this Plan designates the intended general land uses in the Redevelopment Project Area.

C. Additional Design and Control Standards

The appropriate design controls, including for any Planned Developments, as set forth in the City's Zoning Ordinance, as amended, shall apply to the RPA.

D. Eligible Redevelopment Project Costs

Redevelopment project costs mean and include the sum of all reasonable or necessary costs incurred or estimated to be incurred, as provided in the Act, and any such costs incidental to this Redevelopment Plan and Project. Private investments, which supplement municipal Redevelopment Project Costs, are expected to substantially exceed such Redevelopment Project Costs.

Eligible costs permitted under the Act which may be pertinent to this Redevelopment Plan and Project include:

1. *Professional Services* - Costs of studies and 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, marketing, financial, planning, or other special services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected; except that after November 1, 1999, 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 three (3) years. In addition, "redevelopment project costs" shall not include lobbying expenses;

1.1 After July 1, 1999, 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 area or approved a redevelopment plan;

2. *Marketing* - The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;

3. *Property assembly costs* - Including, but not limited to, acquisition of land and other property, real or personal, or rights or interest 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;

4. *Rehab costs* - Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the costs 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; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;

5. *Public works and improvements* - Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification, 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 the effective date of this amendatory Act of the 91st General Assembly or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provided that 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;

6. *Job training* - Costs of job training and retraining projects including the costs of ‘welfare to work” programs implemented by businesses located within the redevelopment project area;

7. *Financing incentives* - 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 pursuant to the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;

8. *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 (and additional student tuition) 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;

9. *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 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 this 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 this 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 this 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 district, 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 this Act;

(ii) for elementary school district, 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 this 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) Any school district in a municipality with a population of 1,000,000, additional restrictions apply. Any school district seeking payment shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by the Act. By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects;

10. *Library 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 January 1, 2005, a public library 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 this Act shall be paid to the library district by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the

assisted housing units. This paragraph applies only if (i) the library is located in a county that is subject to the Property Tax Extension Limitation Law or (ii) the library district is not located in a county that is subject to the Property Tax Extension Limitation Law but the district is prohibited by any other law from increasing its tax levy rate without a prior voter referendum.

The amount paid to a library district under this paragraph shall be calculated by multiplying (i) the net increase in the number of persons eligible to obtain a library card in that 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 this Act since the designation of the redevelopment project area by (ii) the per-patron cost of providing library services so long as it does not exceed $120. The per-patron cost shall be the Total Operating Expenditures Per Capita as stated in the most recent Illinois Public Library Statistics produced by the Library Research Center at the University of Illinois. The municipality may deduct from the amount that it must pay to a library district under this paragraph any amount that it has voluntarily paid to the library district from the tax increment revenue. The amount paid to a library district under this paragraph shall be no more than 2% of the amount produced by the assisted housing units and deposited into the Special Allocation Fund.

A library district is not eligible for any payment under this paragraph unless the library district has experienced an increase in the number of patrons from the municipality that created the tax-increment-financing district since the designation of the redevelopment project area.

Any library district seeking payment under this paragraph shall, after July 1 and before September 30 of each year, provide the municipality with convincing evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the library district. If the library district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. Library districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by this paragraph. By acceptance of such reimbursement, the library district shall forfeit any right to directly or indirectly set aside, modify, or contest in any manner whatsoever the establishment of the redevelopment project area or projects;

11. *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;

12. *Payment in lieu of taxes*;

13. *Job training* - Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields

leading directly 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 the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City 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 agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code;

14. *Interest costs* – for 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 developer pertaining 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 this paragraph 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) 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 and 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).

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) 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;

15. *Day care* - If the redevelopment project area is located within a municipality with a population of more than 100,000, the cost of day care services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, “low-income families” means families whose annual income does not exceed 80% of the municipal, county, or regional median income, adjusted for family size, as the annual income and municipal, county or regional median income are determined from time to time by the United States Department of Housing and Urban Development.

The TIF Act prohibits certain costs, including the following:

Construction of privately-owned buildings - Unless explicitly stated herein the costs of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;

Retail displacement - After November 1, 1999, none of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment projects 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. For purposes of this paragraph, 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, has become economically obsolete, or was no longer a viable location for the retailer or serviceman;

Historic building demolition - No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008, unless no prudent and feasible alternative exists. "Historic Resource" means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. This restriction does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.

