

# **Tax Increment Financing Redevelopment Plan & Project**

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McFarland Road  
Redevelopment Project Area

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Prepared for  
**City of Loves Park, Illinois**

Prepared by  
**PGAV PLANNERS**

**December 10, 2021**

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Greg Jury

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## SECTION I - INTRODUCTION

On November 1, 2021, the Loves Park City Council passed Resolution XXX stating the City's intent to designate a portion of the City as a tax increment finance, or "TIF," Redevelopment Project Area and to induce development interest within such area pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"). The area is referred to herein as the McFarland Road TIF Redevelopment Project Area, or the "Area." The boundaries of the Area are as shown on **Exhibit A - Redevelopment Project Area Boundary**. Refer also to the **Boundary Description** contained in the **Appendix** as **Attachment A**.

Some parcels are vacant and others contain buildings, associated parking areas, and other site improvements. Many buildings and related site improvements suffer from advanced age and physical deterioration.

The City may consider the use of tax increment financing, as well as other economic development resources as available, to facilitate private investment within the Area. It is the intent of the City to induce the investment of significant private capital in the Area, which will serve to redevelop aging properties and infrastructure that will likely enhance the tax base of the community. Furthermore, in accordance with Section 11-74.4-3(n)(5) of the Act, a housing impact study need not be performed since the redevelopment plan will not result in the displacement of more than 9 inhabited residential units and the area does not contain more than 74 inhabited residential units in total.

The Act sets forth the requirements and procedures for establishing a Redevelopment Project Area and a Redevelopment Plan. The following sections of this report present the findings of eligibility and the Redevelopment Plan and Project for the Area, as well as other findings, evidence, and documentation required by the Act.

