

***Village of Downs,  
McLean County***

***Proposed  
Tax Increment Finance District #2***

**June, 1999**

**Prepared by:**

**Homer L. Chastain & Associates, LLP**

**VILLAGE OF DOWNS**  
**PRELIMINARY TIF ELIGIBILITY REPORT**  
**TIF DISTRICT #2**

**Introduction**

The Village of Downs is located in central Illinois approximately 10 miles southeast of Bloomington-Normal with direct transportation access to Interstate 74 and U. S. Route 150. The Village of Downs has attracted only limited development despite its proximity to major transportation facilities. According to property records, the majority of this development in the community occurred between 1870 and 1910. In the past ten to fifteen years, the Village has seen comparatively little commercial/industrial or residential growth in spite of its favorable location. This situation is especially troubling in light of the fact that Downs' existing interstate development is aging with limited prospect for improvement, and commercial/industrial development along U.S. 150 is similarly affected.

While transportation infrastructure is commonly recognized as one of the most important factors in stimulating economic growth, the Village of Downs has received virtually no new economic development resulting from its favorable location. This is of particular concern in light of planned regional improvements to the Towanda-Barnes Road, U.S. 150 and its location and access to major developments within McLean County. The Village is convinced that a reason for this lack of development, specifically relating to the U.S. 150/Towanda-Barnes intersection can be attributed to several key factors. Those are:

1. **Obsolete platting of vacant land** - subdividing of this area has resulted in three distinct parcels, the largest of which does not have public access onto U.S. 150, Towanda-Barnes Road, or any public roadway. Both of the two larger parcels are impacted by the subdivision of the third parcel for a cellular tower and associated structures and an access easement which by location drastically limits the development potential or land use for the remaining two. (See appendices A and B)

2. **Diversity of ownership** - all three parcels are currently under separate ownership, limiting the ability to address problems associated with obsolete platting.
3. **Flooding on all or part of such vacant land** - periodic flooding and drainage problems exist on all three parcels.
4. **The existence of deteriorated structures or site improvements in neighboring areas adjacent to the intersection** - neighboring properties include deteriorating/abandoned structures, reduced or non-existence maintenance, outdoor storage of used/abandoned vehicles, tires, miscellaneous urban/rural detritus and apparent multiple and non-compatible land-uses on a single property.

In an effort to address these problems, the Village of Downs proposes to create a Tax Increment Finance Authority (TIF) district. The district would include the approximately 150 acres on the southwest corner of the U.S. 150/Towanda-Barnes intersection. (See Appendix A) The Village's overall goal for this project is to promote high-quality, mixed-use development surrounding the intersection and to provide aesthetic, access, public infrastructure and other improvements to the area and the community that can: (1) enhance the image of Downs and McLean County, (2) provide additional employment opportunities within the region, (3) augment the Village's existing commercial/industrial/residential properties, and (4) promote and expand the real property tax base.

### **Tax Increment Financing Redevelopment**

Tax Increment Financing is a method of funding public investments in an area slated for (re)development, by capturing, for a time, all or a portion of the increased tax revenue that results when public (re)development efforts stimulate private investment. After a blighted and/or conservation area is designated as a Redevelopment Project Area and Tax Increment Financing is adopted, all taxing jurisdictions continue to receive the property tax revenue that they received prior to the redevelopment effort. New property tax revenues generated by increased development are

referred to as tax increment revenues. These new tax revenues are utilized to fund the public redevelopment effort within the TIF district. As soon as the redevelopment project costs are paid, or adequate provisions for such payments are made, the surplus tax increment revenues are distributed to the various taxing jurisdictions. All taxing bodies are, therefore, the beneficiaries of the redevelopment.

### **Qualifying Conditions Existing in the Redevelopment Area**

The legislative body of a municipality is authorized under the *Tax Increment Allocation Redevelopment Act* (65 ILCS 5/11-74.4) to create a Tax Increment Finance district, and to utilize the powers and authority granted in the act to increase development, address the obstacles to full development, or to eliminate those items causing blight or generally known to cause blight. (65 ILCS 5/11- 74.4-2 (a, b, c)). In order to utilize TIF, a municipality must first establish the eligibility of the proposed TIF district.

