

VILLAGE OF DAVIS JUNCTION, IL

**Tax Increment Financing (TIF) Eligibility Study and
Redevelopment Plan and Project**

**IL Route 72 Corridor
Redevelopment Project Area**

August 28, 2015



VISION | ECONOMICS | STRATEGY | FINANCE | IMPLEMENTATION

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VILLAGE OF DAVIS JUNCTION, IL
TIF Eligibility Study and Redevelopment Plan and Project:
IL Route 72 Corridor Redevelopment Project Area

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1. Executive Summary

In December of 2014, *SB Friedman Development Advisors ("SB Friedman")* was engaged by the Village of Davis Junction (the "Village") to conduct a Tax Increment Financing ("TIF") Eligibility Study and prepare a Redevelopment Plan and Project (the "Redevelopment Plan"). The establishment of a TIF district would serve as an economic development tool and support the Village's desire to revitalize and promote retail and business development in the area known as the Original Town District, located along Illinois Route 72 between Maple Street and the Village of Davis Junction's municipal boundary to the west.

This report details the eligibility factors found within the Illinois Route 72 Corridor Redevelopment Project Area ("IL Route 72 Corridor RPA" or the "RPA") in support of its designation as a combination of both a "conservation area" for the improved portions of the RPA and as a "blighted area" for the vacant portions of the RPA, within the definitions set forth in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended (the "Act").

The IL Route 72 Corridor RPA consists of 38 tax parcels (30 improved and 8 vacant) and 52 buildings. The RPA comprises approximately 62 acres of land, of which approximately 26 acres are improved, 14 acres are vacant, and 22 acres are rights-of-way. The parcels included in the RPA are located along Illinois Route 72, also known as Chicago Avenue, between Maple Street to the east, Lincoln Avenue to the north, and the Village of Davis Junction's municipal boundary to the west. The RPA currently consists of commercial, residential, public and vacant uses.

Determination of Eligibility

This report concludes that the IL Route 72 Corridor RPA is eligible for TIF designation as a combination of both a "conservation area" for improved parcels and a "blighted area" for vacant parcels. Seventy-nine percent (79%) of structures on the RPA's improved land are aged 35 years or older and the following three eligibility factors have been found to be present to a meaningful extent and reasonably distributed throughout the RPA:

1. Lack of Growth in Equalized Assessed Value (EAV)
2. Deterioration
3. Lack of Community Planning

The RPA's vacant land was analyzed under the Act's two-factor test. Vacant land was found to have the following factors present to a meaningful extent and reasonably distributed throughout the RPA:

Two-Factor Test

1. Lack of Growth in Equalized Assessed Value (EAV)
2. Obsolete Platting

The factors are defined under the Act at 65 ILCS 5/11-74.4-3 (a) and (b) and are more fully described herein.

Redevelopment Plan Goal, Objectives and Strategies

The overall goal of this TIF Eligibility Study and Redevelopment Plan is to reduce or eliminate conditions that qualify the IL Route 72 Corridor RPA as a combination of both a “conservation area” and “blighted area,” and to provide the direction and mechanisms necessary to establish the RPA as a vibrant mixed-use district. Implementing the Redevelopment Plan may stimulate the redevelopment of vacant, obsolete, ill-configured and underutilized parcels, and provide new or improved public infrastructure, facilities and utilities. Redevelopment of the RPA will revitalize the area, strengthen the economic base, and enhance the quality of life of the Village as a whole.

Rehabilitation and redevelopment of the RPA is to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use Tax Increment Financing (“TIF”), as well as other funding sources, to reinforce and encourage new private investment.

OBJECTIVES. Seven (7) objectives support the overall goal of area-wide revitalization of the IL Route 72 Corridor RPA. These objectives include:

1. Foster the replacement, repair, construction and improvement of the public infrastructure where needed, including public utilities, sidewalks, streets, curbs, gutters, underground water and sanitary systems and physical plants;
2. Facilitate the rehabilitation of existing properties within the IL Route 72 Corridor RPA, and encourage the construction of new commercial, civic/cultural, residential and recreational development, where appropriate;
3. Facilitate the physical improvement and rehabilitation of existing building structures and facades in the IL Route 72 Corridor RPA as well as the preservation of architecturally or historically significant buildings;
4. Facilitate the assembly, preparation and marketing of available sites in the RPA for new commercial, civic/cultural, governmental (as allowed by the Act), and recreational development, including corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
5. Facilitate the provision of new public facilities and the improvement of existing facilities that provide services and recreational and educational opportunities for Village residents and visitors;
6. Provide resources for streetscaping, landscaping and signage to improve the image, attractiveness and accessibility of the RPA, create a cohesive identity for the RPA and surrounding area, and provide, where appropriate, for buffering between different land uses and screening of unattractive service facilities, such as parking lots and loading areas; and
7. Support the goals and objectives of other overlapping plans, including the Village of Davis Junction Comprehensive Plan published in 2007 (the “2007 Comprehensive Plan”) and

coordinate available federal, state and local resources to further the goals of this Redevelopment Plan.

STRATEGIES. These objectives will be implemented through four (4) specific and integrated strategies. These include:

1. **Implement Public Improvements.** A series of public improvements throughout the IL Route 72 Corridor RPA may be designed and implemented to help define and create an identity for the area, prepare sites for anticipated private investment, and create a more conducive environment for new development. Public improvements that are implemented with TIF assistance are intended to complement and not replace existing funding sources for public improvements in the RPA.

These improvements may include new streets and sidewalks, streetscaping, improved street and sidewalk lighting, resurfacing of alleys, sidewalks, streets and other paved surfaces, improvement of underground infrastructure and physical plants, the creation of parks, bike paths, trails and open space, and other public improvements and utilities consistent with this Redevelopment Plan. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation or restoration of public improvements on one or more parcels.

2. **Assist Existing Businesses and Property Owners.** The Village may provide assistance to support existing businesses and property owners in the RPA. This may include, without limitation, to financial and other assistance for building rehabilitation, façade improvements, leasehold improvements, and construction of private and public facilities, such as plazas and other pedestrian amenities that are consistent with the goals of this Redevelopment Plan.
3. **Encourage Private Sector Activities.** Through the creation and support of public-private partnerships or through written agreements, the Village may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects, and other improvements that are consistent with the goals of this Redevelopment Plan.
4. **Facilitate Property Assembly, Demolition and Site Preparation.** The Village may acquire and assemble property throughout the RPA to attract private investment and development, and to meet the goals, policies or objectives of this Redevelopment Plan. The consolidated ownership of these sites by the Village will make them more marketable to potential developers and streamline the redevelopment process. In addition, financial assistance may be provided to private developers seeking to acquire land and assemble sites for projects supportive of this Redevelopment Plan.

Land assemblage by the Village may be done by purchase, exchange, donation, lease, or eminent domain, and may be for the purposes of: (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. Furthermore, the Village may require written development agreements with developers before acquiring any

properties. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.

Required Findings and Tests

The required conditions for the adoption of this Redevelopment Plan are found to be present within the IL Route 72 Corridor RPA.

FINDING 1:

The Village is required to evaluate whether or not the RPA has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a TIF district.

Limited private investment has occurred in the RPA over the last five years. Past efforts to develop commercial uses within the RPA have failed, including an effort to develop a restaurant on Village-owned land along IL Route 72. Subsequent efforts to sell Village-owned property also failed for various reasons. In addition, as construction-related permit activity is a key indicator of private investment, we reviewed the building permit history provided by the Village for the last five years (2010-present) and found that permits were issued for approximately six (6) properties of which four (4) were for private investment. The permit descriptions for these private investments include: sign, electrical; pool, porch; porch, garage; and roof, siding, window, deck. The two (2) remaining building permits were for public uses.

As described above, the unsuccessful efforts to redevelop Village-owned land and the building permits that were primarily issued for minor exterior improvements have impacted the overall growth in EAV; the total permit value is less than 2% of the total EAV for all of the properties in the RPA. Thus, the RPA has not been subject to growth and private investment.

FINDING 2:

The Village is required to find that, but for the designation of the TIF district and the use of Tax Increment Financing, it is unlikely that significant investment will occur in the IL Route 72 Corridor RPA.

Without the support of public resources, the redevelopment objectives for the RPA would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the IL Route 72 Corridor RPA as a mixed-use district are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs or promote unsupported private development. Public resources to assist with public improvements and project-specific development costs are needed to leverage private investment and facilitate area-wide redevelopment. TIF assistance may be used to fund rehabilitation, property acquisition, infrastructure improvements, and expansion to public facilities. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area- and Village-wide redevelopment, are unlikely to occur.

FINDING 3:

No redevelopment project area can be designated unless a plan and project are approved prior to the designation of the area; and the area can only include those contiguous parcels that are to be substantially benefited by the proposed redevelopment project improvements.

The IL Route 72 Corridor RPA includes only those contiguous parcels of real property that are expected to benefit substantially from the proposed Redevelopment Plan improvements, thus the RPA meets this requirement.

FINDING 4:

The Redevelopment Plan must conform to the Village's comprehensive plan and other Village strategic plans, or include land uses that have been approved by the Village.

Based on a review of the 2007 Comprehensive Plan, the Redevelopment Plan for the IL Route 72 Corridor RPA conforms to and proposes predominant land uses that are consistent with the Village's existing plans.

2. Introduction

The Study Area

This document serves as the Eligibility Study and Redevelopment Plan and Project for the IL Route 72 Corridor RPA. The IL Route 72 Corridor RPA is located within the Village of Davis Junction (the “Village”), in Ogle County (the “County”) (as shown on **Map 1** on the following page). In December of 2014, *SB Friedman* was engaged by the Village to conduct a study of the properties in and around the RPA to determine whether said properties would qualify for TIF designation under the Act.

