

2015 Amendment to the Redevelopment Plan & Project

.....
Tax Increment Finance District No. 1
.....

Prepared for
Village of Downs, Illinois

Prepared by
PGAV PLANNERS

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VILLAGE OF DOWNS, ILLINOIS

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TABLE OF CONTENTS

	PAGE
SECTION I INTRODUCTION	1
A. Background.....	1
B. Authorization for Plan Changes.....	2
SECTION II REVISED REDEVELOPMENT PLAN AND PROJECT.....	3
A. Introduction	4
B. General Land Uses to Apply	4
C. Objectives	4
D. Program Policies to Accomplish Objectives	5
E. Redevelopment Projects.....	5
F. Estimated Redevelopment Project Costs.....	6
G. Description of Redevelopment Project Costs	7
SECTION III OTHER FINDINGS AND REQUIREMENTS	13
A. Conformance with Comprehensive Plan	13
B. Assessment of Financial Impact	13
C. Estimated Date for Completion of the Redevelopment Projects	13
D. Source of Funds.....	13
E. Nature and Term of Obligations.....	14
EXHIBITS	
A – Boundary Map – TIF District No. 1	3
B – Estimated Redevelopment Project Costs.....	7

SECTION I INTRODUCTION

A. Background

Since 1999, when Tax Increment Finance (“TIF”) District No. 1 was established, some progress has been made with respect to economic growth and community improvement in this area of the Village. However, much remains to be done and the originally adopted Redevelopment Plan and Project for TIF District No. 1 needs to be revised to reflect implementation experience to date and to bring it into compliance with the Illinois Tax Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et. seq.*, the “TIF Act”). The TIF Act has been amended numerous times since the adoption of the Redevelopment Plan in 1999 and contains additional compliance requirements.

This document deals with an amendment to the Tax Increment Financing Redevelopment Plan and Project (the “Original Redevelopment Plan”) for TIF District No. 1 (defined as “redevelopment project area” in the TIF Act), which was established via Ordinances 99-17, 99-18 and 99-19 on September 9, 1999. The boundaries of TIF District No. 1 are illustrated on **Exhibit A, Boundary Map**.

While the TIF program had been making some progress, the Village had discovered that because the effectiveness of tax increment financing is predicated on the availability of future tax increment revenues from development projects, there was a need to extend the term of TIF District No. 1 beyond the original estimated date to complete the Plan of December 31, 2020. The Village obtained legislative approval to extend this estimated date of completion via passage of House Bill 0241, which was signed into law by the Governor of the State of Illinois on August 14, 2009, becoming Public Act 96-0439. Public Act 96-039 amends the TIF Act by authorizing the Village to establish the estimated date of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs may not be later than December 31 of the year in which payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the thirty-second (currently the twenty-third) calendar year after the year in which the ordinance approving the redevelopment project area was adopted.

The above described circumstances make it necessary for the Village to pursue an amendment to the TIF Redevelopment Plan and Project for TIF District No. 1. While the authorization from the State to extend the Redevelopment Plan and Project has been accomplished, the Village still needs to officially amend the Plan to extend the estimated date of completion. This change is incorporated in this plan amendment (referred to herein as the “2015 Plan Amendment”). In addition to the extension of time that the TIF can be in place, this 2015 Plan Amendment re-

states and clarifies the line item descriptions of the estimated project costs. This Plan Amendment also incorporates other findings and requirements of the TIF Act.

B. Authorization for Plan Changes

The TIF Act permits changes to a redevelopment plan. Specifically, the Act states:

“After a municipality has by ordinance approved a redevelopment plan and designated a redevelopment project area, the plan may be amended... Changes which do not

- (1) add additional parcels of property to the proposed redevelopment project area,*
- (2) substantially affect the general land uses proposed in the redevelopment plan,*
- (3) substantially change the nature of the redevelopment project,*
- (4) increase the total estimated redevelopment project cost set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted,*
- (5) add additional redevelopment project costs to the itemized list of redevelopment project costs set out in the redevelopment plan, or*
- (6) increase the number of inhabited residential units to be displaced from the redevelopment project area, as measured from the time of creation of the redevelopment project area, to a total of more than 10,*

may be made without further public hearing and related notices and procedures including the convening of a joint review board as set forth in Section 11-74.4-6 of this Act, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested parties registry, provided for under Section 11-74.4-4.2, and by publication in a newspaper of general circulation within the affected taxing district[s]. Such notice by mail and by publication shall each occur not later than 10 days following the adoption by ordinance of such changes.”