**Exhibit A – Redevelopment Project Area Boundary**

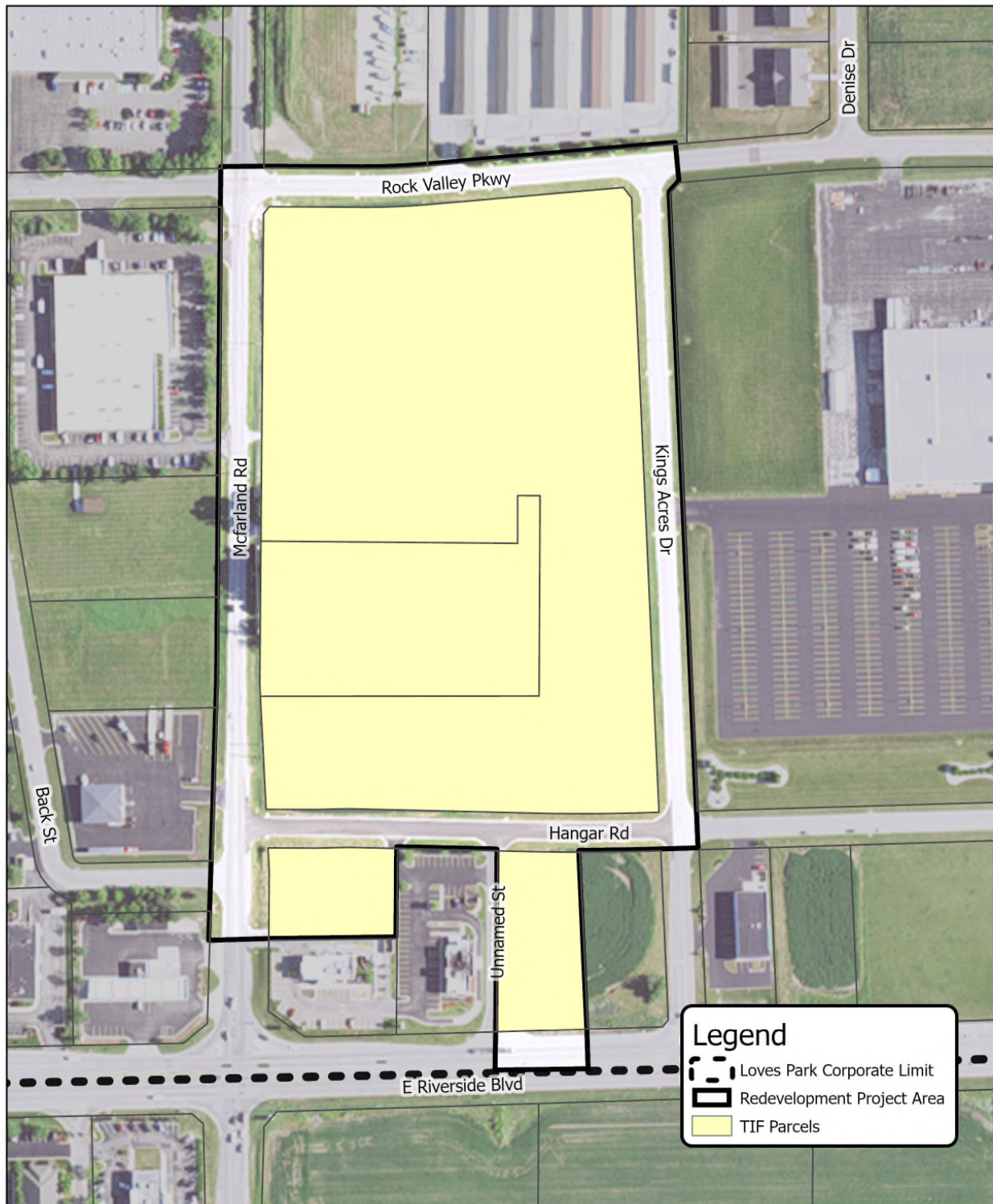


Exhibit A - Redevelopment Project Area

December 2021

Loves Park, IL



0 80 160 320 US Feet

## SECTION II - BASIS FOR ELIGIBILITY OF THE AREA

A Redevelopment Project Area, according to the Act, is that area designated by a municipality in which the finding is made that there exist conditions that cause the area to be classified as a blighted area, conservation area, combination of blighted and conservation areas, or an industrial park conservation area. The criteria and the individual factors defining each of these categories of eligibility are defined in the Act. This section documents the relevant statutory requirements and how the Area meets the eligibility criteria as a combination of blighted and conservation areas.

### Definition of a Blighted Area

The TIF Act states that a “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 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, 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.”
  - B. “Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.”
  - C. “Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.”
  - 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.”

- 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.”
- F. “Excessive vacancies. The presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.”
- 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 refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.”
- 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.”
- 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 buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.”
- 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.”
- 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.”

- 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.”
  - 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.”
1. **“If vacant,** the sound growth of the Redevelopment Project Area is impaired by a combination of two (2) or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent, so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area 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.”
    - B. “Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.”
    - 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.”
    - D. “Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.”



- 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.”
  - 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.”
2. **“If vacant,** 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 redevelopment project area to which it pertains:
- A. The area consists of one or more unused quarries, mines, or strip mine ponds.
  - B. The area consists of unused rail yards, rail tracks, or railroad rights-of-way.
  - C. The area, prior to its designation, is subject to
    - a. chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency; or
    - b. surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.
  - D. The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.
  - E. Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated

as a town or City center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

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

### Definition of a Conservation Area

1. **“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 three or more of the following factors, the area is detrimental to the public safety, health, morals or welfare, and such an area may become a blighted 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.
  - B. Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.
  - C. Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters, and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.
  - 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.
  - 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.
  - F. Excessive vacancies. The presence of buildings that are unoccupied or underutilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

- 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 refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.
- 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.
- 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 buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.
- 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.
- 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.
- 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.

- M. The total equalized assessed value of the proposed redevelopment project area has declined for three of the last five 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 of the last five 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 of the last five calendar years prior to the year in which the redevelopment project area is designated.

## Findings

In determining if the Area meets the eligibility requirements of the Act, research and field surveys were conducted. These included:

- Contacts with City officials knowledgeable about area conditions and history and age of buildings and site improvements.
- On-site field examination of conditions within the Area on November 12, 2021 by experienced staff of PGAV. These personnel are trained in techniques and procedures of documenting conditions of real property, streets, etc., and determination of eligibility of designated areas for tax increment financing.
- Use of definitions contained in the Act.
- Adherence to basic findings of need as established by the Illinois General Assembly in establishing tax increment financing which became effective on January 10, 1977.
- Examination of Winnebago County real property tax assessment records.

On November 12, 2021, PGAV staff conducted field investigations to document existing conditions of the properties proposed for the Area. The following narrative summarizes the factors found to be present to a meaningful extent within the Area. **Exhibit B – Current Land Use** shows the current land uses occupying property within the Area. **Exhibit C – Existing Conditions** shows the reasonable distribution of factors throughout the Area.