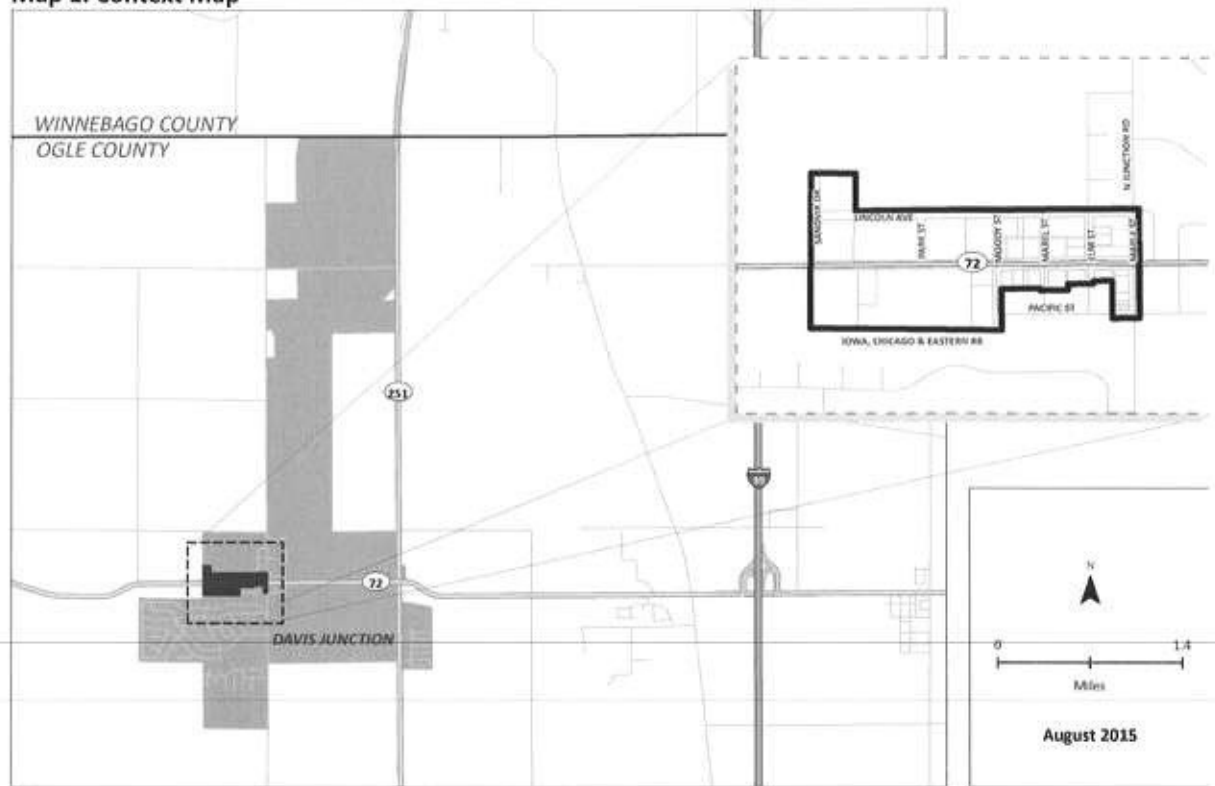
The RPA consists of approximately 38 tax parcels (30 improved and 8 vacant) and 52 buildings. It comprises approximately 62 acres of land, of which approximately 26 acres are improved, 14 acres are vacant, and 22 acres are rights-of-way. The parcels included in the RPA are located along IL Route 72, also known as Chicago Avenue, between Maple Street to the east, Lincoln Avenue to the north, and the Village of Davis Junction’s municipal boundary to the west. **Map 2** on page 8 details the boundaries of the RPA, which include only those contiguous parcels of real property that are expected to benefit substantially by the redevelopment improvements discussed herein.

SB Friedman has found that the improved portions of the RPA suffer from deterioration, declining equalized assessed value, and a lack of community planning. The vacant land suffers from declining equalized assessed value and obsolete platting. These conditions hinder the potential to redevelop the area and capitalize on its unique attributes. In order to re-establish the IL Route 72 Corridor RPA as a robust mixed-use district, it is critical that the appearance and functionality of the area be improved. Without improved vehicular and pedestrian access, upgraded public infrastructure and amenities, and redevelopment of vacant properties, the RPA can fall into further disrepair and potential development opportunities will not be realized. The RPA will benefit from a strategy that addresses underutilized properties, inefficient street layout by including right-of-way access for new development, and aging buildings, while improving its overall physical condition.

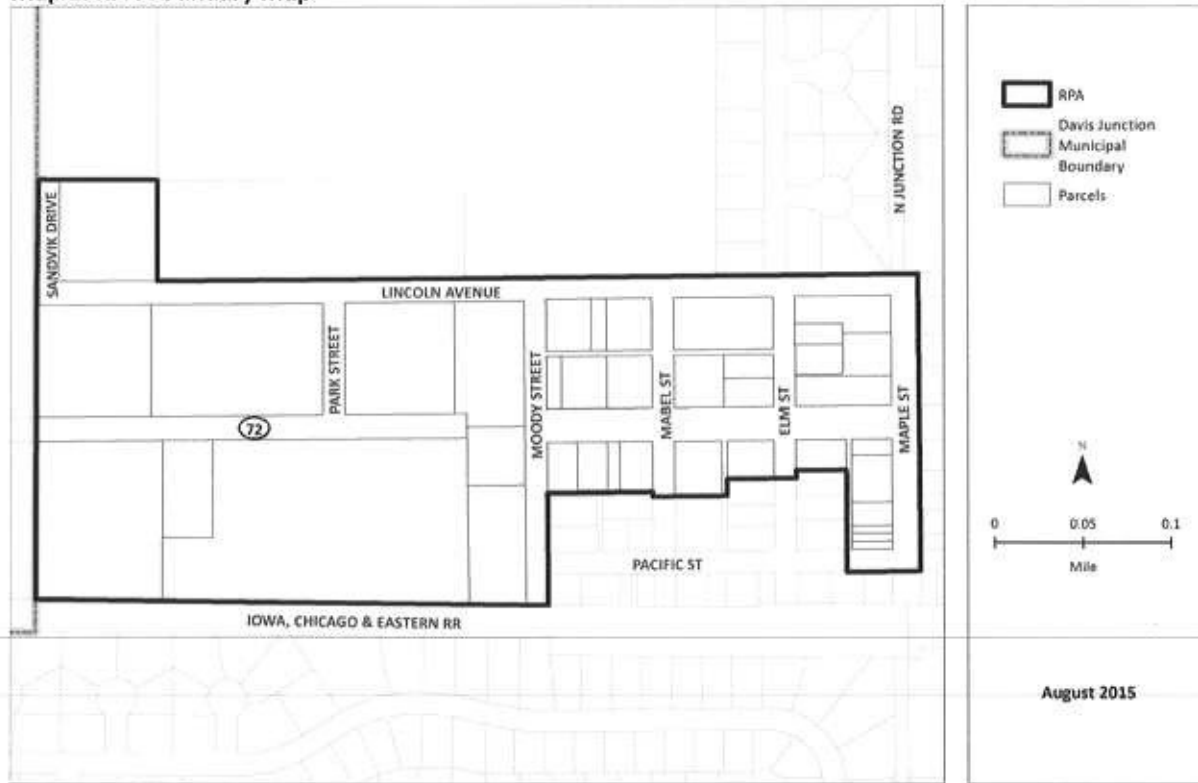
The Eligibility Study covers events and conditions that were determined to support the designation of the IL Route 72 Corridor RPA as a combination of both a “conservation area” and “blighted area” under the Act at the completion of our field research in April 2015 and not thereafter. These events or conditions include, without limitation, governmental actions and additional developments.

This Eligibility Study and Redevelopment Plan document summarizes the analysis and findings of the consultant’s work, which, unless otherwise noted, is solely the responsibility of *SB Friedman*. The Village is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the IL Route 72 Corridor RPA as a redevelopment project area under the Act. *SB Friedman* has prepared this Redevelopment Plan with the understanding that the Village would rely: (1) on the findings and conclusions of this Redevelopment Plan in proceeding with the designation of IL Route 72 Corridor RPA and the adoption and implementation of this Redevelopment Plan; and (2) on the fact that *SB Friedman* has obtained the necessary information including, without limitation, information relating to the equalized assessed value of parcels comprising the IL Route 72 Corridor RPA, so that this Redevelopment Plan will comply with the Act, and that the IL Route 72 Corridor RPA can be designated as a redevelopment project area in compliance with the Act.

Map 1: Context Map



Map 2: RPA Boundary Map



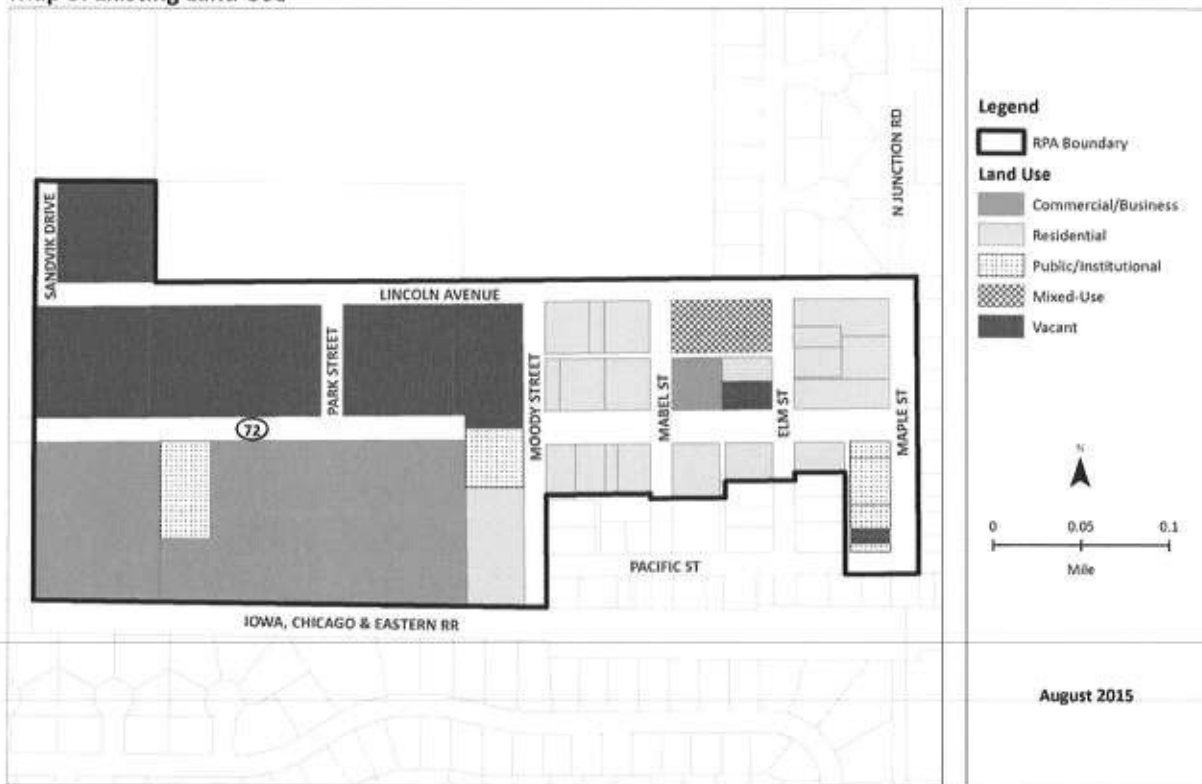
Existing Land Use

Based upon *SB Friedman's* research, five (5) primary land uses have been identified within the IL Route 72 Corridor RPA:

- Commercial/Business
- Residential
- Public/Institutional
- Mixed-Use
- Vacant Land

The overall pattern of land use in the IL Route 72 Corridor RPA is shown in **Map 3** on the following page.

Map 3: Existing Land Use



3. Eligibility Analysis

Provisions of the Illinois Tax Increment Allocation Redevelopment Act

Based upon the conditions found within the IL Route 72 Corridor RPA at the completion of *SB Friedman's* research, it has been determined that the IL Route 72 Corridor RPA meets the eligibility requirements of the Act as a combination of both a "conservation area" for improved land and a "blighted area" for vacant land. The following outlines the provisions of the Act to establish eligibility.

Under the Act, two primary avenues exist to establish eligibility for an area to permit the use of Tax Increment Financing for area redevelopment: declaring an area as a "blighted area" and/or a "conservation area."