If a special service area has been established pursuant to the Special Service Area Tax Act or Special Service Area Tax Law, then any tax incremental revenues derived from the tax imposed pursuant to Special Service Area Tax Act or Special Service Area Tax Law may be used within the redevelopment project area for the purposes permitted by that Act or Law as well as the purposes permitted by the TIF Act.

Estimated costs are shown on the next page. Adjustments to these cost items may be made without amendment to the Redevelopment Plan and Project.

Table 3. Redevelopment Project Cost Estimates

Program Actions/Improvements	Estimated Costs
Land Acquisition and Assembly Costs (including Relocation Costs)	$2,000,000
Site Preparation and Demolition, including Environmental Remediation	$5,000,000
Public Improvements including, but not limited to, water, storm, sanitary sewer, traffic management, and roadway and streetscape improvements	$5,000,000
Rehabilitation of Existing Structures	$20,000,000
Interest Costs Pursuant to the Act	$4,000,000
Professional Service Costs (Including Planning, Legal, Engineering, Administrative, Annual Reporting and Marketing)	$2,000,000
School Tuition Costs as provided by the Act	$300,000
Job Training	$300,000
TOTAL ESTIMATED TIF BUDGET	**$38,600,000**

Notes:

(1) All project cost estimates are in 2020 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 totals of the 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 overall budget amount outlined above and all as provided for in the Act.

E. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for public improvements and other project costs eligible under the TIF Act are to be derived principally from property tax increment revenues, and proceeds from municipal obligations, if any. Any such obligations would be retired primarily with tax increment revenues and interest earned on surplus revenue available, but not immediately needed, for the Redevelopment Plan and Project. The City may utilize incremental revenues from contiguous TIF districts to pay for redevelopment costs within the RPA, and conversely, transfer incremental revenues from the RPA to contiguous TIFs, as provided for in the TIF Act**.**

Any publicly funded TIF Redevelopment Project Costs are subject to (a) approval by the City, (b) having specific cost categories as set forth in the TIF Act and (c) pursuant to the City's TIF incentive policy.

The 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 derived from the incremental increase in property taxes 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 2019 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.

F. Nature and Term of Obligations

The City may issue obligations secured by the tax increment 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 powers pursuant to the Illinois State Constitution.

Any and/or all obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall be retired not more than twenty-three years from the date of adoption of the ordinance approving the Redevelopment Project Area. The actual date for such 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 23rd calendar year, occurring after adoption of the ordinance which establishes the RPA.

The final maturity date of any obligations issued pursuant to the Act may not be later than twenty 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 Redevelopment Plan and Project. 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, may be payable from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

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

Such securities may be issued on either a taxable or tax-exempt basis, with either fixed rate or floating interest rates; with or without capitalized interest; with or without deferred principal retirement; with or without interest rate limits except as limited by law; and with or without redemption provisions, and on such other terms, all as the City may determine.

G. Most Recent and Anticipated Equalized Assessed Value (EAV)

The most recent estimate of equalized assessed valuation (EAV) for tax year 2019 of the property within the RPA is approximately $405,463.

Upon completion of the anticipated private development of the Redevelopment Project Area over a 23 year period, it is estimated that the equalized assessed valuation of the property within the Redevelopment Project Area will range from approximately $6,000,000 to $9,000,000.

IX. Scheduling of Redevelopment Project

A. Redevelopment Project

An implementation strategy will be employed with full consideration given to the availability of both public and private funding.

Redevelopment projects will begin as soon as the specific private entities have obtained financing approvals for appropriate projects and such uses conformant to City zoning and planning requirements.

Depending upon the scope of the development as well as the actual uses, the following activities may be included in each phase:

Land Assembly: Certain properties in the RPA may be acquired and assembled into an appropriate redevelopment site.

Demolition, Site Preparation and Relocation: Existing improvements located within the RPA may have to be reconfigured or prepared to accommodate new uses or expansion plans. Demolition and site preparation activities may be necessary for future 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 provision of necessary detention or retention facilities may also be undertaken by the City.

Roadway/Street/Parking Improvements: Widening of existing road improvements and/or vacation of roads may be undertaken by the City. Certain secondary streets/roads may be extended or constructed. Related sidewalk, curb, gutter, and paving improvements could also be constructed as needed.

Utility services may also be provided or relocated in order to accommodate the renovation or expansion of buildings.

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 and streetlights may be constructed or implemented.

Interest Rate Write Down: The City may fund a portion of 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 for eligible administrative costs pursuant to the Act.

School Tuition: The City will fund school tuition as provided for by the TIF Act.

Job Training: Certain job training costs or programs as provided for in the Act may be funded as part of redevelopment activities.

