

EASTERN GATEWAY REDEVELOPMENT PROJECT AREA PLAN AND PROGRAM

City of Rochelle, IL



DRAFT REPORT

July 2024

TAX INCREMENT FINANCING REDEVELOPMENT PLAN AND PROJECT

Eastern Gateway Redevelopment Project Area



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Prepared By:
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INTRODUCTION

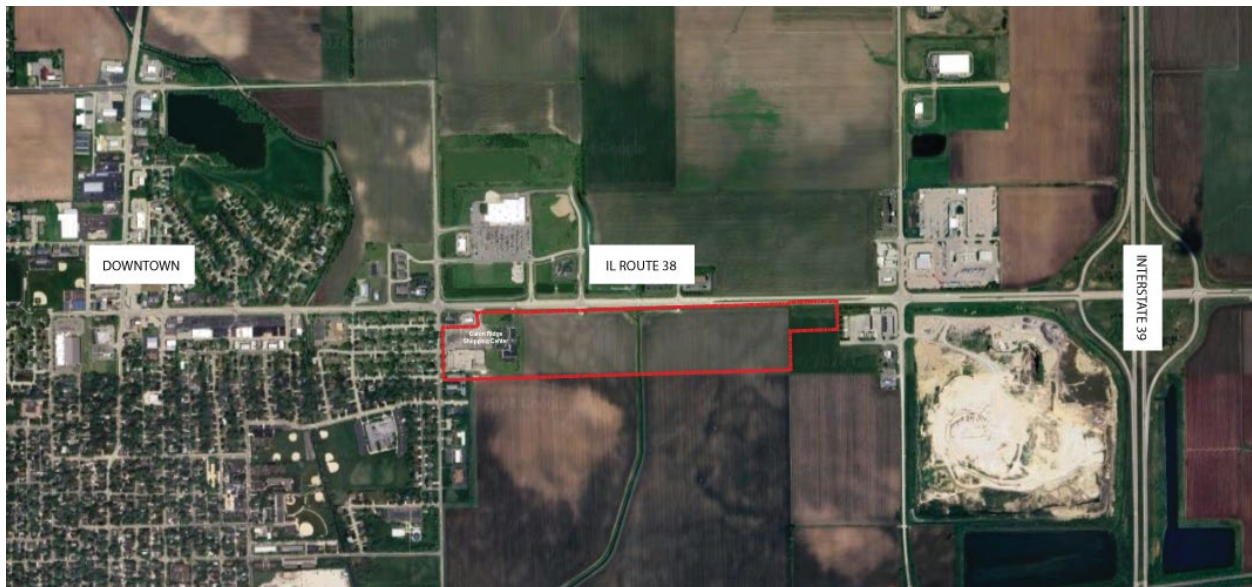
This report documents the Tax Increment Redevelopment Plan and Project (the “Redevelopment Plan”) for the City of Rochelle Route 38 Tax Increment Financing District Redevelopment Project Area (the “Project Area”). This Redevelopment Plan has been prepared for use by the City of Rochelle (the “City”) by Teska Associates, Inc. This proposed Redevelopment Plan seeks to respond to a number of deficiencies, challenges and needs within the Project Area, and is indicative of a strong commitment and desire on the part of the City to improve and revitalize the Project Area. This document is intended to provide a framework for improvements and reinvestment within the Project Area over the next twenty-three (23) years.

The Project Area primarily consists of commercial properties, including the Caron Ridge Shopping Center, located on IL Route 38 in the City of Rochelle. Future redevelopment impediments, as outlined in Appendix A, and the resulting extraordinary challenges necessary for redevelopment, have led the City to explore Tax Increment Financing. To this end, the City has retained the planning consulting firm Teska Associates, Inc. to assist the City in the creation of a new TIF district covering the shopping center and corridor. Teska has conducted the necessary field surveys, site evaluations, and identified key redevelopment opportunities and necessary public improvements within the Project Area, and this Redevelopment Plan summarizes the analyses and findings of the consultant’s work. The City is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the Project Area as a “redevelopment project area” under the State of Illinois Tax Increment Allocation Redevelopment Act, **65 ILCS 5/11-74.4-1** as amended (the “Act”). Teska has prepared this Redevelopment Plan and the related Eligibility Study (Appendix A) with the understanding that the City would rely on: (a) the findings and conclusions of the Redevelopment Plan and associated Eligibility Report in proceeding with the designation of the Project Area and the adoption and implementation of the Redevelopment Plan; and (b) the fact that Teska has obtained the necessary information so that the Redevelopment Plan and the related Eligibility Study will comply with the requirements of the Act.

Tax Increment Financing

Tax increment financing is permitted in Illinois under the “Tax Increment Allocation Redevelopment Act” (**Chapter 65 ILCS 5/11-74.4-1, et seq.**) of the Illinois Statutes, as amended (hereinafter the "Act"). Only areas which meet certain specifications outlined in the Act are eligible to use this financing mechanism. In addition to describing the redevelopment objectives, this Redevelopment Area Plan and Project report sets forth in general terms the overall program to be undertaken to achieve these objectives.

The Act permits municipalities to improve eligible “conservation” or “blighted” areas in accordance with an adopted Redevelopment Plan over a period not to exceed twenty-three (23) years. The municipal cost of certain public improvements and projects can be repaid with the revenues generated by increased assessed values of private real estate within a designated project area. This taxing power is only applied to the increase in equalized assessed valuation generated within the designated project area during the limited term of the Redevelopment Plan and Project, principally increased equalized assessed valuation from new private development.



Aerial Location Map

REDEVELOPMENT PROJECT AREA DESCRIPTION

The boundaries of the Redevelopment Project Area were carefully established in adherence to the eligibility criteria and include only those parcels which would benefit by the proposed Redevelopment Plan and Project. The Project Area includes parcels located on IL Route 38, from approximately Caron Road on the west to Dement Road on the east, as shown on “Exhibit A – Project Area Boundary.” The Project Area contains **three (3)** structures on **ten (10)** parcels, totaling approximately **eighty-two (82)** acres in area (including rights-of-way). The properties within the Project Area are primarily commercial, as illustrated on “Exhibit B - Existing Land Uses.”

Table 1: Existing Land Use

Existing Land Use	Land Area (Acres)
Commercial/Mixed-Use	14
Vacant/Undeveloped	68
TOTAL	82

Table 2: Existing Housing Units

Unit Type	Units *
Single-family	0
Multi-family	0
TOTAL	0

** The intended relocation of 10 or more residential units, or the presence of 75 or more residential units requires preparation of a Housing Impact Study. Therefore, a Housing Impact Study is not required to be included in this analysis/report (Appendix B).*

EXHIBIT A – PROJECT AREA BOUNDARY

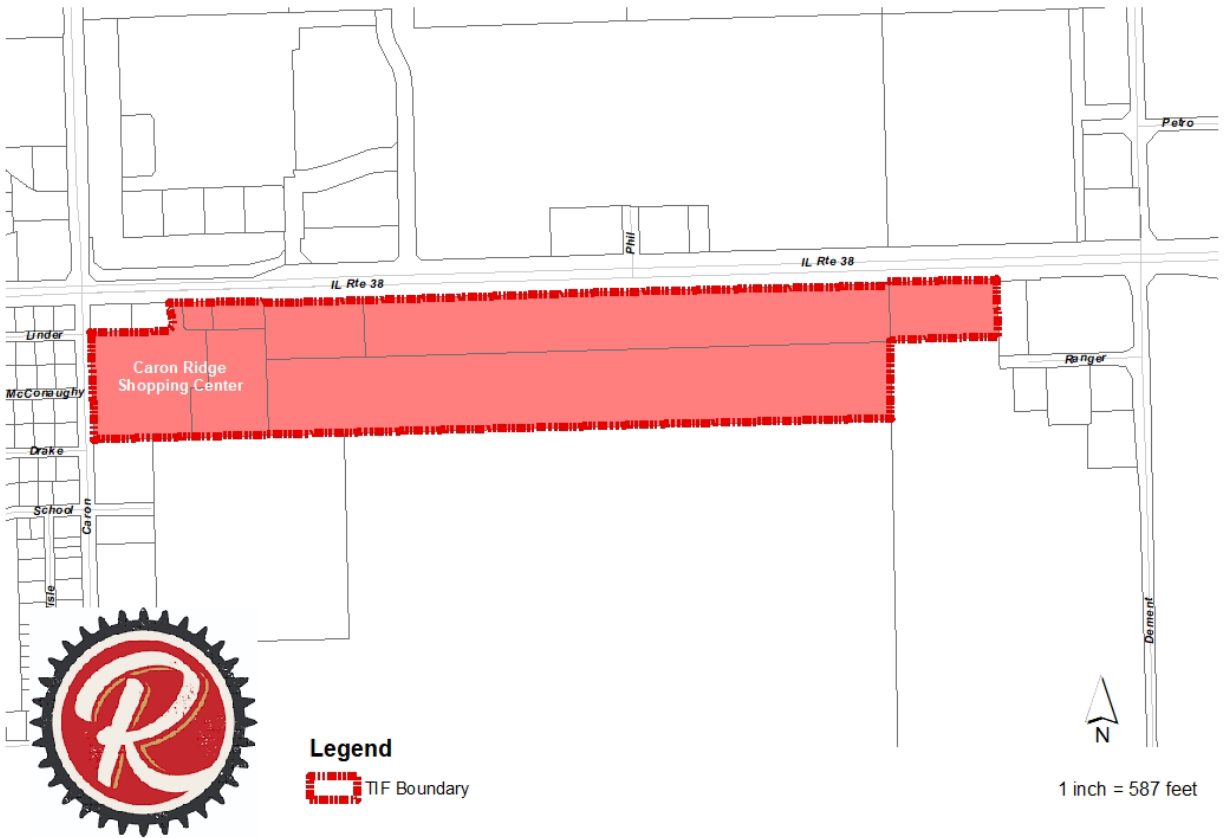
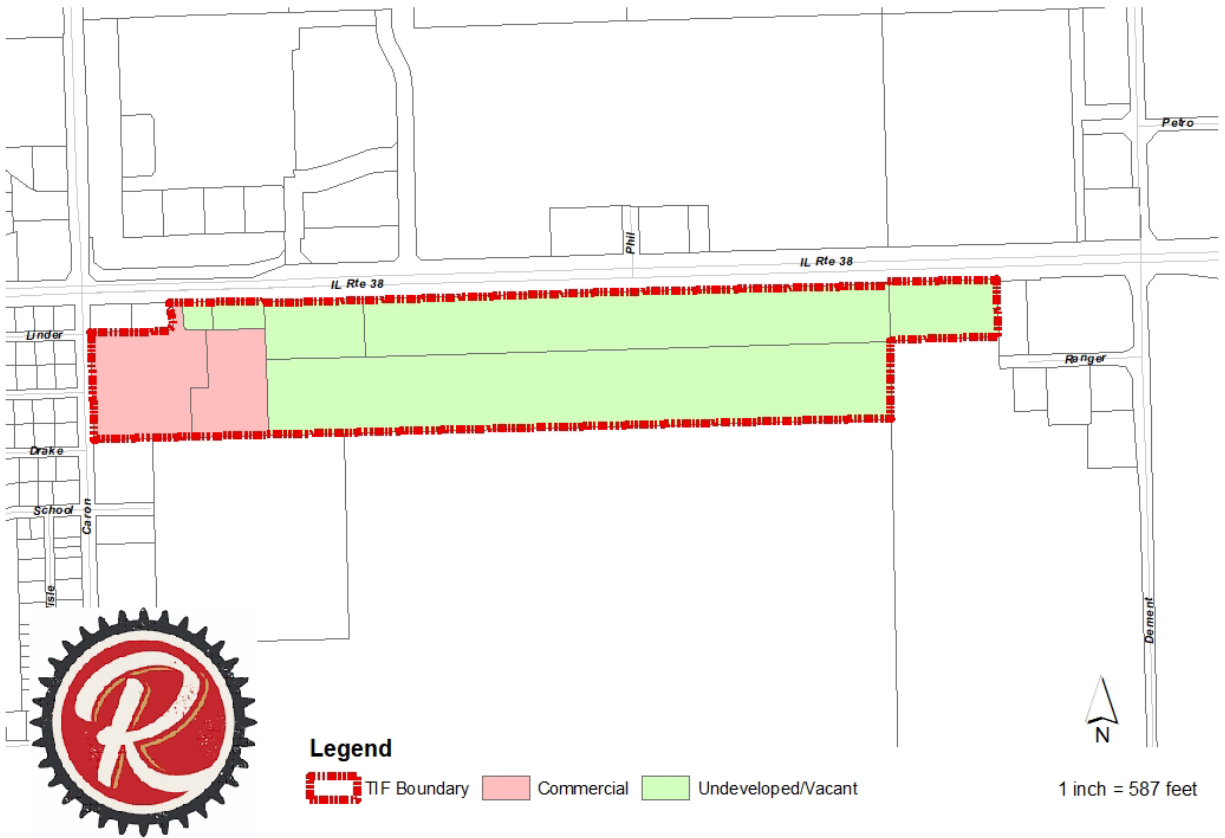


EXHIBIT B – EXISTING LAND USE



Legend

- TIF Boundary
- Residential

1 inch = 587 feet

Summary of the Eligibility of the Proposed Project Area

Beginning in February 2024, a study was undertaken, consistent with the Act and related procedural guidelines, to determine the eligibility of the Rochelle Route 38 Redevelopment Project Area. These 'Eligibility Findings' indicate that the proposed Project Area meets the statutory requirements of a 'blighted area' and is therefore eligible for designation as a 'Tax Increment Finance Redevelopment Project Area.'

