Draft Dated July 2, 2019

CITY OF AURORA, ILLINOIS
TAX INCREMENT FINANCE (TIF) DISTRICT QUALIFICATION REPORT
75th STREET AND OGDEN AVENUE TIF DISTRICT

A study to determine whether certain properties within the City of Aurora qualify as a blighted vacant area as defined in the Tax Increment Allocation Redevelopment Act of Chapter 65, 5/11-74.4-1, et. seq., as amended of the Illinois Compiled Statutes (the "TIF Act").

Prepared by the City of Aurora, Illinois

in conjunction with

Kane, McKenna and Associates, Inc.

JULY, 2019

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EXECUTIVE SUMMARY

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

The City is pursuing the RPA designation as part of its strategy to promote the revitalization of property and thereby assist the City in achieving its policy goal of promoting economic redevelopment.

The City is pursuing the RPA designation as part of its ongoing review of and planning for the Ogden Avenue area and Butterfield Road Corridor in order to assist in the revitalization of underutilized properties and to strengthen the economic base of the area, generating job opportunities and new investments. By undertaking the designation, the City will help strengthen the RPA as a significant contributor to the City's overall economic base and address the underutilization of RPA property.

Based upon the analysis completed to date, KMA has reached the following conclusions regarding the qualification of the TIF District. The conclusions in the executive summary herein are subject in all respects to the full Qualification Report detailing conditions observed within the proposed TIF District.

1) *The area qualifies as a "blighted vacant area"* – The TIF District qualifies as a "blighted vacant area" pursuant to the TIF Act. Currently, the vacant land that makes up the RPA lacks economic viability for development due to certain conditions identified in Section IV of this report. As a result, it prevents or threatens to prevent the beneficial economic and physical development of properties the community deems essential to its overall economic health.

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

3) *Viable redevelopment sites could produce incremental revenue* – Within the proposed TIF District, there are parcels which potentially could be redeveloped and thereby produce incremental property tax revenue. Such revenue, would likely stimulate private investment and reinvestment in these sites and ultimately throughout the TIF District.

4) *Pursuit of TIF designation is recommended* – To mitigate the existing conditions (thereby promoting the improved physical condition of the proposed RPA) and to leverage the City's investment and redevelopment efforts, KMA recommends that the City pursue the formal TIF designation process for the RPA.

I. BACKGROUND

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

The RPA consists of vacant land near and adjacent to the intersection of Ogden Avenue and 75th Avenue. It is roughly bounded by the Ogden Avenue to the north and west, and 75th Street to the south and a multi-family development to the east. The RPA consists of 2 tax parcels. Please see Appendix A for a list of the proposed parcels for inclusion in the RPA.

Current Land Use. The RPA consists entirely of vacant land. Despite its potentially advantageous location near Ogden Avenue, the I-88 Tollway, and Eola Road, development opportunities are constrained by existing conditions, thus impairing the area's growth. Currently, access to the site through either Ogden Avenue or 75th Street (including fire service access) is limited by Illinois Department of Transportation (IDOT) and DuPage County regulations. Proposed multi-story redevelopment options would require significant modifications to intersections, signals, and roadway land construction in order to accommodate fire service and circulation within the RPA. The proposed TIF District provides the City with the possibility of bringing new development to an area that, due to existing conditions, has been underutilized.

General Redevelopment Objectives. The redevelopment of the proposed RPA would aid the City's strategies in obtaining its redevelopment of an underutilized site. In this document, the City has articulated a number of public policy objectives which would be supported by the City's adoption of the proposed RPA as a TIF District.

Current Planning Principles. Each new development proposal for the Route 59 Corridor Plan study area will address these community-based principles:

- Build Economic Value. In light of evolving demographic, economic, and market trends, strengthen the Route 59 Corridor's competitive position as a regional destination for shopping, working, living, and playing.

- Enhance Livability. Offer new and expanded choices that help people of all ages, incomes, lifestyles and other distinctions lead healthier, more satisfying lives.

- Improve Connectivity. Enhance safety and connectivity for all users of the roadway including motorists, transit riders, pedestrians and bicyclists with a focus creating an interconnected local and regional trail system.

- Promote Sustainability. Use every building, paved area, public space and other elements of redevelopment to improve the area's environmental performance and resiliency.

- Create Community. Provide a mix of private, public, and civic uses; parks, squares, commons and walkable streets; and other attractions that invite people from all walks of life to feel welcome and enjoy shared moments.

Future Land Use Plan. The Route 59 Corridor Plan study area is, and is anticipated to remain, a balance of mixed land uses with a variety of housing options. Goals and objectives of the recommended land use strategy include the following:

Residential Goal: The City will maintain and strengthen established residential areas while diversifying housing options to attract new residents and provide housing opportunities for varying stages of life.