B. 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 or creed. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical disabilities. 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 the compliance requirements of 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, all 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.

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.

C. Completion of Redevelopment Project

This Redevelopment Plan and Project will be completed within twenty-three years after the year of adoption of an ordinance designating the Redevelopment Project Area. The actual date for such completion shall not be later than December 31st 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 year that the ordinance approving the RPA is adopted.

X. Provisions for Amending the Redevelopment Plan and Project

This Redevelopment Plan and Project may be amended pursuant to the provisions of the TIF Act.

Exhibit 1 Boundary Map

Boundary Map 12/09/2019

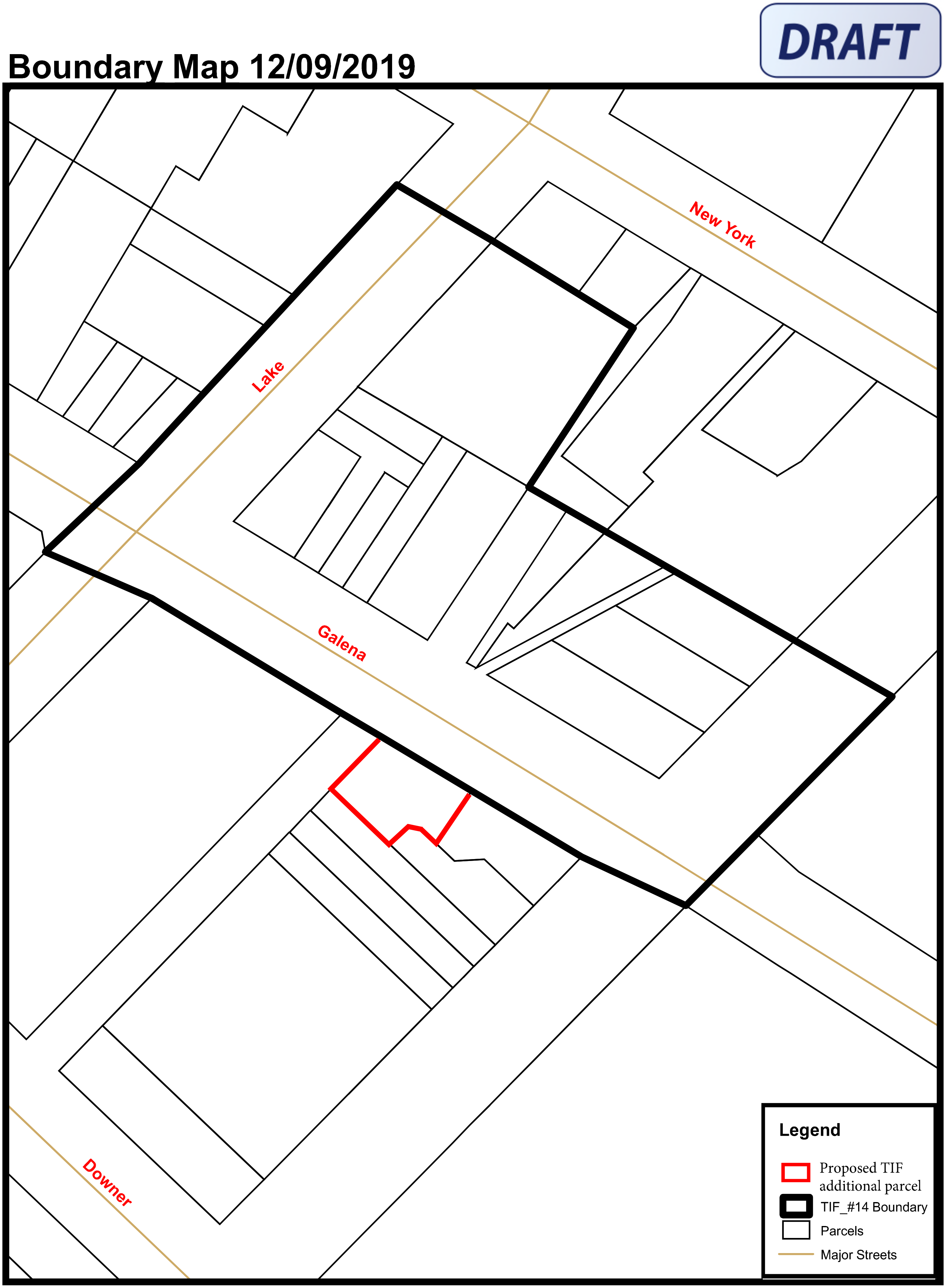

Exhibit 2 Legal Description

TIF 14 LEGAL DESCRIPTION JAN. 27, 2020

THAT PART OF LOT 1 IN BLOCK 5 IN THE ORIGINAL TOWN OF WEST AURORA AND PART OF SECTION 22, TOWNSHIP 38 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN IN THE CITY OF AURORA, KANE COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF GALENA BOULEVARD AND RIVER STREET; THENCE NORTHERLY ALONG THE EAST LINE OF RIVER STREET TO THE EASTERLY EXTENSION OF THE NORTH LINE OF HOBBS AND LOSERS SUBDIVISION; THENCE WESTERLY ALONG SAID EASTERLY EXTENSION AND ALONG SAID NORTH LINE TO THE EAST LINE OF A PARCEL WITH A PIN OF 15-22-164-020; THENCE NORTHERLY ALONG SAID EAST LINE TO THE NORTH LINE OF SAID PARCEL; THENCE WESTERLY ALONG SAID NORTH LINE AND THE WESTERLY EXTENSION OF SAID NORTH LINE TO THE WEST LINE OF LAKE STREET; THENCE SOUTHERLY ALONG SAID WEST LINE TO THE SOUTHWEST CORNER OF LAKE STREET AND GALENA BOULEVARD; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID GALENA BOULEVARD TO THE NORTHERNMOST CORNER OF SAID LOT 1 IN BLOCK 5 IN THE ORIGINAL TOWN OF WEST AURORA; THENCE SOUTHERLY, ON THE WEST LINE OF SAID BLOCK 5 TO THE SOUTH LINE OF A PARCEL WITH P.I.N. OF 15-22-305-001; THENCE EASTERLY AND NORTHERLY ALONG THE SOUTH AND EAST LINES OF SAID PARCEL TO THE SOUTH LINE OF SAID GALENA BOULEVARD; THENCE EASTERLY, ON SAID SOUTH TO THE POINT OF BEGINNING.

Exhibit 3 Eligibility Report

Draft Dated: 05/15/2020

CITY OF AURORA, ILLINOIS
LAKE AND GALENA TIF DISTRICT ELIGIBILITY REPORT

Prepared By:

City of Aurora, Illinois
&
Kane, McKenna and Associates, Inc.

May, 2020

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EXECUTIVE SUMMARY