As detailed in Appendix A – Tax Increment Financing Eligibility Report of this Redevelopment Plan, the Project Area is eligible for designation as a 'blighted area' based on meeting a minimum of five (5) eligibility criteria. The following eligibility criteria apply:

Standard	Project Area
Dilapidation	No
Obsolescence	Yes
Deterioration	Yes
Illegal Uses	No
Below Code Standards	No
Excessive Vacancies	Yes
Lack of Ventilation	No
Inadequate Utilities	Yes
Excessive Land Coverage	No
Deleterious Land Use	No
Lack of Planning	No
Environmental	No
Decline in EAV	Yes
Total	5

In addition, the Act establishes two (2) different sets of criteria for vacant (undeveloped) land. A Project Area may qualify under either set of standards. The vacant parcels within the Project Area qualify for designation as a “blighted area” meeting the following criteria:

Standard 1 (requires 2)	Project Area
Obsolete Platting	No
Diversity of Ownership	No
Tax Delinquencies	No
Deterioration	Yes
Environmental	No
Decline in EAV	Yes
Total	2

-- OR --

Standard 2 (requires 1)	Project Area
Mines/Quarries	No
Rail Yards	No
Chronic Flooding	Yes
Illegal Dumping	No
Town Center	No
Blighted Area	No
Total	1

REDEVELOPMENT PLAN & PROJECT

The revitalization of the Project Area presents challenges and opportunities for the City of Rochelle. The success of this effort will depend upon cooperation between private investment and local government. Public and private development efforts have not, as yet, been able to stimulate the comprehensive revitalization of the Project Area. The adoption of this Redevelopment Area Plan and Project will assist with the implementation of the development goals and objectives of the City of Rochelle, which otherwise could not reasonably be anticipated to occur without the adoption of this Redevelopment Area Plan and Project. Through public investment, the Project Area will become more attractive to private investment.

The Act describes the Redevelopment Plan as *“the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment project area as a blighted area or conservation area ..., and thereby serves to enhance the tax bases of the taxing districts which extend into the redevelopment project area.”*

The successful implementation of the Project Area Plan and Project requires that the City take full advantage of the real estate tax increment attributed to the Project Area as provided for by the Act. The Project Area will not reasonably be improved and/or redeveloped without the use of such incremental revenues.

Purpose of the Redevelopment Plan

Pursuant to the "Tax Increment Allocation Redevelopment Act" (**Chapter 65 ILCS 5/11-74.4-1, et seq.**) of the Illinois Statutes as amended (hereinafter the "Act"), the purpose of a Redevelopment Plan and Project is to promote the health, safety, morals, and welfare of the general public by:

- < Eradicating blighting conditions and instituting conservation measures;
- < Removing and alleviating adverse conditions by encouraging private investment of underutilized and vacant properties which will strengthen the economy, tax base, business environment, and living environment within the City of Rochelle; and
- < Improving existing public utilities and infrastructure within the Project Area.
- < Creating a pedestrian friendly, accessible and attractive commercial corridor.
- < Providing bicycle access along the corridor.

Redevelopment Plan Goals and Objectives

The aim of the Redevelopment Plan is the revitalization of the Project Area as a strong and attractive commercial/mixed-use corridor (the IL Route 38 corridor), which will contribute to the health and vitality of the City of Rochelle. The goals and objectives of the Redevelopment Plan include those articulated in the Illinois Tax Allocation Redevelopment Act and the City's Comprehensive Plan (updated in 2023), as identified below:

Promote Rochelle as a center of business activity and economic growth both locally and regionally. (page 14)

Promote development and growth of retail establishments that are currently underrepresented. (page 14)

Encourage public/private partnerships. The success of Rochelle's Community and Economic Development program is dependent upon the private and public sectors working together toward the revitalization of the City. (page 14)

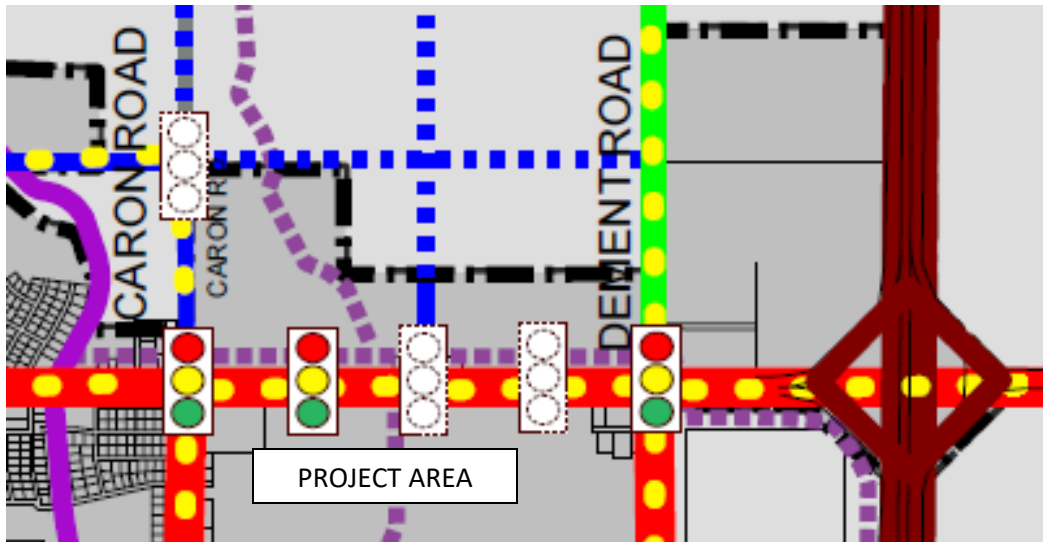
Enhance the marketability of vacant and underutilized properties and encourage private investment to strengthen the City's tax base. (page 15)

Expand economic development initiatives to all areas of the City. (page 15)

Continue to expand utilities east of I-39 and south of I-88 to provide opportunities for new commercial growth. (page 16)



Commercial Growth Areas (page 30)



Transportation Plan (page 49)

Future water system extensions include: A loop, utilizing Creston Road and IL Route 38 and connected on the east side of I-39, to serve potential development east of the expressway (page 67) and replacing and lining sewer lines to reduce the amount of water inflow/infiltration. (page 68)

Take a proactive approach to development and redevelopment by identifying key areas, creating a parcel inventory, and assembling potential sites. (page 87)

Limit the development of strip malls along IL Route 251, IL Route 38, and 7th Street. Encourage compact commercial centers. (page 87)

Tax Increment Financing (TIF) – An economic development tool that leverages future increases in property taxes to provide incentives to property owners to improve or redevelop their property. The City currently has 3 TIF Districts, including the Northern Gateway TIF, the Southern Gateway TIF, and the Lighthouse Pointe TIF. (page 89)

With new growth on the horizon, the City of Rochelle must plan on extending its existing utility service to serve future development. (page 95)

EXHIBIT D – FUTURE LAND USE

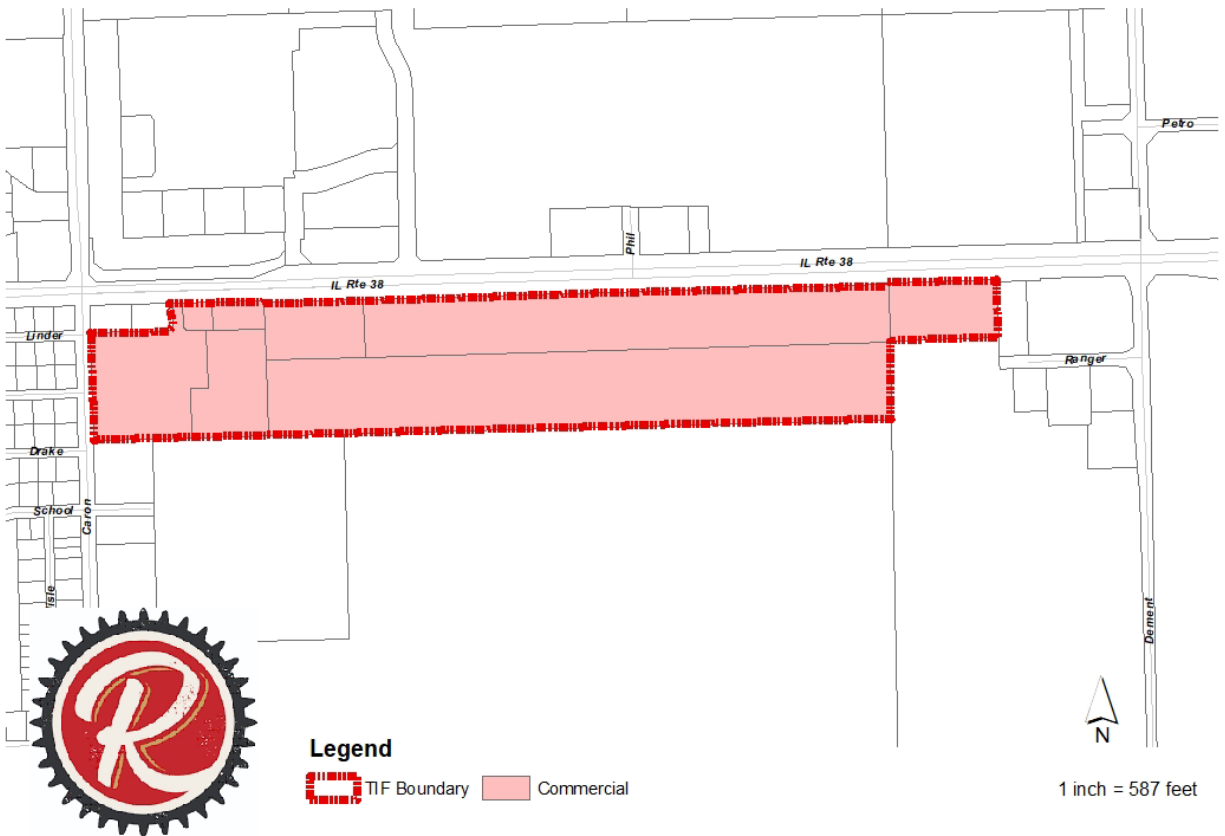
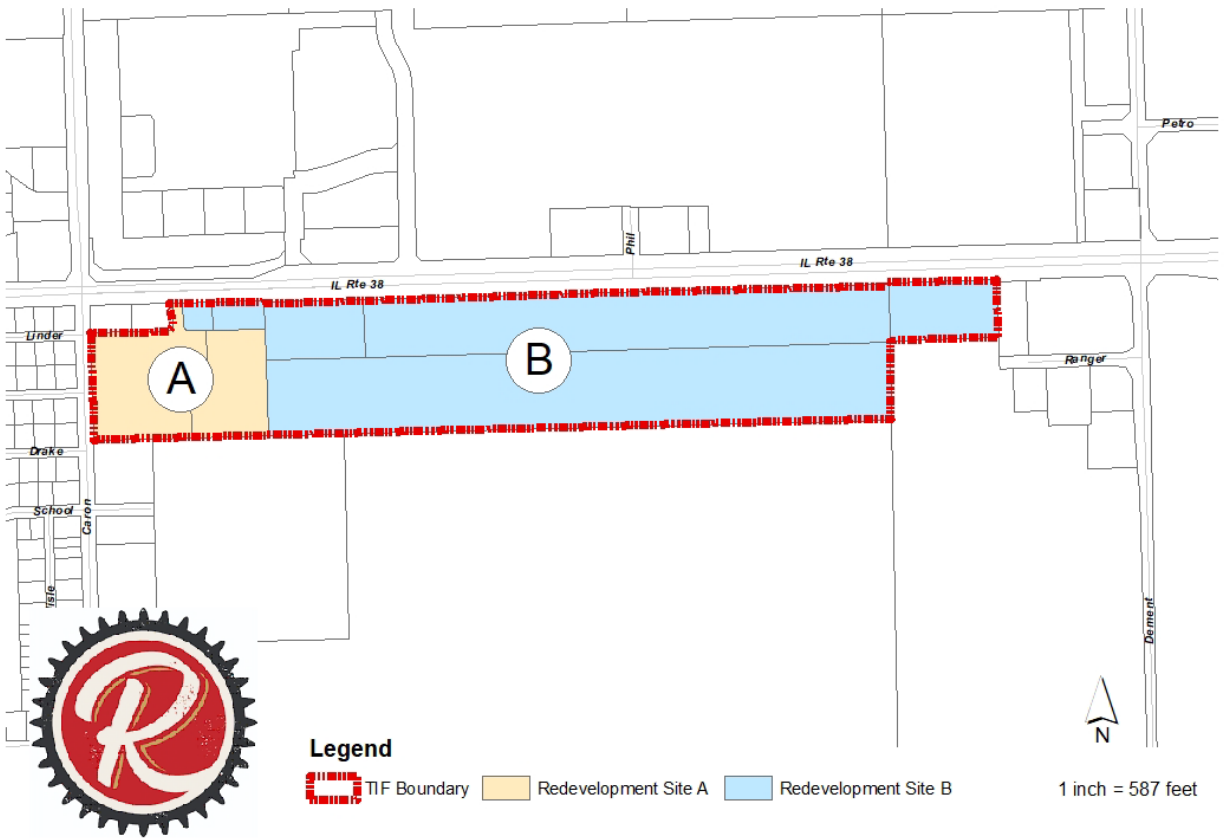