Exhibit B – Current Land Use

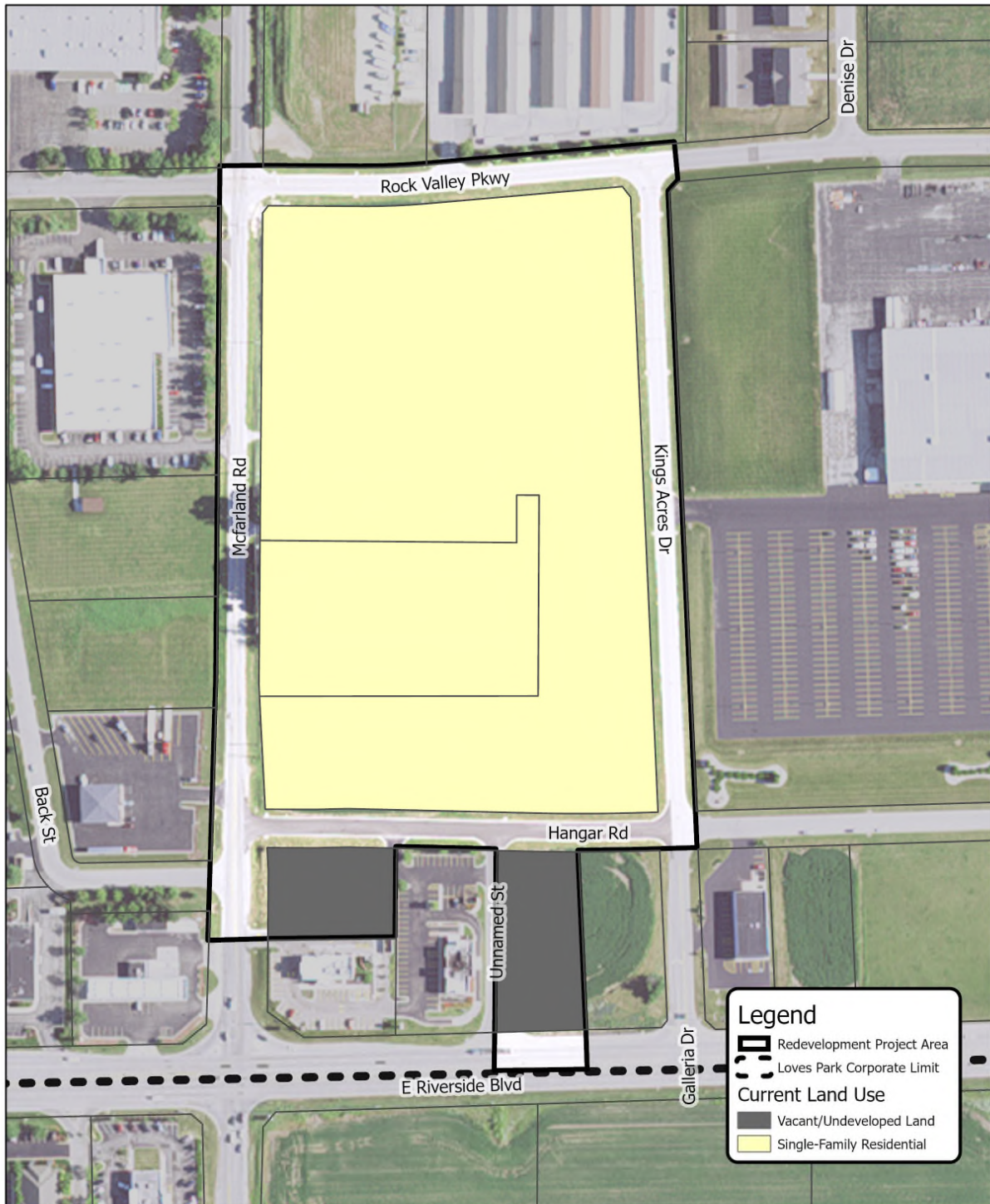


Exhibit B - Current Land Use

December 2021

Loves Park, IL

PGAV PLANNERS<sup>uc</sup>



0 80 160 320 US Feet



Exhibit C – Existing Conditions

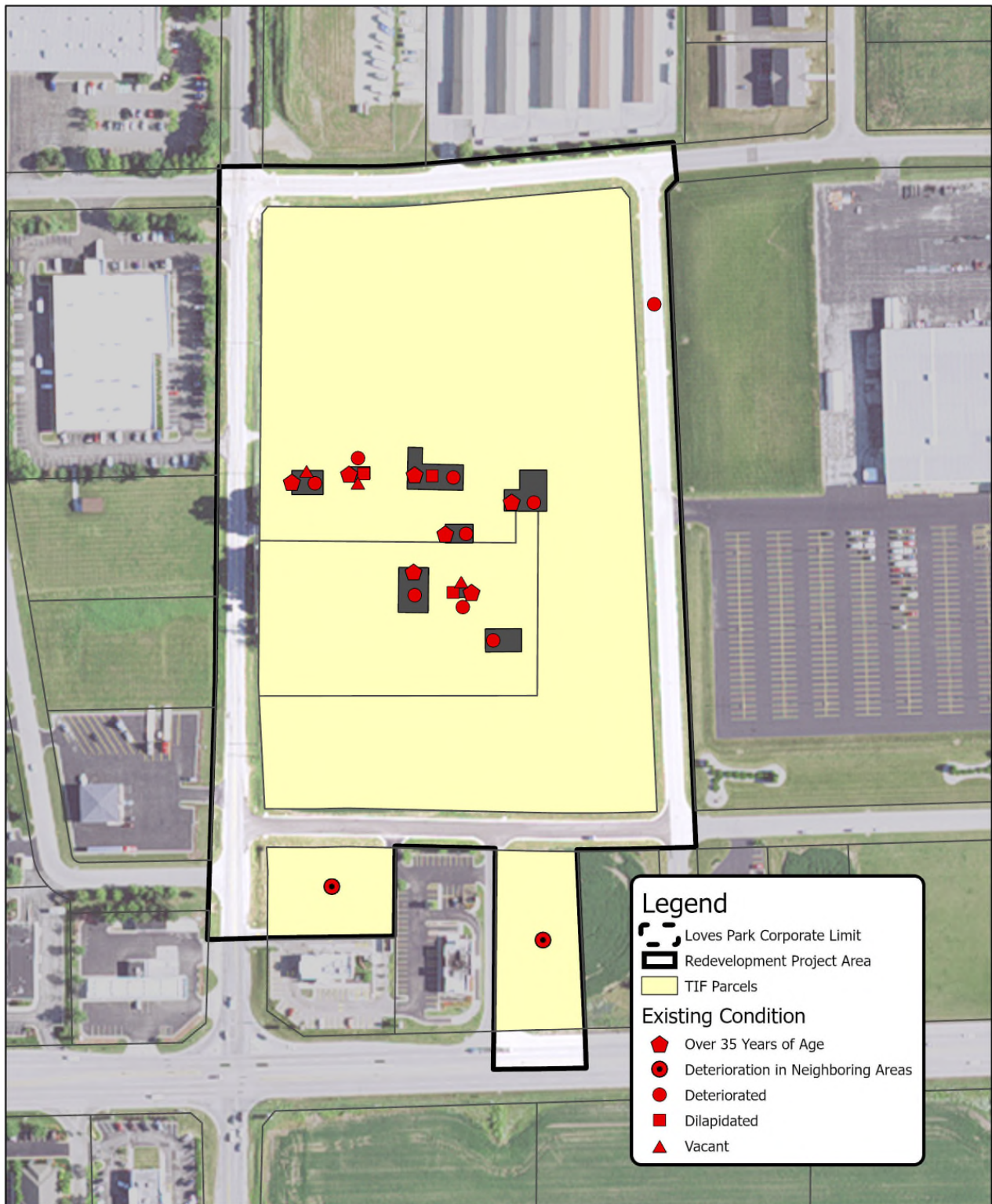


Exhibit C - Existing Conditions

December 2021

Loves Park, IL

PGAV PLANNERS LLC



0 80 160 320 US Feet

## Eligibility of Improved Parcels

### 1. Summary of Findings on Age of Structures

Age is a prerequisite factor in determining an Area's qualification as a "conservation area". As is clearly set forth in the Act, 50% or more of the structures must have an age of 35 years or greater in order to meet this criterion. All of the buildings contained within the Area are 35 years of age or older, as determined by field surveys. More than 50% of the buildings exceed 35 years of age; therefore, the age threshold is met for qualifying the improved property within the Area as a conservation area.

### 2. Summary of Findings on Deterioration (Improved Land Factor #1)

Deteriorating conditions were recorded on 100% of the 8 structures found in the Area. The field survey of exterior building conditions found defects in the secondary structural components, including windows, doors, gutters, downspouts, interior walls, etc. Photographic evidence of deteriorating conditions can be found on **Attachment B** in the **Appendix**.

### 3. Excessive Vacancies (Improved Land Factor #2)

The Area contains a few vacant buildings. Approximately 3 (37.5%) out of 8 structures appeared to be wholly or partially vacant.

### 4. Dilapidation (Improved Land Factor #3)

Dilapidated conditions were observed on 3 (37.5%) out of 8 structures. These structures are vacant and will likely remain vacant until major renovations or demolition takes place. Photographic evidence of dilapidated conditions can be found on **Attachment B** in the **Appendix**. These structures are irreparable and will not serve a productive purpose without demolition and reconstruction or being replaced with a different use.

