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VILLAGE OF ROCHESTER, ILLINOIS

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FOR IMMEDIATE RELEASE
January 30, 2017

ROCHESTER ANSWERING THE CALL FOR ECONOMIC GROWTH

Village Developing Robust Plan for Expanding the Local Economy

Rochester, IL, January 30, 2017– Although community surveys can quickly reveal a lot of issues for a small town to consider, putting that kind of public participation into action often seems like an impossible challenge. After learning the results of such a survey back in 2009, and many years of trying to attract new businesses with limited success have passed, the Village of Rochester is now embarking on an aggressive strategy to incentivize local business development.

> *"We don't want the Village to become too commercialized and lose its small-town atmosphere, but we need to show we have some vision and a desire to be economically viable in the years ahead," said Village President David Armstrong.*

Rochester is beginning the year by introducing a plan for establishing a tax increment financing (TIF) district and steering public policy in the direction of becoming a more business-friendly environment. The Village explained to the audience at a Public Hearing for the TIF District on Monday night that these efforts are in direct response to a community survey that was conducted by University of Illinois Extension staff nearly 10 years ago, when Rochester developed its Comprehensive Plan. At that time, more than 50% of the respondents said that attracting new service and retail businesses and providing incentives to encourage business development was a high priority for Rochester.

> *As indicated by Deb Elderton, Village Administrator, "the Village intends to use TIF to answer the call that was expressed in that survey by reducing the costs of economic development to attract new private investment and put the Village on a more competitive playing field with other areas."*

The Village provided fact sheets at the Public Hearing, indicating that instead of increasing real estate tax rates, TIF changes how the Village can use a portion of the NEW tax revenue generated by properties within the TIF redevelopment project area to pay for public infrastructure improvements and other site development costs. TIF real estate tax "increment" is generated from the increase in equalized assessed valuation ("EAV") above a "base year" EAV for each property within the TIF District. Substantial TIF increment is then created when the value of property located within the TIF District increases due to redevelopment. When a property in the TIF District redevelops, the County Assessor assigns a new – and frequently higher – property value to the redeveloped property. Only the increased real estate tax revenue generated from the property's increased assessed value becomes TIF increment that the Village may then use to support redevelopment in the TIF District.

Recognizing that the annual increases in EAV are multiplied by the tax rates of all of the taxing bodies each year throughout the 23-year life of the TIF District, the Village announced that it still plans to reduce the overall size of the TIF area before it is created and then return to the County Treasurer each year 80% of any real estate tax increment generated from natural increases on pre-existing houses that are located within the proposed TIF District. Such TIF "surplus" funds are then redistributed to the affected taxing districts. Additionally, the Village said it would also return 5% of any new real estate tax increment derived from the rest of the TIF District so as to share portions of the new private investment it is able to attract by using other TIF funds to get new projects to come to Rochester. The Village has also been communicating with Rochester C.U.S.D. #3A for several months, including discussions of proposed intergovernmental agreements, as part of an ongoing effort to help the school district co-exist effectively with the TIF District.

> *Dave Armstrong added, "while the Village is making every effort to do what it can to minimize the impact of TIF on all of the taxing districts, we have also taken extraordinary steps to make a good faith effort to collaborate with the School District and address its unique concerns as the school deals with its own budget problems."*

The proposed Rochester TIF District includes portions of older neighborhoods as well as vacant tracts of land, some of which are annexing to the Village prior to the establishment of the TIF District. Village officials intend for some of the new real estate tax revenues generated by new commercial, commercial-retail and new residential development to be available to assist with improving streets, sidewalks, storm water drainage and other needed public infrastructure repairs throughout the older areas of town that are included in the TIF area. A copy of the TIF redevelopment plan, including a map of the proposed TIF area is available at Village Hall. The TIF plan includes several letters of intent by private developers who indicate a desire to start new projects following the establishment of the TIF District.

The Village expects to complete all required annexations and establish the TIF District in February.

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If you would like more information about this topic, please contact Deb Elderton, Village Administrator at (217) 498-7192 or email at delderton@rochesteril.org.