

Tax Increment Finance City of Rock Island The Locks Redevelopment Project Area

Redevelopment Plan and Project December 2013



Prepared by



EHLERS
LEADERS IN PUBLIC FINANCE

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Table of Contents

I.	Introduction.....	1
	A. Discussion of TIF	1
	B. City of Rock Island	1
	C. Summary of the City’s Problems.....	3
	D. Tax Increment Financing	4
	E. The Redevelopment Project Area of the City of Rock Island	5
	F. The City of Rock Island Tax Increment Redevelopment Plan and Project.....	9
II.	Redevelopment Project Area Eligibility Conditions.....	11
	A. Surveys and Analyses Conducted	12
III.	Redevelopment Plan	15
	A. Redevelopment Plan Goals	15
	B. Redevelopment Plan Objectives.....	15
	C. Redevelopment Program	16
	D. Redevelopment Policies.....	18
	E. Redevelopment Implementation Strategy.....	19
IV.	Agreement with Comprehensive Plan	20
V.	Evidence Supporting the Need for the TIF.....	22
VI.	Redevelopment Project Costs.....	25
VII.	Redevelopment Project Certifications.....	29
VIII.	Findings	33
IX.	Provisions for Amending the Redevelopment Plan	38
Tables	39
	Table 1: The Locks Redevelopment Project Area Most Recent EAV and Five Year EAV History	39
	Table 2: The Locks Redevelopment Project Area Projected EAV and Tax Increment	40

Attachments41
Attachment 1: The Locks Redevelopment Project Area Legal Description..... 41
Attachment 2: The Locks Redevelopment Project Area Map..... 42
Attachment 3: Future Land Use Map..... 43
Attachment 4: The Locks Redevelopment Project Area Eligibility Report..... 44

I. Introduction

A. Discussion of TIF

Under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et seq.*, as supplemented and amended (the “Act”)), the City of Rock Island, Illinois (the “City”) anticipates designating The Locks Redevelopment Project Area as a “redevelopment project area” (the “Redevelopment Project Area”) under the Act, prior to which the City shall have adopted and approved this “Tax Increment Finance, City of Rock Island, The Locks Redevelopment Project Area, Redevelopment Plan and Project, December 2013” as a “Redevelopment Plan” (the “Redevelopment Plan”) and “redevelopment project” (the “Redevelopment Project”) and the use of tax increment allocation financing (“TIF”) in connection with the payment of qualifying “Redevelopment Project Costs” (the “Redevelopment Project Costs”) under the Act and implementation of this Redevelopment Plan and Redevelopment Project for the Redevelopment Project Area for twenty-three years after the year in which the Redevelopment Project Area is approved, but with the receipt of the 23rd year of incremental taxes in the 24th year.

As part of a strategy to encourage managed growth, deter future deterioration, encourage preservation and redevelopment, and stimulate private investment in the Redevelopment Project Area, the City engaged Ehlers and Associates, Inc. as its “tax increment Consultant” (the “Consultant”) to assist the City in determining whether the Redevelopment Project Area qualifies under the Act as a "conservation redevelopment project area," a "blighted redevelopment project area," or a combination thereof and/or an “industrial conservation area”. In this case the Redevelopment Project Area qualifies as a Blighted Area for improved land and for vacant land.

B. City of Rock Island

The City of Rock Island, the county seat of Rock Island County, is located in northwestern Illinois along the Mississippi River. Along with the communities of Moline, Illinois, and Davenport and Bettendorf, Iowa, the City is part of the Davenport-Rock Island-Moline Metropolitan Statistical Area (the “MSA”), also commonly referred to as the “Quad Cities” area.

The City was incorporated in 1841, and today the City of Rock Island is a home rule municipality organized under the Council-Manager form of government. Council members are elected from wards to staggered four-year terms. The Mayor and City Clerk are elected at-large and also serve four-year terms. A City Manager oversees the day-to-day operations of the City.

As of the 2010 census, Rock Island had a population of 39,018 persons, which is a decrease of 1.68% in population since the 2000 census. There are 15,660 households residing in the City. The average household size is 2.32 persons. The median income for a household is \$41,915.

Rock Island is home to the Rock Island Arsenal, the largest government-owned weapons manufacturing arsenal in the United States. The Rock Island Arsenal is on an island in the Mississippi River that is three miles long, and $\frac{3}{4}$ of a mile wide. The federal complex occupies about 867 acres and has over 70 federal and private tenants. The balance of the island consists of the Veterans Administration with a National Cemetery, a Confederate Cemetery, and the headquarters of the Rock Island District Army Corps of Engineers.

One public school district, Rock Island School District No. 41 (Rock Island/Milan) School District, serves the City and its residents. Currently, District 41 operates one high school, two middle schools, ten elementary schools, and one pre-school. Private primary and secondary schools are also available. Black Hawk Community College District No. 501 serves Rock Island, along with other communities in nine counties in northwestern Illinois. It currently has a facility located within the Redevelopment Project Area. There are several four-year colleges in the Quad Cities, including Augustana College, St. Ambrose University, and Western Illinois University.

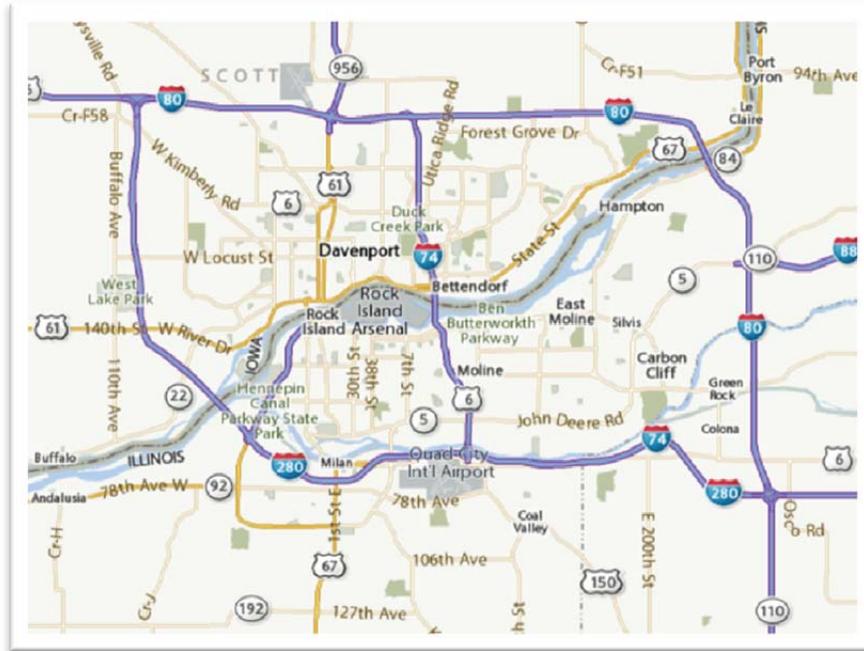
The Rock Island City Library serves the community through a main library and two branch libraries. The library also provides services on a contractual basis to Blackhawk Township and the Village of Milan.

The City has convenient access to major interstates, including I-80, I-88, and I-74. Five interstate bridges connect the Illinois and Iowa portions of the Quad Cities. Metro Link is the public transportation system that links Rock Island and the other communities in the Quad Cities area.

Air transportation in the area is provided by the Quad Cities International Airport, in Moline, Illinois, which has regularly scheduled jet service by American Eagle and United Express, as well as charter and commuter air lines. Adjacent to the airport is a U.S. Customs port of entry and a designated foreign trade zone. There are many port facilities along the Mississippi River in the Quad Cities area. Barge traffic via the Mississippi River is connected to the Illinois, Ohio, and Missouri Rivers, and the Gulf of Mexico. Railroad freight service is made available by the main line of the Burlington/Northern Santa Fe (BNSF) and the Iowa Interstate Railroad.

The primary hospitals providing major medical care to Rock Island residents are the Genesis Medical Center (formerly Illini Hospital) facilities in Silvis, Illinois and Davenport, Iowa. Trinity Medical Center in Moline is also available. Advanced medical and research medical facilities are located in the metropolitan Chicago and St. Louis areas.

Rock Island residents have many recreational opportunities. The City of Rock Island provides park and recreational services through its Department of Parks and Recreation. It operates 26 parks on 850 acres, including two golf courses, a marina, an aquatic center, and the Rock Island Fitness and Activity Center (RIFAC). The City's parks are supplemented by 2,292 acres owned by the Rock Island County Forest Preserve District. The district operates four forest preserves and the 228-acre Niabi Zoological Preserve. The Great River Trail system, which runs along the Mississippi River, runs through Rock Island.



City of Rock Island

C. Summary of the City's Problems

At one time, manufacturing thrived in the Quad Cities area, providing jobs to residents in Rock Island and the region. While manufacturing still exists in the region, much of this work has moved outside of the region or has been eliminated altogether. Some manufacturing jobs have been replaced with lower paying service jobs. The Rock Island Arsenal is a major economic force in the area. It currently employs over 7,900 people. With federal spending reductions, the total Arsenal workforce is down from its peaks of around 9,000. The tax base of the City and its redevelopment have suffered as a result of these declines.

Rock Island is a mature community and has many older commercial and residential developments. Rock Island has experienced growth in the outskirts of the community. Commercial businesses, including retailers and restaurants, both within and outside of the City, compete with the Downtown and have some distinct advantages by locating in other areas.

Downtown Rock Island has many of the elements desired in a downtown – historic architecture, pedestrian friendly areas, public gathering spaces, and recreational opportunities. However, the downtown is troubled and has a complex set of problems to overcome in its redevelopment.

The Locks Redevelopment Project Area has properties that suffer from obsolescence and deterioration. The buildings maintain their historic qualities, but they could use significant improvements or a change in use to provide greater benefit to the community. Building vacancies contribute to deteriorated conditions. Properties must be upgraded in order to

compete against new developments in “green grass” areas. Renovation and demolition of older facilities are too costly without assistance.

The Redevelopment Project Area was developed without the benefit or guidance of a comprehensive plan. Residential and commercial properties exist together without any buffering or screening to separate incompatible uses. There is not adequate on-site parking and loading.

These factors go beyond normal development costs and TIF funds will be necessary to finance related infrastructure, land preparation, and building rehabilitation. All of these factors create extraordinary costs that must be expended in order to make development possible. Unlike many of the newer commercial areas, the factors impacting this Redevelopment Project Area will require funding that is beyond normal development costs and TIF funds will be necessary to finance redevelopment and make project financing feasible for private investors.

The City has recognized and is dealing with its problems. The City of Rock Island has other active TIF Districts, an Enterprise Zone, a Commercial/Industrial Revolving Loan Fund, a Façade Improvement Program, a Sales Tax Rebate Program, and other programs to spur economic development. The Locks Redevelopment Project Area is comprised of parcels to be removed from the existing Downtown Redevelopment Project Area. While this TIF District has been successful, conditions that cause the Downtown Redevelopment Project Area to qualify for use of tax increment financing still exist. The City is creating this Redevelopment Project Area to spur residential, commercial, office, and mixed-use development and redevelopment, as well as upgrade and improve its infrastructure and recreational opportunities.

D. Tax Increment Financing

In January 1977, the Illinois General Assembly passed the initial version of what is now the present Tax Increment Allocation Redevelopment Act (the “Act”). This 1977 legislation was the initial authorization of “tax increment financing” (TIF) in Illinois. The General Assembly amended the Act many times since 1977, and it is now found in 65 ILCS 5/11-74.4-1 et seq. The Act provides a means for municipalities, after the approval of a Redevelopment Plan and Redevelopment Project, designation of a Redevelopment Project Area and adoption of tax increment allocation financing, to redevelop blighted, conservation, or industrial park conservation redevelopment project areas and to finance “Redevelopment Project Costs” (“Redevelopment Project Costs”) with “incremental property tax revenues” (“Incremental Property Taxes”). Incremental Property Taxes are derived from the increase in the equalized assessed valuation (EAV) of taxable real property within the Redevelopment Project Area over and above the equalized assessed value of such property at the time tax increment allocation financing is adopted (“Initial EAV”). Any year-to-year increase in EAV over the Initial EAV of such property is then multiplied by the current tax rate, which results in Incremental Property Taxes.

The Act defines a number of eligible items that may be Redevelopment Project Costs under the Act. Incremental Property Taxes may pay for many of these Redevelopment Project Costs or may be pledged to pay bonds, notes or other obligations issued for that purpose. In addition, a municipality may pledge as payment additional revenues including revenues from the Redevelopment Project, municipal property taxes or other revenue sources, and may issue bonds backed by the general obligation of the municipality or payable solely from Incremental Property Taxes and other sources.

Tax increment allocation financing generates Incremental Property Taxes through the temporary capture of new tax revenues generated by the increase in the EAV over the Initial EAV. This increased EAV of properties can result from a municipality's redevelopment program, improvements, various developments and redevelopment activities, and the reassessment of properties. Under the Act, all taxing districts continue to receive property taxes levied by application of their ordinary tax rates on the Initial EAV of properties within the Redevelopment Project Area. Taxing districts benefit from the increased property tax base after Redevelopment Project Costs and obligations are paid. If the taxing districts have buildings and structures in the Redevelopment Project Area, those facilities are eligible for repair, remodeling, and rehabilitation, if funds are available and such activities are provided for in the Redevelopment Plan.

E. The Redevelopment Project Area of the City of Rock Island

At the request of the City, the Consultant surveyed the area identified by the City and referred to in this Redevelopment Plan and Project as The Locks Redevelopment Project Area to document any eligibility factors that may exist within the Redevelopment Project Area. The Consultant documented these factors in an analysis entitled the "Tax Increment Finance, City of Rock Island, The Locks Redevelopment Project Area, Eligibility Report, March 2013" (the "Eligibility Report"), in **Attachment 4** to this Redevelopment Plan. The Eligibility Report is made part of this Redevelopment Plan by reference hereto. The Redevelopment Project Area and its existing conditions are briefly described below. For greater detail on these factors, refer to the Eligibility Report.

The Redevelopment Project Area is approximately 7 acres. The improved land consists of residential, commercial, office, and industrial buildings and land uses. The vacant land is used for surface parking and is surrounded by improved land.

The Redevelopment Project Area is generally located in downtown Rock Island between 1st Avenue on the north, 2nd Avenue on the south, 20th Street on the east, and 18th Street on the west. The boundaries follow the south side of 2nd Avenue from 20th Street east to 18th Street. The boundary then turns north along the west side of 18th Street to an alley between 1st and 2nd Avenues. The boundary then turns east along the north side of the alley between 1st and 2nd Avenues to 19th Street. The boundary then turns north along the west side of 19th Street to 1st Avenue. The boundary then turns east along the north side of 1st Avenue to 20th Street. The boundary then turns south along the east side of 20th Street to 2nd Avenue. The boundaries contain all adjoining rights-of-ways.

Attachment 1 is the legal description and **Attachment 2** is the map depicting the boundaries of the Redevelopment Project Area. **Attachment 2** illustrates that all parcels in the Redevelopment Project Area are contiguous. Both **Attachment 1** and **Attachment 2** are made part of this document by reference hereto.

The Redevelopment Project Area as a whole is adversely impacted by the presence of blighted factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. There has been a lack of growth and development through investment by private enterprise.

In addressing the challenges of developing and redeveloping the Redevelopment Project Area, there are many issues which must be overcome. Properties suffer from obsolescence, and no longer fulfill the purpose for which they were constructed. There are several vacant buildings and tenant spaces. Vacancies can be an indicator that the unoccupied building space is difficult to market and income from these spaces may not be sufficient to cover regular, routine maintenance and upgrades.

The buildings in the Redevelopment Project Area were constructed prior to the popularity of automobiles, and as a result there is not adequate off-street parking and loading for these buildings. Additional expenses will be necessary to remedy parking and loading issues, as well as to upgrade or redevelop properties to meet modern day standards. Demolition and replacement of structures may be necessary to accommodate new development.