### 5. Declining or Sub-par EAV Growth (Improved Land Factor #4)

The Area, on the whole, contains property whose equalized assessed valuation has grown at a lower rate than the balance of the City. The area exhibited this characteristic for 4 out of the last 5 years. See **Exhibit D – Comparison of EAV Growth Rates (2015-2020)**.

**Exhibit D – Comparison of EAV Growth Rates (2015-2020)**

McFarland Road Redevelopment Project Area

| Assessment Year       | Project Area<br>EAV * | EAV<br>Declined? | Balance of City ** | Area Growth Rate<br>Less Than Balance<br>of City? | Area Growth Rate Less<br>Than CPI Index for All<br>Urban Consumers? |
|-----------------------|-----------------------|------------------|--------------------|---|---|
| 2015                  | \$ 109,562            |                  | \$ 355,092,816     |   |   |
| 2016                  | \$ 109,685            |                  | \$ 364,828,122     |   |   |
| Annual Percent Change | 0.1%                  | NO               | 2.7%               | YES   | YES   |
| 2017                  | \$ 111,776            |                  | \$ 374,663,315     |   |   |
| Annual Percent Change | 1.9%                  | NO               | 2.7%               | YES   | YES   |
| 2018                  | \$ 117,570            |                  | \$ 391,577,758     |   |   |
| Annual Percent Change | 5.2%                  | NO               | 4.5%               | NO  | NO  |
| 2019                  | \$ 124,471            |                  | \$ 421,785,411     |   |   |
| Annual Percent Change | 5.9%                  | NO               | 7.7%               | YES   | NO  |
| 2020                  | \$ 130,427            |                  | \$ 457,859,587     |   |   |
| Annual Percent Change | 4.8%                  | NO               | 8.6%               | YES   | NO  |

\* Source: Winnebago County Assessor data.