The above-cited legislation spells out specific criteria for formulating the eligibility of a proposed TIF district. Of particular interest to the Village of Downs' proposed district are the following definitions from the legislation:

*"Blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of 5 or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; inadequate utilities; excessive*

***Tax Increment Finance District Development and Finance Plan  
Downs, Illinois***

---

*land coverage; deleterious land use or layout; depreciation of physical maintenance; lack of community planning, is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired by, (1) a combination of 2 or more of the following factors: obsolete platting of vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused railyards, rail tracks or railroad rights-of-way, or (5) the area, prior to its designation, is subject to chronic flooding . . .” (65 ILCS 5/11-74.4-3 (a))*

In order to establish a TIF district the study area must qualify as a blighted area or a conservation area. The proposed area within the boundaries outlined in the following map clearly meet the criteria legislated by the State of Illinois. The intent of the legislation is to allow the municipality to create a district that is related in its need for special attention, and within the language of the legislation, to provide guidance on the types of conditions that the State feels justifies the use of TIF.

The area within the study boundaries meets qualifications of the Tax Increment Allocation Redevelopment Act as a “Blighted area.” It is important to note that the terms “blighted” is utilized in the act under their planning definition, as set down by the United States Department of Housing and Urban Development, and Title I of the Federal code and further defined by the above-cited Act. The definition of blight varies from its more common everyday use in that it does not require what would normally be characterized as “slum” conditions, but is meant to indicate an area that is lacking in some basic infrastructure, common urban layout, and planning.

***Tax Increment Finance District Development and Finance Plan  
Downs, Illinois***

---

The following discussion provides a description of the study area and of the factors found within the study area that qualify it as a blighted area. In addition, because the Village of Downs is a small community and the study area is an even smaller subsection of this community, discussion has been limited to the necessary details to qualify the area. Great effort has been taken to remain general enough as to not identify individual property owners.

Other factors which contribute to the qualification of this area include, but are not limited to, obsolete platting, diversity of ownership, flooding on all or part of the property and deteriorated structures and site improvements in neighboring areas. Depreciation of maintenance of sites surrounding the proposed redevelopment area is also a concern.

In addition, a lack of public sanitary facilities, public water supply or adequate utilities exists in the study area and contributes to the problems in the area. Furthermore, the Village of Downs lacks public wastewater utilities. The intent of the Redevelopment Plan is for infrastructure (and other) improvements made by the TIF district to be designed in such a fashion that they can be expanded at a later time to serve and alleviate similar public health, safety and welfare problems in the area. This philosophy allows the Village to provide a "framework" for addressing similar problems in surrounding properties, while keeping the TIF district as small and compact as possible, and allowing the other taxing jurisdictions to participate in improved economic conditions during the life-span of the proposed TIF district.

### **TIF Boundaries**

It is clear that the study area meets the definition for being eligible to utilize TIF. Indeed many of the areas surrounding the proposed TIF would also qualify under this or other criteria. While it would be possible for the Village to qualify a significant area surrounding the U.S. 150/Towanda-Barnes

***Tax Increment Finance District Development and Finance Plan  
Downs, Illinois***

---

Road intersection, the Village of Downs has decided to create as compact a district as possible. The rationale behind this approach is to minimize the TIF to only those projects and areas most likely to yield rapid benefit as a result of the redevelopment, and to allow the various taxing jurisdictions to more immediately benefit from development occurring outside of the TIF district, but still caused by the TIF projects. In this manner, the Village feels that both it and the County as a whole will reap the greatest returns from this project.

The Redevelopment Project Area is defined by the map set forth in Appendix A.

**Evidence of Current Non-development**

Based on field surveys and review of County property assessment records, development within the Redevelopment Project Area has been non-existent in the last 10 years, except for the cellular tower and associated structures, which have significantly reduced the development potential of the remaining parcels. Without the Village's utilization of TIF for this Redevelopment Area, any development in this area would be non-existent due to poor platting, lack of access, lack of infrastructure, lack of public utilities and surrounding and neighboring blighting influences. This lack of development is due to the effect of the above-noted blighting factors.

Some developers have expressed an interest in the project area "if and only if" a TIF district is created. Based on this history, and with consideration of the lack of public utilities in the project area, planning, access and land use considerations previously noted, the Village of Downs finds that without the adoption of the Redevelopment Plan, and the completion of the projects included herein, investment by private enterprise could not reasonably be anticipated.