The changes associated with this 2015 Plan Amendment do not result in any of the above listed conditions. Therefore, the changes to the Plan made by this Plan Amendment are permissible, subject to the notification requirements of the TIF Act.



Exhibit A
Boundary Map
 TIF District No. 1

SECTION II

REVISED REDEVELOPMENT PLAN AND PROJECT

A. Introduction

This Section and the following Section III constitutes an amendment to the Original Redevelopment Plan and Project for Downs's TIF District No. 1. A **Redevelopment Plan** is defined in the TIF Act as the "comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area." The term **Redevelopment Project** means "any public and private development project in furtherance of the objectives of a redevelopment plan."

B. General Land Uses to Apply

The 2015 Plan Amendment proposes land uses that are consistent with the existing land use pattern, provided that this does not exclude selective redevelopment of areas of TIF District No. 1 to a different land use. It is the objective of this Plan that development and redevelopment activities will be accomplished in a well-planned manner and consistent with the 2014 Village of Downs Strategic Development Plan. Furthermore, all redevelopment projects shall be subject to the provisions of the Village of Downs's zoning ordinance and other applicable codes as may be in existence and that may be amended from time-to-time.

C. Objectives

The objectives of this revised Redevelopment Plan are:

1. Reduce or eliminate those conditions that qualified the TIF District No. 1 in the first place.
2. Prevent the recurrence of blighting conditions by implementing actions outlined in the Original Redevelopment Plan and herein.
3. Enhance the real estate tax base for the Village and all other taxing districts, which extend into TIF District No. 1 through the implementation and completion of the activities identified herein.

4. Encourage and assist private investment, redevelopment and rehabilitation within TIF District No. 1 through the provision of financial assistance as permitted by the Act.
5. Complete all public and private actions proposed in the Original Redevelopment Plan and this 2015 Plan Amendment in an expeditious manner.

D. Program to be Undertaken to Accomplish Objectives

The Village has determined that it is appropriate to provide limited financial incentives for private investment within the Project Area. It has been determined, through redevelopment strategies previously utilized by the Village and communications between prospective developers and the Village, that tax increment financing constitutes a key component of leveraging private investment within the Project Area. The Village will incorporate appropriate provisions in any redevelopment agreement between the Village and private investors to assure that redevelopment projects achieve the objectives stated herein and accomplish the various redevelopment projects described below.

E. Redevelopment Projects

To achieve the Plan objectives and the overall project proposed in the Plan, a number of public and private activities will need to be undertaken, including a combination of private developments and public investment in infrastructure improvements. Improvements and activities necessary to implement the Plan may include the following:

1. Private Redevelopment Activities:

- Rehabilitation, renovation or remodeling of existing properties.
- Construction of private buildings and site improvements as part of redevelopment projects within the Area.

2. Public Redevelopment Activities:

- Public improvements and support activities will be used to induce and complement private investment. These may include, but are not limited to:
 - Street and sidewalk improvements;
 - Utilities (sanitary and storm sewers, water, electric, etc.);
 - Land assembly and site preparation;
 - Other programs of financial assistance, as may be provided by the Village and consistent with the redevelopment project costs categories stated herein.

3. Land Assembly, Displacement Certificate & Relocation Assistance:

In order to achieve the objectives of the Plan, land assembly by the Village and eventual conveyance to private entities may be necessary in order to attract private development interest. Therefore, any property located within the Redevelopment Project Area may be acquired by the Village, as necessary, to assemble various parcels of land to achieve marketable tracts, or if such property is necessary for the implementation of a specific public or private redevelopment project. This may include the displacement of inhabited housing units located in the Project Area (see below).

Displacement Certificate:

Under Sections 11-74.4-3 (n) (5) and 11-74.4-4.1 (b) of the Tax Increment Allocation Redevelopment Act the Village hereby certifies that this amended Redevelopment Plan will not result in the displacement of more than nine (9) inhabited residential units. If at some time in the future, a redevelopment project is proposed that will result in the displacement of ten (10) or more inhabited residential units, the Village will prepare, or cause to prepare, the requisite housing impact study as specified in the TIF Act.

Relocation Assistance:

In the event that households of low-income or very low-income persons inhabit any residential housing units where relocation of the occupants is required, relocation assistance will be provided to such persons. Affordable housing and relocation assistance shall not be less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations under that Act, including the eligibility criteria. Affordable housing may be either in existing or newly constructed buildings. For purposes of this requirement in the TIF Act, “low-income households”, “very low-income households” and “affordable housing” have the meanings set forth in the Illinois Affordable Housing Act.