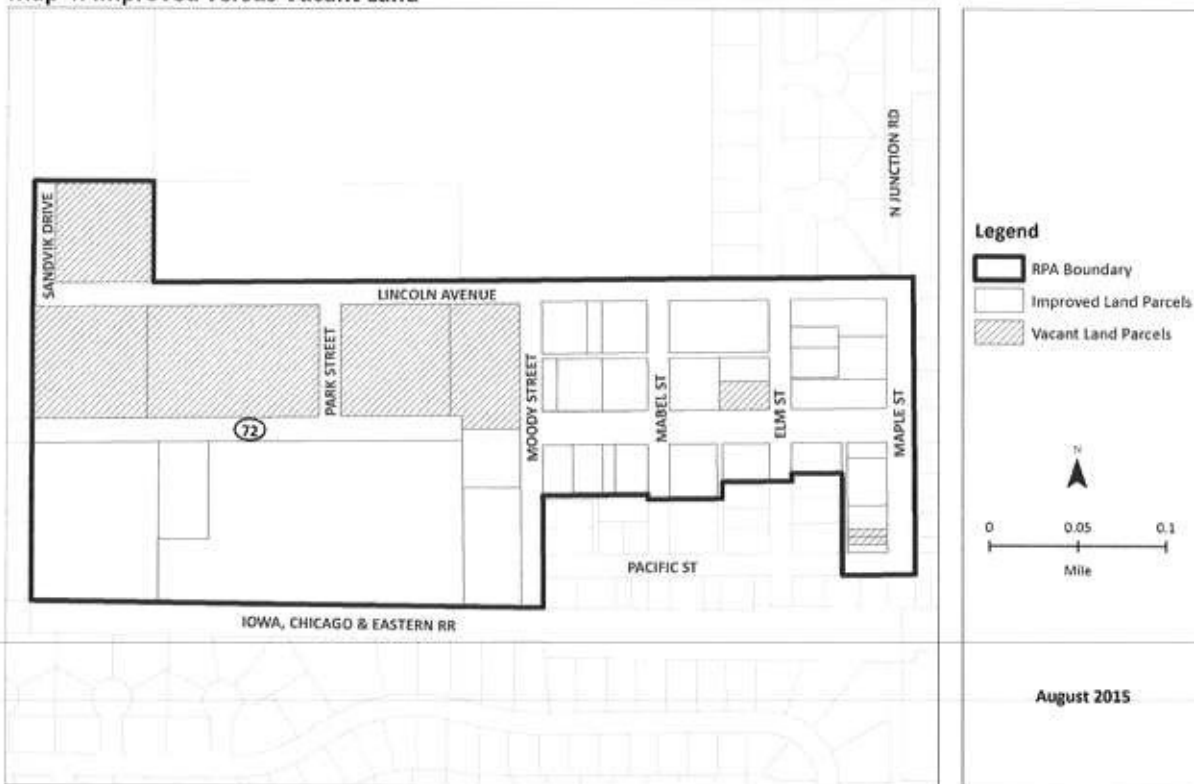
"Blighted areas" are those improved or vacant areas with blighting influences that are impacting the public safety, health, morals or welfare of the community, and are substantially impairing the growth of the tax base in the area. "Conservation areas" are those improved areas that are deteriorating and declining and soon may become blighted if the deterioration is not abated.

The statutory provisions of the Act specify how a district can be designated as a "conservation area" and/or "blighted area" district, based upon an evidentiary finding of certain eligibility factors listed in the Act. These factors are identical for each designation.

According to the Act, "blighted areas" for improved land must have a combination of five (5) or more of these eligibility factors acting in concert which threaten the health, safety, morals or welfare of the proposed district. "Conservation areas" must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three (3) or more additional eligibility factors that are detrimental to the public safety, health, morals or welfare, and which could result in such an area becoming a "blighted area." A separate set of factors exists for the designation of vacant land as a "blighted area." There is no provision for designating vacant land as a "conservation area."

Map 4 on the following page shows which parcels within the RPA are improved and which are vacant.

Map 4: Improved versus Vacant Land



Factors for Improved Land

Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings 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.

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

Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components, such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.

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.

Illegal Use of Individual Structures. The use of structures in violation of the applicable federal, state or local laws, exclusive of those applicable to the “Presence of Structures below Minimum Code Standards.”

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.

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 by room area to window area ratios. Inadequate sanitary facilities refers 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.

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 redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

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

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

Environmental Clean-Up. The proposed redevelopment project 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.

Lack of Community Planning. The proposed redevelopment project area 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 area's development. 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.

Lack of Growth in Equalized Assessed Value. 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 five (5) calendar years prior to the year in which the redevelopment project area is designated.

As explained, "blighted areas" must have a combination of five (5) or more of these eligibility factors and "conservation areas" must have a minimum of 50% of the total structures within the area aged 35 years or older, plus a combination of three (3) or more additional eligibility factors.

Factors for Vacant Land

According to the Act, there are two ways by which vacant land can be designated as "blighted." One way is to find that at least two (2) of six (6) factors from the list discussed below under the "Two-Factor Test" are present to a meaningful extent and reasonably distributed throughout the RPA. The second way is to find that at least one (1) of the six (6) factors discussed under the "One-Factor Test" is present to a meaningful extent and reasonably distributed throughout the RPA.

ONE-FACTOR TEST

Under the provisions of the “blighted area” section of the Act, if the land is vacant, an area qualifies as “blighted” if one (1) or more of the following factors is found to be present to a meaningful extent.

- The area contains unused quarries, strip mines or strip mine ponds;
- The area contains unused rail yards, rail track, or railroad rights-of-way;
- The area, prior to its designation, is subject to or contributes to chronic flooding;
- The area contains unused or illegal dumping sites;
- The area was designated as a town center prior to January 1, 1982, is between 50 and 100 acres, and is 75% vacant land; or
- The area qualified as blighted prior to becoming vacant.

TWO-FACTOR TEST

Under the provisions of the “blighted area” section of the Act, if the land is vacant, an area qualifies as “blighted” if a combination of two (2) or more of the following factors may be identified, which combine to impact the sound growth of the redevelopment project area.

Obsolete Platting of Vacant Land. This includes 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.

Diversity of Ownership. Diversity of ownership is when adjacent properties are owned by multiple parties. This factor applies when diversity of ownership of parcels of vacant land is sufficient in number to retard or impede the ability to assemble the land for development.

Tax and Special Assessment 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 years.

Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land. Evidence of structural deterioration and area disinvestment in blocks adjacent to the vacant land may substantiate why new development had not previously occurred on the vacant parcels.

Environmental Contamination. 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.

Lack of Growth in Equalized Assessed Value. The total equalized assessed value (“EAV”) 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 five (5) calendar years prior to the year in which the redevelopment project area is designated.

Methodology Overview and Determination of Eligibility

SB Friedman conducted the following analysis to determine whether the RPA qualifies for TIF designation:

- Parcel-by-parcel fieldwork documenting external property conditions;
- Analysis of historic trends in equalized assessed value (EAV) for the last six years (five year-to-year periods) for which data are available and final (2009-2014) from the Ogle County Assessor's Office;
- Review of building age data from the Scott Township Assessor;
- Review of GIS parcel shape file data made available by Ogle County;
- Review of prior plans and other background provided by the Village; and
- Review of building permit records.

All properties were examined for qualification factors consistent with either "blighted area" or "conservation area" definitions of the Act. Based upon these criteria, we concluded that the properties within the IL Route 72 Corridor RPA qualify for TIF district designation as a combination of both a "conservation area" for improved parcels and "blighted area" for vacant parcels, as defined by the Act.

To arrive at this designation, *SB Friedman* calculated the number of eligibility factors present on a building-by-building or parcel-by-parcel basis. When appropriate, we calculated the presence of eligibility factors on infrastructure and ancillary properties associated with the structures. The eligibility factors were correlated to buildings using aerial photographs, property files created from field observations, and record searches. The information was then graphically plotted on a parcel map of the IL Route 72 Corridor RPA to establish the distribution of eligibility factors, and to determine which factors were present to a meaningful extent and reasonably distributed throughout the RPA.

Conservation Area Findings – Improved Parcels

As required by the Act, in order to be designated as a "conservation area," 50% or more of the structures within the RPA must be 35 years of age or older, and at least three (3) of the improved land eligibility factors must be found present to a meaningful extent within the RPA.

Of the 52 buildings in the IL Route 72 Corridor RPA, 41 buildings (79%) are 35 years of age or older, as they were constructed before 1981. **Map 5** shows the location of buildings that are 35 years or older.

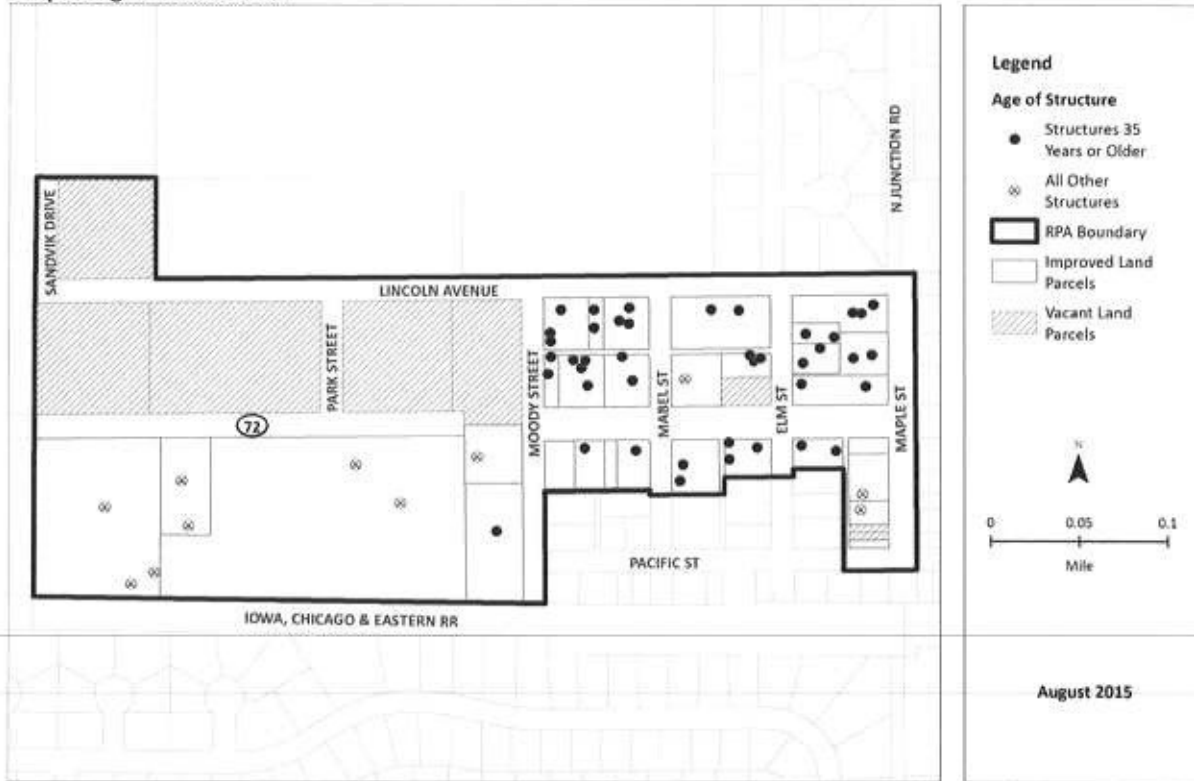
In addition, our research indicates that the following three (3) factors are present to a meaningful extent and reasonably distributed throughout the RPA:

1. Lack of Growth in Equalized Assessed Value ("EAV")
2. Deterioration
3. Lack of Community Planning

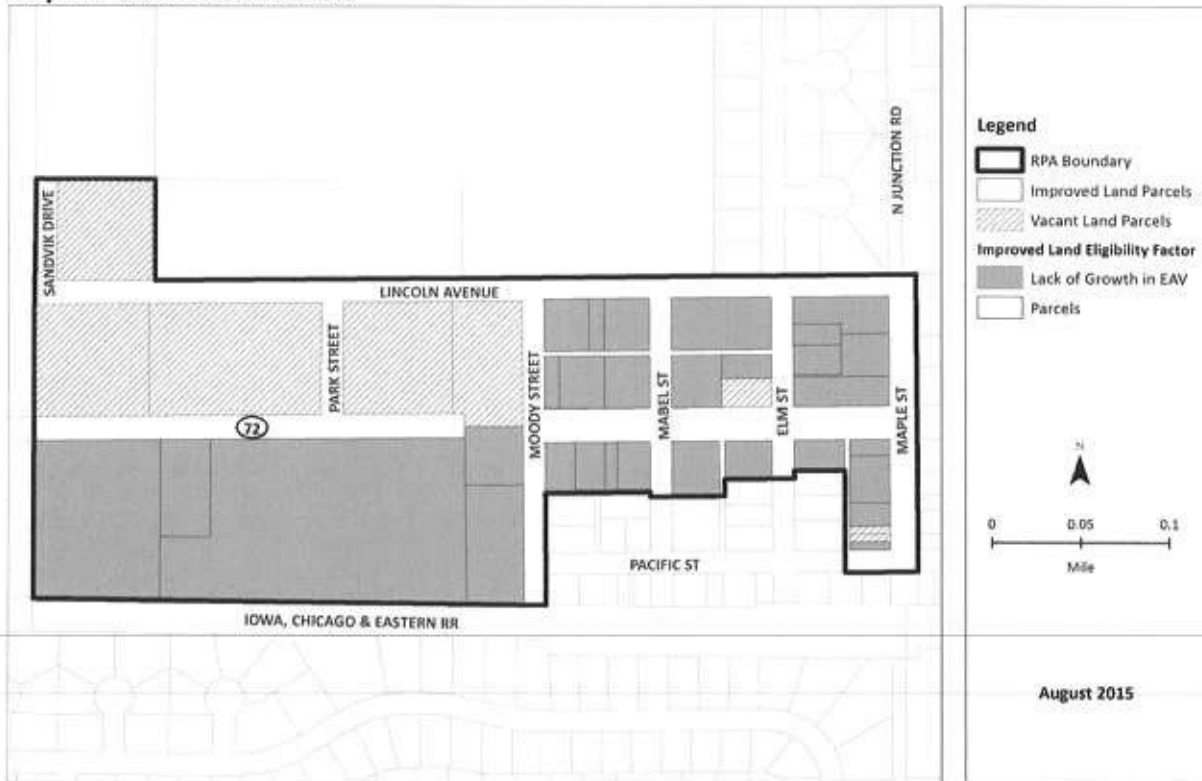
Based on the presence of these factors, the RPA's improved parcels meet the requirements of a "conservation area" under the Act.

Maps 6A through **6C** illustrate the conservation area eligibility factors found to be present to a meaningful extent within the RPA, by indicating each parcel where the respective factors were found to be present to a meaningful degree. The following sections summarize our field research as it pertains to each of the identified eligibility factors found present within the IL Route 72 Corridor RPA.

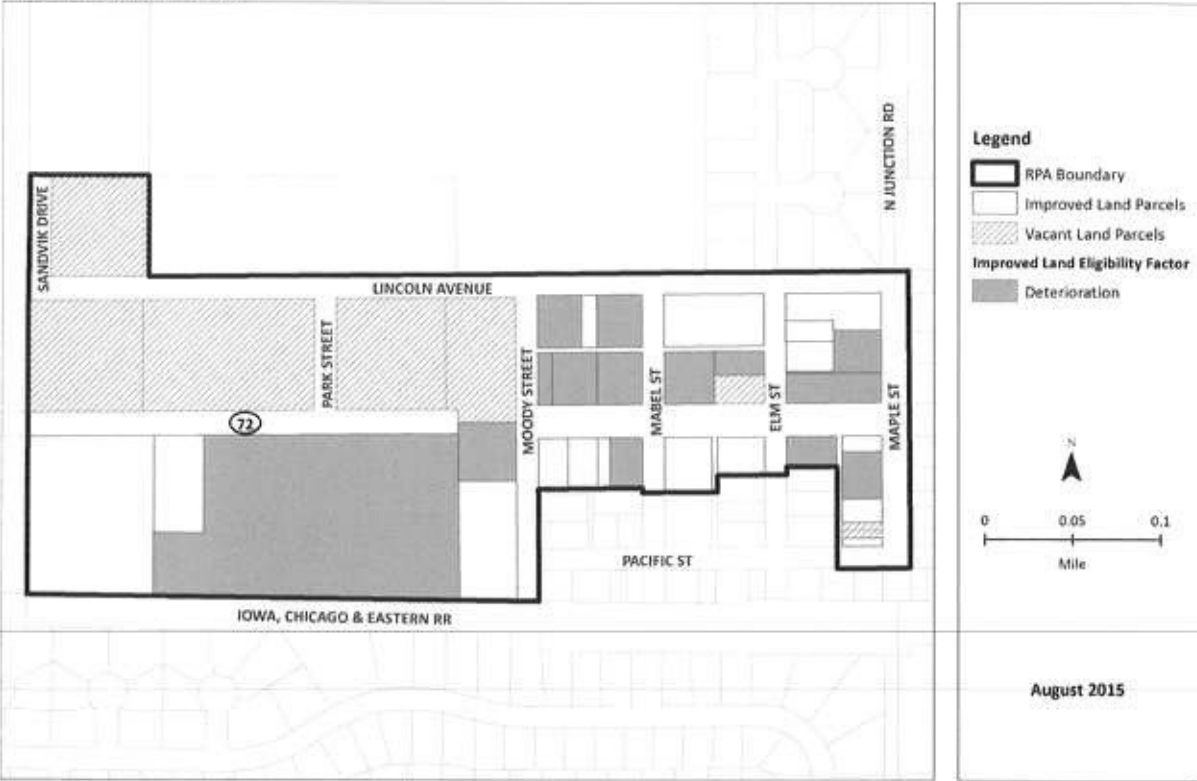
Map 5: Age of Structures



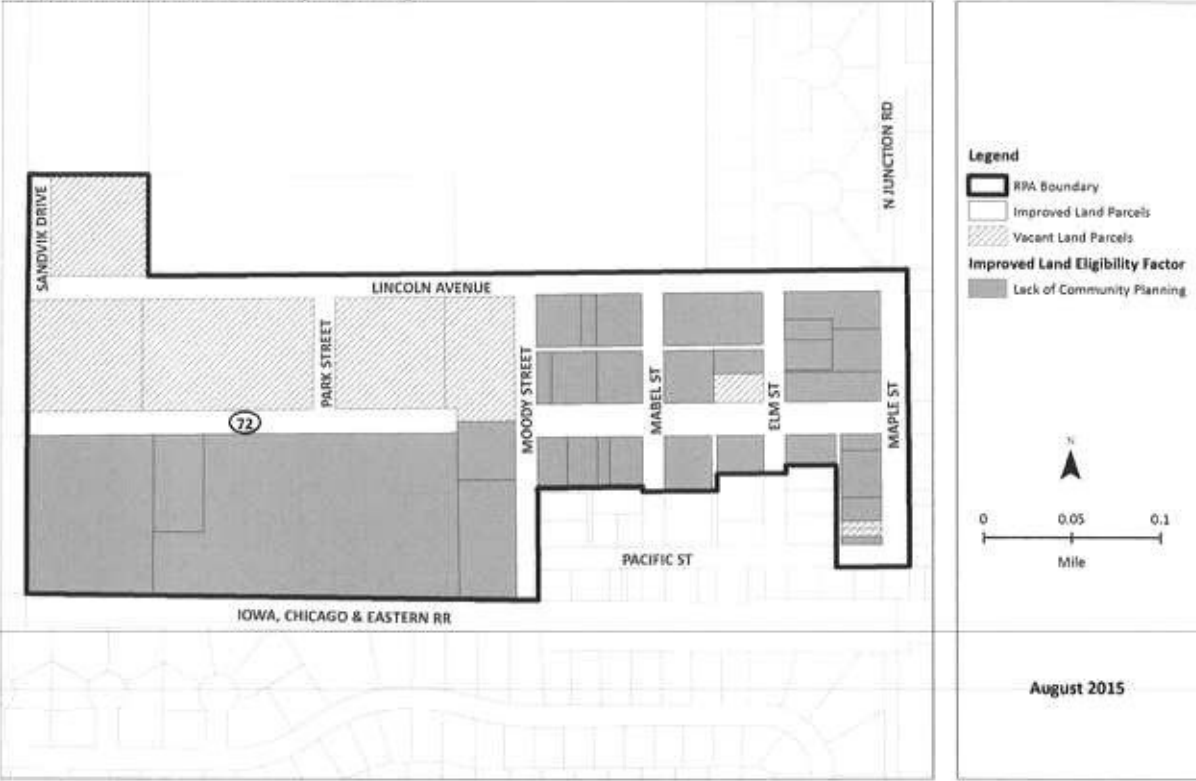
Map 6A: Lack of Growth in EAV



Map 6B: Deterioration



Map 6C: Lack of Community Planning



1. LACK OF GROWTH IN EQUALIZED ASSESSED VALUE

The total equalized assessed value (“EAV”) is a measure of the property value in the IL Route 72 Corridor RPA. The EAV history of all the included improved tax parcels in the RPA was tabulated for the last six years (five year-to-year periods) for which assessed values and EAV were available. The most recent year for which final information was available is 2014. A lack of growth in EAV has been identified for the RPA in that:

- 1) The total EAV of improved parcels within the area has declined for all five (5) of the last five (5) year-to-year periods; and
- 2) The EAV growth rate has been less than the growth rate of the Consumer Price Index for all five (5) of the last five (5) year-to-year periods.

The basis for these findings is summarized in **Table 1** below. Lack of growth in EAV within the area is one of the strongest indicators that the area as a whole has lacked growth and investment. This eligibility factor was analyzed area-wide and is considered to be present to a meaningful extent for all improved parcels within the IL Route 72 Corridor RPA.