EXHIBIT E – REDEVELOPMENT SITES



Future Land Use Plan

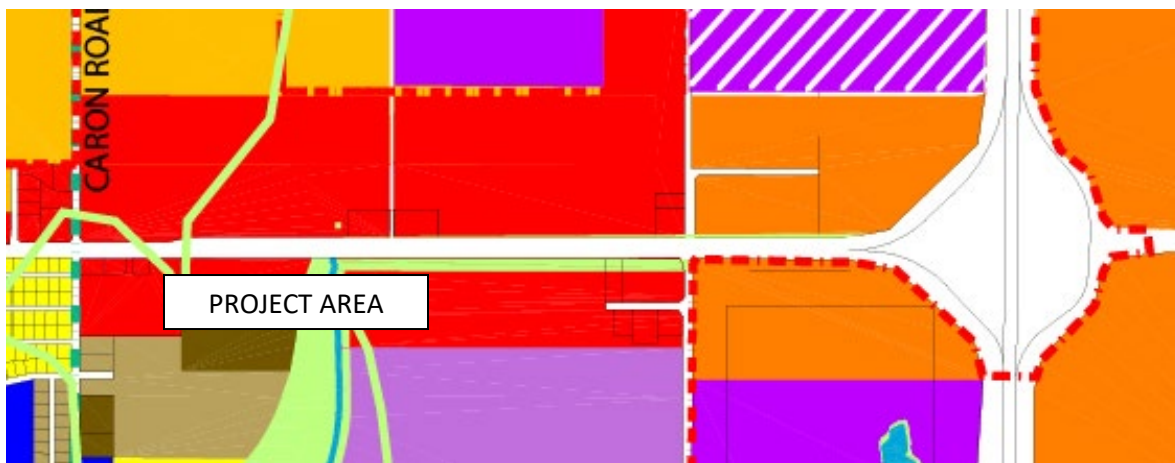
The recommended land uses, redevelopment opportunities, and public improvements of this Redevelopment Plan are consistent with the City's comprehensive plan, zoning ordinance and other related planning documents.

The intent of the Future Land Use Plan is to provide a long-range guide for determining the uses to which the land should eventually be put, and to direct subsequent zoning decisions as redevelopment occurs within the Project Area. The designation of an existing use as a redevelopment site is not intended to suggest any immediate requirement for redevelopment. Rather, these sites are identified as a way of planning for their future redevelopment only if and when a property owner pursues a development project, or an existing business or resident vacates a property.

The Future Land Use Plan (Exhibit D) shows anticipated land uses at completion of project activities. The Project Area is anticipated to be developed as a commercial corridor. General land use descriptions, as taken from the City's 2023 Comprehensive Plan update, include the following:

General Commercial

"The General Commercial land use category is intended to provide for retail establishments, which offer a wide range of goods and services in locations, which have access, either directly or via frontage roads, to heavily traveled major arterials. The purpose is to provide for commercial uses which are oriented to the automobile, and which do not depend upon adjoining uses for reasons of comparison shopping and pedestrian trade. These areas shall be served by public water and water reclamation systems." (page 35)



Future Land Use Map (2023)

Redevelopment Opportunity Sites

The Project Area contains two (2) potential redevelopment opportunity sites, as identified on (Exhibit E - Redevelopment Sites). Recommendations for these sites, including land uses, design guidelines, and conceptual site designs, are derived from the City's 2023 Comprehensive Plan update and discussions with City staff and local stakeholders.

Table 3 indicates the potential future opportunity sites, existing land uses, and potential future land uses. Although the first use is shown on the Future Land Use Plan described in the previous section, any land use described in Table 3 is appropriate and within the intent of this Redevelopment Plan.

The Redevelopment Plan shall serve as a guideline for the Project Area but is not intended to establish specific requirements. Adjustments may be made in response to market conditions and other key factors as long as they remain faithful to the City's overall goals and objectives for the Project Area, and to the goals of the City of Rochelle in general.

Table 3: Redevelopment Opportunity Sites

Site	Approx. Area (Acres)	Existing Land Use	Future Land Use
A	14	Commercial (Caron Rd. Shopping Center)	Commercial
B	68	Vacant/Undeveloped Land	Commercial
Total	82		

The City may determine that other redevelopment opportunities, where consistent with the land use designations on the Future Land Use Plan, are within the intent of this Redevelopment Plan.

As indicated by Exhibit E, the Project Area parcels are planned primarily for commercial use. In addition to these identified opportunity sites, the Redevelopment Plan also anticipates activities to be undertaken by the public sector, which are identified in the Public Improvements section of this report (page 19).

Undertaking these commercial redevelopment activities will generate increased tax revenues, create associated commercial development opportunities, upgrade public improvements such as roadways, sidewalks, etc., and provide a stimulus for additional development in surrounding areas. Through these improvements, the character and economic viability of the Project Area, and the City of Rochelle in general, can be improved over time.

Eligible Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to the Redevelopment Plan and Project. As provided by the Act, other eligible project costs may include, without limitation, the following:

- < 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;
- < The cost of marketing sites within the Project Area to prospective businesses, developers, and investors;
- < 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 and 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;
- < Costs of rehabilitation, reconstruction, 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;
- < Costs of the construction of public works or improvements;
- < Costs of job training and retraining projects, including the cost of “welfare to work” programs implemented by businesses located within the Project Area, and costs of 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, as provided in the Act;
- < 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 under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, and not exceeding 36 months thereafter and including reasonable reserves related thereto;
- < 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;

- < To the extent the City by written agreement accepts and approves the same, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units as provided in the Act;
- < Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or State law;
- < Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, as provided by the Act.

Acquisition and Clearance

In order to facilitate coordinated redevelopment and meet redevelopment objectives, it may be necessary for the City to assemble individual properties into unified sites which can be developed in their entirety. Any clearance of existing structures will be scheduled to minimize the adverse effects of rehabilitation or clearance activities.

Land Disposition

Property which may be acquired by the City may be assembled into appropriate redevelopment sites. These properties may be sold or leased by the City to other public bodies or to private developers, in whole or in part. The City may in the future modify this disposition plan in accordance with the objectives of this Redevelopment Plan and Project, without amending the Plan. Terms of conveyance may be incorporated into appropriate disposition documents or agreements and may include more specific restrictions than contained in this Redevelopment Plan or in other municipal codes and ordinances governing the use of the land.

No conveyance, lease, mortgage, disposition of land or other property, or agreement relating to the development of property will be made except upon the adoption of an ordinance by the City.



Public Improvements

The City of Rochelle will provide public improvements in the Project Area to stimulate development and redevelopment in a manner consistent with this Redevelopment Plan. Some public improvements may be provided in partnership with the Illinois Department of Transportation, or other governmental agencies as applicable. Public improvements may include, but are not limited to, the following:

- < Vacation, removal, resurfacing, widening, reconstruction, and other improvements to rights-of-way, streets, alleys, bridges, pedestrian ways, and pathways.
- < Improvements to public utilities such as sewer and water lines, electric lines, sidewalks, curbs and gutters, storm water detention facilities. Such improvement may include relocation and/or burial of existing overhead lines.
- < Demolition and rehabilitation of obsolete structures.
- < Beautification and safety improvements, including streetscape, lighting, signage, and landscaping of public properties.
- < Development of or improvements to public open spaces.

Public improvement activities which are planned as part of this Redevelopment Plan are based upon recommendations in the City's comprehensive plan and conversations with the City Engineer. Specific planned improvements within the Project Area include:

Table 4: Public Improvements

#	Required Improvements
1	New public urbanized roadways, including pedestrian access routes or paths, to connect developed parcels and/or subdivisions would be required along IL Rt 38 to Dement Rd
2	Public roadway connection to the existing Ranger Rd ROW
3	Public roadway improvements along Caron Rd and its intersection at IL Rt 38
4	Roadway lighting along IL Rte. 38 and new public roadways
5	New Sanitary sewer and Watermains mains extensions to provide service to new developments
6	Floodplain mitigation, compensatory storage areas as well as stormwater management facilities
7	New Storm Sewer and/or other drainage and conveyance systems for the developed parcels
8	New bridge structure over the Banning lateral tributary, along with other mass grading of the tributary, and erosion control systems
9	Professional Engineering and Surveying services for the development of studies, tests, plans, plats, permits and other associated documents for all infrastructure related items
10	Other Public right of way and easement acquisition for public improvements

The costs associated with the public improvements described in this Redevelopment Plan may be shared by the City of Rochelle, other governmental agencies, and individual developers and property owners, pursuant to an agreement between the parties. The City may determine in the future to add new improvements which are consistent with the objectives of this Redevelopment Plan. Such additions shall not require plan amendment provided they are for eligible public improvements and will not require an increase to the total estimated project costs in Table 4.

Phasing of Project

Redevelopment projects anticipated in this Plan may commence immediately. Most of the development and redevelopment projects are anticipated to be completed within twenty (20) years. The City may undertake additional public improvements or development projects as appropriate throughout the life of the Redevelopment Plan and Project.

Estimated Project Costs

Estimated public project costs are listed in Table 4. These costs are based on 2024 dollars and are therefore subject to inflation. Increases in estimated Total Redevelopment Project Costs of more than five percent (5%), after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to amendment procedures as provided under the Act.

Table 5: Estimated Redevelopment Project Costs

Project Cost Category	Estimated Cost
Property Assembly including Acquisition, Site Preparation and Demolition, Environmental Remediation	\$1,000,000
Environmental, market and planning studies, surveys, development of engineering and architectural plans, specifications, implementation and administration fees	\$500,000
Rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings and fixtures	\$500,000
Construction or improvement of public improvements (1)	\$13,500,000
Job training/retraining and relocation costs	\$250,000
Developer Interest Costs, taxing districts eligible reimbursement and capital costs	\$250,000
Total Estimated Project Costs (2) (3)	\$16,000,000

- (1) *Public improvements may also include capital costs of taxing districts and other costs allowable under the Act. Specifically, public improvements as identified in the Redevelopment Plan and as allowable under the Act may be made to property and facilities owned or operated by the City or other public entities. As provided in the Act, Redevelopment Project Costs may include, 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.*
- (2) *Actual costs for each category identified above may vary provided that the total estimated project costs may not be exceeded by more than 5%, after adjustment for inflation, without amendment to this Redevelopment Plan.*
- (3) *This table does not include costs associated with the issuance of municipal obligations, capitalized interest, reimbursement for a portion of privately issued obligations, financing costs during construction (not to exceed 36 months), or other eligible project costs. Such additional costs may or may not be incurred and cannot be estimated at this time.*

Sources of Funds

The Act provides a way for municipalities to finance public redevelopment costs with incremental real estate tax revenues. Incremental tax revenue is derived from the increase in the current equalized assessed valuation (EAV) of real property within the Project Area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate, resulting in the tax increment revenue.

Funds necessary to pay redevelopment project costs may be derived from a number of authorized sources. These may include, but are not limited to, the following:

- < Real property tax increment revenues from the Project Area;
- < Tax revenues resulting from the establishment of any Special Service Area (SSA) districts within the Project Area;
- < Interest earned on temporary investments;
- < Gifts, grants, and contributions;
- < Sale or lease of land proceeds;
- < User fees;
- < Transfer from a contiguous redevelopment project area created under the Act.

The principal source of funds to undertake redevelopment activities will be the incremental increase in real property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the Project Area over the initial equalized assessed value of each such lot, block, tract or parcel. There may also be other eligible local sources of revenue, such as the sale or lease of City owned property, that the City determines are appropriate to allocate to the payment of redevelopment project costs.

The City may utilize net incremental property taxes received from the Project Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, or those obligations issued to pay such costs, in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs with the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in the Plan.

Nature and Term of Obligations to be Issued

The financial plan of this Redevelopment Plan is intended to establish a conservative public expenditure approach. Revenues will be accumulated in the special tax allocation fund to pay for public purpose expenditures identified in this Redevelopment Plan, and whenever practical, expenditures will be made on a cash basis. This method of financing shall not preclude the City from undertaking initiatives designed to stimulate appropriate private investment within the Project Area.