The City of Aurora, Illinois (the "City") is pursuing the establishment of the Lake and Galena Tax Increment Finance District (the "TIF District", "Redevelopment Project Area" or "RPA") to promote the revitalization of underutilized properties in the City's central business district. In the context of planning for the establishment of the RPA, the City has initiated the study of certain tax parcels (the "Study Area") to determine whether they qualify separately or in aggregate under the Tax Increment Allocation Redevelopment Act, 65ILCS 5/11-74.4-3, et seq., as amended (the "TIF Act" or "Act") for inclusion in the RPA. Kane, McKenna and Associates, Inc. (KMA) has been retained by the City to conduct this study on the City's behalf.

KMA has reached the following conclusions regarding the qualification of the Study Area based upon the analysis completed to date:

1) The Study Area qualifies as a conservation area – The Study Area qualifies as a conservation area as defined in the TIF Act. The conservation area factors found in the Study Area are present to a meaningful extent and are distributed throughout the area.

2) Current conditions impede redevelopment – The existence of certain conditions found within the Study Area present a barrier to the Study Area's successful redevelopment. The current conditions in the Study Area are impediments to redevelopment, creating an environment where it is reasonable to conclude redevelopment would not take place "but for" the City's use of authority granted under the TIF Act. The factors present on the ground negatively impact coordinated and substantial private sector investment in the overall vicinity of the Study Area. Without the use of City planning and economic development resources to mitigate such factors, potential redevelopment projects and other activities that require private sector investment are not likely to be economically feasible within the Study Area.

3) Viable redevelopment sites could produce incremental revenue – The Study Area potentially could, with TIF-related assistance, be redeveloped and thereby produce incremental property tax revenue. 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 in the Study Area.

4) TIF designation is recommended - To mitigate conservation area conditions, promote private sector investment, and foster the economic viability of the Study Area, KMA recommends that the City proceed with the formal TIF designation process for the entire Study Area

I. INTRODUCTION

Description of the Study Area

The Study Area is located in Downtown Aurora. This central business district, of which the Study Area is a part, is characterized by a wide variety of land uses including commercial, residential, institutional and mixed uses.