F. Estimate of Redevelopment Project Costs

The estimated costs associated with the eligible public redevelopment activities are presented in **Exhibit B** entitled **Estimated Redevelopment Project Costs**. This estimate includes reasonable or necessary costs incurred, or estimated to be incurred, in the implementation of Redevelopment Plan. These estimated costs are expressed in 2009 dollars, per the Original Redevelopment Plan, and are subject to refinement as specific plans and designs are finalized and experience is gained in implementing this Redevelopment Plan.

Exhibit B
ESTIMATED REDEVELOPMENT PROJECT COSTS
TIF District No. 1
Village of Downs, Illinois

Description	Estimated Cost
A. Public Works or Improvements	
<i>Water system improvements</i>	\$1,850,000
<i>Aesthetic/Signage/Pedestrian Improvements</i>	\$750,000
<i>Roadway/Transportation Improvements</i>	\$2,275,000
<i>Entrance/Access Improvements</i>	\$1,275,000
B. Property Assembly	\$775,000
<i>(Property acquisition, building demolition and site preparation)</i>	
C. Building Rehabilitation	\$650,000
<i>(Including Economic Development Revolving Loan Program)</i>	
D. Taxing District Capital Costs	\$1,850,000
<i>(School property improvements relating to the TIF)</i>	
E. Interest Costs Incurred by Developers	\$850,000
F. Administration & Related Costs	\$450,000
Total Estimated Costs	\$10,725,000

Notes:

1. All costs shown are in 2009 dollars.
2. Adjustments may be made among line items within the budget to reflect program implementation experience.
3. Municipal financing costs such as interest expense, capitalized interest and cost of issuance of obligations are not quantified herein. These costs are subject to prevailing market conditions and will be considered part of the total redevelopment project cost if and when such financing costs are incurred.
4. Private redevelopment costs and investment are in addition to the above.
5. The total estimated redevelopment project costs shall not be increased by more than 5% after adjustment for inflation from the date of the Plan adoption, per subsection 11-74.4.5 (c) of the Act.

G. Description of Redevelopment Project Costs

Costs that may be incurred by the Village in implementing the Redevelopment Plan may include project costs and expenses as itemized in **Exhibit B**, subject to the definition of “redevelopment project costs” as contained in the TIF Act, and any other costs that are eligible under said definition included in the “Contingency” line item. Itemized below is the statutory listing of “redevelopment project costs” currently permitted by the Act **[bold typeface added for emphasis]**. Note that some of the following narrative has been paraphrased (see full definitions in the Act).

1. **Costs of studies, surveys, development of plans and specifications, wetland mitigation plans, implementation and administration of the redevelopment plan**, including but not limited to staff and professional service costs for architectural, engineering, legal, environmental, financial, planning or other services, subject to certain limitations:
 - a. There are limitations on contracts for certain professional services with respect to term, services, etc.
 - b. Annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan.
 - c. Marketing costs are allowable if related to marketing sites within the redevelopment project area to prospective businesses, developers and investors.
2. **Property assembly costs**, including but not limited to **acquisition of land** and other property, real or personal or interest therein, **demolition of buildings, site preparation**, site improvements that serve as an engineered barrier addressing ground level or below ground level environmental contamination, including but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land.
3. **Costs of rehabilitation**, reconstruction or repair or remodeling of **existing public or private buildings, fixtures and leasehold improvements**; and the cost of replacing an existing public building if, pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification.
4. **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 of the Act unless either

- a. the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999; or
 - b. the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan.
5. **Cost of job training and retraining projects**, including the cost of “welfare to work” programs implemented by businesses located within the redevelopment project area.
6. **Financing costs**, including but not limited to, all necessary and incidental expenses **related to the issuance of obligations** (see definition of “obligations” in the Act), and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding thirty-six (36) months thereafter, and including reasonable reserves related thereto.
7. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a **taxing district's capital costs** resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project.
- 7.5 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 this 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 mu-

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 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;
- 8. **Relocation costs** to the extent that a municipality determines that relocation costs shall be paid or it is required to make payment of relocation costs by Federal or State law or in order to satisfy Subsection 11-74.4-3 (n) (7) of the Act (re: federal Uniform Relocation Assistance and Real Property Acquisition Policies Act requirements).
 - 9. **Payments in lieu of taxes** (not common; see definition in Act).
 - 10. **Costs of job training**, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, **incurred by one or more taxing districts**, provided that such costs:
 - a. are related to the establishment and maintenance of additional job training, advanced vocational education or career education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and
 - b. when incurred by a taxing district(s) other than the municipality, are set forth in a written agreement between the municipality and the taxing district or taxing districts, which agreement describes the programs 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 types of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the terms of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code.
 - 11. **Interest costs incurred by a redeveloper** related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- a. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
 - b. such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment 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 this 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 this Act;
12. Unless explicitly stated in the Act, the cost of **construction of new privately owned buildings shall not be an eligible redevelopment project cost.**
13. **None of the redevelopment project costs enumerated above shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area, while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality.** For purposes of this paragraph, termination means closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area; but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.
14. **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 (the effective date of Public Act 95-934), unless no prudent and feasible alternative exists. "Historic resource" for the purpose of this item (14) means
 - a. place or structure that is included or eligible for inclusion on the National Register of Historic Places or
 - b. contributing structure in a district on the National Register of Historic Places.