Certain redevelopment projects may be of such a scale or on such a timetable as to preclude financing on a cash basis. These projects may be funded by the use of tax increment revenue obligations issued pursuant to the Act for a term not to exceed twenty (20) years. Consistent with the conservative nature of the financial plan for this Redevelopment Area, the highest priority for the issuance of tax increment revenue obligations shall occur when the commitment is in place for private sector investment necessary to fund the amortization of such obligations.

All obligations are to be covered after issuance by projected and actual tax increment revenues and by such debt service reserved and sinking funds as may be provided by ordinance. Revenues not required for the retirement of obligations providing for reserves, sinking funds, and anticipated redevelopment project costs may be declared surplus and become available for distribution annually to the taxing districts within the Project Area.

One or more issues of obligations may be sold at one or more times in order to implement this plan, as now or hereafter amended, in accordance with law.

The City may, by ordinance, in addition to obligations secured by the special tax allocation fund provided by law, pledge for a period not greater than the term of the obligations any part or any combination of the following:

- < Net revenues of all or part of a Redevelopment Project,
- < Taxes levied and collected on any or all property in the municipality.
- < The full faith and credit of the municipality.
- < A mortgage on part or all of a Redevelopment Project.
- < Any other taxes or anticipated receipts that the municipality may lawfully pledge.

Initial Equalized Assessed Valuation

Table 5 lists the equalized assessed valuation of properties in the Project Area. The total 2023 equalized assessed valuation of the Project Area is **\$1,970,781**.

Table 6: Project Area Equalized Assessed Valuation (2023)

PIN	Equalized Assessed Value
2519100014	\$747,630
2519100016	\$331,979
2519100019	\$732,145
2519100008	\$48,403
2519100015	\$47,426
2519100017	\$34,384
2519100018	\$10
2519200004	\$9,653
2519200006	\$16,391
2520100019	\$2,760



Anticipated Equalized Assessed Valuation

Upon the completion of anticipated redevelopment projects, it is estimated that the equalized assessed valuation of real property within the Project Area will be approximately **\$10,459,881**. This figure is based upon estimates of value for the anticipated rehabilitation and redevelopment projects described in this report.

Payment in Lieu of Taxes

No payments in lieu of taxes are anticipated as part of the Redevelopment Plan and Project.

Provision for Amending the Redevelopment Plan and Project

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

FINANCIAL IMPACT OF REDEVELOPMENT

Without the adoption of the Redevelopment Plan and Project, development and redevelopment projects within the Project Area are not reasonably expected to be undertaken by private enterprise. In the absence of City-sponsored redevelopment, blighting factors will continue to exist, and the Project Area on the whole, as well as adjacent properties, will become less attractive for future development.

Implementation of the Redevelopment Plan and Project is expected to have significant short and long term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short term, the City's effective use of tax increment financing can be expected to arrest the ongoing decline of existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long term, after the completion of all redevelopment improvements and activities, and the payment of all redevelopment project costs and municipal obligations, the taxing districts will benefit from the enhanced tax base which results from the increase in equalized assessed valuation caused by the Redevelopment Plan and Project.

The following taxing districts cover the proposed Project Area:

1. City of Rochelle
2. Dement Township / Dement Township Road District
3. Ogle County
4. Flagg-Rochelle Park District
5. Flagg-Rochelle Library District
6. Rochelle Grade School District 231
7. Rochelle High School District 212
8. Kishwaukee College District 523
9. MTA7 DE-LY-WR

This Redevelopment Plan contemplates redevelopment of specific opportunity sites with new commercial/mixed-use development primarily along the IL Route 38 corridor. Given the small size of the Project Area (82 acres), and the primarily commercial nature of anticipated future redevelopment within the Project Area, impact on individual taxing districts, and taxing districts in general, will be minimal (although dependent upon the exact nature of any future mixed-use redevelopment project).

Impact on City of Rochelle

The City of Rochelle provides a variety of services, including police and fire protection, snow removal, road maintenance, water service, and building and zoning services. The replacement of undeveloped/underutilized property with new commercial development will have a minimal impact on demand for the services and programs provided by the City. As provided in the Act, a portion of Redevelopment Project Costs may be allocated toward capital costs incurred by the City which are made necessary by development as described in this Redevelopment Plan. The public improvements section of this plan highlights some of these anticipated capital costs.

Impact on Dement Township / Dement Township Road District

Dement Township provides a variety of services, including road maintenance and property assessments. However, no roads within the Project Area are maintained by the Township. The replacement of undeveloped/underutilized commercial property with new mixed-use development will have no impact on the demand for services and programs provided by Dement Township.

Impact on Ogle County

Ogle County provides a variety of services, including the County Court system, health services and maintenance of public open spaces and recreational activities throughout the County. The replacement of undeveloped/underutilized property with new commercial development will have minimal impact on demand for the services and programs provided by the County. Due to the small size of the Project Area (82 acres) in relation to the County at large (488,320 acres), services provided to residents and employees will not be affected, and any impact is anticipated to be minimal.

Impact on Flagg-Rochelle Park District

The Flagg-Rochelle Park District operates twenty-four (24) parks and recreational facilities throughout the City of Rochelle and provides an array of recreational services and activities. The replacement of undeveloped/underutilized property with new commercial development may generate additional demand for the services provided by the park district. However, due to the small size of the Project Area (54 acres) and the primarily commercial nature of the corridor, any impact is anticipated to be minimal.

Impact on Flagg-Rochelle Library District

The Flagg-Rochelle Library District operates the library facility located on 4th Avenue and provides an array of community and educational services and activities. The replacement of undeveloped/underutilized property with new commercial development may generate additional demand for the services provided by the park district. However, due to the small size of the Project Area (54 acres) and the primarily commercial nature of the corridor, any impact is anticipated to be minimal.

Impact on Rochelle Grade School District #231

The elementary school district provides K-12 education for roughly one-thousand five-hundred and seventy-seven (1,577) children at four (4) facilities. The replacement of undeveloped/underutilized property with new commercial development may have no impact on demand for the services and programs provided by the school district. If new residential development is incentivized through the TIF, the Act defines a clear formula for reimbursement of fees to the school district for any documented increased demand for services directly generated by TIF supported residential projects.

Impact on Rochelle High School District #212

Rochelle Township High School District #212 operates one (1) high school in the City of Rochelle, serving roughly eight-hundred and sixty-three (863) students. The replacement of undeveloped/underutilized property with new commercial development should have no impact on demand for the services and programs provided by the district. If new residential development is incentivized through the TIF, the Act defines a clear formula for repayment of fees to the school district for any documented increased demand for services directly generated by TIF supported projects.

Impact on Kishwaukee Community College District #523

Kishwaukee Community College is located in Malta, IL. The district serves residents of communities throughout DeKalb, Lee, Ogle and LaSalle Counties. The replacement of undeveloped/underutilized property with new commercial development will have a minimal impact on demand for the services and programs provided by the community college. Any potential impact is anticipated to be minimal.

Multi-Township Assessment District Dement-Lynville-White Rock

The multi-township assessment district provides property assessment services for Dement, Lynville and White Rock townships. The replacement of undeveloped/underutilized property with new commercial development will have no impact on demand for the services and programs provided by the assessment district.

FINDINGS OF NEED FOR TAX INCREMENT FINANCING

Based on the findings of this Redevelopment Plan and Project, the Mayor and the City Council of Rochelle, Illinois, adopt the following findings pursuant to **Section 11-74.4-3(n)** of the Act.

Project Area Not Subject to Growth

The 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 adoption of this Redevelopment Plan. Substantial evidence supports this conclusion.

First, the City finds that the Project Area on the whole has not been subject to growth and redevelopment through investment by private enterprise, based on the following evidence as outlined in the Eligibility Findings Report in Appendix A:

As detailed in Appendix A – Tax Increment Financing Eligibility Report of this Redevelopment Plan, the Project Area is eligible for designation as a ‘blighted area’ based on meeting a minimum of five (5) eligibility criteria. The following eligibility criteria apply:

Standard	Project Area
Dilapidation	No
Obsolescence	Yes
Deterioration	Yes
Illegal Uses	No
Below Code Standards	No
Excessive Vacancies	Yes
Lack of Ventilation	No
Inadequate Utilities	Yes
Excessive Land Coverage	No
Deleterious Land Use	No
Lack of Planning	No
Environmental	No
Decline in EAV	Yes
Total	5

In addition, the Act establishes two (2) different sets of criteria for vacant (undeveloped) land. A Project Area may qualify under either set of standards. The vacant parcels within the Project Area qualify for designation as a “blighted area” meeting the following criteria:

Standard 1 (requires 2)	Project Area
Obsolete Platting	No
Diversity of Ownership	No
Tax Delinquencies	No
Deterioration	Yes
Environmental	No
Decline in EAV	Yes
Total	2

-- OR --

Standard 2 (requires 1)	Project Area
Mines/Quarries	No
Rail Yards	No
Chronic Flooding	Yes
Illegal Dumping	No
Town Center	No
Blighted Area	No
Total	1

Secondly, the City finds that the Project Area would not reasonably be anticipated to be developed without adoption of this Redevelopment Plan, as a result of the following:

1. Proposed redevelopment sites indicate a financial gap without public resources, grants or other incentives to promote redevelopment;
2. The need for public – private partnerships to support future redevelopment; and
3. The need for future infrastructure improvements to support future redevelopment.

Therefore, the City of Rochelle finds that the Project Area is not subject to appropriate growth and development and is not anticipated to be developed without adoption of this Redevelopment Plan.



Conformance with Comprehensive Plan

This Redevelopment Plan conforms to and is based upon the recommendations of the City of Rochelle Comprehensive Plan (2023), including the goals and objectives therein, as well as future land uses and redevelopment activities.

Date of Completion

The Redevelopment Project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the municipal treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year following the year in which the ordinance approving this Project Area is passed.

TAX INCREMENT FINANCING ELIGIBILITY REPORT

Eastern Gateway Redevelopment Project Area



DRAFT REPORT

July 2024

Prepared By:
Teska Associates, Inc.



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INTRODUCTION

The Eastern Gateway Redevelopment Project Area (*the “Project Area”*) is located on IL Route 38 (Lincoln Highway) in the City of Rochelle (*the “City”*), primarily consisting of the the Caron Ridge Shopping Center. The Project Area is primarily commercial in nature, and located on a major regional thoroughfare and one of the primary arterial corridors within the City (IL Route 38). In addition to the shopping center property, additional vacant/undeveloped parcels to the east are included in order to allow for infrastructure extensions to Dement Road.



With the recognized goals of conserving the taxable value of land and buildings and protecting the character and the stability of this commercial corridor within the City of Rochelle, the City has retained Teska Associates, Inc. to evaluate the Project Area in order to determine if it is eligible for designation as a Tax Increment Financing (“TIF”) district. If determined to be TIF eligible, the Project Area can attract redevelopment by eliminating the conditions that inhibit private investment, weaken the City’s tax base, affect the safety of community residents, and hinder the City’s ability to promote a cohesive development of compatible land uses. Public improvements may be constructed, and incentives provided, to encourage the type of private investment that will allow the City to achieve its goals for the Project Area.

TAX INCREMENT FINANCING

Tax increment financing is permitted in Illinois under the "Tax Increment Allocation Redevelopment Act" (Chapter 65 ILCS 5/11-74.4-1, et seq.) of the Illinois Statutes as amended (hereinafter the "Act"). This financing mechanism is only applicable in areas that meet certain specifications outlined in the Act.

The Tax Increment Allocation Redevelopment Act, as amended, stipulates specific procedures, which must be adhered to in designating a Redevelopment Project Area, as well as amendments thereto. The following terms referenced in this Eligibility Report are defined in the Act as follows:

A "**Redevelopment Project Area**" is defined as:

"...an area designated by the municipality, which is not less in the aggregate than 1 ½ 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, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas."

A "**Blighted Area**" is defined as:

"...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 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) reasonable 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 under-utilized 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 3 of the last 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 3 of the last 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 3 of the last 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 a combination of 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 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 3 of the last 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 3 of the last 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 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.*

3. *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 (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.*
 - 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. 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 village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.*
 - E. *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.*

A “Conservation Area” is defined as:

“...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 the following factors: 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 and overcrowding of structures and community facilities; deleterious land use or layout; lack of community planning; environmental remediation costs impede development; decline or minimal marginal increase in equalized assessed valuation; 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 under-utilized 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 3 of the last 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 3 of the last 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 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.*

DESCRIPTION OF THE PROJECT AREA

The Project Area includes properties located on IL Route 38 between approximately Caron Road at the west to Dement Road at the east. Land uses within the Project area are primarily commercial in nature (Caron Ridge Shopping Center) and also include vacant/undeveloped parcels east of the shopping center in order to accommodate infrastructure extensions to Dement Road. The Project Area contains three (3) structures on ten (10) parcels, totaling approximately eighty-two (82) acres in area (including street rights-of-way), more or less.