All of the properties in the Redevelopment Project Area suffer from deterioration. Field surveys found deterioration present in both the improved and vacant portions of the Redevelopment Project Area. All of the buildings in the Redevelopment Project Area are more than 35 years of age – some are over 100 years old. While these buildings maintain much of their historic character, they generally require more upkeep and maintenance. There are missing bricks and tuck pointing issues on all of these buildings. In addition, these buildings have damaged gutters, downspouts, fascia, and lintels and broken windows and doors, as well as rusting HVAC equipment. There are a number of buildings that are completely vacant or have vacant tenant spaces. Lack of maintenance of the vacant buildings and tenant spaces adds to the deteriorated conditions. Substantial investment will be necessary to repair or demolish these buildings and parking areas.

The Redevelopment Project Area has a mix of land uses with residential, commercial, office, and industrial uses. In several instances, these uses occur within the same building. There are no buffers between these uses, which causes compatibility issues between the residential and commercial occupants. A lack of community planning is also evidenced by the fact that many properties in the Redevelopment Project Area are completely covered with structures and pavement, with little or no pervious surface or green space. Extraordinary expenses will be needed to develop and redevelop properties with appropriate buffering between conflicting land uses and provide additional landscaping materials.

Other improvements, such as utilities, sidewalks, street lighting, and street and alley repairs and upgrades may be needed within the Redevelopment Project Area as well. This need is exacerbated by the presence of excessive land coverage.

The vacant parcels will need to be consolidated in order for development and redevelopment to occur. One vacant parcel is made up of several small lots of record and a portion of another lot of record. As a whole, it would be difficult to accommodate new development meeting contemporary standards for most uses on this parcel. Subdivisions, right-of-way vacation, and road improvements and new construction will be necessary to consolidate smaller parcels and dedicate appropriate easements and rights-of-way, resulting in sizeable additional costs for development and redevelopment. City involvement will be required to create appropriate and efficient right-of-ways, easements, and layout of lots.

The City has attempted to encourage sound growth and development through investment by private enterprise. The Redevelopment Project Area is made up parcels anticipated to be removed from the existing Downtown Redevelopment Project Area, which was adopted in 1985. The City utilized property tax increment and sales tax increment (which was phased out in 2007) to make building renovations and to redevelop properties in the Downtown Redevelopment Project Area, to incent large office tenants to remain through making capital improvements, to clean up contaminated properties, and to purchase properties for resale to developers. While these efforts have been successful, conditions that caused the Downtown Redevelopment Project Area to qualify for use of tax increment financing still exist. Through legislative authority from the State of Illinois in 2000, the life of the Downtown Redevelopment Project Area was extended by up to 12 years.

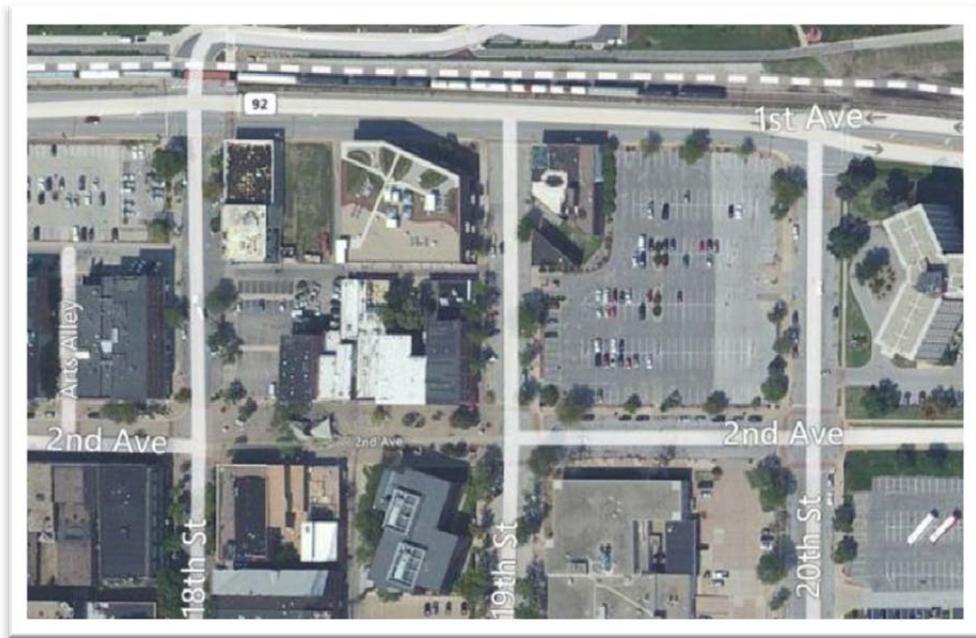
Recently, a new redevelopment project has been proposed for two parcels within what is proposed to be The Locks Redevelopment Project Area. The City has reviewed the developer's pro forma and found that redevelopment on the subject properties continues to be a financial challenge for the private sector. Incentives are needed to finance the gap in order for the developer to make a reasonable rate of return. The success to date in leveraging private investment in other parts of the downtown and in the remaining portions of the Downtown Redevelopment Project Area through public investment is evidence that tax increment finance has been able to close the financial gap. Further, The Locks Redevelopment Project Area is being created because the Downtown Redevelopment Project Area does not have sufficient term remaining to generate enough increment to offset the extraordinary expenses to be incurred by the developer. This was one of the reasons the City successfully pursued extending the term of the Downtown TIF.

In examining the EAV of the area, the EAV for the entire Redevelopment Project Area has seen moderate growth (see **Table 1**). However, the total EAV of the vacant parcels within the Redevelopment Project has increased at an annual rate which is less than the balance of the City for five (5) of the last five (5) calendar years. Further, the total EAV of the vacant parcels in the Redevelopment Project Area increased at an annual rate that is less than the Consumer Price Index for All Urban Consumers for four (4) of the last five (5) calendar years. The entire Redevelopment Project Area could benefit from the proposed development outlined in the paragraph above, as well as other improvements in the Redevelopment Project

Area. However, the history of redevelopment in the Rock Island downtown area has demonstrated that these improvements will not be made by the private sector without incentives.

These factors go beyond normal development costs and TIF funds will be necessary to finance such infrastructure, land preparation, and building rehabilitation.

The Redevelopment Project Area as a whole has not been subject to sound growth and development through investment by private enterprise and the Redevelopment Project Area would not reasonably be anticipated to be developed without TIF assistance.



Aerial View of Redevelopment Project Area

F. The City of Rock Island Tax Increment Redevelopment Plan and Project

The City intends that the Redevelopment Project Area will redevelop with commercial, office, residential, and recreational uses, including mixed uses.

Development in the Redevelopment Project Area may cause impacts on other taxing districts. These impacts will also need to be addressed.

This Redevelopment Plan has been prepared in accordance with the provisions of the Act. This Redevelopment Plan is intended to guide improvements and activities within the Redevelopment Project Area in order to stimulate private investment in the Redevelopment Project Area. The goal of the City, through the implementation of this Redevelopment Plan, is that the Redevelopment Project Area be developed to the extent possible on a comprehensive and planned basis. For this to occur, the City must foster private investment in the Redevelopment Project Area.

This Redevelopment Plan specifically describes the Redevelopment Project Area and sets forth the factors that qualify the Redevelopment Project Area for designation as a Redevelopment Project Area as defined in the Act.

Successful implementation of the Redevelopment Plan requires that the City utilize Incremental Property Taxes in accordance with the Act and work cooperatively with the private sector and local governmental agencies. With a sound financial base, the City will be better able to provide adequate services for its citizens and increase the economic viability of the City. Only through the implementation of this Redevelopment Plan under the Act will the Redevelopment Project Area develop on a comprehensive and coordinated basis, thereby reducing the factors that have precluded substantial development of the Redevelopment Project Area by the private sector. Left on its own, the Redevelopment Project Area, without incentives authorized by the Act, will likely continue to experience the blight conditions or those conditions that will lead to blight. TIF is a means of implementing such cooperation. By means of public investment through the TIF, the Redevelopment Project Area will become an environment that will attract private investment.

The use of Incremental Property Taxes by the City to pay Redevelopment Project Costs will permit the City to participate in and coordinate public and private improvements and activities to stimulate private investments on a comprehensive basis. These improvements, activities, and investments will benefit the City, its residents, and all local governments serving the Redevelopment Project Area. The anticipated benefits include:

- Strengthened property tax base for all affected taxing districts;
- Increased sales tax for the City;
- Increased job opportunities;
- Reduced problem conditions in the Redevelopment Project Area, as well as general physical improvement and upgrading of properties;
- Remediated environmental problems;

- Enhanced visual appearance and landscaping within the City;
- Increased commercial and business opportunities, including those for retail, office, and mixed-uses;
- Improved residential opportunities, including a variety of housing types for various needs and income levels;
- Increased recreational opportunities;
- Improved community sustainability;
- Improved economic conditions; and
- Stabilized portion of the community.

The following is a summary of the key recommendations for the Redevelopment Project Area to achieve the above benefits. To accomplish redevelopment on a comprehensive basis within the Redevelopment Project Area, the following steps should be taken:

1. Acquire and prepare land for redevelopment;
2. Create development, including commercial, office, residential, and recreational uses, including mixed uses;
3. Create employment opportunities for the community and surrounding area;
4. Coordinate design within the Redevelopment Project Area;
5. Create public and private facilities and improvements;
6. Provide access and creation of necessary rights-of-way not present;
7. Implement landscape, streetscape, and signage plans;
8. Repair, remodel, rehabilitate, or replace some obsolete and/or deteriorating structures;
9. Provide needed infrastructure improvements;
10. Acquire real estate and personal property, including for disposition at up to 100% write-down for public and/or private development activities;
11. Provide write-down of up to 50% of construction costs for low-income housing;
12. Address environmental problems that may be associated with properties;
13. Address flooding and drainage issues;
14. Prepare land for development;
15. Provide adequate parking and loading facilities;
16. Provide financing assistance and interest subsidy for public and private development activities;
17. Provide for impacts on other taxing bodies, including school payments according to the Act; and
18. Assist redevelopment goals and objectives in adjacent Redevelopment Project Areas.

II. Redevelopment Project Area Eligibility Conditions

The Redevelopment Project Area's "Blighted" conditions documented in this section are based on surveys and analyses initially conducted by the Consultant in December 2012. As set forth in the Act, the Redevelopment Project Area qualifies as a "blighted area" for improved land and for vacant land.

1. The area must meet the criteria under one of three categories if it is determined to be blighted. One set of the criteria for both the Conservation and Blighted designations deals with improved property. Two sets within the Blighted designation deal with vacant property. The minimum number of required factors must be present in one of these categories and the presence of each must be documented;
2. Each factor present must be reasonably distributed throughout the Redevelopment Project Area and should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act;
3. The property must equal or exceed 1½ acres; and
4. The Redevelopment Project Area must meet the "but for" requirement of the Act in that development and redevelopment would not reasonably occur without financial assistance and intervention by the municipality.

The criteria presented are reasonably present to a meaningful extent and reasonably distributed in the improved portions of the Redevelopment Project Area.

The Redevelopment Project Area is approximately 7 acres, in excess of the required 1½ acres.

The Redevelopment Project Area as a whole is adversely impacted by the presence of blighted factors and these factors are reasonably distributed throughout the Redevelopment Project Area. There has been a lack of growth and development through investment by private enterprise in the Redevelopment Project Area, showing that development will not occur without financial assistance by the City.

A. Surveys and Analyses Conducted

The conditions summarized above are based upon initial surveys and analyses conducted by the Consultant in December 2012. The surveys and analyses conducted include:

1. Exterior survey of the condition and use of each building;
2. Field survey of conditions, including streets, sidewalks, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing uses and their relationships;
4. Analysis of tax maps to ascertain platting;
5. Analysis of vacant sites;
6. Review of previously prepared plats, plans, and studies;
7. Review of Federal Emergency Management Agency (FEMA) flood maps;
8. Review of Environmental Protection Agency (EPA) and Illinois Environmental Protection Agency (IEPA) compliance lists;
9. Analysis of public utilities, such as water, sewer, gas utilities, etc.;
10. Review of County and Township Tax Records; and
11. Contacts with City officials, county officials, other taxing bodies as appropriate, and private parties knowledgeable as to area conditions, history, age of buildings and site improvements, real estate matters and related items, as well as examination of existing information related to the Redevelopment Project Area.

The improved portion of the Redevelopment Project Area meets the requirements of Section 11-74.4-3 (a) (1) (B), (C), (F), (I), (J), and (L) of the Act for designation of improved land as a Blighted Area. For designation as a Blighted Area for improved land five (5) criteria are to be met, and in this case six (6) criteria have been met.

The following six (6) Blighted Area criteria are present in the improved land:

- Obsolescence;
- Deterioration;
- Excessive Vacancies;
- Excessive Land Coverage;
- Deleterious Land Use or Layout; and
- Lack of Community Planning.

The following parcels constitute improved land in the Redevelopment Project Area:

Improved Land Parcel Numbers		
096396	096398	096403
096396-A	096399	096411
096397	096400	096412

The vacant portion of the Redevelopment Project Area also meets the requirements of the Act for designation of vacant land as a Blighted Area. For designation as a Blighted Area for vacant land, there are two sections of the Act under which vacant land can be determined to be blighted. Two or more of the criteria in one section are required to be met. In the other section, one or more of the criteria is required to be met. In this case, the vacant land meets the requirements for the first section of the Act.

The Redevelopment Project Area meets the requirements of Section 11-74.4-3(a) (2) (A), (D), and (F) of the Act. In this section of the Act, two (2) criteria are required for designation of vacant land as a Blighted Area. In this case, three (3) criteria have been met.

The following three (3) Blighted Area criteria are present in the vacant area:

- Obsolete platting;
- Deterioration of structures or site improvements in neighboring or adjacent areas; and
- Lagging EAV.

The following parcels constitute vacant land in the Redevelopment Project Area:

Vacant Land Parcel Numbers		
096404	096413	096426

These parcels meet the definition of vacant land under the Act in Section 11-74.4-3 (v), as any parcel or combination of parcels without industrial, commercial, and residential buildings which has not been used for commercial agricultural purposes within five (5) years prior to the designation of the Redevelopment Project Area. The vacant land has not been “commercially farmed” in the last five (5) years.

The improved portion of the Redevelopment Project Area also qualifies for “Conservation Area” designation, as it meets the age criteria and six (6) of the Conservation Area factors as defined in the Act. However, there are adequate criteria to qualify the Redevelopment Project Area as a “Blighted Area”, and therefore, the “Conservation Area” designation will not be applied.

There must be a reasonable presence of and distribution of these factors in the Redevelopment Project Area, as stated in the Act. These factors are not required to be present in every parcel. The above factors are distributed throughout the Redevelopment Project Area and are present to a meaningful extent such that a local governing body may reasonably find that the factors are clearly present within the intent of the Act. **Table 2** in the Eligibility Report (**Attachment 4** of this report) contain the results of various research, field survey, and analysis of existing conditions in the Redevelopment Project Area, which demonstrates that the above criteria are present to a meaningful extent and distributed throughout the Redevelopment Project Area.

The Redevelopment Project Area is approximately 7 acres, in excess of the required minimum 1½ acres required by the Act.

The Redevelopment Project Area as a whole is adversely impacted by the presence of blighted factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. There has been a lack of growth and development through investment by private enterprise.

These factors go beyond normal development needs and TIF funds will be necessary to finance redevelopment activities.

The Redevelopment Project Area has not been subject to sound growth and development through investment by private enterprise and the Redevelopment Project Area would not reasonably be anticipated to be developed without TIF assistance.

Based on these factors, the Consultant has recommended that the City conclude that property within the Redevelopment Project Area qualifies as a Blighted Area for improved land and for vacant land as defined in State statute and is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City.

III. Redevelopment Plan

A. Redevelopment Plan Goals

Listed below are the general goals of this Redevelopment Plan. These goals provide the overall framework for guiding decisions during the implementation of this Redevelopment Plan.