The Study Area generally consists of tax parcels on the northeastern side of Galena Boulevard from Lake Street to the northwest to River Street to the southeast and one tax parcel located on the southwestern side of Galena Boulevard bound in the same manner and generally known as the Galena Hotel.

The Study Area consists of 13 tax parcels that are 1.5 acres in size. The Study Area is estimated to be approximately 4 acres in size including right-of-ways.

Please see Appendix A, attached hereto and made a part hereof, for a list of the tax parcels included in the Study Area and Appendix B, attached hereto and made a part hereof, for a visual depiction of the Study Area.

Background

The Study Area is located in the City of Aurora's central business district (or "Downtown") and is comprised of a number of key sites including the historic Hobbs Building and the historic Galena Hotel.

The City's Downtown first developed around the Fox River and Stolp Island to facilitate the area's growing industrial base in the mid- and late- 19th Century. The City's Downtown continued to develop through the 20th Century as land uses expanded to include commercial and cultural users such as department stores, offices, financial institutions and theaters. In the mid-1970s, following national trends away from the manufacturing sector and faced with competing developments in the more suburban eastern portion of the City, the Downtown began to fall into a state of disinvestment.

Since this time, the City has focused planning resources on the Downtown and has promoted reinvestment into the struggling central business district. In some ways these efforts have been successful in renewing interest in the central business district as a whole. However, some key sites continue to be impacted by conditions which deter private investment and impede redevelopment.
.
The Hobbs Building is a four-story brick building originally constructed in 1892 as a furniture store. It's prominent location on the corner of River Street and Galena Boulevard and its distinct onion-shaped dome led to it becoming an architectural icon of the City's Downtown. However, the building has been impacted by vacancy since 2016 and has slipped into a state of disrepair over the years. Similarly, the nearby Galena Hotel, the City's first hotel, has deteriorated in condition due to neglect and an overall lack of reinvestment.

Given the existing conditions of these and nearby sites, the City has determined that the area as a whole would not be redeveloped in a coordinated manner without the adoption of a Tax Increment Financing Redevelopment Plan. The City with the assistance of KMA commissioned this Eligibility Report as part of a Redevelopment Plan in order to alleviate those conditions which deter private investment in the area and to meet redevelopment goals and objectives.

Overview of Tax Increment Financing (TIF)

Tax Increment Financing (or "TIF") is an economic development tool which uses incremental property tax revenues to finance redevelopment activity. In the State of Illinois an area may be designated as a TIF district if it faces certain impediments to redevelopment. At the time of designation, the equalized assessed value of tax parcels within the boundaries of the district are "frozen" for the term of the TIF district. Taxing jurisdictions that overlap that district continue to receive property taxes, but those revenues generated from increase in equalized assessed value relative to the frozen values are deposited in a special tax allocation fund. This revenue is then used to finance eligible redevelopment activities within the district to accomplish community and economic development goals.

The Eligibility Report

The TIF 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 condition sit 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)).

To establish a TIF district (i.e. "Redevelopment Project Area" or "RPA"), Illinois municipalities must adopt several documents including a Redevelopment Plan and an Eligibility Report. An Eligibility Report is a document which provides the basis for the RPA's qualification under the TIF Act in reasonable detail.

The City has authorized KMA to evaluate the Study Area in relation to its qualification as a TIF district under the TIF Act, to prepare a TIF District Eligibility Report for the Study Area and to prepare a Redevelopment Plan for the RPA.

Determination of the "But-For"

As evidenced by the decades long failure of the private sector alone to accomplish redevelopment in the Downtown in general and the Study Area in particular, the City has determined that planned redevelopment of the Study Area is feasible only with public financial assistance. The creation and utilization of a TIF redevelopment plan and redevelopment agreements is intended by the City to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the Study Area, strengthen the tax base and improve resident quality of life.

General Scope and Methodology

KMA formally began its analysis by conducting a series of meetings and discussions with City staff starting in November, 2019 and continuing up to the date of this report's issuance. The purpose of the meetings was to establish boundaries for initial analysis and to gather data related to the qualification criteria for parcels included in the Study Area. These meetings were complemented by a series of in-person field surveys for the entire Study Area to evaluate conditions in the Study Area. KMA also analyzed the City's most recent Comprehensive Plan and other City reports relevant to the Study Area.

Properties within the Study Area were examined in the context of the TIF Act governing improved areas (separate provisions of the Act address non-improved or vacant areas). The qualification factors discussed in this report qualify the area as a "conservation area," as the term is defined pursuant to the TIF Act.