Objectives:

- Encourage new multi-family housing and mixed-use developments in and around the Fox Valley Mall to provide customer base and vitality necessary to support redevelopment strategies.

- New housing encouraged at strategic locations within easy access of transit and commercial uses.

- Support varying unit types, sizes, styles, and price points for different housing needs.

- Promote high-quality construction and design related to architectural design, scale, materials and details.

- Maintain and promote connectivity between residential and adjacent non-residential and mixed-use areas.

- Support infill and redevelopment of underperforming properties.

Commercial Goal: The City will use Corridor Study's recommendations to support and attract new commercial and industrial development and redevelopment in the Route 59 Corridor, to diversify the local economy with the flexibility to respond to ongoing changing market conditions.

Objectives:

- Create a new and revitalized atmosphere and identity for the Fox Valley Mall.
- Attract new residents, shoppers and employment opportunities to the area.
- Promote the development or coordinated commercial nodes at key locations rather than widespread strip commercial development.
- Actively seek out developer partners interested in and capable of executing the City's vision.
- Implement a framework of recommended design guidelines and corridor character elements to create a more unified and identifiable feel to the corridor.
- Coordinate the efforts of local economic development agencies to actively promote and market development opportunities, and cross-market these efforts with the emerging downtown Aurora revitalizations plans.

Source: Route 59 Corridor Study, 2019

Designation of the proposed TIF District would enable the City to further these recommended strategies and meet overall objectives.

The City is also committed to enhancing connectivity in traffic conditions. Designation of the proposed TIF District would allow the City to address traffic and circulation improvements to be located at the site, as well as infrastructure needs.

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

General Scope and Methodology. KMA performed its analysis by conducting a series of meetings and discussions with City staff, starting in April, 2019 and continuing periodically up to the date of this report. The objective of the meetings was to gather data related to the qualification criteria for properties included in the study area. These discussions were complemented by a field survey for the entire area to evaluate the condition of the proposed RPA, reviewing individual parcels as well as the RPA as a whole.

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

II. QUALIFICATION CRITERIA

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

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

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

Under the TIF Act, a "blighted area" or "conservation area" means any improved or vacant area within the boundaries of a development project area located within the territorial limits of the municipality where certain conditions are met, as indicated below.

TIF Qualification Factors for a "Blighted Vacant Area". In accordance with the TIF Act, KMA assessed the following factors to determine TIF qualification for The RPA. Per the statute, such an area meets state standards provided that:

> If vacant, the sound growth of the redevelopment project area is impaired by a combination of two (2) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area:
>
> A) Obsolete Platting. Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.

B) Diversity of Ownership. Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

C) Delinquencies. Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last five (5) years.

D) Adjacent Deterioration. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

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

F) Lagging or Declining EAV. The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last (5) calendar years prior to the year in which the redevelopment project area is designated.

Additionally, one (1) or more of the following factors may be present in the area under study:

(A) The area consists of one or more unused quarries, mines, or strip mine ponds.

(B) The area consists of unused rail yards, rail tracks, or railroad rights of way.

(C) The area, prior to its designation, is subject to (i) chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.

(D) The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.

(E) Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated as a town or City center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

(F) The area qualified as a "blighted area" immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

III. EVALUATION METHODOLOGY

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

1) Site surveys of the RPA were undertaken by representatives from Kane, McKenna and Associates, Inc., supplemented with photographic analysis of the sites.

2) KMA conducted evaluations of exterior structures and associated site improvements, noting such conditions as deterioration and obsolescence. Additionally, KMA reviewed the following data: 2013-2018 tax information from DuPage County, tax parcel maps, aerial photos, site data, local history (including discussions with City staff), and an evaluation of area-wide factors that have affected the area's development (e.g., traffic and infrastructure needs).

3) Existing site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, TIF Act factors applicable to site conditions of the parcels.

4) The RPA was examined to assess the applicability of the different factors required for qualification as a TIF district. Examination was made by reviewing the information and determining how each measured when evaluated against the relevant factors. The RPA was evaluated to determine the applicability of the various factors, as defined under the TIF Act, which would qualify the area as a blighted vacant area.

IV. QUALIFICATION FINDINGS FOR PROPOSED RPA

Based upon KMA's evaluation of parcels in the proposed TIF District and analysis of each of the eligibility factors summarized in Section II, the following factors are present to support qualification of the TIF District as a blighted vacant area. These factors are found to be clearly present and reasonably distributed throughout the Study Area, as required under the TIF Act. The qualifying factors are summarized in the table below.