1. An improved quality of life in the Redevelopment Project Area and the City.
2. An environment within the Redevelopment Project Area that will contribute more positively to the health, safety and general welfare of the City and preserve or enhance the value of properties in and adjacent to Redevelopment Project Area.
3. An increased sales tax base for the City and an increased property tax base for all local governments having jurisdiction overlapping the Redevelopment Project Area.
4. A strengthened economy of the City and the larger community.
5. A stabilized business area for the City.
6. A wider variety of housing types available to new and current residents.
7. An improved physical condition of the Redevelopment Project Area and the City.

B. Redevelopment Plan Objectives

Listed below are objectives of this Redevelopment Plan, which guide planning decisions to achieve the goals and objectives contained in this Redevelopment Plan.

1. Reduce or eliminate those conditions that are leading to or causing blight and qualify the Redevelopment Project Area as a “blighted area”. **Attachment 4** describes these conditions.
2. Encourage a high-quality appearance of buildings, rights-of-way, and open spaces and encourage high standards of design.
3. Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, tax base, and job opportunities.
4. Assemble land into parcels of sufficient shape and size for disposition and redevelopment in accordance with this Redevelopment Plan and contemporary development needs and standards.
5. Stimulate private investment in appropriate new construction and redevelopment.
6. Provide needed public improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities. Facilities will address the problems cited in the Eligibility Report, provide utilities, and create rights-of-way and access to the sites.
7. Provide needed incentives to encourage a broad range of improvements.
8. Create additional recreational opportunities that coordinate and build upon those within the Redevelopment Project Area and other parts of the City.

9. Improve the visual attractiveness of the City through landscaping and coordination of design in the Redevelopment Project Area.
10. Address flooding problems.
11. Provide write down of up to 50% of construction costs for low-income housing.
12. Enhance the sustainability of the community as a desirable place to live and work.
13. Increase commercial, office, residential, and recreational, and mixed use development and redevelopment.

C. Redevelopment Program

The City may use any program element authorized by the Act including, but not limited to, those in the following listing. The City proposes to achieve the redevelopment goals and objectives of this Redevelopment Plan for the Redevelopment Project Area through public financing techniques including, but not limited to, tax increment financing and by utilizing such financing techniques to undertake some or all of the following activities and improvements:

1. Analysis, Administration, Studies, Surveys, Legal, etc.

The City may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage the Redevelopment Plan.

2. Property Assembly

The City, or an agent for the City, may acquire and assemble land for the purpose of development. Vacant, underutilized or misused property may be acquired by purchase, exchange, up to 100% write down, or long-term lease by private developers or the City for the purpose of new development.

3. Land Preparation

The City may assist in the preparation of land to include demolition, environmental remediation and flood mitigation.

4. Relocation

The City may assist in relocation efforts.

5. Rehabilitation and Lease Hold Improvements

The City may assist in rehabilitation, remodel, repair, and lease hold improvements.

6. Land Acquisition

The City may purchase or write down the purchase of land.

7. Development Agreements

The City may enter into development and redevelopment agreements with private or public entities for the furtherance of this Redevelopment Plan. Such agreements may be for the assemblage of land, construction of improvements or facilities, improvement of access, the provision of services or any other lawful purpose. Agreements may contain terms and provisions that are more specific than the controls that are summarized in this Redevelopment Plan.

In the case where a private individual or entity received benefits under the Act for the purpose of originating, locating, maintaining, rehabbing, or expanding a business facility abandons or relocates its facility in violation of a redevelopment agreement, the City of Rock Island reserves the right to collect reimbursement for funds extended in accordance with the Act.

8. Provision of Public Works or Improvements

The City may provide public works and improvements that are necessary to service the Redevelopment Project Area in accordance with the Redevelopment Plan. Public works and improvements may include, but are not limited to, the following:

a. Streets, Sidewalks, Lighting, Utilities, and Parking

Public infrastructure improvements may be necessary to adequately serve the Redevelopment Project Area and potential new development. Improved access will be necessary to develop portions of the Redevelopment Project Area. Certain infrastructure improvements, in connection with and adjacent to the Redevelopment Project Area, may be necessary to advance the goals and objectives of this Redevelopment Plan. It is expected that streets, sidewalks, utilities (including any electrical or data upgrades needed for use by current technology), and parking improvement will be part of any redevelopment activity.

b. Landscaping

Landscape/buffer improvements, street lighting and general beautification improvements may be provided.

c. Stormwater Management

Facilities may be needed to be created to eliminate or reduce stormwater runoff.

d. Sewage Treatment

Facilities may be needed to collect and treat sewage.

e. Water System

An adequate water supply may be provided.

9. Coordinate Design within the Redevelopment Project Area

Where possible, design elements should be planned in such a way as to make the Redevelopment Project Area aesthetically pleasing. Consistent and coordinated design patterns should be promoted.

10. Job Training

Improve job skills of those working in the Redevelopment Project Area.

11. Interest Subsidy

Funds may be provided to reimburse redevelopers for a portion of interest costs related to the construction of qualifying redevelopment facilities and improvements.

12. Eminent Domain

Should it be necessary, the City may use the power of eminent domain, as authorized by the Act, to obtain land necessary to achieve the objectives of the Redevelopment Plan.

13. Assist in Financing Redevelopment Project Area Contiguous TIFs

Funds derived from either this Redevelopment Project Area or others that may be contiguous are eligible to be used for the support of the other redevelopment programs under this Redevelopment Plan.

14. Payment to Schools

Payments will be made according to the Act to the school districts for each student added to the school district.

D. Redevelopment Policies

The City of Rock Island proposes to undertake this Redevelopment Plan and the related Redevelopment Project, which consists of planned economic development and redevelopment activities, sound fiscal policies, marketable land uses, and other private and public activities. Appropriate policies have been or will be developed as required, assuring the completion of this Redevelopment Plan and the activities specified.

The City may employ the use of financial incentives for private investment within the Redevelopment Project Area. This includes tax increment financing, which constitutes one of the key financial components for enabling the redevelopment of the Redevelopment Project Area. This portion of the community, the City as a whole, and all other local taxing bodies, will benefit from the implementation of this Redevelopment Plan.

E. Redevelopment Implementation Strategy

The implementation and conclusion of a well-devised redevelopment strategy is a key element in the success of this Redevelopment Plan. These strategies and plans are under current development and will be implemented through this Redevelopment Plan and Project. In order to maximize program efficiency and to take advantage of development interest in the Redevelopment Project Area, and with full consideration of available funds, the City intends to proceed in an expeditious manner.

A combination of public and private investments and public and private improvements is an essential element of this Redevelopment Plan. In order to achieve this end, the City may enter into agreements, including with private developers, proposing that TIF assistance may be provided, where deemed appropriate by the City, to facilitate private projects and development. The City may also contract with others to accomplish certain public and private projects as contained in this Redevelopment Plan.

IV. Agreement with Comprehensive Plan

The City's plan for this area is entitled "Downtown Strategic Plan 2007 – 2010." A separate Future Land Use map is also in place.

The Downtown Vision outlined in the "Downtown Strategic Plan 2007-2010" reflects those goals in the Redevelopment Plan:

"A Place...

- for creativity and commerce with competitive clusters in the office, technology, arts, entertainment, and retailing sectors
- strongly linked to the surround neighborhoods and the river
- that celebrates the rich history of our community
- with a well maintained and balanced blend of built, natural, and creative elements
- that is inviting to workers, residents, and visitors seeking the arts, entertainment, and recreation
- that celebrates diversity
- offering ease of accessibility through a variety of transportation options, while preserving a friendly and walkable atmosphere
- willing to continuously improve through collaboration with others"

In addition, the "Downtown Strategic Plan 2007-2010" outlines the following objectives, also reflecting those goals in the Redevelopment Plan:

1. Increase utilization and occupancy of the downtown properties, ultimately enhancing activity and commerce.
2. Complete a Riverfront Plan to include funding and timetable, while integrating the downtown as a place of commerce and recreation.
3. Continue to grow the downtown residential population through an understanding of current and future needs.
4. Engage the business community to understand their needs, develop solutions, and support the growth of the downtown area.
5. Continue to enhance a pedestrian-friendly downtown.
6. Refine and promote the brand of the downtown area - The District.
7. Enhance the creation and performance of the arts for sale or public display in the downtown.
8. Complete evaluation of nightlife activities and make recommendations on changes to enhance the image of downtown.
9. Collaborate with neighboring cities.

In addition, the City's Future Land Use Map, as shown in **Attachment 3** of this report, shows properties in the Redevelopment Project Area as being for General Commercial uses. This generally corresponds to the land uses outlined in this Redevelopment Plan.

In summary, the above Downtown Vision statements and objective in the City's "Downtown Strategic Plan 2007-2010" and the land uses identified in the City's Future Land Use Map reflect the goals and land uses in this Redevelopment Plan.

V. Evidence Supporting the Need for the TIF

The Redevelopment Project Area as a whole is adversely impacted by the presence of blighted factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. There has been a lack of growth and development through investment by private enterprise.

In addressing the challenges of developing and redeveloping the Redevelopment Project Area, there are many issues which must be overcome. Properties suffer from obsolescence, and no longer fulfill the purpose for which they were constructed. There are several vacant buildings and tenant spaces. Vacancies can be an indicator that the unoccupied building space is difficult to market and income from these spaces may not be sufficient to cover regular, routine maintenance and upgrades.

The buildings in the Redevelopment Project Area were constructed prior to the popularity of automobiles, and as a result there is not adequate off-street parking and loading for these buildings. Additional expenses will be necessary to remedy parking and loading issues, as well as to upgrade or redevelop properties to meet modern day standards. Demolition and replacement of structures may be necessary to accommodate new development.

All of the properties in the Redevelopment Project Area suffer from deterioration. Field surveys found deterioration present in both the improved and vacant portions of the Redevelopment Project Area. All of the buildings in the Redevelopment Project Area are more than 35 years of age – some are over 100 years old. While these buildings maintain much of their historic character, they generally require more upkeep and maintenance. There are missing bricks and tuck pointing issues on all of these buildings. In addition, these buildings have damaged gutters, downspouts, fascia, and lintels and broken windows and doors, as well as rusting HVAC equipment. There are a number of buildings that are completely vacant or have vacant tenant spaces. Lack of maintenance of the vacant buildings and tenant spaces adds to the deteriorated conditions. Substantial investment will be necessary to repair or demolish these buildings and parking areas.

The Redevelopment Project Area has a mix of land uses with residential, commercial, office, and industrial uses. In several instances, these uses occur within the same building. There are no buffers between these uses, which causes compatibility issues between the residential and commercial occupants. A lack of community planning is also evidenced by the fact that many properties in the Redevelopment Project Area are completely covered with structures and pavement, with little or no pervious surface or green space. Extraordinary expenses will be needed to develop and redevelop properties with appropriate buffering between conflicting land uses and provide additional landscaping materials.

Other improvements, such as utilities, sidewalks, street lighting, and street and alley repairs and upgrades may be needed within the Redevelopment Project Area as well. The presence of excessive land coverage will make the implementation of these improvements more challenging and costly.

The vacant parcels will need to be consolidated in order for development and redevelopment to occur. One vacant parcel is made up of several small lots of record and a portion of another lot of record. As a whole, it would be difficult to accommodate new development meeting contemporary standards for most uses on this parcel. Subdivisions, right-of-way vacation, and road improvements and new construction will be necessary to consolidate smaller parcels and dedicate appropriate easements and rights-of-way, resulting in sizeable additional costs for development and redevelopment. City involvement will be required to create appropriate and efficient right-of-ways, easements, and layout of lots.

The City has attempted to encourage sound growth and development through investment by private enterprise. The Redevelopment Project Area is comprised of parcels anticipated to be removed from the existing Downtown Redevelopment Project Area, which was adopted in 1985. The City utilized property tax increment and sales tax increment (which was phased out in 2007) to make building renovations and to redevelop properties in the Downtown Redevelopment Project Area, to incent large office tenants to remain and benefit from these capital improvements, to clean up contaminated properties, and to purchase properties for resale to developers. While some of these efforts have been successful, conditions that caused the Downtown Redevelopment Project Area to qualify for use of tax increment financing still exist. Through legislative authority from the State of Illinois in 2000, the life of the Downtown Redevelopment Project Area was extended by up to 12 years.

Recently, a new redevelopment project has been proposed for two parcels within what is proposed to be The Locks Redevelopment Project Area. The City has reviewed the developer's pro forma and found that redevelopment on the subject properties continues to be a financial challenge for the private sector. Incentives are needed to finance the funding gap to allow the developer to make a reasonable rate of return. The success to date in leveraging private investment in other parts of the downtown and in the remaining portions of the Downtown Redevelopment Project Area through public investment is evidence that tax increment finance has been able to close the financial gap. Further, The Locks Redevelopment Project Area is being created because the Downtown Redevelopment Project Area does not have sufficient term remaining to generate enough increment to offset the extraordinary expenses to be incurred by the developer. This was one of the reasons the City successfully pursued extending the term of the Downtown TIF.

In examining the EAV of the area, the EAV for the entire Redevelopment Project Area has seen moderate growth (see **Table 1**). However, the total EAV of the vacant parcels within the Redevelopment Project has increased at an annual rate which is less than the balance of the City for five (5) of the last five (5) calendar years. Further, the total EAV of the vacant parcels in the Redevelopment Project Area increased at an annual rate that is less than the Consumer Price Index for All Urban Consumers for four (4) of the last five (5) calendar years. The entire Redevelopment Project Area could benefit from the proposed development outlined in the paragraph above, as well as other improvements in the Redevelopment Project Area. However, the history of redevelopment in the Rock Island downtown area has demonstrated that these improvements will not be made by the private sector without incentives.

As described in **Attachment 4** of this report, the Redevelopment Project Area as a whole is adversely impacted by the presence of Blighted factors, and these factors are reasonably distributed throughout the Redevelopment Project Area.

Therefore, it is not reasonable to expect that the Redevelopment Project Area as a whole will be redeveloped on a comprehensive and coordinated basis without the use of TIF.

VI. Redevelopment Project Costs

Redevelopment Project Costs are defined within the Act and all costs to be paid or reimbursed in the Redevelopment Project Area will conform to this definition.

A. Estimated Redevelopment Project Costs

A wide range of redevelopment activities and improvements will be required to implement the Redevelopment Plan. The activities and improvements and their estimated costs (2013 dollars) are summarized below. To the extent that obligations are issued to pay for such Redevelopment Project Costs prior to, and in anticipation of, the adoption of TIF and designation of the Redevelopment Project Area, the City may directly pay or be reimbursed from Incremental Property Taxes for such Redevelopment Project Costs to their fullest extent. These costs are subject to prevailing market conditions and are in addition to total Redevelopment Project Costs.

Total Redevelopment Project Costs, described in this Redevelopment Plan, are intended to provide an upper estimate of expenditures and does not commit the City to undertake any particular Redevelopment Project Costs.

While all of the costs in the budget are eligible Redevelopment Project Costs under the Act and this Redevelopment Plan, inclusion herein, does not commit the City to finance all these costs with TIF funds.

(See also notes for additional information regarding Redevelopment Project Costs.)

1. Costs of studies, surveys, development of plans and specifications, implementation and administration (annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a Redevelopment Project Area or approved a Redevelopment Plan) of the Redevelopment Plan including, but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services. \$2,000,000
2. Costs of marketing sites within the Redevelopment Project Area to prospective businesses, developers, and investors. \$500,000
3. Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests herein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to, parking lots and other concrete or asphalt barriers, and the clearing and grading of land. \$4,000,000

4. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a Redevelopment Project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification. \$10,000,000
5. Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or constructions elements with an equivalent certification. \$20,000,000
6. Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the Redevelopment Project Area. \$500,000
7. Financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations including interest accruing during the estimated period of construction of the Redevelopment Project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto. \$5,000,000
8. To the extent the City, by written agreement, accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan and Project (impacts such as those on the City may be addressed through these funds). \$1,000,000
9. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n) of Section 11-74.4-3 of the Act. \$2,000,000
10. Payment in lieu of taxes. \$500,000

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|---|--------------|
| 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 a Redevelopment Project Area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including, but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code. | \$500,000 |
| 12. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project. | \$8,000,000 |
| 13. Contributions to Schools as required by the Act for an increased student population as a result of TIF Projects. | \$3,000,000 |
| 14. Contributions to contiguous TIF's. | \$10,000,000 |

Notes regarding Redevelopment Project Costs:

- a. All costs shown are in 2013 dollars.
- b. Private redevelopment costs and investment are in addition to the above.
- c. To the extent permitted by law, the City reserves the right to adjust and transfer budgeted amounts within the Total Redevelopment Project Budget among eligible Redevelopment Project Costs.
- d. Certain infrastructure work in connection with and appurtenant to the Redevelopment Project Area can be undertaken under the Act.
- e. Total budgeted costs exclude any additional financing costs, including interest expense, capitalized interest, and any and all closing costs associated with any obligations issued.
- f. In the case where a private individual or entity received benefits under the Act for the purpose of originating, locating, maintaining, rehabilitating, or expanding a business facility abandons or relocates its facility in violation of a redevelopment agreement, the City of Rock Island reserves the right to collect reimbursement for funds extended in accordance with the Act.
- g. Inflationary costs may be realized according to the Act.