\*\* Source: Winnebago County Tax Computation Reports 2015-2020.

**Eligibility of Vacant Parcels****1. Deterioration of structures or site improvements in neighboring areas (Vacant Land Factor #1)**

There are 2 (100%) out of 2 vacant parcels adjacent to properties containing deteriorated structures and/or site improvements.

**2. Declining or Sub-par EAV Growth (Vacant Land Factor #2)**

(See Summary of Declining or Sub-par EAV Growth in sub-section title Eligibility of Improved Parcels)



## SECTION III - REDEVELOPMENT PLAN AND PROJECT

Section III and Section IV constitutes the Redevelopment Plan and Project for the McFarland Road TIF Redevelopment Project Area.

### **General Land Uses to Apply**

The general land uses to apply for the Area are shown in **Exhibit E – General Land Use Plan**.

### **Objectives**

The objectives of this Plan are as follow:

1. To provide infrastructure to aid in the development of new and existing commercial and industrial businesses in order to provide employment opportunities for the region.
2. Enhance the tax base for the City and all other taxing bodies.
3. Encourage and assist private investment and redevelopment within the Area through the provision of financial assistance as permitted by the Act.
4. Complete all public and private actions required in this Plan in an expeditious manner.
5. Maintain transparency and accountability with residents and taxing bodies by reporting annually on Area projects to the State of Illinois and the Joint Review Board.
6. Enter into agreements with private parties and public agencies that protect the long-term financial health and wellbeing of the City.

### **Program to be Undertaken to Accomplish Objectives**

The City has determined that it is appropriate to create a program to provide financial incentives for private investment within the Area. It has been determined, through private & public project implementation experience, that tax increment financing constitutes one of the most effective means available for enabling development in the Area. Local taxing bodies are expected to benefit from the implementation of this Plan. The City will incorporate appropriate provisions within any redevelopment agreement entered into between the City and private parties ensuring redevelopment projects make progress towards achieving the objectives stated herein.

