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Village of Rochester, Illinois Public Hearing
Rochester Village Hall Community Room, 6:00 p.m., January 30, 2017

**FACT SHEET FOR PROPOSED
ROCHESTER TAX INCREMENT FINANCING DISTRICT (No. 1 of 2)**

Project Overview:

The Village of Rochester is proposing to establish the **Rochester Tax Increment Financing (“TIF”) District** to promote new private investment and redevelopment within a designated redevelopment project area. The reasons for creating this TIF District include the following:

- ***Certain public improvements can be funded from future TIF revenues.*** There are a variety of public infrastructure improvements that are needed within the proposed TIF area. The TIF District will provide a mechanism for financing those improvements from new revenue generated by new private investment that occurs within the TIF area.
- ***New private investment can be encouraged throughout older parts of Rochester.*** In the older, more mature portions of the TIF area, such as Rochester’s downtown and existing residential neighborhoods, the redevelopment of various in-fill and existing structures, as well as within the small business community will continue to be an important part of the Village’s economic development strategy. Without TIF assistance, the aging, deteriorating properties within the proposed TIF area are not reasonably anticipated to improve.
- ***Certain under-utilized areas can become more viable.*** The proposed TIF District will make potential vacant redevelopment sites more desirable. The TIF District is intended to provide assistance to commercial and residential development, as well as provide for the potential reimbursement of the necessary infrastructure and utilities needed to support such developments – without having to increase general property taxes. Without TIF assistance, the cost of developing vacant land is a serious impediment for attracting new commercial, commercial-retail or residential investments to Rochester.
- ***Rochester will become a more competitive choice for economic development opportunities.*** The Village’s efforts to undertake a more robust approach for encouraging new business development is in direct response to the *Rochester Comprehensive Plan Community Survey* that was conducted by University of Illinois Extension in March of 2009. Nearly 70% of the respondents indicated that supporting small business development was the highest priority for economic development in Rochester. More than 50% of the respondents said that attracting new service and retail businesses and providing incentives to encourage business development was also a high priority.

What is the Village’s current proposal?

TIF Redevelopment Project Area. The Rochester TIF Area as originally proposed and shown in the “TIF Redevelopment Plan” and the Summary of the Plan published to date reflects the following:

Total number of parcels (improved and vacant)	604
Total number of qualifying parcels (improved and vacant)	550
Total percentage of parcels (improved and vacant) which qualify under the TIF Act ¹	91.1%
Estimated total projected new private investment	\$128,639,000
Estimated total public and private redevelopment project costs	\$92,100,000
Estimated increase in equalized assessed valuation within TIF area	\$37,652,167

¹ Pursuant to the TIF Act, a majority of the proposed TIF area as a whole (51% or more) must qualify, not each and every TIF parcel.

Projected cumulative real estate tax increment	\$61,748,616
Projected cumulative real estate tax increment available <i>less</i> 5% TIF “Surplus” Funds ²	\$58,661,185

Although not statutorily required, the Village provided two versions of a proposed Intergovernmental Agreement to Rochester C.U.S.D. #3A in September of 2016. The intent of the proposed agreement was for the Village to make a good faith effort to collaborate with the School District, particularly as it relates to potential new residential development within the TIF area, to place the School District as close to the same financial position it would be in if *the TIF District* was never created. To date, the Village has not received a formal reply regarding the proposed Intergovernmental Agreement. That notwithstanding, after taking into account the School District’s share of any TIF Surplus Funds it receives, it is still the Village’s desire to achieve that result. To that end, any TIF funds provided directly to the School District from the Village’s Special Tax Allocation Fund would, pursuant to the TIF Act, need to be applied to capital costs as defined by the Illinois State Board of Education Program Manual. The discussion with Rochester C.U.S.D. #3A is ongoing.

Joint Review Board Recommendation. On **January 3, 2017**, the Village convened a Joint Review Board (JRB) Meeting and reviewed the proposed TIF Redevelopment Plan, Projects and Area with representatives of overlapping taxing districts. **The JRB found and recommended to the Village Board that the TIF area and TIF Redevelopment Plan satisfies the Plan requirements, the eligibility criteria and the objectives of the TIF Act.**

How is the Village intending to change or adjust the proposal as of January 30, 2017?

The Village undertook the process to consider taxing increment financing in the Fall of 2015. Based on discussions over the following 15 months with Village officials and staff, the Village engineer, representatives of overlapping taxing districts, landowners and potential private developers, the Village intends to adjust the Proposed TIF District Plan, Projects and Area as follows:

1. The total number of parcels (improved and vacant) will be reduced to..... 539
 Total number of qualifying parcels (improved and vacant) 504
 Total percentage of parcels (improved and vacant) which qualify under the TIF Act..... 93.5%
2. The Village has identified within the reduced TIF area, 400 properties which are classified by Sangamon County as “Class Code 40 – Improved Urban Residential” parcels on which there exists a residential house. Subject to the terms of a final Intergovernmental Agreement with all of the overlapping taxing districts, the Village will amend the TIF Plan to declare as TIF Surplus Funds **80%** of any real estate tax increment generated annually from said **existing Class Code 40 properties** during the life of the Rochester TIF District. No portion of TIF increment derived from properties within this defined group of parcels for which TIF assistance is requested and provided by the Village per the terms of a written redevelopment agreement shall be subject to the “80% TIF Surplus Funds” provision during the time of the redevelopment agreement. After the terms of such redevelopment agreement(s) has been fulfilled, the property will then again be subject to the “80% TIF Surplus Funds” provision. This will still allow those properties to request TIF assistance for new improvements and ultimately contribute further to any TIF Surplus Funds that are generated.
3. During the life of the TIF District, the Village will annually declare as TIF Surplus Funds **5%** of the real estate tax increment generated on the remaining balance of the TIF District parcels (139 parcels).

When does the Village intend to establish the TIF District?

Following the Public Hearing on January 30, 2017, the Village will complete all required annexations and establish the TIF District on or before February 28, 2017.

² Following the receipt of new real estate tax increment each year, the Village shall annually authorize by Ordinance an amount of TIF Surplus Funds that is equivalent to not less than five percent (5.0%) of the annual real estate tax increment generated by Rochester TIF District I. Such Surplus Funds shall be returned to the Sangamon County Treasurer and Collector for redistribution on a pro-rata basis to the affected local taxing bodies which levied a tax during the related tax year. The amount of real estate tax increment available to the Village for reimbursement of public or private TIF eligible project costs shall be reduced annually by any Surplus Funds (as defined by Section 5/11-74.4-7 of the TIF Act) that are declared by Village Ordinance and pursuant to written Intergovernmental Agreement(s), if any.