The City may pay directly or reimburse developers who incur Redevelopment Project Costs authorized by a redevelopment agreement.

The City reserves the right to utilize revenues received under the Tax Increment Allocation Redevelopment Act for eligible costs from one Redevelopment Project Area in another Redevelopment Project Area that is either contiguous to, or is separated only by a public right-of-way from, the Redevelopment Project Area from which the revenues are received.

It is anticipated that the City may choose to stage City expenditures for Redevelopment Project Costs on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of revenues from the Redevelopment Projects.

VII. Redevelopment Project Certifications

This section reviews the Redevelopment Plan and provides appropriate responses to certifications required in the Act.

“Each Redevelopment Plan shall set forth in writing the program to be undertaken to accomplish the objectives and shall include but not be limited to:...”

A. An itemized list of estimated Redevelopment Project Costs.

See **Section VI. Redevelopment Project Costs.**

B. Evidence indicating that the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise.

Evidence appears in **Section V. Evidence Supporting the Need for the TIF.**

C. An assessment of any financial impact of the Redevelopment Project Area on or any increased demand for services from any taxing district affected by the plan and any program to address such financial impact or increased demand.

It is anticipated that Redevelopment Projects implemented, as part of the Redevelopment Plan and Project, will not cause increased demand for services or capital improvements by any other taxing districts. No current property taxes will be diverted from any taxing district. Taxing districts could benefit from distributions of excess tax increment. Capital funds will be available to assist in the development of public improvements. The Redevelopment Project Costs found in **Section VI** of this Redevelopment Plan provides for significant amounts to pay taxing district capital costs and contributions to schools in accordance with the TIF Act should impacts be greater than expected.

The following is an assessment of the impact on each individual District:

Rock Island County

There is expected to be minimal impact and minimal expected increase in demand for services or negative financial impact.

Black Hawk Community College District 503

There is expected to be minimal impact and minimal expected increase in demand for services. Funds are also available for job training.

Rock Island School District No. 41

Residential development is expected to be a component of the Redevelopment Project Area. If additional students enter the system from activities undertaken in the Redevelopment Project Area, funds are available in project costs for reimbursement according to the Act. In addition, funds are available for capital projects resulting from activities in the Redevelopment Project Area and for job training.

Rock Island Township

There is expected to be minimal impact and minimal expected increase in demand for services or negative financial impact.

Metropolitan Airport Authority of Rock Island County

There is expected to be minimal impact and minimal expected increase in demand for services or negative financial impact. Funds are available for capital needs should any impact be determined.

Rock Island County Metropolitan Mass Transit District

There is expected to be minimal impact and minimal expected increase in demand for services or negative financial impact. Funds are available for capital needs should any impact be determined.

City of Rock Island

There is expected to be minimal impact and minimal expected increase in demand for services or negative financial impact. Funds are available for capital needs should any impact be determined.

D. The sources of funds to pay costs.

The Incremental Property Taxes are expected to be a principal source of funds to pay Redevelopment Project Costs and secure municipal general and revenue obligations issued for that purpose. Funds may also be derived from Incremental Property Taxes from contiguous Redevelopment Project Areas. The City of Rock Island may pledge as payment additional revenues including revenues from the Redevelopment Project, municipal property taxes or other revenue sources, and bonds backed by the general obligation of the municipality. In addition, the City may utilize state and federal grants. Finally, the City may permit the utilization of guarantees, deposits, and other forms of security made available by private sector developers.

E. The nature and term of obligations to be issued.

The City may issue obligations secured by or payable from Incremental Property Taxes pursuant to the Act. To enhance the security of such municipal obligations, the City may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act. All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired by the end of the 24th year after the year of adoption of the initial ordinances approving the Redevelopment Project Area and Redevelopment Plan. That date is December 31, 2037.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds, and any other lawful purpose. To the extent that Incremental Property Taxes are not needed for these purposes, any excess Incremental Property Taxes may then become available for distribution annually to taxing districts within the Redevelopment Project Area in the manner provided by the Act.

The scheduled final maturity date of any financial obligation may not exceed 20 years from the date of issuance. One or more series of obligations may be issued to implement the Redevelopment Plan for the Redevelopment Project Area. Subsequent obligations, if any, may be issued as junior lien obligations or as parity obligations.

F. The most recent equalized assessed valuation of the Redevelopment Project Area.

See **Table 1** for the most recent EAV of the Redevelopment Project Area, as well as a five year EAV history.

G. An estimate as to the equalized assessed valuation after redevelopment and the general land uses to apply in the Redevelopment Project Area.

See **Table 2** for the estimated EAV after development that is made part of this document by reference hereto.

General land uses within the Redevelopment Project Area as shown in the Future Land Use Map (see **Attachment 3**).

H. A commitment to fair employment practices and an affirmative action plan.

The City is committed to and will affirmatively implement the assurance of equal opportunity in all personnel and employment actions with respect to this Redevelopment Plan. This includes, but is not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc. without regard to race, color, religion, gender, sexual orientation, age, handicapped status, national origin, creed, or ancestry.

In order to implement this principle for this Redevelopment Plan, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

I. If it concerns an industrial park conservation Redevelopment Project Area, the plan shall also include a general description of any proposed developer, user and tenant of any property, a description of the type, structure and general character of the facilities to be developed, a description of the type, class and number of employees to be employed in the operation of the facilities to be developed.

This Redevelopment Plan does not concern an Industrial Park Conservation Redevelopment Project Area.

J. If property is to be annexed to the municipality, the plan shall include the terms of the annexation agreement.

Property within the Redevelopment Project Area is annexed.

K. According to the Act, the municipality must determine the need for a housing impact study, based on 10 or more inhabited residential units to be displaced, and certify if the above criteria are not met.

The City of Rock Island hereby certifies that this Redevelopment Plan will not result in the displacement of residents from 10 or more inhabited residential units.

L. According to the Act the municipality must determine the number of residences and certify that the area contains 75 or fewer occupied residential units.

The City of Rock Island hereby certifies that there are less than 75 occupied residential units in the Redevelopment Project Area.

M. According to the Act, the municipality must incorporate the housing impact study if required.

Because there are less than 75 occupied residential units within the Redevelopment Project Area and there will be less than ten housing relocations, no housing impact study is required.

VIII. Findings

The City of Rock Island makes the following findings as described in the Act:

A. According to the Act, the municipality must find that the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan.

Minimal re/development has occurred in the Redevelopment Project Area. As described in **Section II.** of this Redevelopment Plan and provided in more detail in the Eligibility Report (**Attachment 4** of this report) the Redevelopment Project Area as a whole is adversely impacted by the presence of Blighted Redevelopment Project Area factors and these factors are reasonably distributed throughout the Redevelopment Project Area. There has been a lack of growth and development through investment by private enterprise.

All of the buildings in the Redevelopment Project Area are more than 80 years of age. Properties suffer from obsolescence and deterioration. The historic buildings generally require more upkeep and maintenance. There are a number of buildings that are completely vacant or have vacant tenant spaces. Lack of maintenance of these unoccupied areas adds to the deteriorated conditions. Substantial investment will be necessary to repair these buildings. Demolition and replacement of structures may be necessary to accommodate future improvements.

The vacant land Redevelopment Project Area is being used as off-street parking lots, and they suffer from deterioration. It will be necessary to consolidate and re-subdivide these vacant parcels and dedicate appropriate easements and rights-of-way, which results in sizeable additional costs for development and redevelopment. City involvement will be required to create appropriate and efficient street and lot layout.

The Redevelopment Project Area has a mix of land uses with residential, commercial, offices, and industrial uses. There are no buffers between these uses. A lack of community planning is also evidenced by the fact that many properties in the Redevelopment Project Area are completely covered with structures and pavement, with little or no pervious surface or green space. Extraordinary expenses will be needed to develop and redevelop properties with appropriate buffering between conflicting land uses and provide additional landscaping materials.

Infrastructure development, such as water, sewer, storm drainage, and any other needed utilities will require extraordinary expenditures. Road and alley improvements, along with sidewalks, curbs and gutter, and streetlights will be needed to improve access within the Redevelopment Project Area. Redevelopment of the Redevelopment Project Area will not occur without private investment and assistance with extraordinary expenses will be needed to obtain private investment.

The City has made efforts to encourage investment by private enterprise. Such efforts have included the use of tax increment financing. Developer pro formas have demonstrated have redevelopment on properties in the downtown area continued to be a financial challenge for the private sector. Incentives are needed to finance the gaps in order for developers to make a reasonable rate of return on such projects.

In examining the EAV of the area, the EAV for the entire Redevelopment Project Area has seen moderate growth (see **Table 1**). However, the total EAV of the vacant parcels within the Redevelopment Project has increased at an annual rate which is less than the balance of the City for five (5) of the last five (5) calendar years. Further, the total EAV of the vacant parcels in the Redevelopment Project Area increased an at annual rate that is less than the Consumer Price Index for All Urban Consumers for four (4) of the last five (5) calendar years. The entire Redevelopment Project Area could benefit from the proposed development outlined in the paragraph above, as well as other improvements in the Redevelopment Project Area. However, history of redevelopment in the Rock Island downtown area has demonstrated that these improvements will not be made by the private sector without incentives. These conditions demonstrate the lack of investment in the Redevelopment Project Area.

Based on these factors, the City of Rock Island finds that the Redevelopment Project Area has not been subject to growth and development through private enterprise and would not be reasonably anticipated to be developed without the adoption of the Redevelopment Plan. Private investment and redevelopment has not occurred to eliminate the blighting influences that currently exist. The Redevelopment Project is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Plan and the application of Incremental Property Taxes to the Redevelopment Project Area under the Act and this Redevelopment Plan.

In the absence of City-sponsored redevelopment initiatives, blighted conditions are expected to continue in the Redevelopment Project Area. Erosion or lack of appreciation of the assessed valuation of property in and near of the Redevelopment Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

B. According to the Act, the municipality must find that the Redevelopment Plan and Project conform to the comprehensive plan for the development of the municipality as a whole.

This Redevelopment Plan and Project conforms to the comprehensive plan for the development of the municipality as a whole. **Section IV** of this report describes how the specific goals and objectives in the City's Comprehensive Plan for this area are reflected in the goals of the Redevelopment Plan and Project.

C. According to the Act, the Redevelopment Plan must establish the estimated dates of completion of the redevelopment project and retirement of obligation issues to finance the Redevelopment Project Costs. The Act sets the latest date as December 31 of the 24th year after the year in which the ordinance approving the Redevelopment Project Area is approved.

The Redevelopment Project is to be completed and all obligations issued to finance Redevelopment Project Costs are to be retired by December 31, 2037.

D. According to the Act, the municipality must find, in the case of an Industrial Park Conservation Redevelopment Project Area, that the municipality is a labor surplus municipality and that the implementation of the Redevelopment Plan will reduce unemployment, create new jobs and by the provision of new facilities, enhance the tax base of the taxing districts that extend into the Redevelopment Project Area.

The Redevelopment Project Area is not an Industrial Park Conservation Redevelopment Project Area.

E. According to the Act, the municipality must find that the Redevelopment Project Area would not reasonably be developed without the use of incremental tax revenue.

Based on the historical lack of private investment without assistance and the documented problems in the Redevelopment Project Area, the City of Rock Island finds that the Redevelopment Project Area would not reasonably be developed without the use of incremental tax revenue.

This is also noted previously in this section under Redevelopment Program Certification B.

F. According to the Act, the municipality must certify that such incremental revenues will be exclusively utilized for the development of the Redevelopment Project Area.

The City of Rock Island hereby certifies that incremental revenues will be exclusively utilized for the development of the Redevelopment Project Area or in a contiguous Redevelopment Project Area as allowed by the Act. Certain infrastructure work in connection with and appurtenant to the Redevelopment Project Area can be undertaken under the Act. Incremental Property Taxes will be used according to the budget and estimated Redevelopment Project Area set forth in this Plan for the development of the Redevelopment Project Area.

G. According to the Act, the municipality must determine the need for a housing impact study, based on 10 or more inhabited residential units to be displaced, and certify if the above criteria are not met.

The City of Rock Island hereby certifies that this Redevelopment Plan will not result in the displacement of residents from 10 or more inhabited residential units.

H. According to the Act the municipality must determine the number of residences and certify that the area contains 75 or fewer occupied residential units.

The City of Rock Island hereby certifies that there are less than 75 occupied residential units in the Redevelopment Project Area.

I. According to the Act, the municipality must incorporate the housing impact study if required.

Because there are less than 75 occupied residential units within the Redevelopment Project Area and there will be less than ten housing relocations, no housing impact study is required.

J. When a relocation plan is required, and the residents are low and very low-income households, then the plan must adopt an assistance plan that is not less than the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations under the Act.

As certified in subsections G and H above, the Redevelopment Plan does not require a housing impact study and, therefore, no relocation plan is required. As no relocation plan is required, no assistance plan is required.

K. According to the Act, the municipality must indicate the effort to be made for relocation to occur near the Redevelopment Project Area.

As certified, the Redevelopment Plan does not require a housing impact study and, therefore, requires no relocation plan.

L. According to the Act, the municipality must indicate how a change in the number of units to be affected in a plan causes the housing provisions to be triggered.

As certified, the Redevelopment Plan does not require a housing impact study.

M. According to the Act, the Redevelopment Project Area includes only those contiguous parcels of real property and improvements that will be substantially benefited by the proposed redevelopment project improvements.

The map of the Redevelopment Project Area is **Attachment 2** and is made part of this document by reference hereto. It illustrates that all parcels in the Redevelopment Project Area are contiguous.

The Redevelopment Project Area was found to qualify as a Blighted Area according to the Act. The Redevelopment Project Area Program (**Section III. C.** of this report) and the Redevelopment Project Improvements as identified in the Redevelopment Area Program and Budget are specifically geared to remediation. Therefore, the area will substantially benefit from the proposed Redevelopment Project improvements.

The Redevelopment Project Area will substantially benefit from the improved infrastructure investment.

N. According to the Act, no Redevelopment Plan may be approved or amended that includes the development of vacant land (i) with a golf course and related clubhouse and other facilities or (ii) designated by federal, State, county or municipal government as public land for “outdoor recreational activities” or for nature preserves and used for that purpose within five years prior to the adoption of the Redevelopment Plan. For the purpose of this subsection, “recreational activities” is limited to camping and hunting.

The plan does not include the development of vacant land (i) with a golf course or (ii) designated as public land for “outdoor recreational activities” or for nature preserves used for those purposes within five years prior to the adoption of the plan.

O. According to the Act, no cost shall be a redevelopment project cost in a Redevelopment Project Area if used to demolish, remove, or substantially modify a historic resource, unless no prudent and feasible alternative exists. “Historic resource” means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. This item does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.

This plan hereby certifies that Redevelopment Project Costs relating to the demolition, removal, or substantial modification of historic resources, if present, will be utilized in conformance with the Act.

IX. Provisions for Amending the Redevelopment Plan

This Redevelopment Plan may be amended pursuant to the Act.