During the course of its work, KMA reported findings to key City staff regarding TIF qualification and the feasibility of redevelopment within the Study Area. Based upon these findings the City directed KMA to complete this report and move forward with the preparation of a Redevelopment Plan and Project for the RPA.

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

II. QUALIFICATION CRITERIA

The TIF Act sets out specific procedures for qualifying a RPA. By definition, a RPA 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 TIF Act, "conservation area" means any improved area within the boundaries of a RPA located within the territorial limits of the municipality where:

- 50% or more of existing structures are 35 years or older in age; and,
- At least three of 13 eligibility factors are present and distributed to a meaningful extent

The 13 possible eligibility factors are:

1. 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.

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

3. Deterioration: With respect to buildings, defects are evident, including, but 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 demonstrate evidence of deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

4. 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.

5. 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.

6. 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.

7. 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 according to room area to window area ratio requirements. 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.

8. 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 RPA; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the RPA.

9. 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, and lack of reasonably required off-street parking or inadequate provision for loading service.

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

11. Environmental Clean-Up: The RPA 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 RPA.

12. Lack of Community Planning: The RPA 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 development of the area. 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.

13. Lagging or Declining Equalized Assessed Value (EAV): The total equalized assessed value (EAV) of the RPA has declined for three (3) of the last five (5) calendar years prior to the year in which the RPA 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 RPA is designated.

III. METHODOLOGY OF EVALUATION

The following method was applied to evaluate the Study Area's qualification as a TIF district.

1. KMA representatives collected primary data during site visits to the Study Area. These site visits consisted of visual observation of the area which included, but was not limited to, tax parcel counts, address matches and the identification of current land uses, building conditions, lot conditions and traffic flows. KMA documented these observations via notes and photography.

2. KMA representatives collected secondary data including, but not limited to, 2013 to 2019 tax information, tax parcel maps, site data, planning documents and information related to local history and context from interviews with City staff and other stakeholders.

3. The age of existing structures was ascertained by matching data collected during site visits to local tax and building records to determine if the Study Area would qualify as a conservation area as defined by the TIF Act.

4. KMA also utilized the collected data to conduct an evaluation of the presence and extent of the aforementioned eligibility factors (e.g. deterioration, excessive vacancies, etc.) that would qualify the Study Area as a conservation area as defined by the TIF Act.

IV. QUALIFICATION FINDINGS FOR STUDY AREA

Summary of Age Findings for a Conservation Area

As mentioned in Section II of this report, an area may qualify as a conservation area under the TIF Act if 50% or more of existing structures are 35 years in age or older. KMA collected primary data from site surveys and secondary data from the Aurora Township Assessor regarding the age of existing structures within the Study Area. KMA found that 7 of the 7 existing structures, or 100%, are 35 years in age or older. Therefore, it is possible for the Study Area to qualify as a conservation area as defined by the TIF Act.

Table 1. Summary of Age Findings for Conservation Area

Total number of structures in Study Area	7
Number of structures in Study Area 35 years or older in age	7
Percent of structures in Study Area 35 years or older in age	100%

Summary of Factor Findings for a Conservation Area

Once it was established that the Study Area may qualify as a conservation area based upon the age threshold of structures within the study Area, KMA analyzed the Study Area in relation to the 13 aforementioned eligibility factors. Three of these factors must be present and distributed to a meaningful extent within the Study Area to qualify the area as a conservation area under the TIF Act. KMA determined that 6 of the 13 possible factors were present and distributed to a meaningful extent within the Study Area.

Table 2. Summary of Factor Findings for Conservation Area

Total number of possible factors per TIF Act	13
Minimum factors needed to qualify per TIF Act	3
Factors present in Study Area	6

The 6 factors found to be present and distributed to a meaningful extent within the Study Area are:

1. Lack of Community Planning
2. Excessive Vacancies
3. Declining/Lagging Equalized Assessed Value (EAV)
4. Deterioration
5. Inadequate Utilities
6. Obsolescence

These factors are summarized as follows:

1. Lack of Community Planning: The Act states that this factor is present if the Study Area developed prior to or without the benefit or guidance of a community plan. This factor must be documented by evidence of adverse or incompatible land use relationships, an inadequate street layout, improper subdivision, parcels of inadequate shape or size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

   When evaluating an area for the presence of this factor it is helpful to compare the age of existing structures with any key community planning events in the Study Area's history. In the case of the Study Area, and as indicated in the below Table 3, six of seven existing structures in the Study Area, or 86% of existing structures, were built prior to the approval of the City's original Comprehensive Plan in 1957 and the City's Preliminary Development Program for Downtown in 1974. The majority of development that has occurred in the Study Area took place in an era prior to modern community planning techniques and without the benefit of guidance from comprehensive and coordinated planning.