## Exhibit E – General Land Use Plan

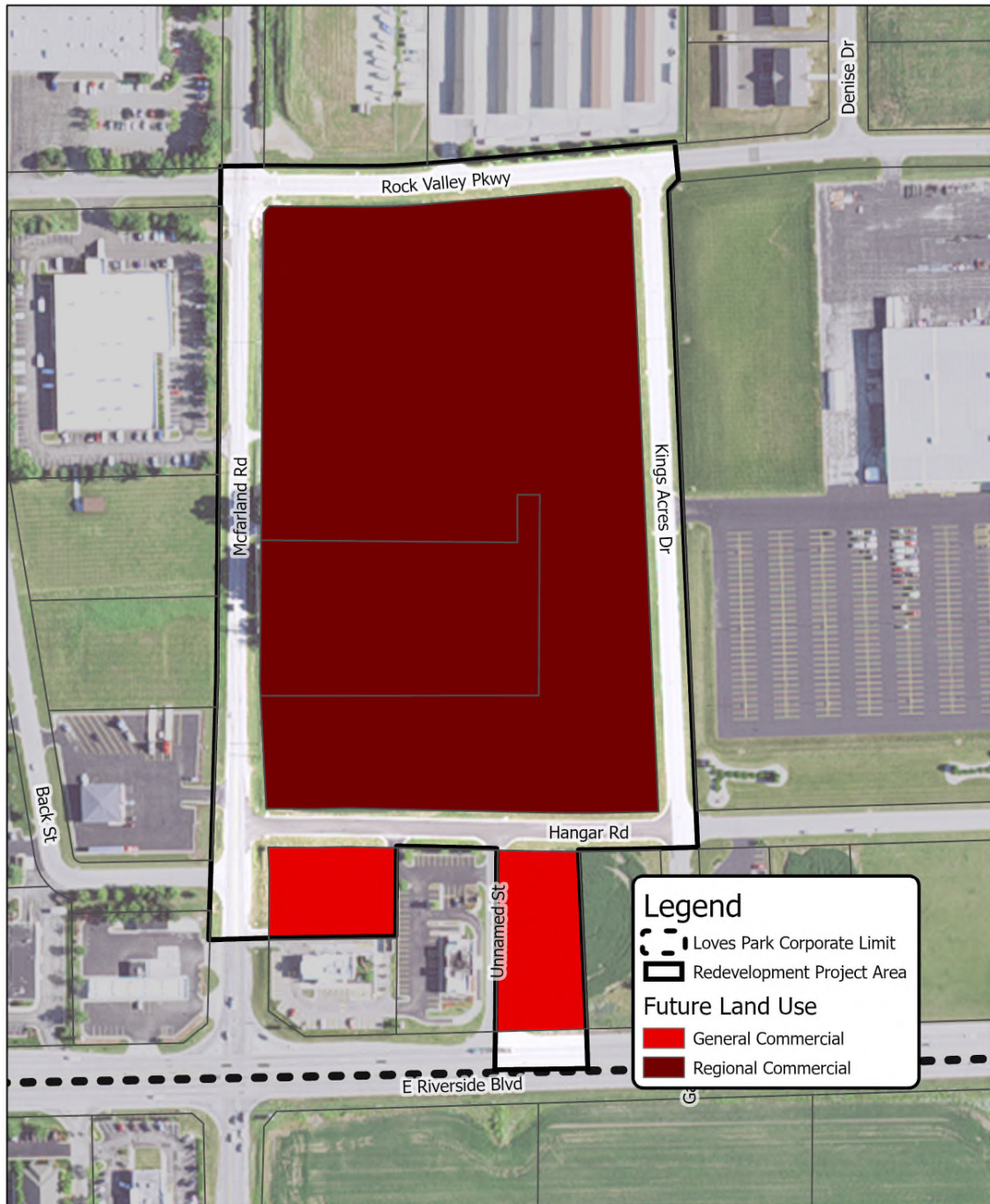


Exhibit E - Future Land Use

December 2021

Loves Park, IL

PCAV PLANNERS LLC



0 80 160 320 US Feet

## Redevelopment Project

Activities necessary to implement the Plan may include the following:

### 1. Private Redevelopment Activities:

Construction of new private buildings at various locations in the Area.

### 2. Public Redevelopment Activities:

Public improvements and support activities will be used to induce and complement private investment. These may include but are not limited to: street and sidewalk improvements, land assembly including site acquisition and site preparation, public utilities (e.g., water, sanitary and storm sewer facilities), traffic signalization, and marketing of properties, as well as other programs of financial assistance provided by the City.

### 3. Land Assembly, Displacement Certificate, and Relocation Assistance:

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

#### ***Displacement Certificate:***

Under Sections 11-74.4-3 (n) (5) and 11-74.4-4.1 (b) of the Tax Increment Allocation Redevelopment Act, the City hereby certifies that this Redevelopment Plan, as amended, will not result in the displacement of more than nine (9) inhabited residential units.

#### ***Relocation Assistance:***

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

households” and “affordable housing” have the meanings set forth in the Illinois Affordable Housing Act.

## Exhibit F – Estimated Redevelopment Project Costs

| Description   | Estimated Cost <sup>1, 2, &amp; 3</sup> |
|---|---|
| A. Public Works or Improvements                                     | \$1,168,950                             |
| B. Property Assembly  | \$1,168,950                             |
| C. Building Rehabilitation/Retrofit                                 | \$389,650                               |
| D. Relocation costs   | \$389,650                               |
| E. Taxing District Capital Costs                                    | \$389,650                               |
| F. Job Training   | \$779,300                               |
| G. Interest Costs Incurred by Developers<br>(30% of interest costs) | \$1,948,250                             |
| H. Planning, Legal & Professional Services                          | \$389,650                               |
| I. General Administration   | \$389,650                               |
| J. Financing Costs  | \$389,650                               |
| K. Contingency  | \$389,650                               |
| <b>Total Estimated Costs <sup>4</sup></b>                           | <b>\$7,793,000</b>                      |

### Notes:

1. All costs shown are in 2022 dollars.

2. Adjustments may be made among line items within the budget to reflect program implementation experience.

3. Private redevelopment costs and investment are in addition to the above.

4. The total estimated redevelopment project costs shall not be increased by more than 5% after adjustment for inflation from the date of the Plan adoption, per subsection 11-74.4.5(c) of the Act.

## Description of Redevelopment Project Costs

Costs that may be reimbursed are defined as “redevelopment project costs” in the Act as, may be amended from time to time. Itemized below is the statutory listing of “redevelopment project costs” currently permitted by the Act:

- 1. Costs of studies, surveys, development of plans, and specifications, implementation and administration** of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999 (the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years.

In addition, "redevelopment project costs" shall not include lobbying expenses. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;

- 1.5. After July 1, 1999, **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;
- 1.6. The **cost of marketing sites** within the redevelopment project area to prospective businesses, developers, and investors;
2. **Property assembly costs**, including but not limited to **acquisition of land** and other property, **real or personal**, or rights or interests therein, **demolition of buildings, site preparation**, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and **the clearing and grading of land**;
3. **Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings**, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;
4. **Costs of the construction of public works or improvements**, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification, except that on and after November 1, 1999, redevelopment project costs **shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference**

**facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building** as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either

- (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or
  - (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- 5. **Costs of job training and retraining projects**, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
  - 6. **Financing costs**, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
  - 7. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a **taxing district's capital costs** resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project.
  - 8. **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);
  - 9. **Payment in lieu of taxes** [see Sec. 11-74.4-3 (m) of the Act];
  - 10. **Costs of job training**, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, **incurred by one or more taxing districts**, provided that such costs

- (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;

**11. Interest cost incurred by a redeveloper** related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (A) such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
- (B) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
- (C) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (D) the total of such interest payments paid pursuant to this Act may not exceed 30% of the total
  - (i) cost paid or incurred by the redeveloper for the redevelopment project plus
  - (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.

**12.** Unless explicitly stated herein the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

- 13.** After November 1, 1999 (the effective date of Public Act 91-478), none of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality.