Tables

Table 1: The Locks Redevelopment Project Area Most Recent EAV and Five Year EAV History

Parcel Number	TAX YEAR					
	2007 EAV	2008 EAV	2009 EAV	2010 EAV	2011 EAV	2012 EAV
096404	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT
096403	46,983	49,332	50,319	50,319	52,107	48,981
096400	111,311	116,876	119,213	119,213	123,717	116,294
096399	28,880	30,324	30,931	30,931	32,113	30,186
096398	28,880	30,324	30,931	30,931	32,113	30,186
096397	28,880	30,324	30,931	30,931	32,113	30,186
096396-A	12,188	12,797	13,053	13,053	13,475	12,666
096396	123,079	129,233	131,817	131,817	137,828	129,558
096412	47,906	50,302	51,308	51,308	53,121	49,934
096411	14,212	14,922	15,220	15,220	15,641	14,702
096413	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT
096426	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT
Total Redevelopment Project Area EAV	442,319	464,434	473,723	473,723	492,228	462,693
Percent Change		5.00%	2.00%	0.00%	3.91%	-6.00%
City Wide EAV	455,471,305	466,098,588	468,682,434	472,035,055	475,940,130	505,436,557
Balance of City Wide EAV	455,028,986	465,634,154	468,208,711	471,561,332	475,447,902	504,973,864
Percent Change		2.33%	0.55%	0.72%	0.82%	6.21%
CPI		3.8%	-0.4%	1.6%	3.2%	2.1%

Table 2: The Locks Redevelopment Project Area Projected EAV and Tax Increment

The Locks Redevelopment Project Area								
Base Value		\$ 462,693		Inflation Factor			2.00%	
Construction Year	Valuation Year	Revenue Year	Inflation Increment	Value Added	Valuation Increment	Tax Rate	Tax Increment	
1	2013	2014	2015		0	0	9.78610	0
2	2014	2015	2016	9,254	0	9,254	9.78610	906
3	2015	2016	2017	9,439	500,000	518,693	9.78610	50,760
4	2016	2017	2018	19,628	250,000	788,321	9.78610	77,146
5	2017	2018	2019	25,020	100,000	913,341	9.78610	89,380
6	2018	2019	2020	27,521	50,000	990,861	9.78610	96,967
7	2019	2020	2021	29,071	0	1,019,933	9.78610	99,812
8	2020	2021	2022	29,653	0	1,049,585	9.78610	102,713
9	2021	2022	2023	30,246	0	1,079,831	9.78610	105,673
10	2022	2023	2024	30,850	0	1,110,681	9.78610	108,692
11	2023	2024	2025	31,467	0	1,142,149	9.78610	111,772
12	2024	2025	2026	32,097	0	1,174,245	9.78610	114,913
13	2025	2026	2027	32,739	0	1,206,984	9.78610	118,117
14	2026	2027	2028	33,394	0	1,240,378	9.78610	121,385
15	2027	2028	2029	34,061	0	1,274,439	9.78610	124,718
16	2028	2029	2030	34,743	0	1,309,182	9.78610	128,118
17	2029	2030	2031	35,437	0	1,344,619	9.78610	131,586
18	2030	2031	2032	36,146	0	1,380,766	9.78610	135,123
19	2031	2032	2033	36,869	0	1,417,635	9.78610	138,731
20	2032	2033	2034	37,607	0	1,455,241	9.78610	142,411
21	2033	2034	2035	38,359	0	1,493,600	9.78610	146,165
22	2034	2035	2036	39,126	0	1,532,726	9.78610	149,994
23	2035	2036	2037	39,908	0	1,572,634	9.78610	153,900
Totals					900,000			2,448,981
Present Value					6.50%		\$	1,069,724

Attachments

Attachment 1: The Locks Redevelopment Project Area Legal Description

THE LOCKS TIF DISTRICT BOUNDARIES

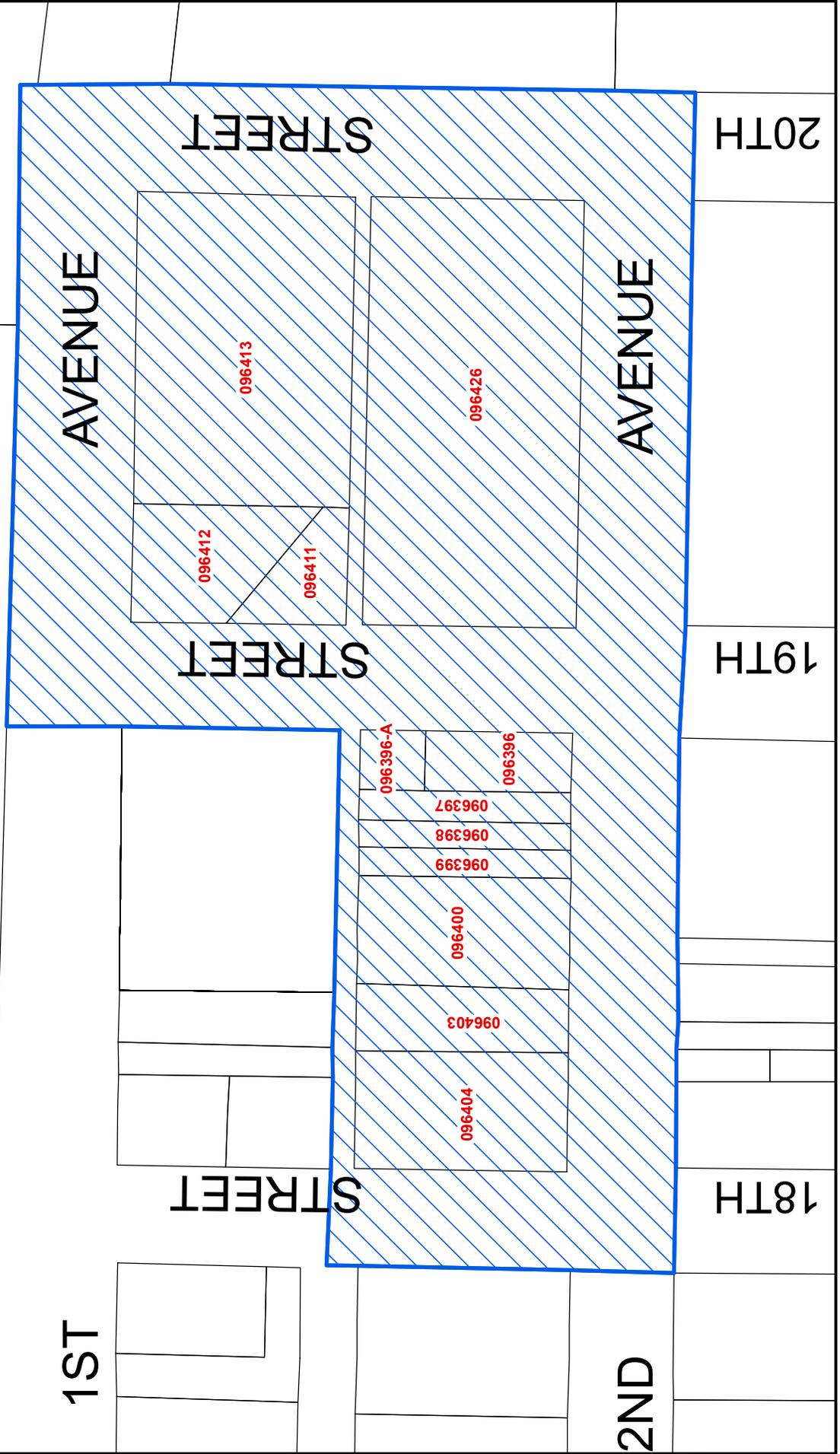
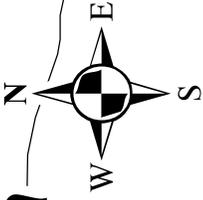
Commencing at the intersection of the westerly right of way line of 17th Street and the northerly right of way line of 1st Avenue; thence easterly along said north right of way line to the east right of way line of 20th Street extended north; thence south along the east right of way line of 20th Street 480 feet to the POINT OF BEGINNING at the intersection with the south right of way line of 2nd Avenue; thence West along said south line 840 feet to the west right of way line of 18th Street; thence north along said west line 250 feet to the north line of a 20 foot alley in Block 1 of Spencer & Case Addition; thence east along the north line of the alley in Block 2, said Spencer & Case Addition 380 feet to said west right of way line of 19th Street; thence north 230 feet to said north right of way line of said 1st Avenue; thence East 460 feet to said east line of 20th Street extended; thence south to the POINT OF BEGINNING, containing 7.2 acres more or less.

Attachment 2: The Locks Redevelopment Project Area Map

The Locks Redevelopment Project Area

Legend

-  Locks TIF Area
-  Parcels

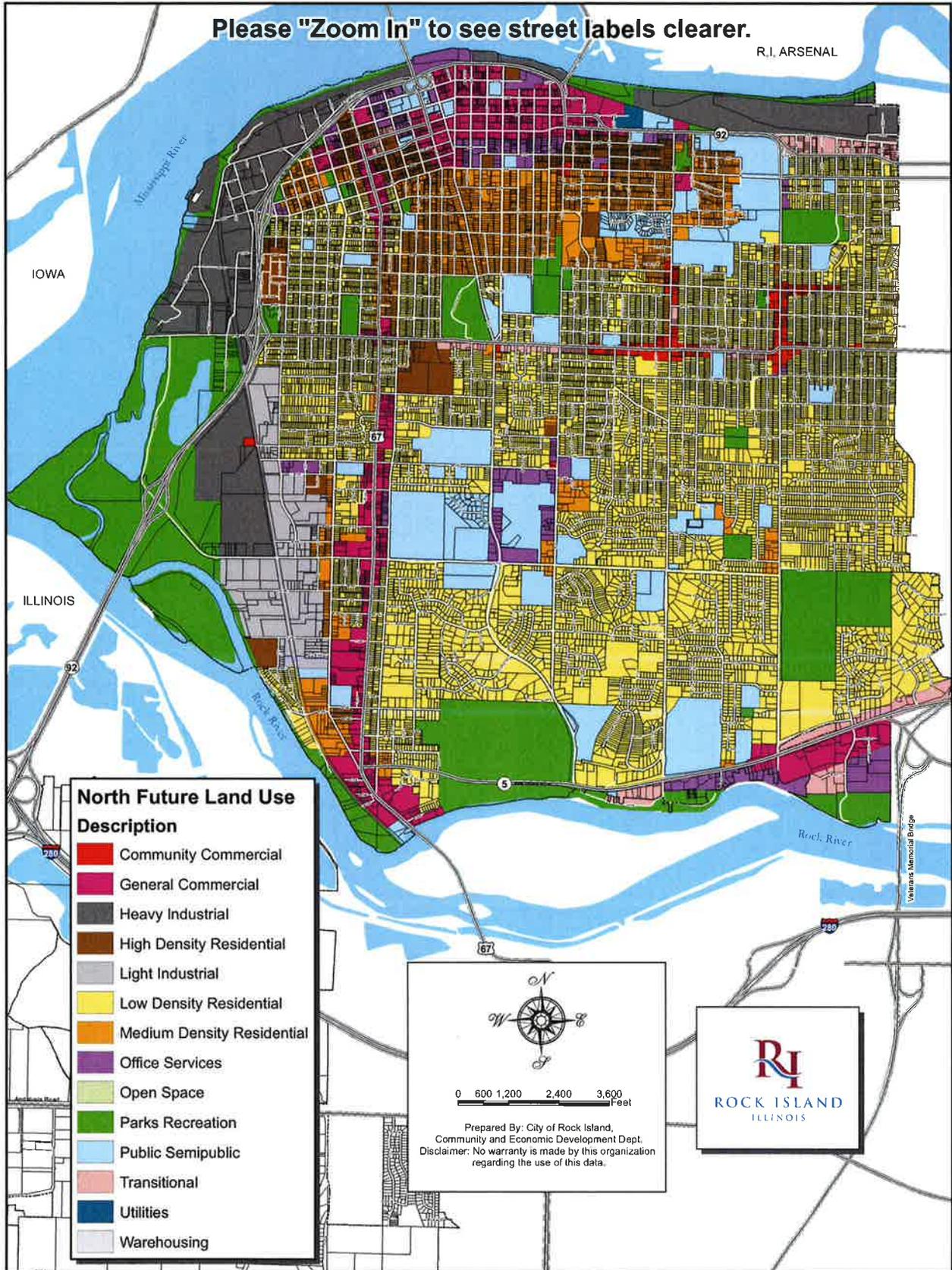


Attachment 3: Future Land Use Map

City of Rock Island, Illinois

Future Land Use, North of Rock River

Please "Zoom In" to see street labels clearer.



Attachment 4: The Locks Redevelopment Project Area Eligibility Report

Attachment 2: The Locks Redevelopment Project Area Map

Tax Increment Finance City of Rock Island The Locks Redevelopment Project Area

Eligibility Report December 2013



Prepared by



EHLERS
LEADERS IN PUBLIC FINANCE

Tax Increment Finance City of Rock Island The Locks Redevelopment Project Area Eligibility Report

Table of Contents

I. Executive Summary	1
II. Basis for Redevelopment	2
A. Statutory Findings.....	2
B. Eligibility	2
C. Conclusions and Findings.....	2
III. The Redevelopment Project Area	5
IV. Analysis of Conditions in the Redevelopment Project Area	6
A. Eligibility Survey and Analysis	6
B. Presence of Eligibility Factors.....	7
C. Eligibility of a Blighted Area	7
D. Eligibility of Conservation Area	19
E. Eligibility of an Industrial Park Conservation Area	20
V. Eligibility Conclusions.....	21
Tables.....	26
Table 1: The Locks Redevelopment Project Area Parcel Numbers and Five Year EAV History	26
Table 2: Conditions Survey of Improved Parcels in The Locks Redevelopment Project Area	27
Attachments	28
Attachment 1: The Locks Redevelopment Project Area Legal Description	28
Attachment 2: The Locks Redevelopment Project Area Map	29
Attachment 3: Representative Photographs of Conditions in the The Locks Redevelopment Project Area	30
Appendices	33
Appendix A: Definitions	33
Appendix B: Eligibility Categories	34

I. Executive Summary

This “Tax Increment Finance, City of Rock Island, The Locks Redevelopment Project Area, Eligibility Report, December 2013” (the “Eligibility Report”), among other things, documents the eligibility and qualifications of The Locks Redevelopment Project Area (the “Redevelopment Project Area”) in the City of Rock Island, Illinois (the “City”) for designation as a “Blighted Area” pursuant to the definition contained in the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the “Act”).

As set forth in the Act, “Redevelopment Project Area” (Redevelopment Project Area) means an area designated by a municipality, which is not less in the aggregate than 1½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as “an industrial park conservation area” (an “Industrial Park Conservation Area”) or a blighted area (“Blighted Area”) or a conservation area (“Conservation Area”), or a combination of both “Conservation Area” and “Blighted Area.” The definitions of each of these areas are in **Appendix A: Definitions**.

The Blighted Area provisions apply separately to the improved land and to the vacant land in the Redevelopment Project Area. This Eligibility Report documents the relevant statutory requirements and how the Redevelopment Project Area meets the eligibility criteria.

II. Basis for Redevelopment

A. Statutory Findings

The Illinois General Assembly made two key findings in adopting the Act:

1. That there exist in many municipalities within the State blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

These findings were made on the basis that the presence of blight, or of conditions that lead to blight, is detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act also specifies certain requirements which must be met before a municipality can proceed with implementing a redevelopment project. One of these requirements is that the municipality must demonstrate that each prospective redevelopment project area qualifies either as a “Blighted Area” or as a “Conservation Area” or a combination of Blighted Area and Conservation Area or an “Industrial Park Conservation Area” within the definitions set forth in the Act. The definitions of each of these areas are found in **Appendix A: Definitions**.

B. Eligibility

Each Redevelopment Project Area must meet the requirements for designation as Blighted, Conservation, Blighted and Conservation or Industrial Park Conservation Area. The criteria for each of these requirements are listed in **Appendix B: Eligibility Categories**.