Aerial Location Map

FIGURE 1 - PROJECT AREA BOUNDARY MAP

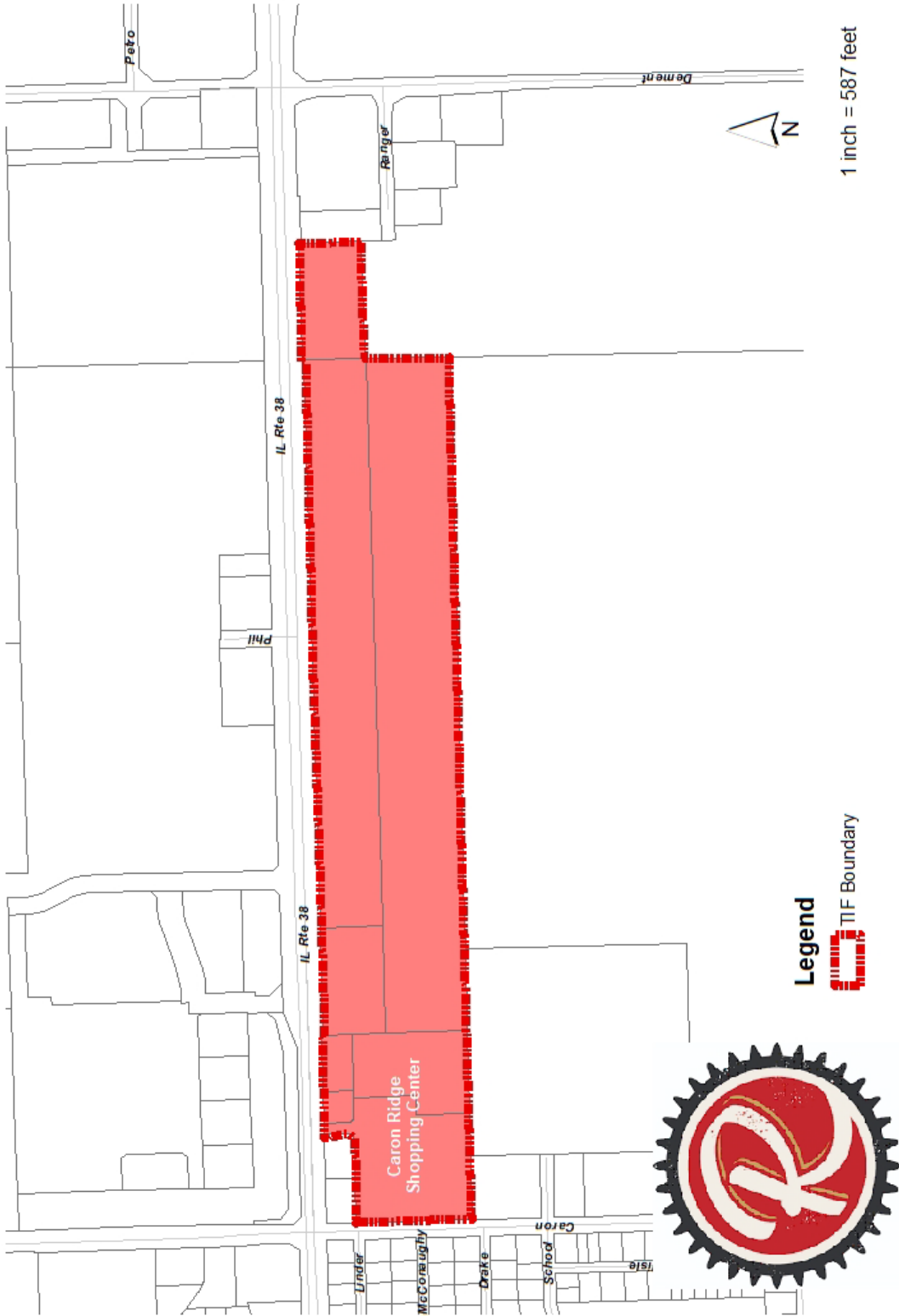


FIGURE 2 - PROJECT AREA PARCELS

1	25-19-100-008
2	25-19-100-014
3	25-19-100-015
4	25-19-100-016
5	25-19-100-017
6	25-19-100-018
7	25-19-100-019
8	25-19-200-004
9	25-19-200-006
10	25-20-100-019

STATEMENT OF DESIGNATION

Determination of eligibility of the Project Area for Tax Increment Financing is based on a comparison of data gathered through field observation by Teska Associates, Inc. (TESKA), document and archival research, and information provided by the City of Rochelle and Ogle County, against the eligibility criteria set forth in the Act.

A Project Area may qualify as a “blighted area” if it meets a minimum of five (5) eligibility criteria, or a “conservation area” if the majority of structures are at least thirty-five (35) years in age and it meets a minimum of three (3) criteria.

TESKA has determined that the proposed Project Area is eligible for designation as a ‘blighted area’ based on meeting the following eligibility criteria:

Standard	Project Area
Dilapidation	No
Obsolescence	Yes
Deterioration	Yes
Illegal Uses	No
Below Code Standards	No
Excessive Vacancies	Yes
Lack of Ventilation	No
Inadequate Utilities	Yes
Excessive Land Coverage	No
Deleterious Land Use	No
Lack of Planning	No
Environmental	No
Decline in EAV	Yes
Total	5

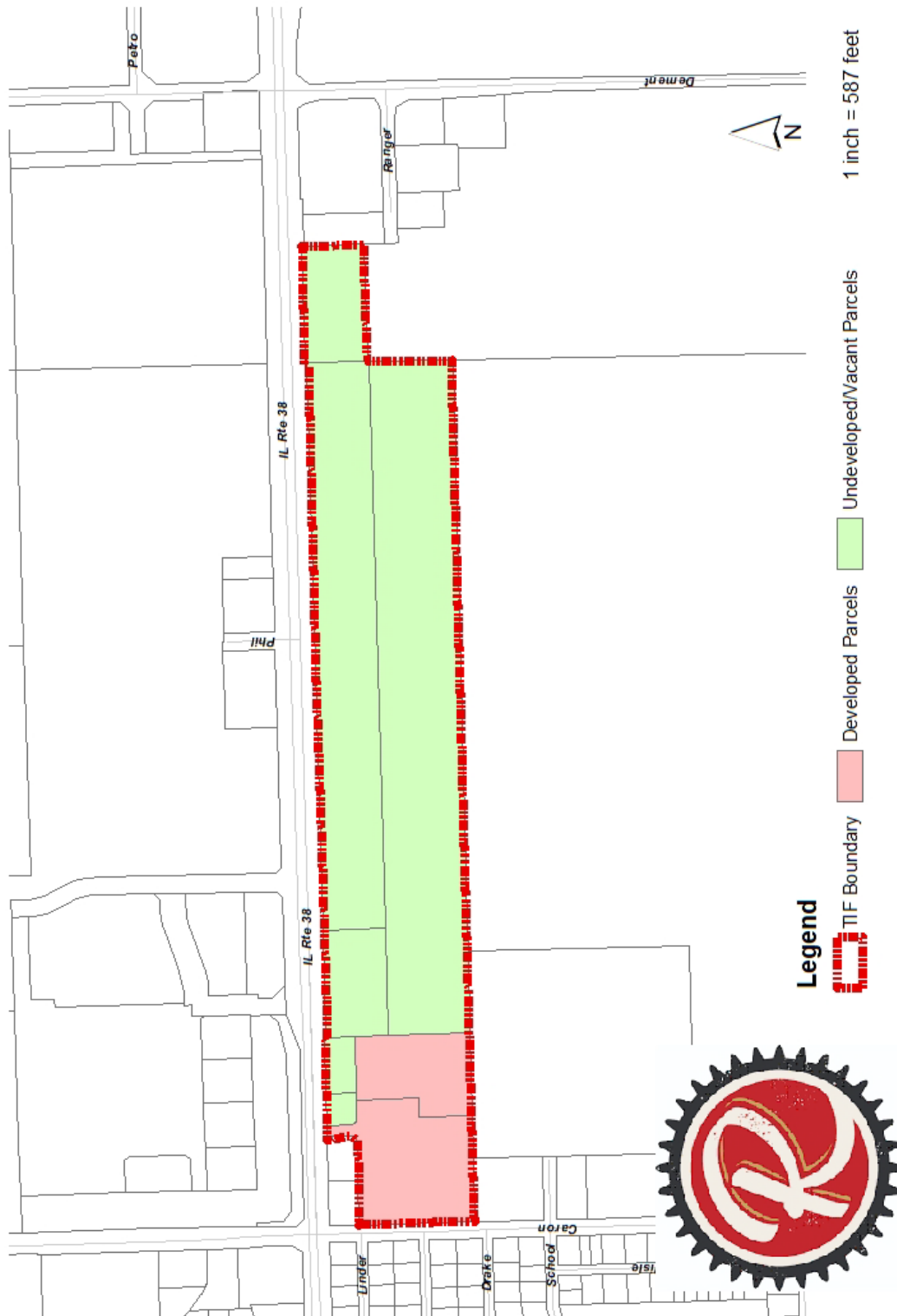
In addition, the Act establishes two (2) different sets of criteria for vacant (undeveloped) land. A Project Area may qualify under either set of standards. The vacant parcels within the Project Area qualify for designation as a “blighted area” meeting the following criteria:

Standard 1 (requires 2)	Project Area
Obsolete Platting	No
Diversity of Ownership	No
Tax Delinquencies	No
Deterioration	Yes
Environmental	No
Decline in EAV	Yes
Total	2

-- OR --

Standard 2 (requires 1)	Project Area
Mines/Quarries	No
Rail Yards	No
Chronic Flooding	Yes
Illegal Dumping	No
Town Center	No
Blighted Area	No
Total	1

FIGURE 3 - DEVELOPED AND VACANT/UNDEVELOPED LAND



ELIGIBILITY FINDINGS (DEVELOPED AREA)

TESKA conducted a field survey of property within the Study Area in April 2024. Based on an inspection of the grounds, field notes were taken to record the condition of property within the Study Area. Field observations were further supplemented with information provided by City Staff, Township and County officials, and data publicly available on the internet.

Age of Buildings

The characteristic of age presumes the existence of problems or limiting conditions resulting from the normal and continuous use of structures and exposure to the elements over an extended period of time. As a general rule, older buildings typically exhibit more problems than buildings constructed in more recent years because of longer periods of active use (wear and tear) and the impact of time, temperature and moisture. Additionally, older buildings tend not to be well suited for modern use due to contemporary space and development standards.

There are a total of three (3) structures located within the Project Area, including principal buildings and accessory structures. Definitive building construction dates for individual structures are difficult to precisely determine. However, research into the history of the area, and general observations of building construction materials and methods, indicate that these structures were most likely constructed in the early 1990's and are less than 35 years in age. Individual building ages were confirmed, where possible, by online real estate and property tax records.

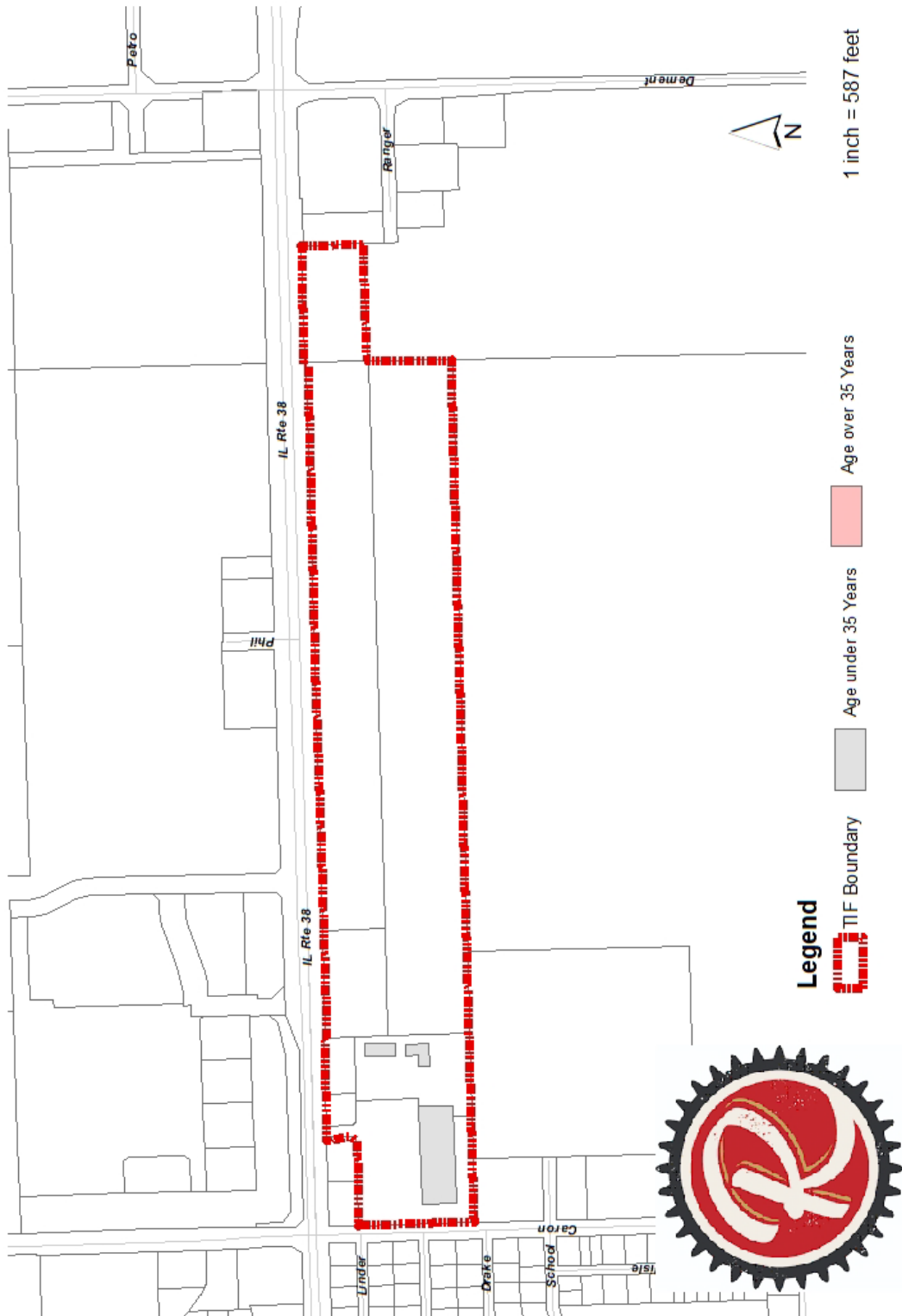
Number	Over 35 Years	Percent (%)	Under 35 Years	Percent (%)
3	0	0%	3	100%