   Table 3. Support for Lack of Community Planning Factor

Total number of structures in RPA	6
Number of structures in RPA older than 1974	7
Percent of structures in RPA older than 1974	86%

   Several adverse conditions of the Study Area also evidence the presence of this factor. For example, conversion of Galena Boulevard form a one-way roadway to a two-way roadway is a chief transportation recommendation made in the City's Downtown Master Plan (2017). The one-way roadway design present in the Downtown is identified as creating a greater incidence of traffic congestion and encouraging unsafe travel speeds relative to the two-way alternative. Increased travel speeds from one-way orientations have also been found to be less beneficial to Downtown businesses. Conversion to a two-way roadway would require the construction of additional traffic improvements including traffic signals and restriping. The need for this conversion and associated improvements is indicative of an inadequate street layout, and in turn, development of an area which lacked the guidance of comprehensive and coordinated planning.

2. Excessive Vacancies: The Act describes excessive vacancies as the presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent or duration of the vacancies.

   Excessive vacancies, particularly in commercial buildings, has been a persistent issue in the City's Downtown since 2011. The City's Downtown Master Plan (2017) identifies several factors that drive high vacancy rates including the age of structures and growing obsolescence. The Downtown Master Plan also identifies how high vacancy rates can lead to additional adverse impacts stating,

> "Absentee landowners are a problem with vacant downtown buildings. Some are waiting for a better market to do anything with their property, while many buildings deteriorate."

The previously described Hobbs Building, located at 6 N River Street in the Study Area is one such case. The property was vacated at the end of 2016 and has remained vacant up to the date of the drafting of this report. During that time the structure has been impacted by deterioration that has been driven by lack of regular maintenance and neglect. The Hobbs Building is an iconic historic building situated at a prominent location within the City's Downtown. Prolonged vacancy and the resulting deterioration of the property has resulted in an adverse aesthetic impact to the property itself and the surrounding area as such conditions signal a lack of investment in the area, discouraging investments in redevelopment.

3. Lagging/Declining Equalized Assessed Value (EAV): This factor is present if the total equalized assessed value (EAV) of the Study Area has either: (i) declined for three of the last five calendar years prior to the year in which the RPA is to be designated; (ii) changed at an annual rate that is less than the annual rate of change (i.e. lagged) of the balance of the municipality's EAV for three of the last five calendar years prior to the year in which the RPA is to be designated; or (iii) changed an annual rate that is less than the annual rate of change (i.e lagged) of the Consumer Price Index for All Urban Consumers (CPI-U) as published by the United States Department of Labor or successor agency for three of the last five calendar years prior to the year in which the RPA is to be designated.

The Study Area qualifies under all three measurements; that is, the rate of annual change of the total EAV of the Study Area; (a) declined for three of the last five calendar years prior to the year in which the RPA is to be designated; (b) lagged the balance of the City's EAV for four of the last five calendar years prior the year in which the RPA is to be designated; and, (c) lagged the CPI-U for three of the last five calendar years prior to the year in which the RPA is to be designated. Please see the below Table 4 for detail.

Table 4. Annual Rates of Change for Tax Years 2019 to 2014 for Study Area EAV and CPI-U

	Tax Year					
	2019	2018	2017	2016	2015	2014
Study Area EAV	405,463	431,012	397,137	427,943	445,573	432,330
EAV Change	-5.9%	8.5%	-7.2%	-4.0%	3.1%	
Years Declined	X	-	X	X	-	
City EAV Change	4.6%	6.1%	6.9%	8.6%	4.8%	
Years Lagged City	X	-	X	X	X	
CPI-U	1.8%	2.4%	2.1%	1.3%	0.1%	
Years Lagged CPI-U	X	-	X	X	-	

4. Deterioration: The Act describes deterioration in the context of secondary building components and surface improvements. For secondary building components (e.g. doors, windows, porches, gutters and downspouts and fascia) deterioration may be evidenced by the presence of major defects. For surface improvements (e.g. roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas), deterioration may be evidenced by surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

   Deterioration was observed and noted in secondary building components throughout the Study Area. This included defects to door entries, windows, roofs, gutters and exterior building surfaces from lack of maintenance and neglect. Specific defects include cracked or broken windows, crumbling window surroundings, exterior surfaces in need of tuckpointing/repair, rusted damage doorways and screening fencing in disrepair.