Qualification Factors –TIF District

TIF Designation	*Maximum Possible Factors per Statute*	*Minimum Factors Needed to Qualify per Statute*	*Qualifying Factors Present*
Blighted Vacant Area	6	2	2 • Lagging/Declining EAV • Obsolete Platting
Blighted Vacant Area	1 ("Stand Alone" Factor)	1	• Chronic Flooding

Findings for "blighted vacant area". KMA identified three (3) vacant qualification factors. As previously defined in Section II, an area qualifies for vacant status with the presence of any two (2) of the six (6) vacant factors.

1) Lagging or Declining EAV. This factor is present if the total equalized assessed value (EAV) of the proposed 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, or is increasing at an annual rate that is less than the Consumer Price Index for all Urban Consumers published by the United States Department of Labor or successor agency for three (3) of the last (5) calendar years prior to the year in which the RPA is designated.

   The RPA's EAV has lagged behind the balance of the City's growth for three (3) of the last (5) five years.

EAV Trend for RPA

	2018	2017	2016	2015	2014	2013
Total EAV for Proposed TIF District	61,140	59,070	56,690	53,830	53,982	53,554
EAV Change	3.5%	4.2%	5.3%	-0.3%	0.8%	-
City EAV (Excluding TIF)	3,927,907,471	3,705,576,674	3,470,037,120	3,210,341,124	3,058,701,899	3,068,685,512
City EAV Change	6.0%	6.8%	8.1%	5.0%	-0.3%	-5.6%
CPI- All urban Consumers	2.40%	2.10%	1.30%	0.10%	1.60%	

Source: DuPage County and U.S. Bureau of Labor Statistics

2) Obsolete Platting. Obsolete platting can be defined as vacant land that has platting that fails to create right-of-ways for streets, alleys or other public right-of-ways or that omits easements for public utilities. The RPA is characterized by obsolete platting. There are a number of platting deficiencies including integration with existing uses. For example, the area lacks the appropriate right-of-ways for streets, alleys and public right-of-ways. New right-of-ways may need to be included as part of area traffic improvements to improve access/egress requirements and traffic circulation. Additionally, the area lacks easements for public utilities required for the proposed redevelopment. Infrastructure also needs to be provided to accommodate future development and is part of the coordination for public utilities easements.

In order to provide for redevelopment within the RPA, the City will need to coordinate the proposed traffic improvements (located along Ogden Avenue and 75th Street), the requirements for potentially four (4) detention facilities, the designing/engineering for infrastructure locations, and the coordination of multiple users and projects. Such planning will be needed on a comprehensive basis in order to ensure that the RPA properties meet contemporary standards for development and investment.

3) Chronic Flooding ("Stand Alone" Factor. The partially constructed pond on the northeastern portion of the site coupled with the existing drainage patterns on the site create flooding concerns and platting challenges (as described above) for the overall site development. The incomplete pond construction at northeastern corner of the site was built by a previous developer who abandoned the site through foreclosure, left the pond partially constructed, and did not construct the required outlets and downstream overland flood route. This pond has been a point of contention and concern of the closest neighbor to the east.

Without the completion of the required pond outlets and the required overland flood route the neighboring properties continue to bear an unnecessary flooding risk until these deficiencies can be addressed with the redevelopment of the RPA.

The site is additionally burdened with three distinct drainage patterns [Northeast, West and South]. Three drainage patterns create the necessity for multiple detention facilities on the site and, further challenge the site with loss of developable land to offset the high roadway and access cost. Further, the most efficient southern detention facility location conflicts with the right-in-right-out location permitted by DuPage County. This then splits the southern detention facility into two ponds for a total of four on this site.

V. SUMMARY OF FINDINGS; GENERAL ASSESSMENT OF QUALIFICATION

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

1) The area is contiguous and is greater than 1½ acres in size;

2) The proposed RPA will qualify as a "blighted vacant area." Further, the "blighted vacant area" factors found in the RPA are present to a meaningful extent and are distributed throughout the area. A more detailed analysis of the qualification findings is outlined in Section V of this report;

3) All property in the area would substantially benefit by the proposed redevelopment project improvements;