Estimated Building Ages

source: <https://maps.cookcountyil.gov/cookviewer>

Due to this finding of at least 50% of buildings not being 35 years of age or older, the definition of 'conservation area' cannot be utilized in this analysis for evaluation of eligibility. The Project Area will be analyzed under the 'blighted area' requirement that a minimum of at least five (5) or more eligibility criteria to be present in order to qualify for designation as a Redevelopment Project Area.

FIGURE 4 - BUILDING AGE



Dilapidation

Dilapidation refers to an advanced state of disrepair of buildings or improvements or the neglect of necessary repairs, causing the building or improvement to fall into a state of decay. At a minimum, dilapidated buildings should include those with critical defects in primary structural components (roof, bearing walls, floor structure, and foundation), building systems (heating, ventilation, lighting, and plumbing), and secondary structural components in such combination and extent that (i) major repair is required or, (ii) the defects are so serious and so extensive that the buildings must be removed.

None of the buildings within the Project Area exhibit this level of extreme disrepair. Therefore, dilapidation is not a contributing factor towards designation of the Project Area as a 'blighted area.'

Obsolescence

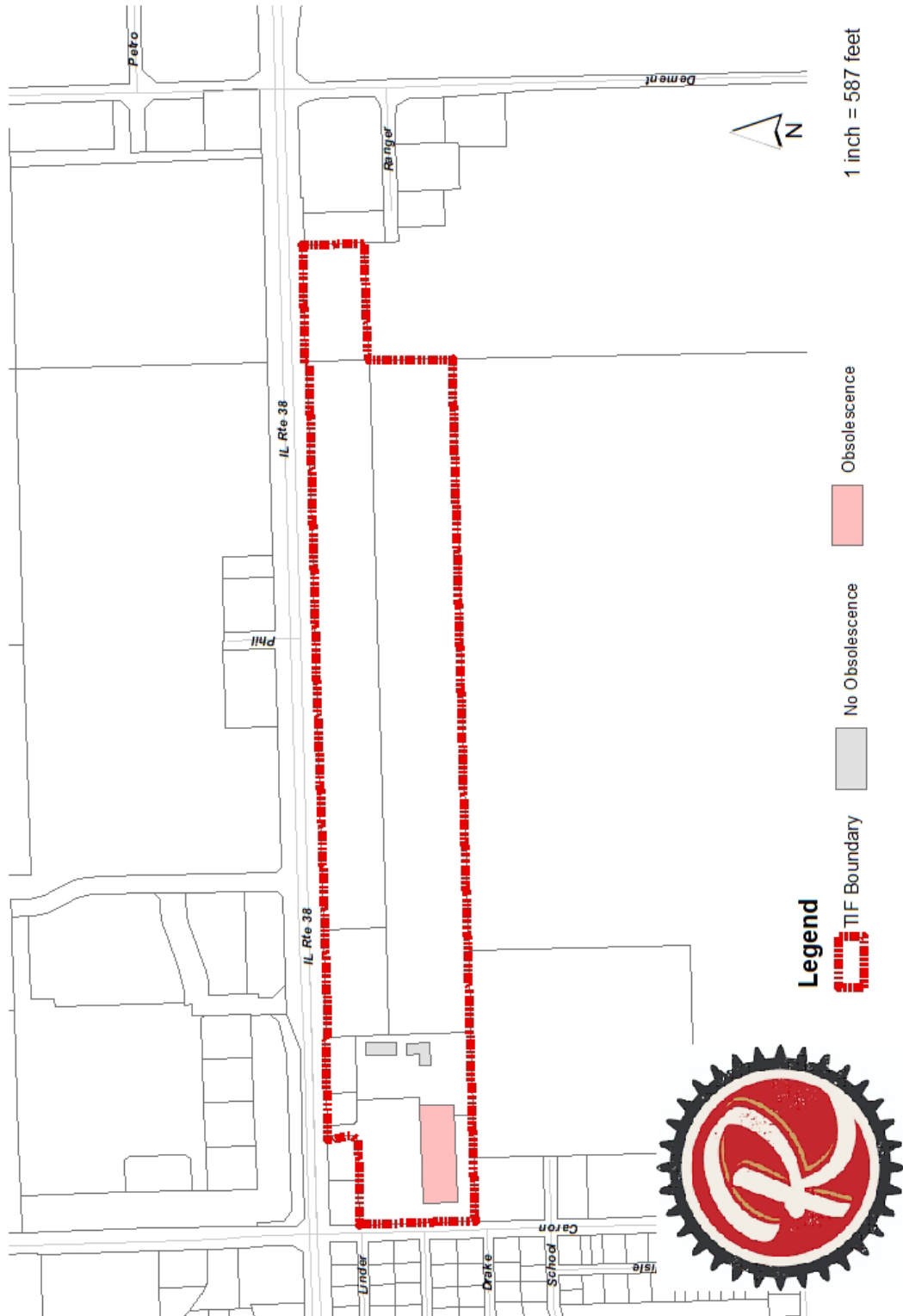
Structures are typically built for specific uses or purposes with the design, location, height and space intended for a specific occupancy at a given time. Buildings are obsolete when they contain characteristics or deficiencies, which limit the reuse and marketability of such buildings. The characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor or outdated design or layout, improper orientation of building on site, etc., which detracts from the overall usefulness or desirability of a property. Obsolescence in such buildings is typically difficult and expensive to correct. Generally, *functional* obsolescence relates to the physical utility of a property or structure, and *economic* obsolescence relates to the ability of a property or building to compete in the marketplace.

The Project Area contains three (3) commercial buildings. The largest structure at the south end of the Project Area was previously a grocery store but has been vacant for a number of years. There are smaller retail uses still present (Dollar General, a fitness center and a salon) but the majority of the structure remains vacant as it was constructed specifically to meet the need of a grocery store. This structure will be difficult and expensive to convert to another use, and the extended vacancy is strong indication of economic obsolescence as well.

Although only one (1) of the three (3) structures (33%) within the Project Area indicate obsolescence, this structure contains roughly 80% of the total square footage of the three buildings within the Project Area.

Obsolescence, specifically economic, is present to a meaningful extent within the Project Area. Therefore, obsolescence is a significant contributing factor towards designation of the Project Area as a 'blighted area.'

FIGURE 5 - OBSOLESCENCE



Deterioration

Buildings in a state of deterioration exhibit defects, which are not easily correctable in the course of normal maintenance. Such buildings may be classified as deteriorating or in an advanced stage of deterioration, depending upon the degree or extent of defects. This would include buildings with major defects in the secondary building components (e.g., doors, windows, porches, gutters and downspouts, fascia materials, etc.), and major defects in primary building components (e.g., foundations, frames, roofs, etc.), respectively.

The Project Area exhibits deterioration of both buildings and surface improvements, and such deterioration is widely distributed throughout the extent of the developed parcels within the Project Area. Examples of building deterioration include cracks in masonry walls and foundations, damaged windows and doors, and deteriorating roofs. Building deterioration is primarily present on the main commercial structure, while the two smaller commercial buildings are in relatively good condition in comparison.

Deterioration of surface improvements includes issues such as deteriorating roadways and parking areas, including cracks and potholes, cracks in sidewalks, damaged fences, damaged signage and damaged lighting fixtures. Site deterioration is extreme surrounding the main commercial building and less evident on the two smaller commercial structures, but is present to some degree on all three developed parcels.

Site Deterioration

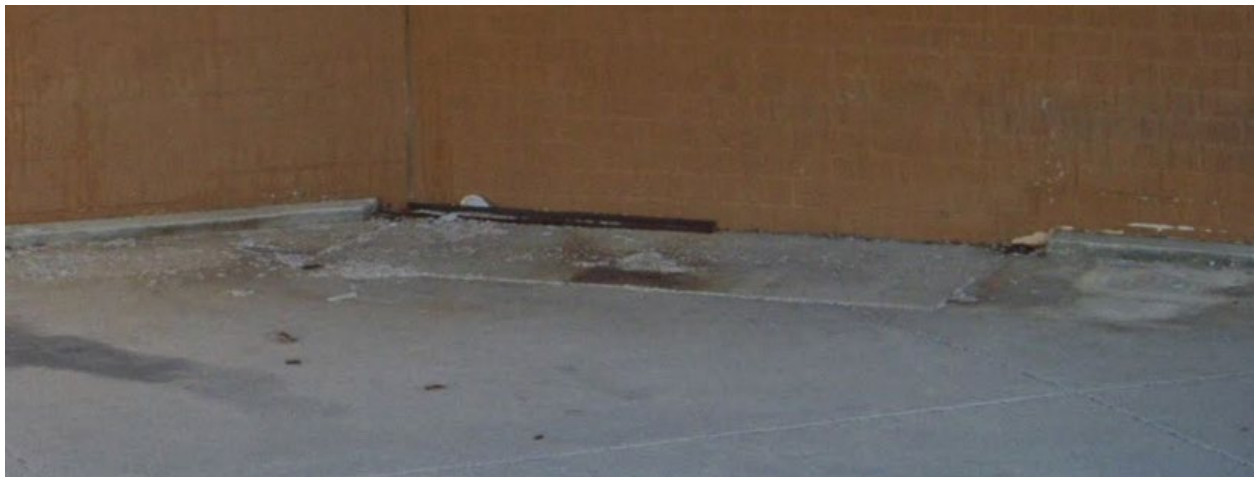
Parcels	Deterioration	Percent (%)	No Deterioration	Percent (%)
3	3	100%	0	0%

Building deterioration

Buildings	Deterioration	Percent (%)	No Deterioration	Percent (%)
3	1	33%	1	67%

Therefore, deterioration of both buildings and site improvements is present and widely distributed throughout the Project Area, and is a significant contributing factor towards designation of the Project Area as a 'blighted area.'