### **Redevelopment Projects**

The Redevelopment Area is proposed to be developed as a mixed-used, planned development. (See Concept Plan in Appendix C) The intent of this development is not to adversely impact other surrounding land uses in the Village and County, but to compliment them, improve the overall economy of the area, and provide the potential to address significant public health, safety and welfare issues associated with this Redevelopment Area and the surrounding community. To accomplish this goal, the Village proposes to make roadway access improvements in this area, as well as extend all public utilities and address the overall aesthetics.

### **Estimated Redevelopment Project Costs**

The estimated costs for the above-noted improvements as well as the anticipated sources of the funds are detailed in Table 1. The estimates are meant to include the sum-total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to redevelopment of this area.

A list of redevelopment activities for which public costs may be incurred, may include the following:

1. Making and entering into all contracts necessary or incidental to the implementation and furtherance of the redevelopment plan and project;
2. Acquiring by purchase, donation, lease or eminent domain; owning, conveying, leasing, mortgaging or disposing of land and other property, real or personal, or



rights or interests therein, and granting or acquiring licenses, easements and options with respect thereto, all in the manner and at such price the municipality determines is reasonably necessary to achieve the objectives of the redevelopment plan and project. No conveyance, lease, mortgage, disposition of land or other property, or agreement relating to the development of the property shall be made except upon the adoption of an ordinance by the corporate authorities of the municipality. Furthermore, no conveyance, lease, or other disposition of land or agreement relating to the development of the property shall be made without making public disclosure of the terms of the disposition and all bids and proposals made in response to the municipality's request. The procedures for obtaining such bids and proposals shall provide reasonable opportunity for any person to submit alternative proposals or bids;

3. Clearing any area by demolition or removal of any existing buildings and structures;
4. Renovating, rehabilitating or constructing any structure or building;
5. Installing, repairing, constructing, reconstructing, or relocating streets, utilities and site improvements essential to the preparation of the redevelopment area in accordance with a redevelopment plan;
6. Fixing, charging and collecting fees, rents and charges for the use of any building or property owned or leased by it or any other part thereof or facility therein;
7. Accepting grants, guarantees and donations of property, labor or other things of value from a public or private source;

***Tax Increment Finance District Development and Finance Plan  
Downs, Illinois***

---

8. Acquiring and constructing public facilities;
9. Incurring project redevelopment costs; and
10. Exercising any and all other powers necessary to effectuate the purposes of the Tax Increment Allocation Redevelopment Act.

The Village of Downs' Redevelopment Project costs will include the sum-total of all reasonable and necessary costs incurred, or estimated to be incurred, and any such costs incidental to the Redevelopment Plan. The estimated costs for the Redevelopment Plan are \$17,450,000 (not including any interest on bond obligations).

TABLE 1  
VILLAGE OF DOWNS  
TIF FUNDING/PROJECTS

<u>TIF PROJECTS</u>	
Water System Improvements	\$4,000,000
Wastewater System Improvements	\$4,000,000
Site Grading and Storm Water Improvements	\$3,500,000
Entrance/Access and Roadway Improvements	\$3,250,000
Bonding/Financing/Administrative Costs	\$550,000
Loan Interest Subsidies	\$750,000
Public Service Costs	\$550,000
Property Acquisition	\$850,000
<b>Total TIF Projects</b>	<b>\$17,450,000</b>
<u>REVENUE SOURCES</u>	
Projected TIF Revenues (23 Years)	\$17,125,097
<b>Total TIF Resources</b>	<b>\$17,125,097</b>

## **Revenues**

The Village of Downs proposes to pay for the projects in the Redevelopment Plan through a combination of tax increment revenues, IEPA Revolving Loan Funds, and DCCA grants to be received from the developments within the district. It is felt that by utilizing this approach, the Redevelopment Plan can be completed in a manner that maximizes the overall benefits of the program for all taxing jurisdictions while not placing an excessive burden on the Village of Downs' residents.

## **Issuance of Obligations**

The Village of Downs may issue obligations or otherwise borrow funds, repayment of which will be secured by the tax increment revenues. Any such obligations shall be retired not more than twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area. Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, sinking funds and redevelopment project costs, and to the extent not used for such purposes, may be declared surplus and shall then become available for distribution annually to the taxing districts in the Redevelopment Area in the manner provided by the Act.