C. Conclusions and Findings

1. The area must meet the criteria under one or more of three categories if it is determined to be blighted. One set of the criteria for both the Blighted Area and Conservation Area designation deals with developed property. Two sets of criteria within the blighted designation deal with vacant property. The minimum number of factors must be present in at least one of these categories and the presence of each must be documented;
2. Each factor to be claimed must be distributed throughout the Redevelopment Project Area and should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act;
3. The property must equal or exceed 1½ acres; and
4. The Redevelopment Project Area must meet the “but for” requirements in that development and redevelopment would not reasonably occur without financial assistance and intervention by the municipality.

This report concludes that The Locks Redevelopment Project Area is eligible for Tax Increment Finance (“TIF”) designation as a Blighted Area for improved land and for vacant land.

The improved portion of the Redevelopment Project Area meets the requirements of Section 11-74.4-3 (a) (1) (B), (C), (F), (I), (J), and (L) of the Act for designation of improved land as a Blighted Area. For designation as a Blighted Area for improved land five (5) criteria are to be met, and in this case six (6) criteria have been met.

The following six (6) Blighted Area criteria are present in the improved land:

- Obsolescence;
- Deterioration;
- Excessive Vacancies;
- Excessive Land Coverage;
- Deleterious Land Use or Layout; and
- Lack of Community Planning.

The following parcels constitute improved land in the Redevelopment Project Area:

Improved Land Parcel Numbers		
096396	096398	096403
096396-A	096399	096411
096397	096400	096412

The vacant portion of the Redevelopment Project Area also meets the requirements of the Act for designation of vacant land as a Blighted Area. For designation as a Blighted Area for vacant land, there are two sections of the Act under which vacant land can be determined to be blighted. Two or more of the criteria in one section are required to be met. In the other section, one or more of the criteria is required to be met. In this case, the vacant land meets the requirements for the first section of the Act.

The Redevelopment Project Area meets the requirements of Section 11-74.4-3(a) (2) (A), (D), and (F) of the Act. In this section of the Act, two (2) criteria are required for designation of vacant land as a Blighted Area. In this case, three (3) criteria have been met.

The following three (3) Blighted Area criteria are present in the vacant area:

- Obsolete platting;
- Deterioration of structures or site improvements in neighboring or adjacent areas; and
- Lagging EAV.

The following parcels constitute vacant land in the Redevelopment Project Area:

Vacant Land Parcel Numbers		
096404	096413	096426

These parcels meet the definition of vacant land under the Act in Section 11-74.4-3 (v), as any parcel or combination of parcels without industrial, commercial, and residential buildings which has not been used for commercial agricultural purposes within five (5) years prior to the designation of the Redevelopment Project Area. The vacant land has not been “commercially farmed” in the last five (5) years.

The improved portion of the Redevelopment Project Area also qualifies for “Conservation Area” designation, as it meets the age criteria and six (6) of the Conservation Area factors as defined in the Act. However, there are adequate criteria to qualify the Redevelopment Project Area as a “Blighted Area”, and therefore, the “Conservation Area” designation will not be applied.

There must be a reasonable presence of and distribution of these factors in the Redevelopment Project Area, as stated in the Act. These factors are not required to be present in every parcel. The above factors are distributed throughout the Redevelopment Project Area and are present to a meaningful extent such that a local governing body may reasonably find that the factors are clearly present within the intent of the Act. **Table 2** of this Eligibility Report contain the results of various research, field survey, and analysis of existing conditions in the Redevelopment Project Area, which demonstrates that the above criteria are present to a meaningful extent and distributed throughout the Redevelopment Project Area.

The Redevelopment Project Area is approximately 7 acres, in excess of the minimum 1½ acres required by the Act.

The Redevelopment Project Area as a whole is adversely impacted by the presence of blighted factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. There has been a lack of growth and development through investment by private enterprise.

These factors go beyond normal development needs and TIF funds will be necessary to finance redevelopment activities.

III. The Redevelopment Project Area

The Redevelopment Project Area is approximately 7 acres. The improved land consists of residential, commercial, office, and industrial buildings and land uses. The vacant land is used for surface parking and is surrounded by improved land.

The Redevelopment Project Area is generally located in downtown Rock Island between 1st Avenue on the north, 2nd Avenue on the south, 20th Street on the east, and 18th Street on the west. The boundaries follow the south side of 2nd Avenue from 20th Street east to 18th Street. The boundary then turns north along the west side of 18th Street to an alley between 1st and 2nd Avenues. The boundary then turns east along the north side of the alley between 1st and 2nd Avenues to 19th Street. The boundary then turns north along the west side of 19th Street to 1st Avenue. The boundary then turns east along the north side of 1st Avenue to 20th Street. The boundary then turns south along the east side of 20th Street to 2nd Avenue. The boundaries contain all adjoining rights-of-ways.

Attachment 1 is the legal description of the Redevelopment Project Area. **Attachment 2** is the Map of the Redevelopment Project Area. **Attachment 2** illustrates that all parcels in the Redevelopment Project Area are contiguous. Both **Attachment 1** and **Attachment 2** are made part of this document by reference hereto.

IV. Analysis of Conditions in the Redevelopment Project Area

In determining whether the proposed Redevelopment Project Area meets the eligibility requirements of the Act, at the City's direction, Ehlers & Associates, Inc. (the "Consultant") conducted research and field surveys.

A survey and analysis of existing conditions within the Redevelopment Project Area were completed in December 2012 by the Consultant to document the extent to which each eligibility factor are present within the Redevelopment Project Area. Various research and field surveys were undertaken, including:

1. Exterior survey of the condition and use of each building;
2. Field survey of conditions, including streets, sidewalks, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing uses and their relationships;
4. Analysis of tax maps to ascertain platting;
5. Analysis of vacant sites, if any;
6. Review of previously prepared plats, plans, and studies;
7. Review of Federal Emergency Management Agency (FEMA) flood maps;
8. Review of Environmental Protection Agency (EPA) and Illinois Environmental Protection Agency (IEPA) compliance lists;
9. Analysis of public utilities, such as water, sewer, gas utilities, etc.;
10. Review of County and Township Tax Records; and
11. Contacts with City officials, county officials, other taxing bodies as appropriate, and private parties knowledgeable as to area conditions, history, age of buildings and site improvements, real estate matters and related items, as well as examination of existing information related to the Redevelopment Project Area.

A. Eligibility Survey and Analysis

1. Building Components Evaluated

During the field survey, each component of a subject building was examined to determine whether it was in sound condition or had minor, major, or critical defects. Building components examined were of two types:

a. Primary Structure

These components are the basic structural elements of any building, including foundation walls, load-bearing walls and columns, roof structure, and roof.

b. Secondary Structure

These components are generally added to the primary structural components and are necessary parts of the building, including porches and steps, windows and window units, doors and door units, chimneys, gutters, and downspouts.

2. **Building Components Evaluated**

After completing the review of the exterior building condition survey, each individual building was placed in one of three categories based on the combination of defects found in various primary and secondary building components. Each final rating is described below.

a. Sound Structures

Sound buildings kept in a standard condition, requiring no maintenance at present. These buildings so classified have defects so minor as to not impact the area.

b. Deteriorated

Buildings where deterioration factors were present from a major to extreme extent. Usually these buildings contain defects that are not easily correctable through normal maintenance or required contracted skills to accomplish the level of improvements as part of maintenance or correction of defects. These buildings are noted as being deteriorated on the survey.

c. Dilapidated

Buildings appear to be so severely defective as to need demolition. Structural integrity, however, was not documented. While these dilapidation factors were reviewed, the Consultant did not conduct a documented building condition analysis to reveal major structural problems.

B. Presence of Eligibility Factors

Summarized below are the conclusions of the surveys and analyses completed for each eligibility factor based on existing conditions within the Redevelopment Project Area. In order to qualify the Redevelopment Project Area for a TIF, the Redevelopment Project Area must meet criteria set forth in the Act. The specific criteria as defined by the Act precede each finding. The conclusions indicate whether the factor is found to be present within the Redevelopment Project Area, and the relative extent to which the factor is present.

C. Eligibility of a Blighted Area

As defined in the Act, “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 are detrimental to the public safety, health or welfare based on the documentation of five (5) of thirteen (13) specific factors that are reasonably distributed throughout the improved part of the Redevelopment Project Area. If vacant, the sound growth of the redevelopment project area is impaired by two or more specific factors in one section of the Act or one or more in a second section of the Act.

The following is an analysis of the Blighted Area eligibility factors:

1. **If improved**, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of five (5) or more of the following factors (Blighted Area), each of which is (i) present, with that presence documented, to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present within the intent of the Act, and (ii) reasonably distributed throughout the improved part of the Redevelopment Project Area:

a. **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.

An assessment of the structural state was not done as part of this report. As such, this factor will not be used for qualification. Adequate criteria for designation exist without using this factor.

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

All of the improved parcels in the Redevelopment Project Area have structures that meet this criterion. According to Rock Island County tax records, City of Rock Island records, and visual observation, all of the structures in the Redevelopment Project Area are more than 35 years of age. These buildings no longer meet modern day standards and are in need of regular maintenance and repair.

Several structures throughout the Redevelopment Project Area are completely vacant or have vacant tenant spaces. The building located on Parcel Number 096412 was an industrial warehouse building and is now vacant. The original industrial warehouse use of this building is no longer appropriate, especially given the changes to the downtown area and warehousing, in general, since the building was constructed in 1925. The property has no off-street parking, limited off-street loading space, and limited ceiling height.

Some of the first-floor commercial spaces on 2nd Avenue are also vacant, as are some of the residential units and space above the first-floor commercial space. These spaces and buildings would need substantial renovation and on-site improvements for future occupancy.

The improved properties with occupied buildings have no loading facilities. Ehlers observed deliveries being unloaded in alleys, blocking access to other properties and through the alley.

The properties suffering from obsolescence do not have modern upgrades that are present in competing commercial areas, industrial and office buildings, and residential buildings in the vicinity, such as cohesive building and signage design, distinctive lighting, high ceilings, landscaping, accessible parking areas and ingress/egress, and loading areas.

Table 2 documents parcels with this factor.

- c. **Deterioration.** With respect to building 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.

All of the improved parcels in the Redevelopment Project Area meet this factor.

The buildings in the Redevelopment Project Area are more than 80 years old and are of brick construction. They all have missing mortar and tuck pointing problems.

These buildings have damaged gutters, downspouts, fascia, and lintels and broken windows and doors, as well as rusting HVAC equipment.

The buildings that front on the east side of 19th Street are vacant and appear to be the most severely deteriorated of all the buildings in the Redevelopment Project Area. The buildings that front on the north side of 2nd Avenue have had some rehab and restorative work, but deterioration issues still exist, especially on the north sides of these buildings.

Deterioration was observed in the paved areas in both the improved and vacant portions of the Redevelopment Project Area. Parking lots, drive lanes, and loading areas have cracked pavement, pot holes, loose pavement materials, damaged curbs, and weeds protruding through paved surfaces. On the improved parcels where on-site parking is available, some of the parking areas are gravel and lack any kind of permanent paving materials. There are public sidewalks, but they are cracked and uneven.

Table 2 documents parcels with this factor.

- d. **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.

Accessible ingress and egress is an issue within the Redevelopment Project Area. The buildings in the Redevelopment Project Area may lack accessible washrooms and other facilities. However, there are adequate criteria to qualify the improved portions of the Redevelopment Project Area as a “Blighted Area”, and therefore, the factor will not be applied.

- e. **Illegal use of individual structures.** The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

Illegal use of individual structures was not apparent. Therefore, this factor does not apply.

- f. **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.

More than 65% of the improved parcels have vacant buildings or tenant spaces. The two buildings on the parcels on the east side of 19th Street are completely vacant. The buildings on the parcels on the north side of 2nd Avenue have vacancies in the commercial space on the first floors, as well as vacancies in the residential units on the floors above.

Table 2 documents parcels with this factor.

- g. **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 refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

Lack of ventilation, light, or sanitary facilities is not apparent. Therefore, this factor does not apply.

- h. 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.

While this factor will not be used to qualify the Redevelopment Project Area, it should be noted that funds are included in the Redevelopment Project Costs to assist with utility and drainage issues that exist or may need to be addressed in the course of implementing the Redevelopment Plan.

- i. 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 building, 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.

All of the improved parcels in the Redevelopment Project Area meet this factor.

Entire properties are covered by buildings and pavement with no buffer or landscaping between uses. Buildings are located on parcels of inadequate size and shape in relation to present-day standards of development. There are inadequate loading areas and there is a lack of on-site parking to accommodate the various uses.

Excessive land coverage contributes to drainage and stormwater management issues within the Redevelopment Project Area and in surrounding areas.

Table 2 documents parcels with this factor.

- j. **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.

More than 65% of the improved parcels in the Redevelopment Project Area meet this factor.

Through intense efforts by the City and its partners, and the utilization of tax increment financing and other incentives, downtown Rock Island has been rebranded as The Rock Island Arts and Entertainment District. Commonly referred to as “The District,” this area is being promoted as a dining and entertainment area with a collection of bars, restaurants, and other venues. In addition, the City initiated a successful upper-floor loft housing program, which utilizes TIF funds to encourage residential units above first-floor commercial space. Both programs have been successful, but as a result, in some buildings there is now a mix of residential uses above and close to bars and restaurants. This mix of uses can be problematic, as the commercial uses are often open late and can be noisy both late at night from customers and early in the morning with loading and unloading. This issue causes disputes between the residents and commercial business owners, and makes the residential units less desirable. Buildings on the improved parcels on the north side of 2nd Avenue have this issue. Additional participation on the part of and incentives from the City may be necessary to help induce improvements and buffering to alleviate noise and other conflicts.

In addition, the improved parcels are almost completely covered with structures and pavement, with little pervious surface or green space. There are no buffers between the existing residential and the adjoining commercial and industrial uses in and around the Redevelopment Project Area.

Table 2 documents parcels with this factor.

- k. **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.

While this factor will not be used to qualify the area, environmental clean-up and worker precautions may be necessary in the future. Funds are included in the Redevelopment Project Costs to assist with environmental clean-up in the Redevelopment Project Area.

- l. 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.

All of the improved parcels in the Redevelopment Project Area meet this factor. The buildings in the Redevelopment Project Area were constructed in the 1870s and 1920s, prior to and without the benefit or guidance of a comprehensive plan or any type of planning standards commonly used after that time.

Many parcels are of inadequate shape and size to accommodate new or future development or redevelopment. These parcels are narrow parcels with limited street frontage. There is one improved parcel with multiple buildings on a lot.

There are residential and commercial uses in and adjacent to the Redevelopment Project Area with no buffering or divide between land uses.

On the improved portion of the Redevelopment Project Area, there is not adequate off-street parking and loading. Parking takes place on the street or in nearby parking lots. A lack of community planning is also evident in the vacant portions of the Redevelopment Project Area. The parking lots on the vacant parcels are a broad expanse of asphalt. Installation of landscape islands, for example, would to improve the visual image.

Table 2 documents parcels with this factor.

- m. 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.

*EAV for the entire Redevelopment Project Area is shown in **Table 1**. This factor does not apply.*

2. **If vacant**, the sound growth of the Redevelopment Project Area is impaired by a combination of two (2) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present with the intent of the Act, and (ii) reasonably distributed throughout the vacant part of the Redevelopment Project Area to which it pertains:

- a. **Obsolete platting** of vacant land that results in parcels of limited or narrow size, or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys, or that created inadequate right-of-way widths for streets, alleys, or other, public rights-of-way, or that omitted easements for public utilities.

All of the parcels in the Redevelopment Project Area were originally platted and developed on a parcel-by-parcel and building-by-building basis with little evidence of coordination and planning. All of the vacant parcels in the Redevelopment Project Area meet this factor.

Parcel Number 096404 is actually composed of several other lots of record. According to the property's legal description, it is made up of five lots of record and the western-most 20 feet of a sixth lot of record. These are under one ownership and used as a surface parking lot. This configuration is not conducive to redevelopment, and these parcels should be consolidated into one lot of record with appropriate easements for public utilities and cross-access granted.