Table 1: Percent Change in Annual EAV for Improved Parcels

	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013-2014
Improved Land RPA Parcels	-3.4%	-3.2%	-2.8%	-8.7%	-3.6%
Decline	YES	YES	YES	YES	YES
Consumer Price Index (CPI)	2.3%	3.4%	2.2%	1.7%	1.2%
RPA Growth Less than CPI	YES	YES	YES	YES	YES

Sources: Bureau of Labor Statistics, CPI Midwest Size Class D, All Consumer Items; Ogle County Assessor’s Office; *SB Friedman Development Advisors*

2. DETERIORATION

Deterioration was found to be present within the RPA. Along IL Route 72, also known as Chicago Avenue, where parcels contain two or more buildings over 35 years old, deterioration tended to be more common. While there are newer buildings in the RPA, the proportion of older buildings is higher in the RPA, and many are in need of rehabilitation. Types of deterioration found were deteriorating roof shingles, missing or broken downspouts, cracked foundations, and cracking and puddling in surface areas. Through field observations, deterioration was found on approximately 47% of parcels in the IL Route 72 Corridor RPA.

3. LACK OF COMMUNITY PLANNING

Lack of community planning is an area-wide factor not necessarily attributable to any one parcel. The Village’s first and only comprehensive plan was adopted in 2007 and approximately 50 of the buildings in the RPA were developed prior to 2007. Consequently, 96% of the buildings in the RPA did not have the benefit of having the comprehensive plan in place to help guide development. The presence of this factor is indicated by evidence of adverse or incompatible land use relationships, inadequate street layout, and/or parcels of inadequate shape and size to meet contemporary development standards. Examples include:

- Lincoln Avenue appears to be an unplanned dead-end street.
- There is an absence of curbs and sidewalks along the north and south sides of IL Route 72.
- There is an incomplete alley network.

The Act provides for “Lack of Community Planning” to be evaluated as an area-wide factor, not necessarily attributable to any one parcel. For this reason and the aforementioned evidence, lack of community planning was found to be present to a meaningful extent, and documented by evidence of adverse effects, on an area-wide basis throughout the IL Route 72 Corridor RPA.

Blighted Area Findings – Vacant Land

To qualify as a “blighted area” under the Act, either one of the one-factor vacant land eligibility factors or two of the two-factor eligibility factors must be found present to a meaningful extent on the vacant parcels within the IL Route 72 Corridor RPA. We have found the following factors under the two-factor eligibility test that meet these criteria:

1. Lack of Growth in Equalized Assessed Value
2. Obsolete Platting

Maps 7A and 7B illustrate the vacant eligibility factors found to be present to a meaningful extent within the RPA, as a whole, by indicating each parcel where the respective factors were found to be present to a meaningful degree.

1. LACK OF GROWTH IN EQUALIZED ASSESSED VALUE

Similar to the improved parcels within the RPA boundary, vacant parcels within the RPA have also experienced declining EAV. The vacant parcels in the RPA qualify for this factor in the following ways:

- 1) The total EAV of vacant parcels has declined in absolute terms for four (4) of the last five (5) year-to-year periods; and
- 2) The growth rate for vacant parcels has been less than that of the Consumer Price Index for all five (5) of the last five (5) year-to-year periods.

Table 2 below displays the trends in EAV growth for vacant property over the last six years (five year-to-year periods). This eligibility factor was considered to be present to a meaningful extent for all vacant parcels within the IL Route 72 Corridor RPA.

Table 2: Percent Change in Annual EAV for Vacant Parcels

	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013-2014
Vacant Land RPA Parcels	0.0%	-1.7%	-3.5%	-4.1%	-3.6%
Decline	NO	YES	YES	YES	YES
Consumer Price Index (CPI)	2.3%	3.4%	2.2%	1.7%	1.2%
RPA Parcels Growth Less than CPI	YES	YES	YES	YES	YES

Source: Bureau of Labor Statistics, CPI Midwest Size Class D, All Consumer Items; Ogle County Assessor's Office; *SB Friedman Development Advisors*

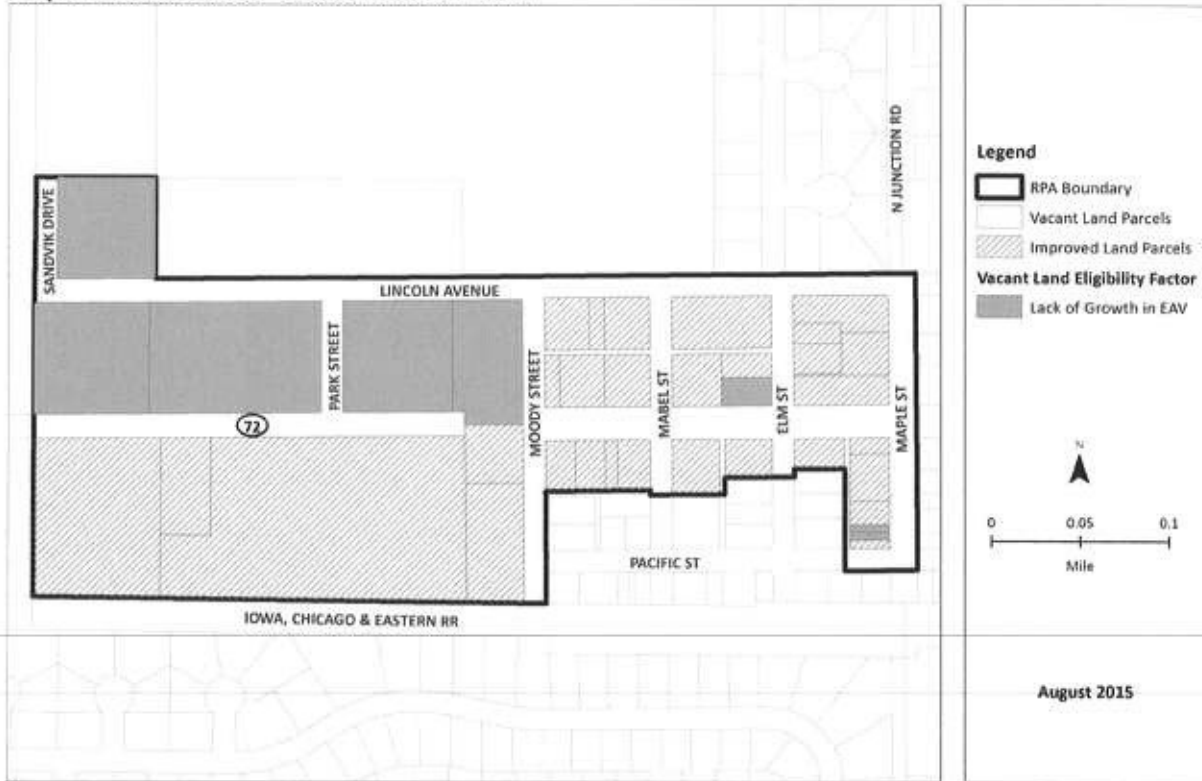
2. OBSOLETE PLATTING

The vacant land within the RPA (primarily in the Jeremiah Heritage Center subdivision), as it is currently platted, is obsolete when compared to the development goals articulated in the Village's 2007 Comprehensive Plan, in that the land does not retain the historic and residentially-scaled character of the area around Village Hall. Specifically, the current platting fails to include alleys—a characteristic intrinsic to the future land use(s) outlined in the Village's Comprehensive Plan. The RPA is primarily located in what the Plan calls the "Original Town District." According to the Plan, the intent of this District is to "retain the charm and character of this 'historic' area of town and allow for less intense, residentially-scaled development, including commercial, residential, civic, and institutional [uses]." In addition, new development in the "Original Town District" should be "compatible with the scale and overall character of the District. While larger more intense commercial uses should be located to the east, this area should accommodate boutique shops and services, office/residential conversions, family-style restaurants, and more."

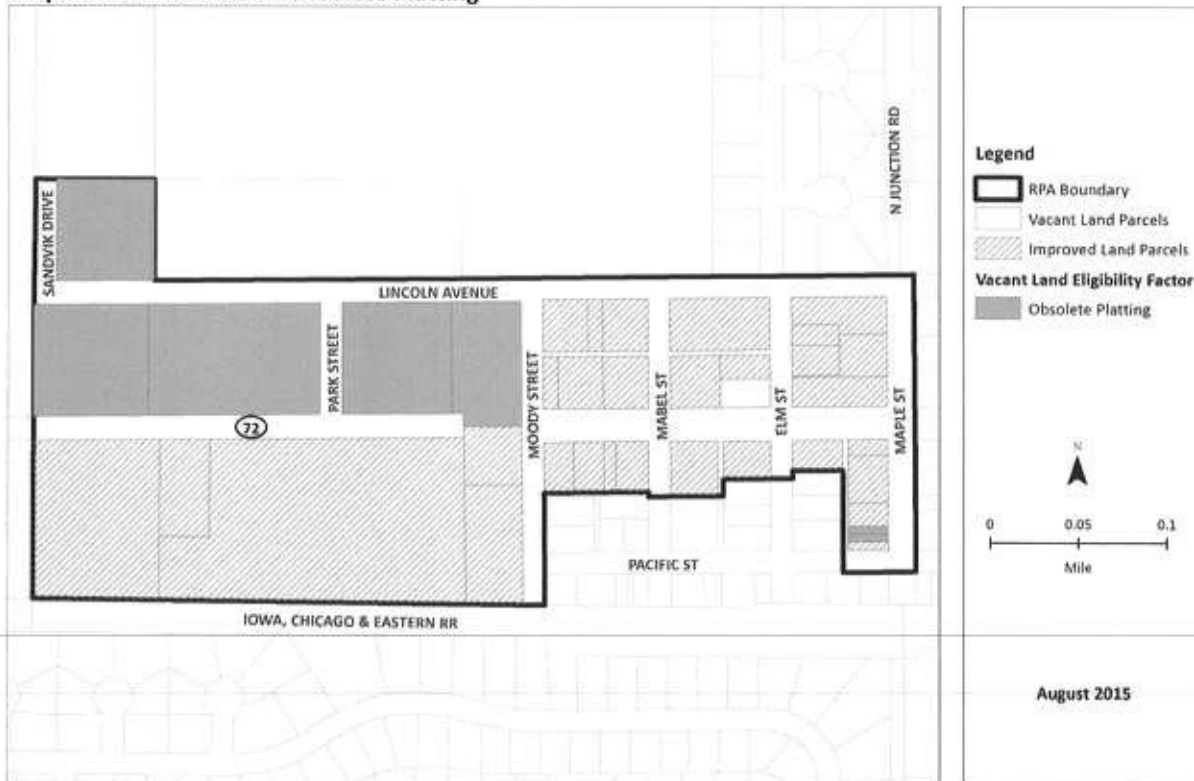
The remaining vacant parcels outside of the "Original Town District" exhibiting obsolete platting also appear too narrow for contemporary development.

This factor was found to be present on seven (7) out of eight (8) vacant land parcels or 87.5% of the vacant land area within the RPA. Therefore, this eligibility factor is considered to be present to a meaningful extent for the vacant land portions of the RPA.