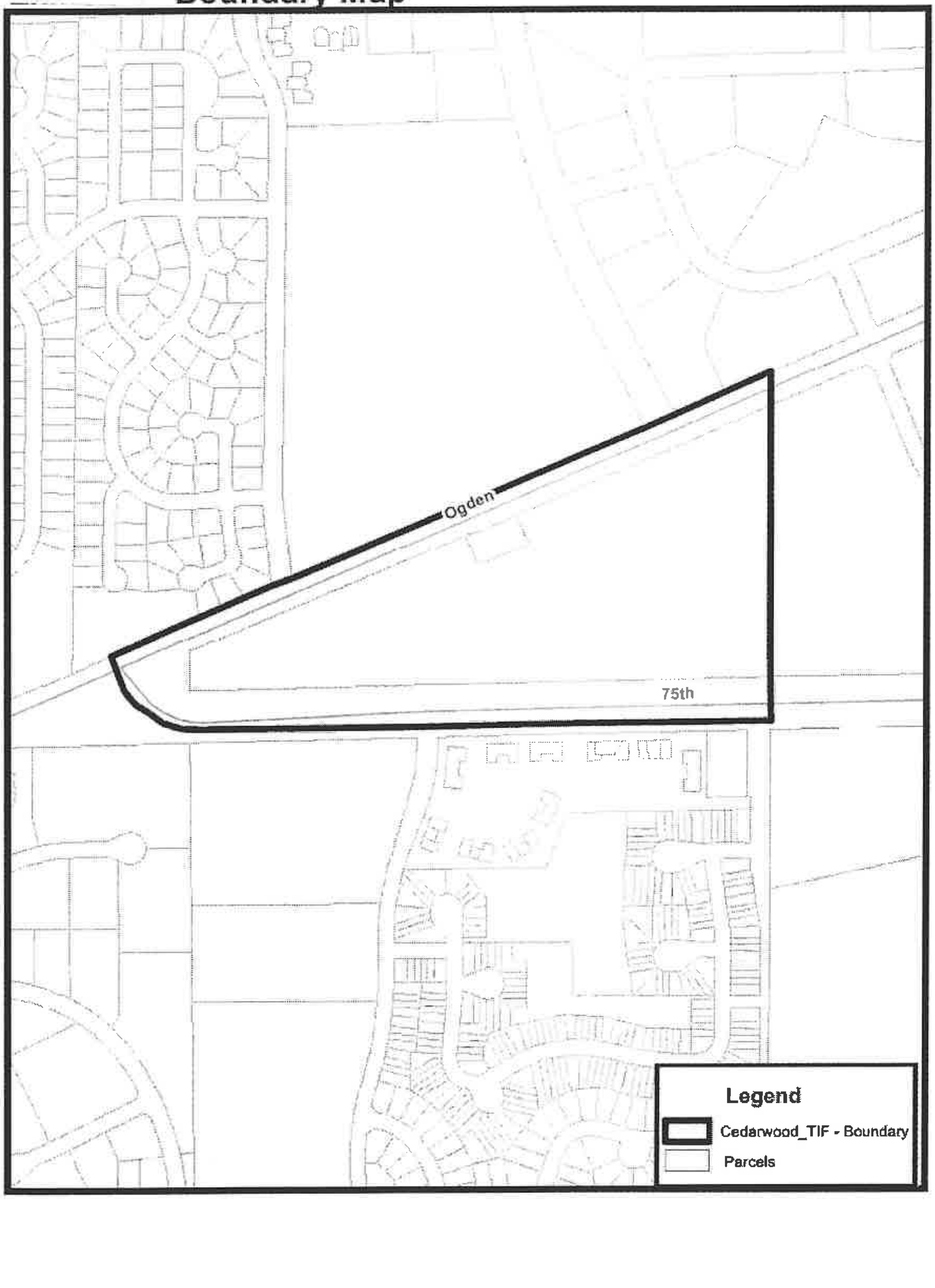
4) The sound growth of taxing districts applicable to the area, including the City, has been impaired by the factors found present in the area; and

5) The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

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

Appendix I
TIF Boundary Map and Tax Parcel List

Boundary Map



Cedarwood
EAV Matrix
12/18/2018

PIN	Tax Code	Class	2018	2017	2016	2015	2014	2013
07-28-101-007	7189	COMM	51,960	50,200	48,180	45,750	45,750	46,070
07-28-101-008	7189	SUBDI	9,180	8,870	8,510	8,080	8,232	7,484

	2018	2017	2016	2015	2014	2013
Total EAV:	61,140	59,070	56,690	53,830	53,982	53,554
% change from Previous Year:	3.5%	4.2%	5.3%	-0.3%	0.8%	-0.5%
City of Aurora	3,927,968,611	3,705,635,744	3,470,093,810	3,210,394,954	3,058,755,881	3,068,739,066
Balance of City EAV	3,927,907,471	3,705,576,674	3,470,037,120	3,210,341,124	3,058,701,899	3,068,685,512
Percent increase/decrease	6.0%	6.8%	8.1%	5.0%	-0.3%	-5.6%
CPI - All Urban Consumers	2.4%	2.1%	1.3%	0.1%	1.6%	1.5%