For purposes of this paragraph, termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

- 14.** No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008 (the effective date of Public Act 95-934), unless no prudent and feasible alternative exists. "Historic resource" for the purpose of this item (14) means

- (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 (14) does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.



## SECTION IV - OTHER FINDINGS AND REQUIREMENTS

### Conformance with Comprehensive Plan

The General Land Use Plan conforms with the City's comprehensive plan from December 2017. In addition, all development in the Redevelopment Project Area will comply with applicable codes and ordinances. See **Exhibit F – General Land Use Plan** for more details.

### Area, on the Whole, not Subject to Growth and Development

The properties in the Area have not been subject to growth and development through investment of private enterprise. Upon examination of equalized assessed valuation (EAV) data for the properties to be added, the lack of investment is evident in the stagnating EAV values (see **Exhibit H – EAV Trends (2015-2020)** below).

### Exhibit G – EAV Trends (2015-2020)

McFarland Road TIF Redevelopment Project Area

|                              | <b>EAV<br/>2015</b> | <b>EAV<br/>2020</b> | <b>Change</b>  | <b>Percent</b> | <b>Annual<br/>Percent<br/>Rate</b> |
|------------------------------|---------------------|---------------------|----------------|----------------|------------------------------------|
| RPA <sup>1</sup>             | \$ 109,562          | \$ 130,427          | \$ 20,865      | 19.0%          | 3.5%                               |
| CPI <sup>2</sup>             | 237.017             | 258.811             | 21.8           | 9.2%           | 1.8%                               |
| Balance of City <sup>3</sup> | \$ 355,092,816      | \$ 457,859,587      | \$ 102,766,771 | 28.9%          | 5.2%                               |

<sup>1</sup> Equalized Assessed Valuation (EAV) of the Redevelopment Project Area

<sup>2</sup> Consumer Price Index for All Urban Consumers. Source: U.S. Bureau of Labor Statistics

<sup>3</sup> Total City EAV minus Project Area EAV.

The above evidence presented on assessed valuation shows that the properties in the Area have not been subject a level of private investment that would result in valuation increases.

### Would Not be Developed "but for" TIF

The properties in the Area are not reasonably anticipated to be improved without the direct participation of the City to provide funding in the form of financial incentives and infrastructure spending.

### Assessment of Financial Impact

The City and Joint Review Board will monitor the progress of the TIF program and its future impacts on all local taxing bodies. In the event significant adverse impacts are

identified that increase demands for facilities or services in the future, the City will consider utilizing tax increment proceeds or other appropriate actions, to the extent possible, to assist in addressing the needs.

All overlapping taxing bodies will continue to receive property tax revenues on the base values of properties to be added to the Area during the balance of the life of the TIF program. In addition, it is reasonable to assume that the economic and financial benefits resulting from redevelopment efforts in the Area will spill into other sections of the community and generate additional revenues for the above listed government entities. In addition, after the expiration of the TIF program, the taxing districts will receive the benefits of an increased property tax base. It is also reasonable to assume that the benefits of the increased property tax base would not occur without the implementation of the Plan and the use of tax increment financing.

### **Estimated Date for Completion of the Redevelopment Project**

The estimated date for the completion of the Redevelopment Project or retirement of obligations issued may not be later than December 31<sup>st</sup> of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the 23<sup>rd</sup> calendar year after the year in which the ordinance approving the redevelopment project area was adopted.

### **Sources of Funds**

The sources of funds to pay for redevelopment project costs associated with implementing the Plan will come from the increment generated by increasing property values due to new construction and renovated structures.

### **Nature and Term of Obligations**

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

Revenues received in excess of 100% of funds necessary for the payment of principal and interest on the bonds and not needed for other redevelopment project costs or early bond retirements shall be declared as surplus and become available for distribution annually to the taxing bodies to the extent that this distribution of surplus does not impair the

financial viability of the project. One or more bond issues may be sold at any time in order to implement this Redevelopment Plan. The City may utilize revenues from any other source, including City, State, or Federal funds, or tax increment revenues from this Project or adjoining TIF areas to pay for the costs of completing this Project.

### **Most Recent EAV of Properties Added and Revised Redevelopment Valuation**

#### **1. Most Recent EAV of Properties Added to the Project Area:**

The most recent total equalized assessed valuation (EAV) for the properties in the Area is estimated to be \$130,427. A list of the parcel identification numbers (PIN's) and 2020 tax year EAV for the parcels in the Area are included in the **Appendix** as **Attachment C – Property Identification Number (PIN) List & Map**. After the approval of the Plan by the City, the City will make a request to the County Clerk of Winnebago County to certify the base EAV for each parcel of real estate added to the Area.

#### **2. Estimate of Valuation After Redevelopment:**

Contingent on the adoption of this Plan and commitment by the City to the Redevelopment Program, it is anticipated that the private redevelopment investment in the Area, as amended, will cause the equalized assessed valuation of said Area to increase to approximately \$5,709,062. This projected value is based on some new construction and some of the vacant and existing structures being renovated or expanded.