Map 7A: Vacant Factor – Lack of Growth in EAV



Map 7B: Vacant Factor – Obsolete Platting



4. Redevelopment Plan and Project

Redevelopment Needs of the IL Route 72 Corridor RPA

The land use and existing conditions for the RPA suggest six (6) major redevelopment needs:

1. Capital improvements that further the objectives set forth in this Redevelopment Plan;
2. Site preparation, environmental remediation and stormwater management;
3. Redevelopment of vacant and underutilized parcels;
4. Streetscape and infrastructure improvements, including utilities and burying overhead power lines;
5. Rehabilitation of existing buildings, including preservation of historic structures; and
6. Resources for commercial, residential and public development.

Currently, the RPA is characterized by aging buildings, a lack of growth in property values, deterioration, a lack of community planning, and obsolete platting of vacant land. These conditions reduce the value of the properties in the area and make the RPA less competitive overall with property in other communities, thus contributing to the lack of new investment in the RPA.

The public improvements outlined in this Redevelopment Plan will create an environment conducive to private investment and redevelopment within the IL Route 72 Corridor RPA. The goals, objectives and strategies discussed below have been developed to address these needs and facilitate the sustainable redevelopment of the IL Route 72 Corridor RPA.

Goals, Objectives and Strategies

Goals, objectives and strategies designed to address the needs of the community form the overall framework of this Redevelopment Plan, and consider the use of anticipated tax increment funds generated within the IL Route 72 Corridor RPA.

GOALS. The overall goal of this TIF Eligibility Study and Redevelopment Plan is to reduce or eliminate conditions that qualify the IL Route 72 Corridor RPA as a combination of both a “conservation area” and “blighted area,” and to provide the direction and mechanisms necessary to establish the RPA as a vibrant mixed-use district. Implementing the Redevelopment Plan may stimulate the redevelopment of vacant, obsolete, ill-configured and underutilized parcels, and provide new or improved public infrastructure, facilities and utilities. Redevelopment of the RPA will revitalize the area around the IL Route 72 Corridor, strengthen the economic base, and enhance the quality of life of the Village as a whole.

Rehabilitation and redevelopment of the RPA is to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate additional private investment. The underlying strategy is to use Tax Increment Financing, as well as other funding sources, to reinforce and encourage further private investment.

OBJECTIVES. Seven (7) objectives support the overall goal of area-wide revitalization of the IL Route 72 Corridor RPA. These objectives include:

1. Foster the replacement, repair, construction and improvement of the public infrastructure where needed, including public utilities, sidewalks, streets, curbs, gutters, underground water and sanitary systems and physical plants;
2. Facilitate the rehabilitation of existing properties within the IL Route 72 Corridor RPA, and encourage the construction of new commercial, civic/cultural, residential and recreational development, where appropriate;
3. Facilitate the physical improvement and rehabilitation of existing building structures and façades in the IL Route 72 Corridor RPA as well as the preservation of architecturally or historically significant buildings;
4. Facilitate the assembly, preparation and marketing of available sites in the RPA for new commercial, civic/cultural, governmental (as allowed by the Act), and recreational development, including corrective actions to address environmental problems to permit development and redevelopment, as needed or appropriate;
5. Facilitate the provision of new public facilities and the improvement of existing facilities that provide services and recreational and educational opportunities for Village residents and visitors;
6. Provide resources for streetscaping, landscaping and signage to improve the image, attractiveness and accessibility of the RPA, create a cohesive identity for the RPA and surrounding area, and provide, where appropriate, for buffering between different land uses and screening of unattractive service facilities, such as parking lots and loading areas; and
7. Support the goals and objectives of other overlapping plans, including the Village of Davis Junction Comprehensive Plan published in 2007 (the "2007 Comprehensive Plan"), the Village of Davis Junction IL Route 72 Corridor Improvement Plan published in 2007 (the "2007 IL Route 72 Corridor Improvement Plan"), and other TIF redevelopment plans, and coordinate available federal, state and local resources to further the goals of this Redevelopment Plan.

STRATEGIES. These objectives will be implemented through four (4) specific and integrated strategies:

1. **Implement Public Improvements.** A series of public improvements throughout the IL Route 72 Corridor RPA may be designed and implemented to help define and create an identity for the area, prepare sites for anticipated private investment, and create a more conducive environment for new development. Public improvements that are implemented with TIF assistance are intended to complement and not replace existing funding sources for public improvements in the RPA.

These improvements may include new streets and sidewalks, streetscaping, improved street and sidewalk lighting, resurfacing of alleys, sidewalks, streets and other paved surfaces, improvement of underground infrastructure and physical plants, the creation of parks, bike paths, trails and open space, and other public improvements and utilities consistent with this

Redevelopment Plan. These public improvements may be completed pursuant to redevelopment agreements with private entities or intergovernmental agreements with other public entities, and may include the construction, rehabilitation, renovation or restoration of public improvements on one or more parcels.

2. **Assist Existing Businesses and Property Owners.** The Village may provide assistance to support existing businesses and property owners in the RPA. This may include, but is not limited to, financial and other assistance for building rehabilitation, façade improvements, leasehold improvements, and construction of private and public facilities, such as plazas and other pedestrian amenities that are consistent with the goals of this Redevelopment Plan.
3. **Encourage Private Sector Activities.** Through the creation and support of public-private partnerships or through written agreements, the Village may provide financial and other assistance to encourage the private sector, including local property owners and businesses, to undertake rehabilitation and redevelopment projects, and other improvements that are consistent with the goals of this Redevelopment Plan.
4. **Facilitate Property Assembly, Demolition, and Site Preparation.** The Village may acquire and assemble property throughout the RPA to attract private investment and development, and to meet the goals, policies or objectives of this Redevelopment Plan. The consolidated ownership of these sites by the Village will make them more marketable to potential developers and streamline the redevelopment process. In addition, financial assistance may be provided to private developers seeking to acquire land and assemble sites for projects supportive of this Redevelopment Plan.

Land assemblage by the Village may be done by purchase, exchange, donation, lease, or eminent domain, and may be for the purposes of: (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Site preparation may include such preparatory work as demolition of existing improvements and environmental remediation, where appropriate. Furthermore, the Village may require written development agreements with developers before acquiring any properties. As appropriate, the Village may devote acquired property to temporary uses until such property is scheduled for disposition and development.

Proposed Future Land Use

The future land use of the IL Route 72 Corridor RPA reflects the objectives of this Redevelopment Plan, which are to support the improvement of the RPA as a mixed-use district and to support other improvements that serve the redevelopment interests of the local community, current business owners and the Village. The proposed objectives are compatible with historic land use patterns and support current development trends in the area.

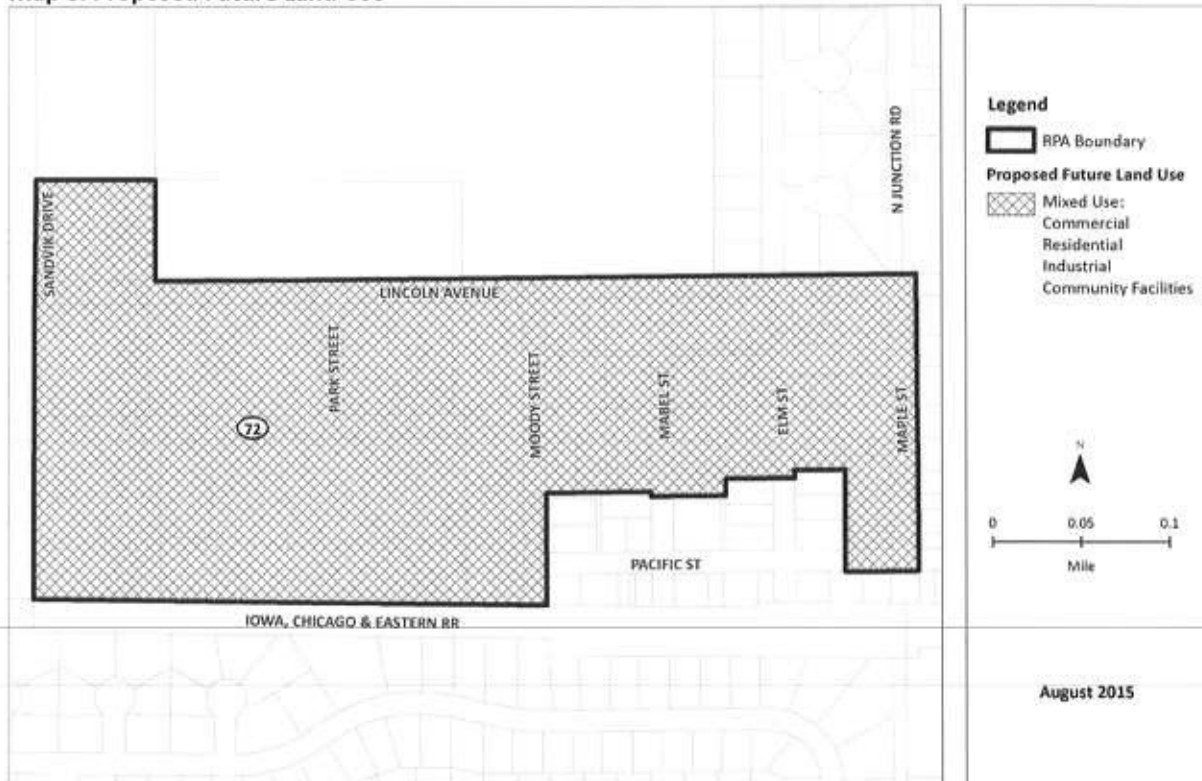
The proposed land uses are detailed on **Map 8** on page 31, which shows a mixed-use designation throughout the RPA. The mixed-use designation allows for the following land uses:

- Commercial
- Residential

- Industrial
- Community Facilities

The uses listed above are to be predominant uses for the area indicated, and are not exclusive of any other uses. The future land use designation is consistent with the 2007 Comprehensive Plan and is intended to support Board-approved planning documents guiding land use. The future land use designation does not supersede the area's underlying zoning.

Map 8: Proposed Future Land Use



Housing Impact and Related Matters

As set forth in the Act, if a redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a Housing Impact Study and incorporate the study into the Redevelopment Plan and Project document.

The consultant's field survey found that there are 20 housing units within the RPA. The Village of Davis Junction hereby certifies that no displacement will occur as a result of activities pursuant to this Redevelopment Plan. Therefore, a Housing Impact Study is not required under the Act.

5. Financial Plan

Eligible Costs

The Act outlines several categories of expenditures that can be funded using tax increment revenues. These expenditures, referred to as eligible redevelopment project costs, include all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan pursuant to the Act. The Village proposes to realize its goals and objectives of redevelopment through public finance techniques, including, but not limited to, Tax Increment Financing, and by undertaking certain activities and incurring certain costs. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans and specifications, and implementation and administration of the Redevelopment Plan, including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(1).
2. The costs of marketing sites within the RPA 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 interests 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, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(2).
4. Costs of rehabilitation, reconstruction, or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(3); 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.
5. Costs of the construction of public works or improvements, subject to the limitations in Section 11-74.4-3(q)(4) of the Act.
6. Costs of job training and retraining projects, including the costs of “welfare to work” programs implemented by businesses located within the RPA, and such proposals that feature a community-based training program, which ensures maximum reasonable opportunities for residents of the Village, with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills, including residents of public and other subsidized housing and people with disabilities, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(5).
7. Financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and that 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 a period not exceeding 36 months following completion and including reasonable reserves related thereto.