## **Current Equalized Assessed Valuation of Property within the TIF District**

The latest equalized assessed valuation of real property in the Redevelopment Project Area for 1998 is \$120,000.

***Tax Increment Finance District Development and Finance Plan  
Downs, Illinois***

			TABLE 2				
		ESTIMATE OF TAX INCREMENT REVENUES					
		VILLAGE OF DOWNS TIF DISTRICT #2					
	(1)	(2)	(3)	(4)	(5)	(6)	
	Equalized	New			Captured	TIF	
Year	Value	Development	Inflation	Total	Increment	Revenues	
1	\$120,000	\$7,850,000	\$2,400	\$7,972,400	\$7,852,400	\$580,025	
2	\$7,972,400		\$159,448	\$8,131,848	\$8,011,848	\$591,803	
3	\$8,131,848		\$162,637	\$8,294,485	\$8,174,485	\$603,817	
4	\$8,294,485		\$165,890	\$8,460,375	\$8,340,375	\$616,070	
5	\$8,460,375		\$169,207	\$8,629,582	\$8,509,582	\$628,569	
6	\$8,629,582		\$172,592	\$8,802,174	\$8,682,174	\$641,317	
7	\$8,802,174		\$176,043	\$8,978,217	\$8,858,217	\$654,321	
8	\$8,978,217		\$179,564	\$9,157,782	\$9,037,782	\$667,585	
9	\$9,157,782		\$183,156	\$9,340,937	\$9,220,937	\$681,114	
10	\$9,340,937	\$100,000	\$186,819	\$9,627,756	\$9,507,756	\$702,300	
11	\$9,627,756		\$192,555	\$9,820,311	\$9,700,311	\$716,523	
12	\$9,820,311	\$100,000	\$196,406	\$10,116,717	\$9,996,717	\$738,418	
13	\$10,116,717		\$202,334	\$10,319,052	\$10,199,052	\$753,363	
14	\$10,319,052		\$206,381	\$10,525,433	\$10,405,433	\$768,608	
15	\$10,525,433	\$100,000	\$210,509	\$10,835,941	\$10,715,941	\$791,544	
16	\$10,835,941		\$216,719	\$11,052,660	\$10,932,660	\$807,552	
17	\$11,052,660		\$221,053	\$11,273,713	\$11,153,713	\$823,880	
18	\$11,273,713		\$225,474	\$11,499,188	\$11,379,188	\$840,535	
19	\$11,499,188	\$100,000	\$229,984	\$11,829,171	\$11,709,171	\$864,910	
20	\$11,829,171		\$236,583	\$12,065,755	\$11,945,755	\$882,385	
21	\$12,065,755		\$241,315	\$12,307,070	\$12,187,070	\$900,210	
22	\$12,307,070	\$100,000	\$246,141	\$12,653,211	\$12,533,211	\$925,778	
23	\$12,653,211		\$253,064	\$12,906,276	\$12,786,276	\$944,471	

***Tax Increment Finance District Development and Finance Plan  
Downs, Illinois***

[illegible]

### **Anticipated Equalized Assessed Valuation**

It is estimated that all projects in the Redevelopment Area will be completed and assessed within 23 years. At that time the estimated future equalized assessed valuation of real property within the Redevelopment Project Area should exceed \$12,900,000.

### **Termination of the Redevelopment Plan**

The expected date for completion of the Redevelopment Plan is December 31, 2020, and is expected to be completed sooner, depending on commencement of redevelopment and the incremental tax yield. (See Table 2) Pursuant to the Act, this Redevelopment Plan may be terminated at any time by the Village, provided that no contractual obligations of the Village are impaired by such termination. This Plan, in and of itself, does not constitute any contractual obligation to anyone to issue municipal obligations.

### **Commitment to Fair Employment Practices and Affirmative Action**

The Village of Downs is committed to and will employ its Fair Employment and Affirmative Action policies to all issues, actions and contracts related to this Plan.

### **Amendment of the Plan**

The Redevelopment Plan and projects may be amended pursuant to the provisions of the Act, as amended.