A redevelopment project is now being proposed for Parcel Numbers 096413 and 096426. The properties and the right-of-way of the alley between 1st Avenue and 2nd Avenue will need to be vacated, consolidated, and re-subdivided to accommodate future uses.

Table 2 documents parcels with this factor.

- b. **Diversity of ownership** of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

This factor is not present in the Redevelopment Project Area and will not be used to qualify the Redevelopment Project Area.

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

This factor is not present in the Redevelopment Project Area and will not be used to qualify the Redevelopment Project Area.

- d. **Deterioration of structures or site improvements** in neighboring areas adjacent to the vacant land.

All of the vacant parcels in the Redevelopment Project Area meet this criterion. Structures and facilities surrounding these parcels were found to have severe deterioration. Section IV. C. 1. (c) of this Eligibility Report describes this deterioration. Additionally, all of these vacant parcels are being used for surface parking. These parking lots suffer from deterioration, as evidenced by cracked pavement and curbing, pot holes, and weeds protruding through surfaces, as well as uneven and cracked sidewalks and damaged bollards and curb stops.

Table 2 documents parcels with this factor.

- e. **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.

While this factor will not be used to qualify the area, environmental clean-up and worker precautions may be necessary in the future. Funds are included in the Redevelopment Project Costs to assist with environmental clean-up in the Redevelopment Project Area, should it be necessary.

- f. **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.

*EAV for the entire Redevelopment Project Area is shown in **Table 1**. The table below illustrates that the total EAV of the vacant parcels within the Redevelopment Project has increased at an annual rate which is less than the balance of the City for five (5) of the last five (5) calendar years. Further, the total EAV of the vacant parcels in the Redevelopment Project Area increased at an annual rate that is less than the Consumer Price Index for All Urban Consumers for four (4) of the last five (5) calendar years. Therefore, this criterion applies.*

	TAX YEAR					
	2007 EAV	2008 EAV	2009 EAV	2010 EAV	2011 EAV	2012 EAV
Total EAV - Vacant Parcels	0	0	0	0	0	0
Percent Change		0.00%	0.00%	0.00%	0.00%	0.00%
City Wide EAV	455,471,305	466,098,588	468,682,434	472,035,055	475,940,130	505,436,557
Balance of City Wide EAV	455,471,305	466,098,588	468,682,434	472,035,055	475,940,130	505,436,557
Percent Change		2.33%	0.55%	0.72%	0.83%	6.20%
CPI		3.8%	-0.4%	1.6%	3.2%	2.1%

3. **If vacant**, the sound growth of the Redevelopment Project Area is impaired by one (1) of the following factors that (i) is present, with that presence documented, to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present within the intent of the Act, and (ii) is reasonably distributed throughout the vacant part of the Redevelopment Project Area to which it pertains:

- a. **The area consists of one or more unused quarries, mines, or strip mine ponds.**

There are no quarries, mines, or strip mine ponds in the Redevelopment Project Area. Therefore, this factor does not apply.

b. The area consists of unused rail yards, rail tracks, or rights-of-way.

There are no unused rail yards, rail tracks, or right-of-way in the Redevelopment Project Area. Therefore, this factor does not apply.

It should be noted that a rail spur went between the buildings located on Parcel Numbers 096412 and 096411, along the shared north-south property line. Evidence of this rail spur is still visible in this area, and it may have crossed Parcel Numbers 096413 and 096426 as well. Extra-ordinary work and fees may need to be expended to remove any of the remaining rail improvements in order for these properties to accommodate new development or other future improvements. Funds are available in the Redevelopment Project Costs to assist with these expenses.

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

Much of Rock Island's downtown is protected from Mississippi River flooding by a levee. The FEMA Map for this area confirms that both the vacant and improved portions of the Redevelopment Project Area are within Zone X – Other Flood Areas, which are areas protected by levees from 1% annual chance of flood.

While this factor will not be used to qualify the Redevelopment Project Area, it should be noted that funds are included in the Redevelopment Project Costs to assist with utility and drainage improvements to remedy storm water and drainage issues should it be necessary.

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

There are no unused or illegal disposal sites in the Redevelopment Project Area. Therefore, this factor does not apply.

- e. **Prior to the effective date of the applicable amendatory Act of the 91st General Assembly, the area is not less than fifty (50), nor more than one hundred (100) acres, and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within five (5) years prior to the designation of the Redevelopment Project Area), and the area meets at least one of the factors itemized in paragraph (1) above, the area has been designated as a town or City center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.**

This factor does not apply.

- f. **The area qualified as a blighted improved area immediately prior to becoming vacant**, unless there has been substantial private investment in the immediately surrounding area.

This factor does not apply.

D. Eligibility of Conservation Area

“Conservation Area” means any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the City in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a Blighted Area, but because of a combination of three (3) or more of the conservation factors as defined in the Act is detrimental to the public safety, health, morals or welfare, and such an area may become a Blighted Area.

The improved portion of the Redevelopment Project Area qualifies for “Conservation Area” designation, as it meets the age criteria and six (6) of the Conservation Area factors as defined in the Act.

A review of information provided by the City of Rock Island and Rock Island County tax records, as well as and visual observation, indicate that more than 50% of the buildings in the Redevelopment Project Area are 35 years of age or older. There are 9 buildings in the Redevelopment Project Area, and all of them (100%) are 35 years of age or more. According to County records, two of these buildings were most recently constructed in 1925. The other buildings were constructed in the 1870s.

The improved portion of the Redevelopment Project Area meets the requirements of Section 11-74.4-3 (b) (2), (3), (6), (9), (10), and (11) of the Act for designation of improved land as a Conservation Area. For designation as a Conservation Area for improved land five (5) criteria are to be met, and in this case six (6) criteria have been met.

The following six (6) Conservation Area criteria are present in the improved land:

- Obsolescence;
- Deterioration;
- Excessive Vacancies;
- Excessive Land Coverage;
- Deleterious Land Use or Layout; and
- Lack of Community Planning.

Section IV. C. 1. of this Eligibility Report further describes these conditions.

However, there are adequate criteria to qualify the improved portions of the Redevelopment Project Area as a “Blighted Area”, and therefore, the “Conservation Area” designation will not be applied.

E. Eligibility of an Industrial Park Conservation Area

“Industrial Park Conservation Area” means an area within the boundaries of a Redevelopment Project Area located within the territorial limits of a municipality that is a labor surplus municipality or within 1½ miles of the territorial limits of a municipality that is a labor surplus area if the area is annexed to the municipality; which area is zoned industrial no later than at the time the municipality by ordinance designates the Redevelopment Project Area, and which area includes both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.

The Redevelopment Project Area does not qualify as an Industrial Park Conservation Area.

V. Eligibility Conclusions

This report concludes that The Locks Redevelopment Project Area is eligible for Tax Increment Finance (“TIF”) designation as a Blighted Area for improved land and for vacant land.

The improved portion of the Redevelopment Project Area meets the requirements of Section 11-74.4-3 (a) (1) (B), (C), (F), (I), (J), and (L) of the Act for designation of improved land as a Blighted Area. For designation as a Blighted Area for improved land five (5) criteria are to be met, and in this case six (6) criteria have been met.

The following six (6) Blighted Area criteria are present in the improved land:

- Obsolescence;
- Deterioration;
- Excessive Vacancies;
- Excessive Land Coverage;
- Deleterious Land Use or Layout; and
- Lack of Community Planning.

The following parcels constitute improved land in the Redevelopment Project Area:

Improved Land Parcel Numbers		
096396	096398	096403
096396-A	096399	096411
096397	096400	096412

The vacant portion of the Redevelopment Project Area also meets the requirements of the Act for designation of vacant land as a Blighted Area. For designation as a Blighted Area for vacant land, there are two sections of the Act under which vacant land can be determined to be blighted. Two or more of the criteria in one section are required to be met. In the other section, one or more of the criteria is required to be met. In this case, the vacant land meets the requirements for the first section of the Act.

The Redevelopment Project Area meets the requirements of Section 11-74.4-3(a) (2) (A), (D), and (F) of the Act. In this section of the Act, two (2) criteria are required for designation of vacant land as a Blighted Area. In this case, three (3) criteria have been met.

The following three (3) Blighted Area criteria are present in the vacant area:

- Obsolete platting;
- Deterioration of structures or site improvements in neighboring or adjacent areas; and
- Lagging EAV.

The following parcels constitute vacant land in the Redevelopment Project Area:

Vacant Land Parcel Numbers		
096404	096413	096426

These parcels meet the definition of vacant land under the Act in Section 11-74.4-3 (v), as any parcel or combination of parcels without industrial, commercial, and residential buildings which has not been used for commercial agricultural purposes within five (5) years prior to the designation of the Redevelopment Project Area. The vacant land has not been “commercially farmed” in the last five (5) years.

The improved portion of the Redevelopment Project Area also qualifies for “Conservation Area” designation, as it meets the age criteria and six (6) of the Conservation Area factors as defined in the Act. However, there are adequate criteria to qualify the Redevelopment Project Area as a “Blighted Area”, and therefore, the “Conservation Area” designation will not be applied.

There must be a reasonable presence of and distribution of these factors in the Redevelopment Project Area, as stated in the Act. These factors are not required to be present in every parcel. The above factors are distributed throughout the Redevelopment Project Area and are present to a meaningful extent such that a local governing body may reasonably find that the factors are clearly present within the intent of the Act. **Table 2** of this Eligibility Report contain the results of various research, field survey, and analysis of existing conditions in the Redevelopment Project Area, which demonstrates that the above criteria are present to a meaningful extent and distributed throughout the Redevelopment Project Area.

The Redevelopment Project Area is approximately 7 acres, in excess of the minimum 1½ acres required by the Act.

The Redevelopment Project Area as a whole is adversely impacted by the presence of blighted factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. There has been a lack of growth and development through investment by private enterprise.

In addressing the challenges of developing and redeveloping the Redevelopment Project Area, there are many issues which must be overcome. Properties suffer from obsolescence, and no longer fulfill the purpose for which they were constructed. There are several vacant buildings and tenant spaces. Vacancies can be an indicator that the unoccupied building space is difficult to market and income from these spaces may not be sufficient to cover regular, routine maintenance and upgrades.

The buildings in the Redevelopment Project Area were constructed prior to the popularity of automobiles, and as a result there is not adequate off-street parking and loading for these buildings. Additional expenses will be necessary to remedy parking and loading issues, as well as to upgrade or redevelop properties to meet modern day standards. Demolition and replacement of structures may be necessary to accommodate new development.

All of the properties in the Redevelopment Project Area suffer from deterioration. Field surveys found deterioration present in both the improved and vacant portions of the Redevelopment Project Area. All of the buildings in the Redevelopment Project Area are more than 35 years of age – some are over 100 years old. While these buildings maintain much of their historic character, they generally require more upkeep and maintenance. There are missing bricks and tuck pointing issues on all of these buildings. In addition, these buildings have damaged gutters, downspouts, fascia, and lintels and broken windows and doors, as well as rusting HVAC equipment. There are a number of buildings that are completely vacant or have vacant tenant spaces. Lack of maintenance of the vacant buildings and tenant spaces adds to the deteriorated conditions. Substantial investment will be necessary to repair or demolish these buildings and parking areas.

The Redevelopment Project Area has a mix of land uses with residential, commercial, office, and industrial uses. In several instances, these uses occur within the same building. There are no buffers between these uses, which causes compatibility issues between the residential and commercial occupants. A lack of community planning is also evidenced by the fact that many properties in the Redevelopment Project Area are completely covered with structures and pavement, with little or no pervious surface or green space. Extraordinary expenses will be needed to develop and redevelop properties with appropriate buffering between conflicting land uses and provide additional landscaping materials.

Other improvements, such as utilities, sidewalks, street lighting, and street and alley repairs and upgrades may be needed within the Redevelopment Project Area as well. The presence of excessive land coverage will make the implementation of these improvements more challenging and costly.

The vacant parcels will need to be consolidated in order for development and redevelopment to occur. One vacant parcel is made up of several small lots of record and a portion of another lot of record. As a whole, it would be difficult to accommodate new development meeting contemporary standards for most uses on this parcel. Subdivisions, right-of-way vacation, and road improvements and new construction will be necessary to consolidate smaller parcels and dedicate appropriate easements and rights-of-way, resulting in sizeable additional costs for development and redevelopment. City involvement will be required to create appropriate and efficient right-of-ways, easements, and layout of lots.

The City has attempted to encourage sound growth and development through investment by private enterprise. The Redevelopment Project Area is comprised of parcels anticipated to be removed from the existing Downtown Redevelopment Project Area, which was adopted in 1985. The City utilized property tax increment and sales tax increment (which was phased out in 2007) to make building renovations and to redevelop properties in the Downtown Redevelopment Project Area, to incent large office tenants to remain and benefit from these capital improvements, to clean up contaminated properties, and to purchase properties for resale to developers. While some of these efforts have been successful, conditions that caused the Downtown Redevelopment Project Area to qualify for use of tax increment financing still exist. Through legislative authority from the State of Illinois in 2000, the life of the Downtown Redevelopment Project Area was extended by up to 12 years.

Recently, a new redevelopment project has been proposed for two parcels within what is proposed to be The Locks Redevelopment Project Area. The City has reviewed the developer's pro forma and found that redevelopment on the subject properties continues to be a financial challenge for the private sector. Incentives are needed to finance the funding gap to allow the developer to make a reasonable rate of return. The success to date in leveraging private investment in other parts of the downtown and in the remaining portions of the Downtown Redevelopment Project Area through public investment is evidence that tax increment finance has been able to close the financial gap. Further, The Locks Redevelopment Project Area is being created because the Downtown Redevelopment Project Area does not have sufficient term remaining to generate enough increment to offset the extraordinary expenses to be incurred by the developer. This was one of the reasons the City successfully pursued extending the term of the Downtown TIF.

In examining the EAV of the area, the EAV for the entire Redevelopment Project Area has seen moderate growth (see **Table 1**). However, the total EAV of the vacant parcels within the Redevelopment Project has increased at an annual rate which is less than the balance of the City for five (5) of the last five (5) calendar years. Further, the total EAV of the vacant parcels in the Redevelopment Project Area increased at an annual rate that is less than the Consumer Price Index for All Urban Consumers for four (4) of the last five (5) calendar years. The entire Redevelopment Project Area could benefit from the proposed development outlined in the paragraph above, as well as other improvements in the Redevelopment Project Area. However, the history of redevelopment in the Rock Island downtown area has demonstrated that these improvements will not be made by the private sector without incentives.

These factors go beyond normal development costs and TIF funds will be necessary to finance such building rehabilitation, land preparation, and infrastructure.

The Redevelopment Project Area has not been subject to sound growth and development through investment by private enterprise. The Redevelopment Project Area would not reasonably be anticipated to be developed without TIF assistance.

Based on these factors, the Consultant recommends that the City conclude that the property within the Redevelopment Project Area qualifies as a Blighted Area for improved land and for vacant land as defined in State statute and is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City.

This report concludes that The Locks Redevelopment Project Area is eligible for Tax Increment Finance (“TIF”) designation as a Blighted Area for improved land and for vacant land.

Tables

Table 1: The Locks Redevelopment Project Area Parcel Numbers and Five Year EAV History

Parcel Number	TAX YEAR					
	2007 EAV	2008 EAV	2009 EAV	2010 EAV	2011 EAV	2012 EAV
096404	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT
096403	46,983	49,332	50,319	50,319	52,107	48,981
096400	111,311	116,876	119,213	119,213	123,717	116,294
096399	28,880	30,324	30,931	30,931	32,113	30,186
096398	28,880	30,324	30,931	30,931	32,113	30,186
096397	28,880	30,324	30,931	30,931	32,113	30,186
096396-A	12,188	12,797	13,053	13,053	13,475	12,666
096396	123,079	129,233	131,817	131,817	137,828	129,558
096412	47,906	50,302	51,308	51,308	53,121	49,934
096411	14,212	14,922	15,220	15,220	15,641	14,702
096413	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT
096426	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT	EXEMPT
Total Redevelopment Project Area EAV	442,319	464,434	473,723	473,723	492,228	462,693
Percent Change		5.00%	2.00%	0.00%	3.91%	-6.00%
City Wide EAV	455,471,305	466,098,588	468,682,434	472,035,055	475,940,130	505,436,557
Balance of City Wide EAV	455,028,986	465,634,154	468,208,711	471,561,332	475,447,902	504,973,864
Percent Change		2.33%	0.55%	0.72%	0.82%	6.21%
CPI		3.8%	-0.4%	1.6%	3.2%	2.1%

Table 2: Conditions Survey of Parcels in The Locks Redevelopment Project Area

The table below documents parcels with the Blighted Area qualifying factors at the time of this report.