8. To the extent the Village 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 this Redevelopment Plan.
9. Relocation costs to the extent that the Village determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law, or by Section 11-74.4-3(n)(7) of the Act.
10. Payment in lieu of taxes, as defined in the Act.
11. 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: (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 RPA; and (ii) when incurred by a taxing district or taxing districts other than the Village, are set forth in a written agreement by or among the Village and the taxing district(s), which 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 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, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a.
12. Interest costs incurred by a developer, as more fully set forth in 65 ILCS 5/11-74.4-3(q)(11), 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 thirty percent (30%) of the annual interest costs incurred by the developer with regard to the development 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 provision, 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 thirty percent (30%) of the total of: (i) cost paid or incurred by the developer for the redevelopment

- project; and (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the Village, pursuant to the Act;
- e. For the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, the percentage of seventy-five percent (75%) shall be substituted for thirty percent (30%) in subparagraphs 12b and 12d above; and
 - f. Instead of the interest costs described above in paragraphs 12b and 12d, a municipality may pay from tax incremental revenues up to fifty percent (50%) of the cost of construction, renovation and rehabilitation of new housing units (for ownership or rental) to be occupied by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, as more fully described in the Act. If the 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 this benefit under the Act.
13. Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.
14. An elementary, secondary or unit school district's increased per pupil tuition costs attributable to net new pupils added to the district living in assisted housing units will be reimbursed, as further defined in the Act.
15. A library district's increased per patron costs attributable to net new persons eligible to obtain a library card living in assisted housing units, as further defined in the Act.

If a Special Service Area is established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 et seq., then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

Estimated Redevelopment Project Costs

The estimated eligible costs of this Redevelopment Plan are shown in **Table 3** on the following page. The total eligible redevelopment costs provide an upper limit on expenditures that are to be funded using tax increment revenues, exclusive of capitalized interest, issuance costs, interest, and other financing costs. Within this limit, adjustments may be made in line items without amendment to this Redevelopment Plan. Additional funding in the form of state and federal grants, private developers contributions, and other outside sources may be pursued by the Village as a means of financing improvements and facilities, which are of benefit to the general community.

Table 3: Estimated TIF-Eligible Redevelopment Costs

Project/Improvements	Estimated Project Costs
Professional Services (including analysis, administration, studies, surveys, legal, etc.)	\$200,000
Marketing of Sites	\$50,000
Property Assembly (including acquisition, site preparation, demolition, and environmental remediation)	\$150,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements	\$2,000,000
Public Works or Improvements (including streets and utilities, parks and open space, public facilities (schools & other public facilities)) [1]	\$3,500,000
Job Training, Retraining, Welfare to Work	\$150,000
Financing Costs	\$250,000
Relocation Costs	\$150,000
Taxing District Capital Costs [1]	\$50,000
School District Increased Costs [1]	\$50,000
Library District Increased Costs [1]	\$50,000
Payments in Lieu of Taxes	\$150,000
Developer or Property Owner Interest	\$250,000
Construction Costs for Affordable Housing	\$500,000
TOTAL REDEVELOPMENT COSTS [2]	\$7,500,000 [1] [3] [4]

[1] This category may include paying for or reimbursing: (i) an elementary, secondary or unit school district's increased per capita tuition costs attributed to assisted housing units, (ii) a library district's increased per patron costs attributed to assisted housing units, and (iii) capital costs of taxing districts impacted by the redevelopment of the RPA. As permitted by the Act, to the extent the Village by written agreement accepts and approves the same, the Village may pay, or reimburse, all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of this Redevelopment Plan.

[2] Total Redevelopment Costs exclude any additional financing costs, including any interest expense, capitalized interest, and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Costs.

[3] Increases in estimated Total Redevelopment Costs of more than 5%, after adjustment for inflation from the date of this Redevelopment Plan adoption, are subject to the Redevelopment Plan amendment procedures, as provided under the Act.

[4] The amount of the Total Redevelopment Costs that can be incurred in the RPA will be reduced by the amount of redevelopment costs incurred in contiguous redevelopment project areas, or those separated from the RPA only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the RPA, but will not be reduced by the amount of redevelopment project costs incurred in the RPA that are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the RPA by a public right-of-way.

Adjustments to the estimated line item costs in **Table 3** are expected and may be made by the Village without amendment to this Redevelopment Plan. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs because of changed redevelopment costs and needs.

Phasing and Scheduling of the Redevelopment

Each private project within the IL Route 72 Corridor RPA receiving TIF benefits shall be governed by the terms of a written redevelopment agreement entered into by a designated developer and the Village, approved by the Board and recorded in the Ogle County Recorder's Office. Where tax increment funds are used to pay eligible redevelopment project costs, to the extent funds are available for such purposes, expenditures by the Village shall be coordinated to coincide on a reasonable basis with the actual redevelopment expenditures of the developer(s). This Redevelopment Plan shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the Village is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this redevelopment project area is adopted (by December 31, 2039, if the ordinances establishing the RPA are adopted during 2015).

Sources of Funds to Pay Costs

Funds necessary to pay for redevelopment project costs and/or municipal obligations, which may be issued or incurred to pay for such costs, are to be derived principally from tax increment revenues and/or proceeds from municipal obligations, which have as a repayment source tax increment revenue. To secure the issuance of these obligations and the developer's performance of redevelopment agreement obligations, the Village may require the utilization of guarantees, deposits, reserves, and/or other forms of security made available by private sector developers. The Village may incur Redevelopment Project Costs that are paid from the funds of the Village other than incremental taxes, and the Village then may be reimbursed for such costs from incremental taxes.

The tax increment revenue, which will be used to fund tax increment obligations and eligible redevelopment project costs, shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase of the current equalized assessed value of each taxable lot, block, tract, or parcel of real property in the RPA over and above the certified initial equalized assessed value of each such property. Without the use of such incremental revenues, the RPA is not likely to redevelop.

Other sources of funds, which may be used to pay for development costs and associated obligations issued or incurred, include land disposition proceeds, state and federal grants, investment income, private investor and financial institution funds, and other sources of funds and revenues as the municipality and developer from time to time may deem appropriate.

The IL Route 72 Corridor RPA may be or become contiguous to, or be separated only by a public right-of-way from, other redevelopment areas created under the Act (65 ILCS 5/11 74.4 4 et. seq.). The Village

may utilize net incremental property tax revenues received from the IL Route 72 Corridor RPA to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the IL Route 72 Corridor RPA made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment costs within the RPA, shall not at any time exceed the Total Redevelopment Costs described in **Table 3** of this Redevelopment Plan.

The IL Route 72 Corridor RPA may be or become contiguous to, or separated only by a public right-of-way from, other redevelopment project areas created under the Illinois Industrial Jobs Recovery Law, (65 ILCS 5/11-74.61-1 et. seq.). If the Village finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the IL Route 72 Corridor RPA, the Village may determine that it is in the best interests of the Village and in furtherance of the purposes of this Redevelopment Plan that net revenues from the IL Route 72 Corridor RPA be made available to support any such redevelopment project areas, and vice versa. The Village, therefore, proposes to utilize net incremental revenues received from the IL Route 72 Corridor RPA to pay eligible redevelopment projects costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred or loaned between the IL Route 72 Corridor RPA and such areas. The amount of revenue from the IL Route 72 Corridor RPA so made available, when added to all amounts used to pay eligible redevelopment project costs within the RPA or other areas as described in the preceding paragraph, shall not at any time exceed the Total Redevelopment Costs described in **Table 3** of this Redevelopment Plan.

If necessary, the redevelopment plans for other contiguous redevelopment project areas that may be or already have been created under the Act may be drafted or amended, as applicable, to add appropriate and parallel language to allow for sharing of revenues between such districts.

Issuance of Obligations

To finance project costs, the Village may issue bonds or obligations secured by the anticipated tax increment revenue generated within the IL Route 72 Corridor RPA, or such other bonds or obligations as the Village may deem as appropriate. The Village may require the utilization of guarantees, deposits or other forms of security made available by private sector developers to secure such obligations. In addition, the Village may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the Village pursuant to this Redevelopment Plan and the Act shall be retired within the timeframe described under "Phasing and Scheduling of the Redevelopment" above. Also, the final maturity date of any such obligations that are issued may not be later than 20 years from their respective dates of issue. One or more of a series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the Village shall not exceed the amounts available from tax increment revenues, or other sources of funds, if any, as may be provided by ordinance. Obligations may be of parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

In addition to paying redevelopment project costs, tax increment revenues may be used for the scheduled and/or early retirement of obligations, and for reserves and bond sinking funds. To the extent that real property tax increment is not required for such purposes or other eligible redevelopment costs, revenues shall be declared surplus and become available for distribution annually to area taxing districts in the manner provided by the Act.

Most Recent Equalized Assessed Value of Properties in the RPA

The purpose of identifying the most recent EAV of the IL Route 72 Corridor RPA is to provide an estimate of the initial EAV, which the Ogle County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the IL Route 72 Corridor RPA. The 2014 EAV (the most recent year in which assessed values and the equalizer were available) of all taxable parcels in the IL Route 72 Corridor RPA is approximately \$705,000. This total EAV amount by PIN is summarized in **Appendix 2**. The EAV is subject to verification by the Ogle County Assessor. After verification, the final figure shall be certified by the Ogle County Assessor, and shall become the Certified Initial EAV from which all incremental property taxes in the Redevelopment Project Area will be calculated by Ogle County.

Anticipated Equalized Assessed Value

By tax year 2038 (collection year 2039), it is estimated that the total taxable EAV for the IL Route 72 Corridor RPA will be approximately \$1.1 million. This estimate is based on several key assumptions, including: (1) an inflation factor of 2.0 percent per year on the EAV of all properties within the IL Route 72 Corridor RPA.

6. Required Findings & Tests

Lack of Growth and Private Investment

The Village is required to evaluate whether or not the RPA has been subject to growth and private investment and must substantiate a finding of lack of such investment prior to establishing a Tax Increment Financing district. As outlined in the preceding sections and shown in **Table 4** below, the RPA's parcels have declined in value for all five (5) of the last five (5) year-to-year periods. The RPA's parcels have also grown at a slower rate than the Consumer Price Index for all five (5) of the last five (5) year-to-year periods. Lack of growth in EAV is one of the strongest indicators that an area is suffering from decline and a lack of private investment.