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

Fair employment practices and affirmative action remains the same as stated in the Original Plan.

### **Reviewing and Amending the TIF Plan**

This Redevelopment Plan may be amended in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et. seq. Also, the City shall adhere to all reporting requirements and other statutory provisions.

## **APPENDIX**

**ATTACHMENT A**  
**LEGAL DESCRIPTION**

Legal description here (to be added later)

**ATTACHMENT B**  
**PHOTOGRAPHIC EVIDENCE**



**Deteriorated structure at 4191 McFarland Road**



**Deteriorated fencing at 4191 McFarland Road**



**Deteriorated structure at 4191 McFarland Road**



**Deteriorated roof on structure at 4191 McFarland Road**





**Deteriorated structure at 4191 McFarland Road**



**Deteriorated windows and roof on structure at 4191 McFarland Road**

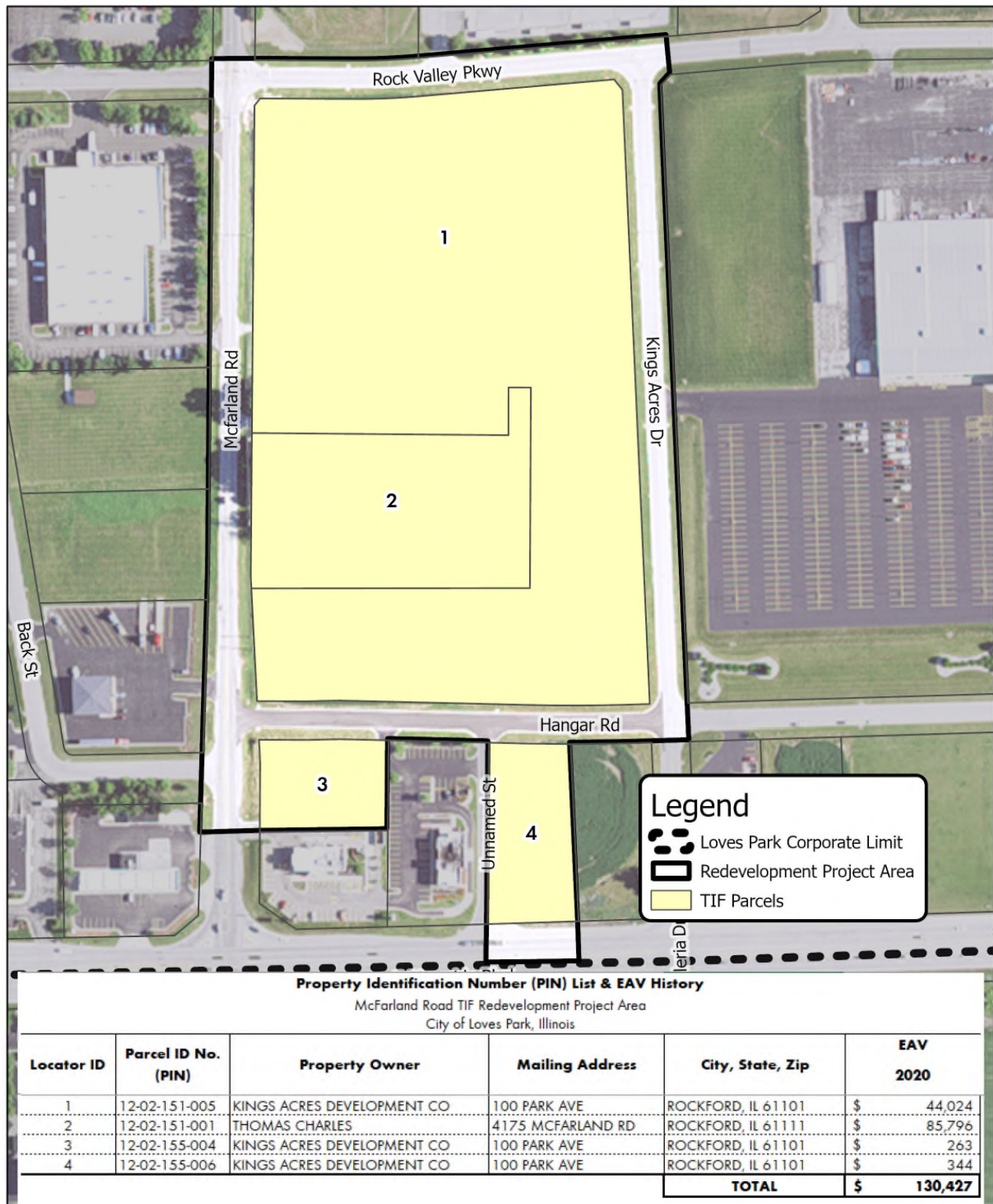


**Deteriorated and dilapidated structure at 4191 McFarland Road**



**Deteriorated structure at 4191 McFarland Road**

**ATTACHMENT C**  
**PIN LIST AND LOCATOR MAP**



Attachment C - PIN List and Locator Map

December 2021

Loves Park, IL

PCAV PLANNERS LLC



0 80 160 320 US Feet