   Deterioration was also observed and noted in surface improvements throughout the Study Area. Evidence of deterioration included cracking and crumbling surfaces, potholes and depressions causing water retention. The City's Engineering Division has reported that the portion of West Galena Boulevard within the Study Area is considered to be in a state of deterioration and requires milling and resurfacing. Deterioration of surface improvements was also observed in all parking areas within the Study Area.

   The observable deterioration contributes to an adverse aesthetic impact of the Study Area. Visually, deterioration signals an area in decline rather than an investment opportunity. The degree of this adverse impact is heighted by the City's goal of creating an attractive and welcoming Downtown.

5. Inadequate Utilities This factor is present if underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines and gas, telephone and electric services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity for the municipality to serve the uses in the Study Area; (ii) deteriorated, antiquated, obsolete or in disrepair; or (iii) lacking within the Study Area.

   The City's Engineering Division reports that water and sewer infrastructure was constructed prior to 1946 and, is therefore, more than 70 years old. The age and obsolescence of this existing infrastructure is evidenced by the likelihood of it being abandoned if coordinated redevelopment of the Study Area were to occur. For example, the sewer system in the Downtown area was largely "de-combined" into separate sanitary and storm systems between 2007 and 2008. The City's Engineering Division reports that an aging combined sewer that services a key site within the Study Area would be abandoned if redevelopment of that site were to occur as new uses would utilize a new interceptor sewer. The Engineering Division indicates that there would be significant costs associated with abandoning the existing combined sewer as the section would have to be lined to prevent future collapse. Thus, the condition of existing infrastructure within the Study Area is not only antiquated, obsolete and generally lacking, but also inhibits coordinated redevelopment via additional costs related to preventing future deterioration.

6. 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.

   Obsolescence is evidenced within the Study Area by those factors previously identified in this report. For example, from a quantitative perspective, the ages of existing structures, the presence of excessive vacancies and declining/lagging EAV all act as evidence for the onset of obsolescence. As stated earlier, all seven of the existing structures within the Study Area are over 35 years in age. Indeed, six of the seven existing structures are more than 100 years in age. City regulations, planning standards and market expectations have substantially changed since the Study Area was originally developed. Obsolete conditions have impeded reinvestment in the area. The Study Area's declining and lagging EAV reflects the economic impacts of growing obsolescence and an overall lack of investment in the area. As market expectations have changed, the Study Area has become increasingly less well-suite for uses that would be attractive for investment.

   From a qualitative perspective, obsolescence is evidence by the presence of vacancy and deterioration in buildings, surface improvements and infrastructure. Deterioration results from a lack of investment in the repair and maintenance of improvements, and this lack of investment is a result of the increasing obsolescence of both individual structures and the Study Area as a whole. The existence of an inadequate street layout from antiquated one-way traffic orientations also points to an area which developed prior to, and has not kept stride with, current market standards and expectations -ultimately contribution to the economic hardship within the Study Area.

V. SUMMARY

Relevant qualification findings as related to the designation of the Study Area as a conservation area are as follows:

1. The Study Area is contiguous and is greater than 1 ½ acres in size;

2. The Study Area qualifies as a conservation area as; i) 50% or more of the existing structures are 35 years in age or older; and, ii) at least three eligibility factors are present to a meaningful extent and are distributed throughout the area;

3. All property in the Study Area would substantially benefit by the proposed redevelopment project improvements;

4. The growth of EAV for all taxing districts overlaying the area, including the City, has been impaired by the factors found present in the Study Area; and,

5. The Study Area would not be subject to redevelopment without the investment of public funds, including property tax increment.

In the judgement of KMA, these findings provide the City with sufficient justification to consider designation of the Study Area as a TIF district.

APPENDIX A: Tax Parcels within Study Area

Tax Parcel Identification Numbers - Lake and Galena TIF District
15-22-164-007
15-22-164-006
15-22-164-019
15-22-164-018
15-22-164-009
15-22-164-005
15-22-164-020
15-22-301-004
15-22-301-005
15-22-301-003
15-22-301-007
15-22-301-006
15-22-305-001

APPENDIX B: Boundary Map of Study Area

Boundary Map 12/09/2019

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Exhibit 4 Existing Land Use Map

Existing Land Uses Map 1/14/2020

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Exhibit 5 Proposed Land Use Map

Proposed Land Uses Map 1/14/2020

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