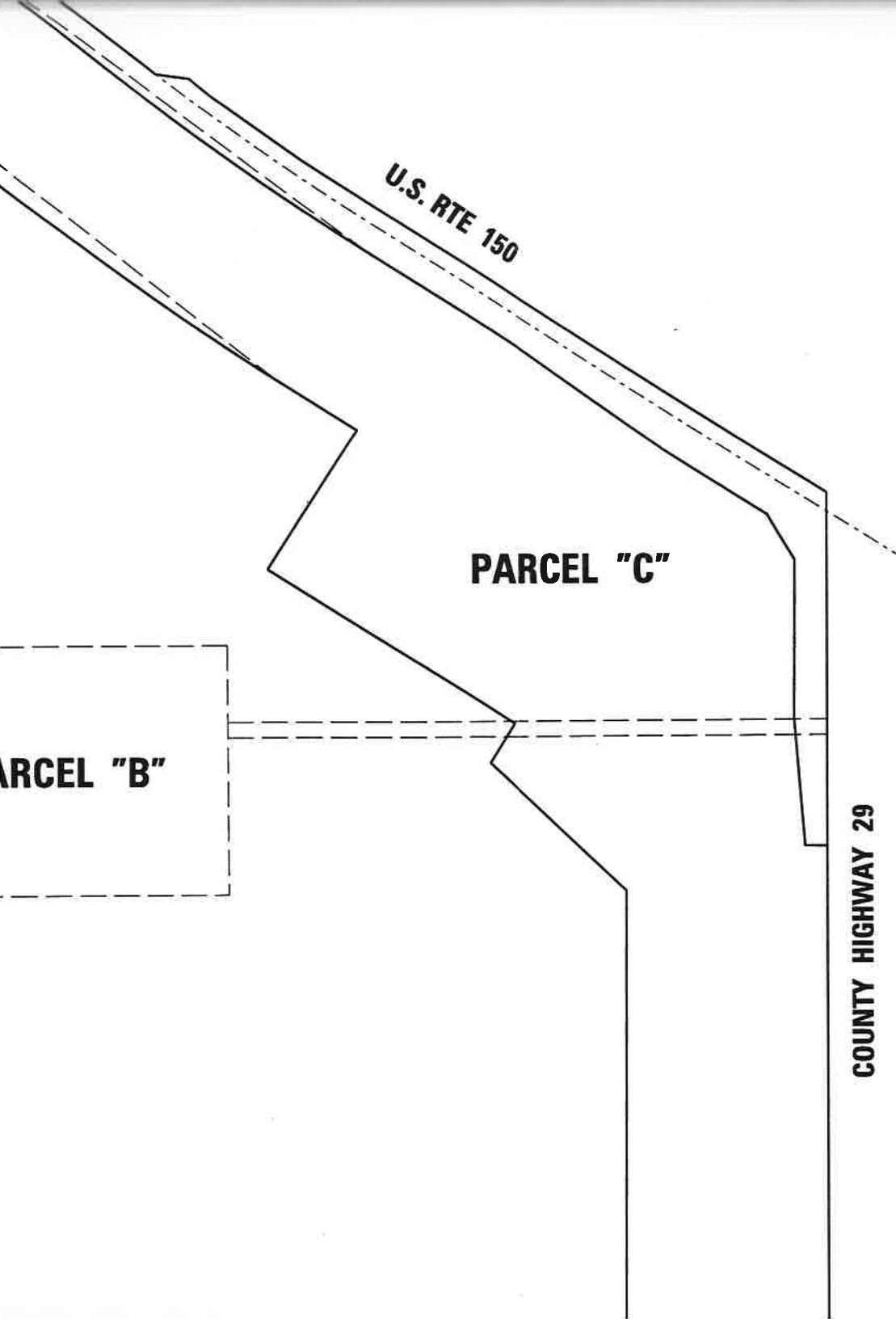
**APPENDIX A**







**APPENDIX B**



U.S. RTE 150

PARCEL "C"

PARCEL "B"

COUNTY HIGHWAY 29

Village of Downs  
TIF District #2

**APPENDIX C**

U.S. RTE 150

CE

CELL  
TOWER

RETAIL /OFFICE /  
RESIDENTIAL

COUNTY HIGHWAY 29

GENERALIZED CONCEP  
DEVELOPMENTAL PLA