This item (14) 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.

SECTION III

OTHER FINDINGS AND REQUIREMENTS

A. Conformance with Comprehensive Plan

Development projects proposed to be undertaken in implementing this Redevelopment Plan conform to the goals, objectives and development standards stated in the 2014 Village of Downs Strategic Development Plan, dated August 19, 2014. In addition, all development in the Redevelopment Project Area will comply with applicable codes and ordinances.

B. Assessment of Financial Impact

The Village finds that the Plan and Project proposed by this 2015 Amendment will not place significant additional demands on facilities or services for any local taxing body. Currently, police and fire services and facilities appear to be adequate for the foreseeable future.

In the event that the new housing units to be built as part of the proposed Project generate a net increase in new students, the Tri-Valley Community Unit School District No. 3 may be entitled to receive a portion of the tax increment generated by TIF assisted housing units that create the net increase in new students (see 65 ILCS 11-74.4-3 (q) (7.5)). In addition, the Village and Joint Review Board will monitor the progress of the TIF program and its future impacts on all local taxing bodies. In the event significant adverse impacts are identified that increase demands for facilities in the future, the Village will consider utilizing tax increment proceeds or other appropriate actions, to the extent possible, to assist in addressing the needs.

C. Estimated Date for Completion of Redevelopment Projects

The estimated date for the completion of redevelopment projects or retirement of obligations issued shall not be later than December 31 of the year in which the payment to the Village Treasurer as provided in subsection (b) of Section 11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the thirty-second calendar year after the year in which the ordinance approving the original Redevelopment Project Area No. 1 was adopted (Ordinance 99-18, adopted September 9, 1999).

D. Sources of Funds

One of the sources of funds to pay for Redevelopment Project Costs associated with implementing the Redevelopment Plan shall be funds collected pursuant to tax increment allocation financing to be adopted by the Village. Under such financing, tax increment revenue resulting from increases in the EAV of property in the Redevelopment Project Area shall be allocated to

the special tax allocation fund for TIF District No. 1 (the “Fund”) every year. The assets of the Fund shall be used to pay Redevelopment Project Costs and retire any obligations incurred to finance Redevelopment Project Costs.

In order to expedite the implementation of the Redevelopment Plan and construction of the public improvements, the Village of Downs, pursuant to the authority granted to it under the Tax Increment Allocation Redevelopment Act, may issue bonds or other obligations to pay for the eligible Redevelopment Project costs. These obligations may be secured by future revenues to be collected and allocated to the Special Allocation Fund for TIF District No. 1.

If available, revenues from other economic development funding sources, public or private, will be utilized. These may include State and Federal Programs, local retail sales tax, and applicable revenues from any adjoining Tax Increment Financing Areas, as well as other revenues. The final decision concerning redistribution of yearly tax increment revenues may be made a part of a bond ordinance.

E. Nature and Term of Obligations

Without excluding other methods of Village or private financing, the principal source of funding will be those deposits made into the Special Allocation Fund of monies received from the taxes on the increased value (above the initial equalized assessed value) of real property in the Area. These monies may be used to repay private or public sources for the expenditure of funds made as Redevelopment Project Costs for applicable public or private redevelopment activities noted above, or may be used to amortize Tax Increment Revenue obligations, issued pursuant to this Redevelopment Plan, for a term not to exceed the estimated date of completion of redevelopment project as stated in Subsection C of this Section III, and bearing an annual interest rate as permitted by law.

Revenues received in excess of 100% of funds necessary for the payment of principal and interest on the bonds and not needed for other redevelopment project costs or early bond retirements shall be declared as surplus and become available for distribution annually to the taxing bodies to the extent that this distribution of surplus does not impair the financial viability of the project. One or more bond issues may be sold at any time in order to implement this Redevelopment Plan. The Village may utilize revenues from any other source, including Village, State, or Federal funds, or tax increment revenues from this Project or adjoining TIF areas to pay for the costs of completing this Project.