Parcel Number	Vacant Land				Improved Land					
	Obsolete Platting	Diversity of Ownership	Deterioration of Structures or Improvements Adjacent to Vacant Land	Lagging EAV *	Obsolescence	Deterioration	Excessive Vacancies	Excessive Land Coverage/Overcrowding of Bldgs	Deleterious Land Use or Layout	Lack of Community Planning
96404	X		X	X						
96413	X		X	X						
96426	X		X	X						
96403					X	X		X	X	X
96400					X	X	X	X	X	X
96399					X	X	X	X	X	X
96398					X	X	X	X	X	X
96397					X	X	X	X	X	X
096396-A					X	X		X		X
96396					X	X		X	X	X
96412					X	X	X	X		X
96411					X	X	X	X		X

**Lagging EAV is measured as a whole rather than by parcel. The total EAV of the vacant parcels within the Redevelopment Project Area has increased at an annual rate which is less than the balance of the City for five (5) of the last five (5) calendar years. Further, the total EAV of the vacant parcels in the Redevelopment Project Area increased at an annual rate that is less than the Consumer Price Index for All Urban Consumers for four (4) of the last five (5) calendar years.*

Attachments

Attachment 1: The Locks Redevelopment Project Area Legal Description

THE LOCKS TIF DISTRICT BOUNDARIES

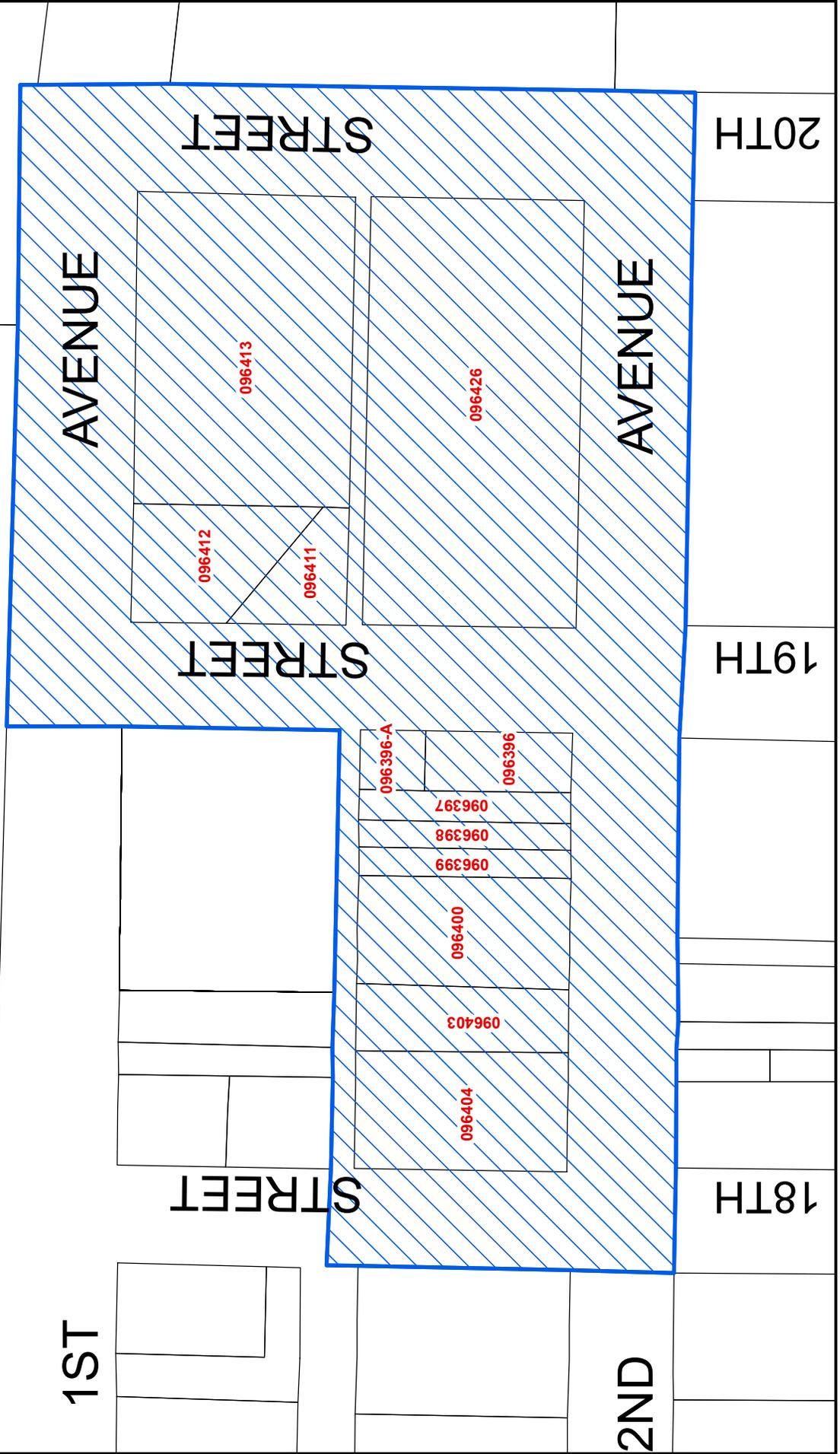
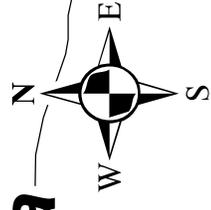
Commencing at the intersection of the westerly right of way line of 17th Street and the northerly right of way line of 1st Avenue; thence easterly along said north right of way line to the east right of way line of 20th Street extended north; thence south along the east right of way line of 20th Street 480 feet to the POINT OF BEGINNING at the intersection with the south right of way line of 2nd Avenue; thence West along said south line 840 feet to the west right of way line of 18th Street; thence north along said west line 250 feet to the north line of a 20 foot alley in Block 1 of Spencer & Case Addition; thence east along the north line of the alley in Block 2, said Spencer & Case Addition 380 feet to said west right of way line of 19th Street; thence north 230 feet to said north right of way line of said 1st Avenue; thence East 460 feet to said east line of 20th Street extended; thence south to the POINT OF BEGINNING, containing 7.2 acres more or less.

Attachment 2: The Locks Redevelopment Project Area Map

The Locks Redevelopment Project Area

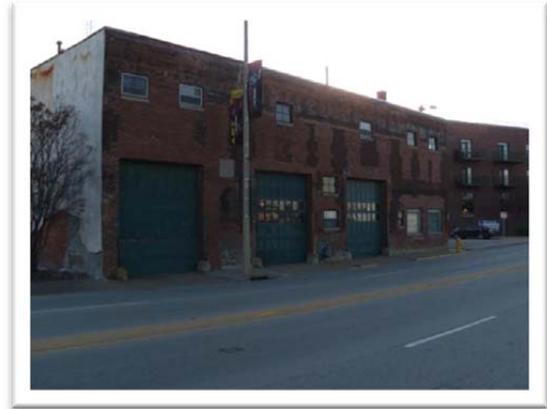
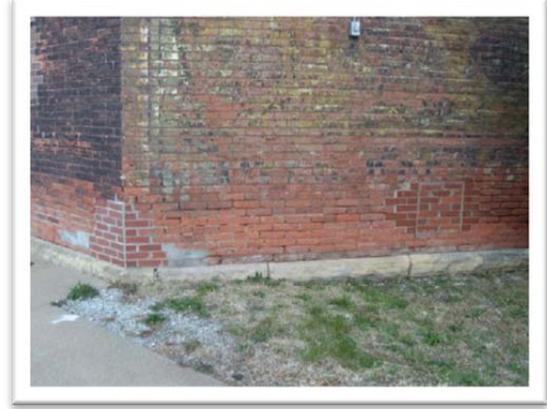
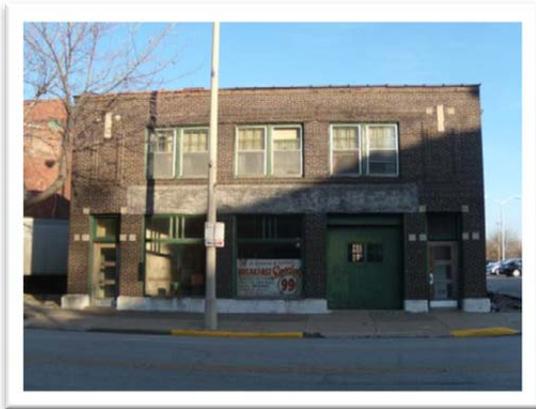
Legend

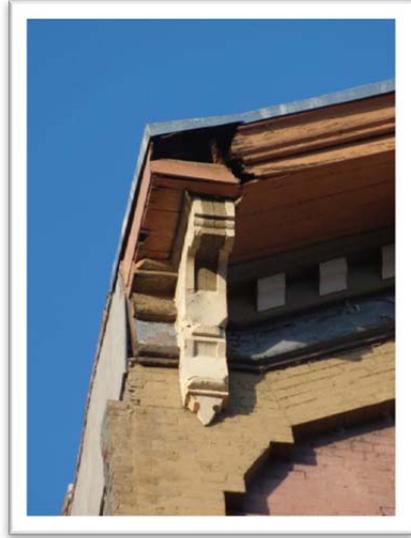
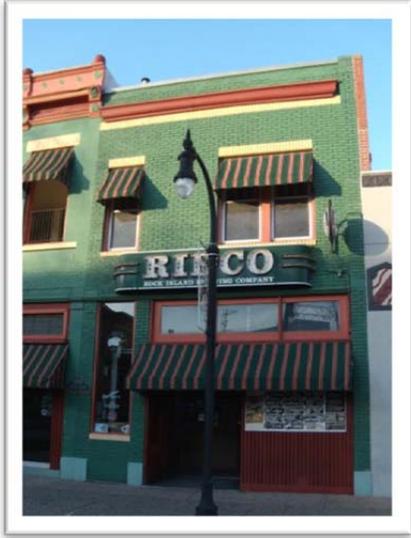
-  Locks TIF Area
-  Parcels

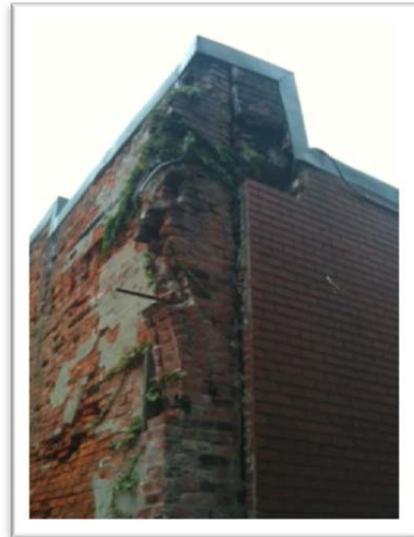
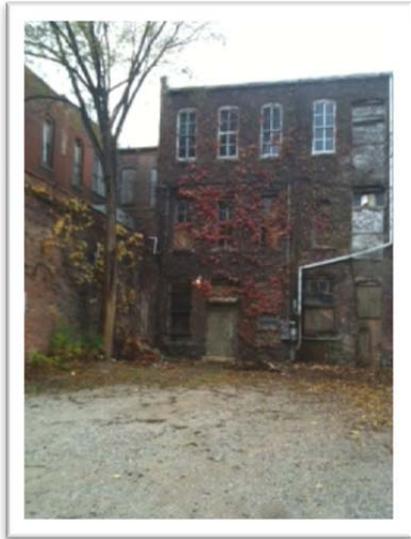


**Attachment 3: Representative Photographs of Conditions in The Locks
Redevelopment Project Area**

The photographs below are graphic examples of the Blighted Area qualifying factors found in The Locks Redevelopment Project Area at the time of this report.







Appendices

Appendix A: Definitions

As defined in the Act “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 are detrimental to the public safety, health or welfare based on the documentation of five of thirteen specific factors that are reasonably distributed throughout the improved part of the Redevelopment Project Area. If vacant, the sound growth of the redevelopment project area is impaired by two or more specific factors in one section of the Act or one or more in a second section of the Act.

As defined in the Act “conservation area” means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of thirteen specific factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

As defined in the Act “[i]ndustrial park conservation area’ means an area within the boundaries of a redevelopment project area located within the territorial limits of a municipality that is a labor surplus municipality or within 1 ½ miles of the territorial limits of a municipality that is a labor surplus municipality if the area is annexed to the municipality; which area is zoned as industrial no later than at the time the municipality by ordinance designates the redevelopment project area, and which area includes both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.”

Appendix B: Eligibility Categories

Eligibility of a Blighted Area

There are three categories under which an area can be determined to meet the “Blighted area” criteria. The area must meet the criteria under one of the following three categories.

“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:

1. If improved, industrial commercial and residential building or improvements are detrimental to the public safety, health, or welfare because of a combination of five or more of the following factors, each of which is (i) present, with the presence documented, to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the Redevelopment Project Area:

- Dilapidation
- Obsolescence
- Deterioration
- Presence of structures below minimum code standards
- Illegal use of individual structures
- Excessive vacancies
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage
- Deleterious land use or layout
- EPA remediation finding
- Lack of community planning
- Lagging EAV

OR

2. If vacant (Vacant Land), the sound growth of the Redevelopment Project Area is impaired by a combination of two (2) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present with the intent of the Act, and (ii) reasonably distributed throughout the vacant part of the Redevelopment Project Area to which it pertains:

- Obsolete platting
- Diversity of ownership

- Tax sale and special assessment delinquencies
- Deterioration of structures or site improvements in neighboring or adjacent areas
- EPA remediation finding
- Lagging EAV

OR

3. If vacant (Vacant Land), the sound growth of the Redevelopment Project Area is impaired by one of the following factors that (i) is present, with that presence documented, to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present within the intent of the Act, and (ii) is reasonably distributed throughout the vacant part of the area to which it pertains:
 - The area consists of one or more unused quarries, mines or strip mine ponds.
 - The area consists of unused rail yards, rail tracks, or railroad rights-of-way.
 - The area, prior to its designation, is subject to (i) chronic flooding that adversely impacts on real property in the area, as certified by a registered professional engineer or appropriate regulatory agency or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.
 - The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.
 - Prior to the effective date of the applicable amendatory Act of the 91st General Assembly, the area is not less than fifty (50), nor more than one hundred (100) acres, and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within five (5) years prior to the designation of the Redevelopment Project Area, and the area meets at least one of the factors itemized in paragraph (1) above, the area has been designated as a town or City center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.
 - The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding.

Eligibility of a Conservation Area

“Conservation area” means any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the City in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three (3) or more of the following factors is detrimental to the public safety, health, morals or welfare, and such an area may become a blighted area:

- Dilapidation
- Obsolescence
- Deterioration
- Presence of structures below minimum code standards
- Illegal use of individual structures
- Excessive vacancies
- Lack of ventilation, light, or sanitary facilities
- Inadequate utilities
- Excessive land coverage
- Deleterious land use or layout
- Lack of community planning
- EPA remediation finding
- Lagging EAV

Eligibility of an Industrial Park Conservation Area

“Industrial Park Conservation Area” means an area within the boundaries of a Redevelopment Project Area located within the territorial limits of a municipality that is a labor surplus municipality or within 1 ½ miles of the territorial limits of a municipality that is a labor surplus area if the area is annexed to the municipality; which area is zoned industrial no later than at the time the municipality by ordinance designates the Redevelopment Project Area, and which area includes both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.