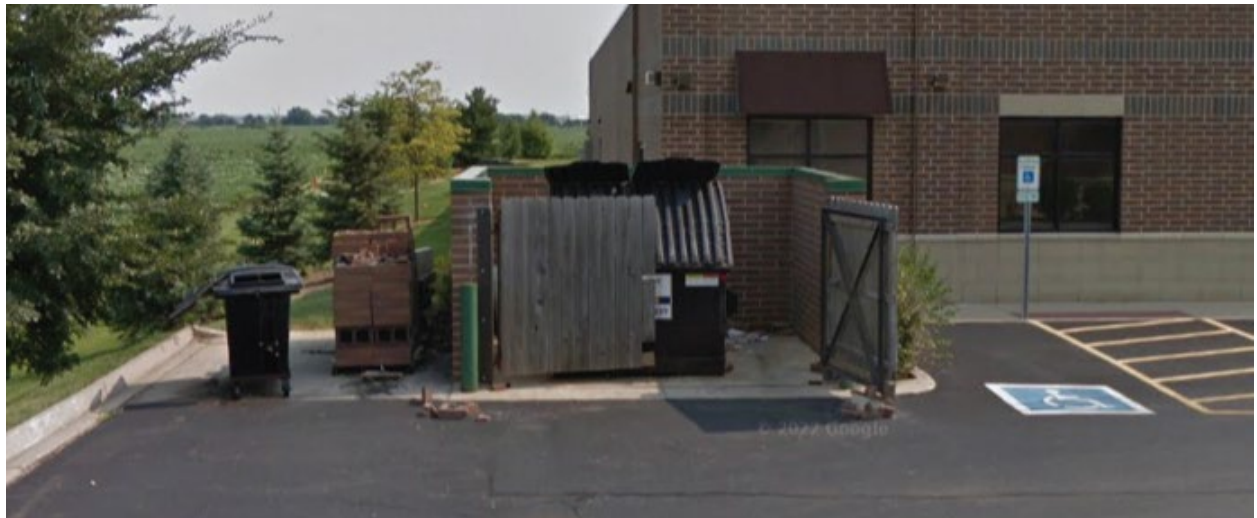
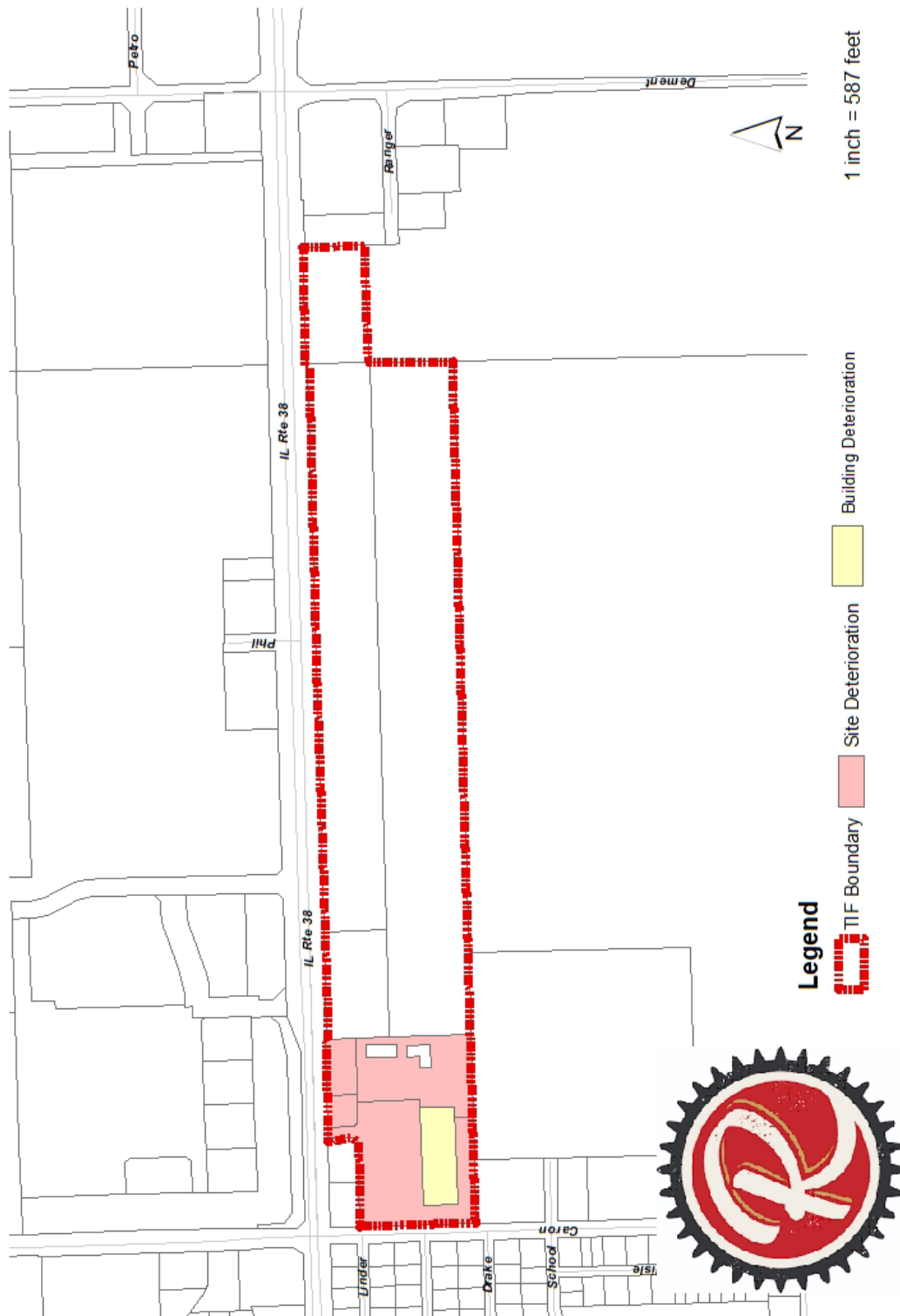


FIGURE 6 - BUILDING AND SITE DETERIORATION



Illegal Use of Structures

This factor applies to the use of structures in violation of applicable national, state, or local laws, and not to legal, nonconforming uses. Examples of illegal uses may include, but not be limited to the following:

- Illegal home occupations;
- Conduct of any illegal vice activities such as gambling, drug manufacture or dealing, prostitution, sale and/or consumption of alcohol by minors;
- Uses not in conformance with local zoning codes and not previously grandfathered in as legal nonconforming uses;
- Uses in violation of national, state or local environmental and occupational safety and health regulations;
- Uses involving manufacture, sale, storage or use of dangerous explosives and firearms.

There is no evidence of illegal use of structures within the Project Area. Therefore, illegal use of structures is not a contributing factor towards designation of the Project Area as a 'blighted area.'

Presence of Structures Below Minimum Code Standards

Structures below minimum code standards include all structures which do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed in such a way as to sustain safety of loads expected from this type of occupancy, to be safe for occupancy against fire and similar hazards, and/or establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies, which presume to threaten health and safety.

There are no documented code violations relating to the properties within the Project Area. Therefore, the presence of structures below minimum code standards is not a contributing factor towards designation of the Project Area as a 'blighted area.'

Excessive Vacancies

Establishing the presence of this factor requires the identification, documentation, and mapping of the presence of vacant buildings and vacant portions of buildings. Excessive vacancy refers to the presence of buildings which are unoccupied or underutilized and which represent an adverse influence on the area because of the frequency, extent, or duration of such vacancies. It includes properties which evidence no apparent effort directed toward their occupancy or utilization and vacancies within buildings.

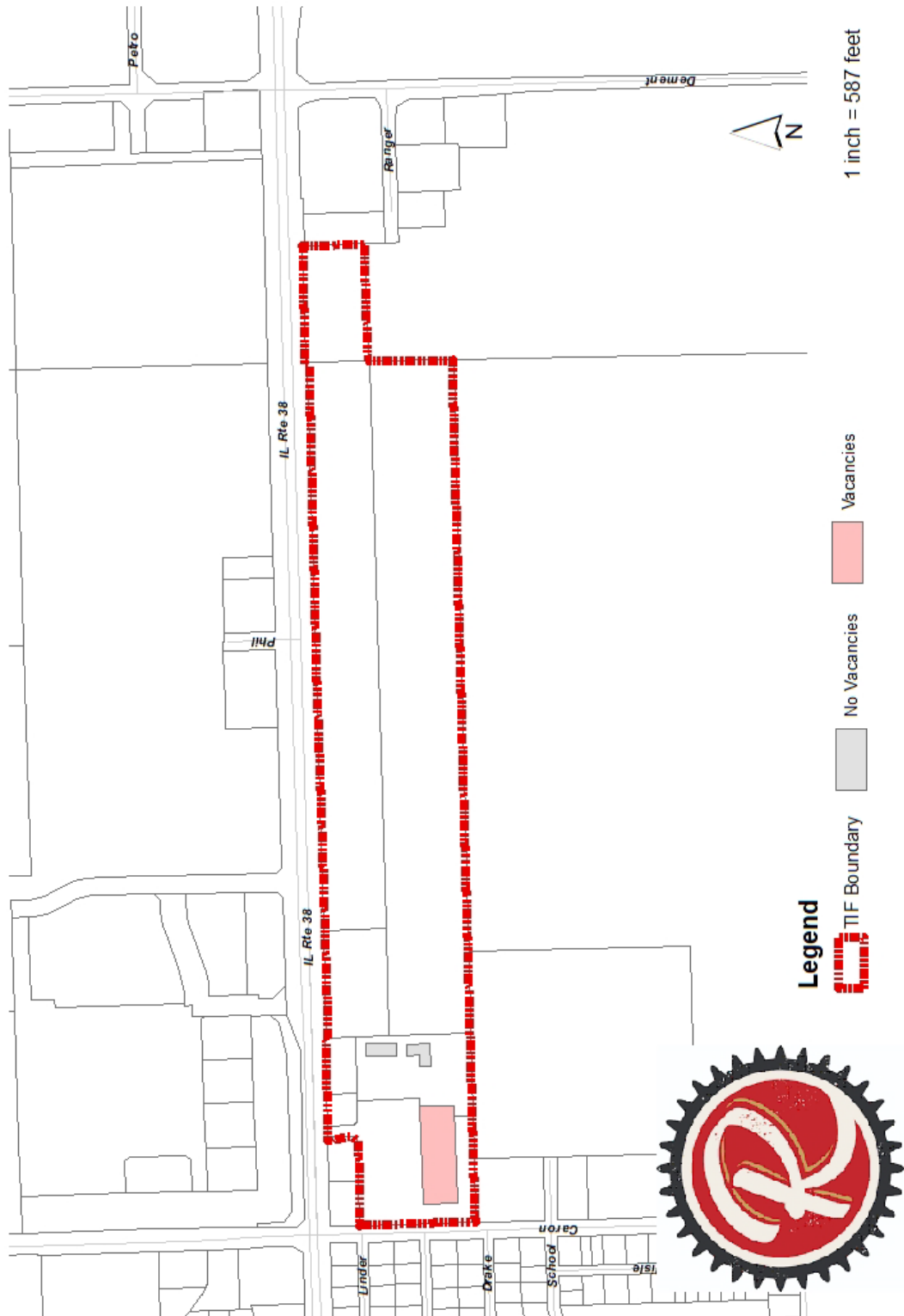


There are a significant vacancies present within the Project Area. Although only one (1) out of the three (3) buildings is partially vacant (33%), this vacant grocery store contains the majority of the square footage of all of the commercial structures within the Project Area (roughly 80%). This major vacancy is highly visible and has been vacant for over six (6) years. This has had a significant negative effect on other commercial spaces in the building, and on the remainder of the commercial center as well.

Buildings	With Vacancy	%	No Vacancy	%
3	1	33%	2	67%

Therefore, excessive vacancies are a significant contributing factor towards designation of the Project Area as a 'blighted area.'

FIGURE 7 – EXCESSIVE VACANCIES



Lack of Ventilation, Light, or Sanitary Facilities

Many older structures fail to provide adequate ventilation, light or sanitary facilities as required by local building or housing codes. This is also a characteristic often found in illegal or improper building conversions. The criteria used for determining the presence of this factor can be found in local codes and ordinances, or in locally adopted national codes such as the Uniform Building Code, Building Officials Code of America (BOCA), and the Model Housing Code of the American Public Health Association (APHA). Lack of ventilation, light, or sanitary facilities is presumed to adversely affect the health and building occupants, e.g., residents, employees, or visitors.

Lack of ventilation, light or sanitary conditions is not a contributing factor towards designation of the Project Area as a 'blighted area.'

Inadequate Utilities

This factor relates to all underground and overhead utilities, including, but not limited to, storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone and electric service, which may be shown to be inadequate. Inadequate utilities would include those which are (i) of insufficient capacity to serve the uses in the redevelopment project and surrounding areas, (ii) deteriorated, antiquated, obsolete, or in disrepair or are lacking.

Discussions with the City Engineer have identified multiple issues relating to public infrastructure that inhibit future development and/or redevelopment within the Project Area, including:

- Signalized intersections, along IL Rte 38, at NorthPointe Drive, Phil Rd, and a new intersection location approximately ¼ west of Dement Rd.
- New public urbanized roadways, including pedestrian access routes or paths, to connect developed parcels and/or subdivisions would be required along IL Rte 38 to Dement Rd.
- Public roadway connection to the existing Ranger Rd right-of-way.
- Public roadway improvements along Caron Rd and its intersection at IL Rte 38.
- Roadway lighting along IL Rte. 38 and new public roadways.
- New Sanitary sewer and Watermains mains extensions to provide service to new developments.
- Floodplain mitigation, compensatory storage areas as well as stormwater management facilities.
- New Storm Sewer and/or other drainage and conveyance systems for the developed parcels.
- New bridge structure over the Banning lateral tributary, along with other mass grading of the tributary, and erosion control systems.
- Professional Engineering and Surveying services for the development of studies, tests, plans, plats, permits and other associated documents for all infrastructure related items.
- Other Public right of way and easement acquisition for public improvements.

Therefore, inadequate utilities is a significant contributing factor towards designation of the Project Area as 'blighted area.'

Excessive Land Coverage and Overcrowding of Structures and Community Facilities

This factor may be documented by showing all instances where building coverage is excessive. Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety, and multiple buildings on a single parcel. The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions are presumed to have an adverse or blighting effect on nearby development. This characteristic is viewed relative to its urban context, common practice, and contemporary development standards.