Table 4: Change in Annual Equalized Assessed Value (EAV) for All RPA Parcels

	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013-2014
All RPA Parcels	-3.4%	-3.2%	-2.8%	-8.6%	-3.6%
Consumer Price Index (CPI)	2.3%	3.4%	2.2%	1.7%	1.2%

Sources: Ogle County Assessor's Office, SB Friedman Development Advisors

In addition to a lack of growth in EAV, building permit activity also illustrates the level of private investment in an area. Construction-related permit activity is an indicator of major and minor improvements such as new construction, re-roofing or maintaining non-structural fixtures. Using the building permit history provided by the Village for the last five years (2010-present), we found that permits were issued for approximately six (6) properties of which four (4) were for private investment. The descriptions for this activity include: sign, electrical; pool, porch; porch, garage; and roof, siding, window, deck. The two (2) remaining building permits were for public uses.

Furthermore, past efforts to develop commercial uses within the RPA have failed, including an effort to develop a restaurant on Village-owned land along IL Route 72. Subsequent efforts to sell Village-owned property also failed for various reasons.

As described above, the unsuccessful efforts to redevelop Village-owned land and the building permits that were primarily issued for minor exterior improvements rather than major improvements or building expansions have impacted the overall growth in EAV; the total permit value is less than 2% of the total EAV for all of the properties in the RPA. Thus, the RPA has not been subject to growth and private investment.

Finding: *The IL Route 72 Corridor RPA, 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.*

But for...

The Village is required to find that, but for the designation of the TIF district and the use of Tax Increment Financing, it is unlikely that significant investment will occur in the IL Route 72 Corridor RPA.

Without the support of public resources, the redevelopment objectives for the RPA would most likely not be realized. The area-wide improvements and development assistance resources needed to redevelop and revitalize the IL Route 72 Corridor RPA as a vibrant mixed-use district are extensive and costly, and the private market, on its own, has shown little ability to absorb all of these costs.

The lack of growth in equalized assessed value, aging and deteriorating structures, and the presence of obsolete land platting for the vacant land sections of the RPA affect the entire community and negatively impact the redevelopment potential of the RPA. Public resources to assist with rehabilitation and public infrastructure improvements are needed to leverage private investment. The Village's general fund has not been able to fund all of the needed improvements. TIF funds can be used to fund infrastructure and streetscape improvements, environmental remediation, site assembly and preparation, and building rehabilitation. Accordingly, but for the designation of a TIF district, these projects, which would contribute substantially to area-wide redevelopment, are unlikely to occur.

Finding: *But for the adoption of this Redevelopment Plan, critical resources will be lacking that would otherwise support the redevelopment of the IL Route 72 Corridor RPA, and the IL Route 72 Corridor RPA would not reasonably be anticipated to be developed.*

Conformance to the Plans of the Village

The IL Route 72 Corridor RPA and Redevelopment Plan must conform to the comprehensive plan for the Village, conform to the strategic plan(s), or include land uses that have been approved by the Village Board.

The Community-Wide Land Use Plan within the 2007 Comprehensive Plan anticipates that the RPA will develop with a mix of residential, commercial and public uses. Also included in the 2007 Comprehensive Plan is the IL Route 72 Corridor Improvement Plan, which recommends commercial, residential, civic and institutional uses. Thus, the Redevelopment Plan conforms to both of these visions.

Dates of Completion

The dates of completion of each project and retirement of obligations are described in "Phasing and Scheduling of the Redevelopment" in Section 5 above. This Redevelopment Plan shall be completed, and all obligations issued to finance redevelopment costs shall be retired no later than December 31, 2039, if the ordinances establishing the RPA are adopted during 2015.

Financial Impact of the Redevelopment Project

As explained above, without the adoption of this Redevelopment Plan and Tax Increment Financing, the IL Route 72 Corridor RPA is not expected to be redeveloped by private enterprise. Additionally, there is a genuine threat that the conservation area may become blighted, and that the entire area will become a less attractive place to maintain and improve existing buildings and sites. The lagging growth of property values may also lead to a decline of property values in surrounding areas and could lead to a reduction of real estate tax revenue to all taxing districts.

This document describes the comprehensive redevelopment program proposed to be undertaken by the Village to create an environment in which private investment can reasonably occur. The redevelopment program will be staged gradually over the 23-year life of the IL Route 72 Corridor RPA. If a redevelopment project is successful, various new projects will be undertaken that will assist in alleviating blighting conditions, creating new jobs, and promoting rehabilitation and development in the IL Route 72 Corridor RPA.

This Redevelopment Plan is expected to have short- and long-term financial impacts on the affected taxing districts. During the period when Tax Increment Financing is utilized, real estate tax increment revenues from the increases in EAV over and above the Certified Initial EAV (established at the time of adoption of this document) may be used to pay eligible redevelopment project costs for the IL Route 72 Corridor RPA. At the time when the IL Route 72 Corridor RPA is no longer in place under the Act, the real estate tax revenues resulting from the redevelopment of the RPA will be distributed to all taxing district levying taxes against property located in the RPA. These revenues will then be available for use by the affected taxing districts.

Demand on Taxing District Services and Program to Address Financial and Service Impact

In 1994, the Act was amended to require an assessment of any financial impact of a redevelopment project area on, or any increased demand for service from, any taxing district affected by the redevelopment plan, and a description of any program addressing these impacts/increased demand.

The Village intends to monitor development in the RPA and, with the cooperation of the affected taxing districts, work to address any increased needs in connection with any particular development.

Given the preliminary nature of this Redevelopment Plan, specific fiscal impacts on the taxing districts and increases in demand for services provided by those districts cannot accurately be assessed within the scope of this plan. The following major taxing districts presently levy taxes on properties within the IL Route 72 Corridor RPA:

- Ogle County
- Rock Valley Community College 511
- Julia Hull District Library
- Scott Township Road District
- Village of Davis Junction
- Lynnville Scott White Rock Fire District
- Meridian Community Unit School District 223
- MTA8 SC-WR (Multi-Township Assessor - Scott/White Rock Townships
- Scott Township

Replacement of vacant and under-utilized buildings and sites with active and more intensive uses may result in additional demands on services and facilities provided by the districts. At this time, no special programs are proposed for these taxing districts. Should demand increase, the Village will work with the affected taxing districts to determine what, if any, program is necessary to provide adequate services.

7. Provisions for Amending Action Plan

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

8. Commitment to Fair Employment Practices & Affirmative Action Plan

The Village of Davis Junction is an equal opportunity employer. As part of this Redevelopment Project and Plan, the Village will work with any developers who assist in the redevelopment of the RPA to implement an effective affirmative action program that conforms to Village policies and practices.

This program will ensure equal opportunity for all personnel regardless of race, color, religion, sex, age, marital status, handicapped status, nation of origin, sexual preference, creed or ancestry. This program will also meet Village standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees. All entities involved are responsible for conformance to the policy that is put in place.

Appendix 1: Boundary Legal Description

Part of the South Half of the Northeast Quarter (NE1/4) of Section Twenty-Two (22), Township Forty-Two (42) North, Range One (1) East of the Third Principal Meridian (3rd PM), Village of Davis Junction, Ogle County, Illinois, described as follows, to wit:

Beginning at the intersection of the North Right-of-Way Line of the Iowa, Chicago and Eastern Railroad and the West line of the Southwest Quarter (SE1/4) of the Northeast Quarter (NE1/4) of said Section Twenty-Two; thence North, along said West line of the Southwest Quarter (SE1/4) of the Northeast Quarter (NE1/4) to the Northwest corner thereof, said point being on the North line of Sandvik Drive in said Village of Davis Junction; thence East, along the north line of the Southwest Quarter (SE1/4) of said Northeast Quarter (NE1/4) and along the North line of Lot 5 of the Final Plat of Jeremiah Heritage Center Subdivision to the Northeast corner of said Lot 5; thence South, along the East line of said Lot 5 to a point on the North Right-of-Way line of Lincoln Avenue in said Village of Davis Junction; thence East, along said North Right-of-Way line to the intersection of said North Right-of-Way line with the East Right-of-Way line of Maple Street in said Village of Davis Junction extended Northerly; thence South, along said Northerly extension and along said East Right-of-Way line and along the Southerly extension thereof to a point on the South Right-of-Way line of Pacific Street in the Village of Davis Junction; thence West, along said South Right-of-Way line to the intersection of said South Right-of-Way line with the West line of the Alley running North and South through Block Five (5) in the Village of Davis Junction extended Southerly; thence North, along said West line and along said Southerly extension to the Southeast corner of the North Half of Lot Sixteen (16) in Block Five (5) in the Village of Davis Junction; thence West, along the South line of the North Half of said Lot Sixteen (16) to the Southwest corner of the North Half of said Lot Sixteen (16); thence South, along the West line of said Lot Sixteen (16) to the intersection of said West line and the Easterly extension of the South line of Lot Two (2) in Block Four (4) in the Village of Davis Junction; thence West, along said Easterly extension and along the South line of said Lot Two (2) to the Southwest corner thereof; thence South, along the West line of Lot Three (3) in said Block Four (4) to the intersection of said West line with the Easterly extension of the South line of Lot Six (6) in said Block Four (4) in the Village of Davis Junction; thence West, along said Easterly extension and along said South line and along the Westerly extension thereof, to a point on the West line of Block Fourteen (14) in Davis Addition to the Village of Davis Junction; thence North, along said West line to the Southeast corner of Lot One (1) in said Block Fourteen (14); thence West, along the South line of Lots One (1), Two (2), Three (3) and Four (4) in said Block Fourteen (14) to the centerline of the vacated alley running North and South through said Block Fourteen (14); thence South, along said centerline, a distance of 6.45 feet; thence West, parallel with the South line of Lots Four (4), Five (5), Six (6) and Seven (7) in said Block Fourteen (14) to the West line of said Block Fourteen (14); thence South, along the West line of said Block Fourteen (14), said line also being the East line of Moody Street in the Village of Davis Junction, and the Southerly extension thereof, to a point on the South line of Pacific Street in the Village of Davis Junction; thence West, along said South line to the centerline of vacated Moody Street; thence South, along said centerline to a point on the North Right-of-Way Line of the Iowa, Chicago and Eastern Railroad; thence West, along said North Right-of-Way line to the Point of Beginning.

Appendix 2: Summary of EAV (by PIN)

Parcel Number	2014 Equalized Assessed Value
11-22-287-002	0
11-22-287-003	0
11-22-287-004	2,961
11-22-287-005	0
11-22-287-006	0
11-22-252-001	28,202
11-22-252-003	0
11-22-252-004	107,319
11-22-277-001	24,249
11-22-277-002	24,221
11-22-277-003	30,595
11-22-277-004	29,499
11-22-277-005	27,942
11-22-277-006	37,918
11-22-278-001	0
11-22-278-002	18,681
11-22-278-004	24,686
11-22-278-005	2,096
11-22-279-002	33,455
11-22-279-003	31,605
11-22-279-005	31,627
11-22-279-006	26,018
11-22-279-007	34,790
11-22-280-002	0
11-22-280-003	39,770
11-22-281-007	2,560
11-22-281-008	27,103
11-22-281-009	1,270
11-22-281-010	23,246
11-22-282-001	27,440

Parcel Number	2014 Equalized Assessed Value
11-22-282-003	32,182
11-22-283-001	25,451
11-22-283-005	0
11-22-283-006	0
11-22-283-007	0
11-22-283-008	0
11-22-283-009	0
11-22-283-010	10,107
Total EAV	704,933