Excessive land coverage and overcrowding of structures is not a contributing factor towards designation of the Project Area as a 'blighted area.'

Deleterious Land Use or Layout

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses which may be considered noxious, offensive or environmentally unsuitable.

Deleterious land use or layout is not present within the Project Area and is therefore not a contributing factor towards designation of the Project Area as a 'blighted area.'

Lack of Community Planning

Lack of community planning may be a significant factor if the proposed Project Area developed prior to or without the benefit or guidance of a community plan. This means that no community plan existed or it was considered inadequate, and/or was virtually ignored during the time of the area's development. Lack of planning may be documented by establishing the date of adoption of the City's Comprehensive Plan (or other plans which may be relevant) and determining whether the area developed before or after that date. This finding may be amplified by other evidence which shows the deleterious results of the lack of community planning, including cross-referencing other factors cited in the blight finding, including adverse or incompatible land use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size and shape to meet contemporary development standards.

The City's first comprehensive plan was adopted in insert year here. A majority of the Project Area was developed after the City's comprehensive plan was developed, and therefore lack of community planning is not a contributing factor towards designation of the Project Area as a 'blighted area.'

Environmental Remediation Costs Impeding Development

This factor may be documented by determining if any requirements by the Illinois Environmental Protection Agency (IEPA), the United States Environmental Protection Agency (EPA), or any study conducted by a recognized independent expert consultant has resulted in the need to incur remediation costs for a site that have resulted in impeding further site redevelopment.

Environmental remediation costs impeding development is not a contributing factor towards designation of the Project Area as a 'blighted area.'

Decline in the Equalized Assessed Value

This factor can be cited if the total equalized assessed value of the Project Area has declined for 3 of the last 5 calendar years in which information is available, or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 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 3 of the last 5 calendar years for which information is available.

Category	2018	2019	2020	2021	2022	2023
Project Area EAV	\$1,686,169	\$1,624,937	\$1,577,749	\$1,577,749	\$1,696,080	\$1,811,754
% Change	n/a	-3.63%	-2.90%	0.00%	7.50%	6.82%
Total City EAV (excluding Project Area)	\$223,612,806	\$253,245,759	\$258,192,419	\$266,523,015	\$281,480,739	Unavailable
% Change	n/a	13.25%	1.95%	3.23%	5.61%	Unavailable
Consumer Price Index	251.107	255.657	258.811	270.970	292.655	304.702
% Change	n/a	1.8%	1.2%	4.7%	8.0%	4.1%

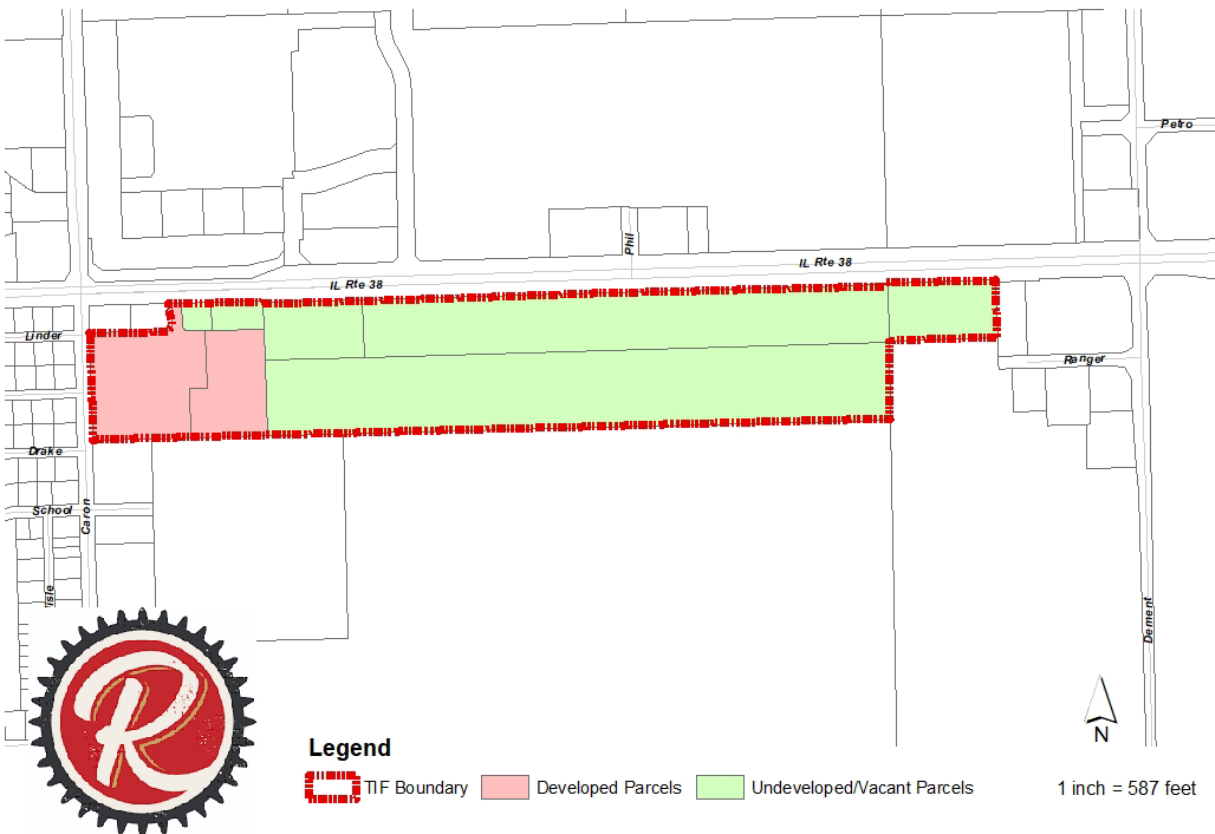
Equalized Assessed Valuation

The equalized assessed value of the Project Area has decreased in two (2) of the previous five (5) years (2018 and 2019). The Project Area has increased at an annual rate that is less than the annual increase of the City of Rochelle (excluding the Project Area) in three (3) of the previous five (5) years (2019, 2020 and 2021). The Project Area has increased at an annual rate that is less than the consumer price index (CPI) in four (4) of the previous five (5) years (2019, 2020, 2021 and 2022).

Therefore, decline in equalized assessed value is a significant contributing factor towards designation of the Project Area as a 'conservation area.'

ELIGIBILITY FINDINGS (VACANT/UNDEVELOPED AREA)

Vacant (undeveloped) land is subject to specific eligibility criteria that is different from the criteria for developed land. Two (2) alternative sets of criteria are established in the Act. The Project Area includes six (6) vacant/undeveloped parcels, as shown below:



Obsolete Platting

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.

Obsolete platting is not a contributing factor towards designation of the Project Area as a “blighted area.”



Diversity of Ownership

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

Diversity of Ownership is not a contributing factor towards designation of the Project Area as a “blighted area.”

Tax Delinquencies

Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.

Tax delinquencies is not a contributing factor towards designation of the Project Area as a “blighted area.”

Deterioration

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

Deterioration of both buildings and site improvements is present to a meaningful extent and distributed throughout the developed parcels within the Project Area, as detailed on pages 19-23 of this report.

Therefore, deterioration of structures or site improvements in neighboring areas adjacent to the vacant land is a contributing factor towards designation of the Project Area as a “blighted area.”



Environmental Remediation

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.

Environmental remediation is not a contributing factor towards designation of the Project Area as a “blighted area.”

Decline in EAV

The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 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 3 of the last 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 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

Category	2018	2019	2020	2021	2022	2023
Project Area EAV	\$136,541	\$130,458	\$135,789	\$137,727	\$148,366	\$159,027
% Change	n/a	-4.46%	4.09%	1.43%	7.72%	7.19%
Total City EAV (excluding Project Area)	\$225,162,434	\$254,740,238	\$259,634,379	\$267,963,037	\$283,028,453	Unavailable
% Change	n/a	13.14%	1.92%	3.21%	5.62%	Unavailable
Consumer Price Index	251.107	255.657	258.811	270.970	292.655	304.702
% Change	n/a	1.8%	1.2%	4.7%	8.0%	4.1%

Equalized Assessed Valuation

The equalized assessed value of the Project Area has decreased in one (1) of the previous five (5) years (2019). The Project Area has increased at an annual rate that is less than the annual increase of the City of Rochelle (excluding the Project Area) in two (2) of the previous five (5) years (2019 and 2021). The Project Area has increased at an annual rate that is less than the consumer price index (CPI) in three (3) of the previous five (5) years (2019, 2021 and 2022).

Therefore, decline in equalized assessed value is a contributing factor towards designation of the Project Area as a ‘blighted area.’

Vacant Mines

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

Unused quarries, mines or strip mines are not a contributing factor towards designation of the Project Area as a “blighted area.”

Vacant Rail Yards

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

Unused rail yards, rail tracks or railroad rights-of-way are not a contributing factor towards designation of the Project Area as a “blighted area.”

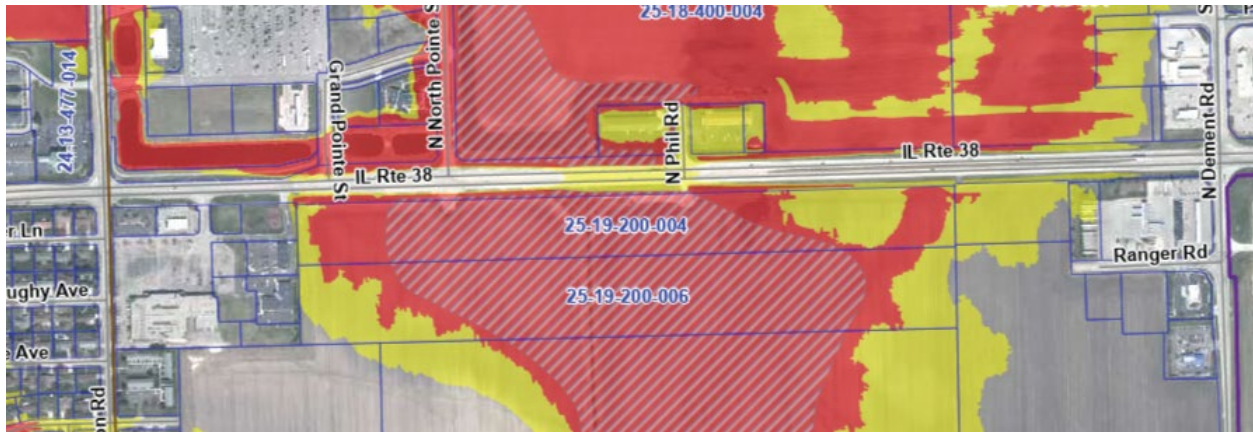
Chronic Flooding

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 Project Area lies in a designated floodplain and is likely subject to chronic flooding, as shown below. However, in order to qualify for chronic flooding, this must be documented by a registered professional engineer.



FEMA designated floodplain (source: <https://beacon.schneidercorp.com>)



Special Flood Hazard Area (source: <https://beacon.schneidercorp.com>)

Chronic Flooding is a contributing factor towards designation of the Project Area as a “blighted area.” FEMA floodplain maps (above) indicate that chronic flooding is prevalent. This criteria should be properly documented by a registered professional engineer.

Awaiting letter from City Engineer

Illegal Dumping

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.

Illegal dumping is not a contributing factor towards designation of the Project Area as a “blighted area.”

Town Center

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

The Project Area has not been designated as a town center per the requirements of the Act, and designation as a town center is not a qualifying factor towards designation of the Project Area as a “blighted area.”

Blighted Area

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.

The Project Area did not qualify as a blighted area prior to becoming vacant, and qualification as a blighted area prior to becoming vacant is not a qualifying factor towards designation of the Project Area as a “blighted area.”

CONCLUSION

Based on the results of the field investigation conducted by TESKA, and information obtained from the City of Rochelle and various Township and County sources, it is the finding of TESKA that the eighty-two (82) acre Project Area, taken in its entirety as depicted on the Project Area Boundary Map (page 10), is eligible for designation as a 'blighted area' based on evaluation of both developed and vacant/undeveloped parcels. The following specific eligibility criteria apply:

Criterion (requires 5)	Project Area
Dilapidation	No
Obsolescence	Yes
Deterioration	Yes
Illegal Uses	No
Below Code Standards	No
Excessive Vacancies	Yes
Lack of Ventilation	No
Inadequate Utilities	Yes
Excessive Land Coverage	No
Deleterious Land Use	No
Lack of Planning	No
Environmental	No
Decline in EAV	Yes
Total	5

-- AND --

Standard 1 (requires 2)	Project Area
Obsolete Platting	No
Diversity of Ownership	No
Tax Delinquencies	No
Deterioration	Yes
Environmental	No
Decline in EAV	Yes
Total	2

-- OR --

Standard 2 (requires 1)	Project Area
Mines/Quarries	No
Rail Yards	No
Chronic Flooding	Yes
Illegal Dumping	No
Town Center	No
Blighted Area	No
Total	1