

**Sauk Valley Community College
December 18, 2023**

Action Item 4.6

Topic: **Support 12-Year Extension of the City of Prophetstown TIF District**

**College Health:
Metric:** **Economic Development – The College partners with local agencies to encourage the economic development of the region.**

Presented By: **Dr. David Hellmich and Kent Sorenson**

Presentation:

The City of Prophetstown requests the support of the College to extend the City of Prophetstown TIF District for an additional twelve (12) years beyond its current termination on December 31, 2026, to not later than December 31, 2038, which is the 35th year taxes would be levied after adoption of the ordinances approving the Redevelopment Plan and Project.

Recommendation:

The administration recommends the Board approve the College’s support to extend the City of Prophetstown TIF District for an additional twelve (12) years beyond its current termination on December 31, 2026, to not later than December 31, 2038, which is the 35th year taxes would be levied after adoption of the ordinances approving the Redevelopment Plan and Project.



City of Prophetstown

- 339 Washington St Prophetstown IL 61277– 1-815-537-5598 – Est. 1834
- office@prophetstownil.org
- Mayor Steve Swanson

To whom it may concern,

I would like for you and your board to review the attached letter regarding a 12 year extension of the TIF District in the City of Prophetstown. This letter contains information regarding the City's plans for the funds and the reason for the extension. Once reviewed and discussed, I would appreciate if a signed letter could be submitted to the City of Prophetstown stating whether or not the request was approved. The letter can be emailed to tgibson@prophetstownil.org. Thank you for your time and consideration,

Mayor Steve Swanson
City of Prophetstown Illinois



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Prophetstown TIF #1

Request for Extension

The Prophetstown Tax Increment Financing District was created in 2002 to attract investment in designated areas of the city including the downtown, a city-owned tract of residentially-zoned land, and commercial and industrial properties in or near downtown and along Illinois Route 78.

The initial life of the TIF is 23 years. The city is requesting a 12-year extension of the TIF to allow the city to continue to seek and assist private investment within the TIF Redevelopment Project Area. To date, **TIF** funding allowed the city to support a new subdivision, recover from a disastrous downtown fire, and invest in new and existing businesses.

Progress in the city's only TIF has been hampered by economic circumstances over which the city had little control. Since the creation of the TIF, the economy was hit with a nation-wide housing crisis and resulting recession, the town lost multiple industries and eight downtown buildings, and a pandemic paralyzed the country.

The time is right for Illinois municipalities to undertake economic development projects.

Despite inflation and rising interest rates, thanks to federal, state and local funding programs rural communities are again beginning to experience developer interest in housing, retail and industrial growth.

Illinois has created new rural development programs and is increasing investment in existing programs serving rural communities. The Illinois Department of Commerce and Economic Opportunity (DCEO) is opening an Office of Rural Development to assist small communities in navigating these programs. Nearly all state and federal incentives require or give preference to requests for projects that 1) are the result of a planning process conducted with community-wide input, and 2) are supported with match funds supplied by the local government, partnering developer or nonprofit entity.

The original Prophetstown TIF plan included a Development Plan and Project. When written, the plan was purposely vague in some areas to allow leeway for development.

1

Development Plan

The original Tax Increment Plan and Project document will be updated as part of a planning process undertaken during the first half of 2024. The Plan will address:

Housing

The plan will include an analysis of existing housing in the TIF including number, types and condition of units using available sources of information. Market data will reveal type, size and cost of homes sold in local and regional markets. Realtors, employers and residents will be interviewed to determine demand and what type(s) of housing may be missing in the market. Data and anecdotal information will be combined to determine an action plan for residential development.

Funding sources will be reviewed to determine the best match for the type(s) of housing identified in the plan. Sources will include TIF funds.

Prophetstown used TIF funding to construct public infrastructure on a greenfield site resulting in the construction of 14 single-family homes and an additional 14 available lots. These lots are not being actively marketed. Although community marketing is not an eligible TIF expense, marketing specific properties within the TIF is an allowable use. The TIF plan will likely suggest a

marketing plan for these and other improved (utilities and streets to site) residential lots within the TIF, including some owned by the city.

Communities have successfully used TIF funding to assist owners of downtown buildings renovate upper floors for new or refurbished housing units. These units are typically less expensive than new construction and make the property more viable by offering building owners a source of income beyond the commercial floor.

TIF funds may also be used for improvement or installation of public utilities which is often required for multi-unit housing.

Outside agencies which renovate single homes or multi-unit buildings may use TIF funds to augment private funds, loans, New Market Tax Credits, Illinois Housing Development Authority (IHDA) grants, Historic Tax Credits, and other sources of funding. Economic Growth Corporation, an organization in the Quad Cities, has used one or more of these funding sources to renovate single family homes in Fulton and downtown apartment buildings in Sterling and Clinton.

2

Downtown Redevelopment

As mentioned previously, **TIF** funds have been used in downtowns to strengthen the viability of commercial buildings by providing financial assistance for upper story buildouts or renovations. Locally, TIF funding has been granted to multiple downtown building owners for new construction or renovation of existing commercial space.

The City has a revolving loan fund which offers a below market interest rate with no interest payments for the first year. Loans are capped at \$5,000 and may be combined with TIF and Enterprise Zone benefits to encourage improvement projects in the downtown.

Although downtown marketing is not an eligible TIF expense, marketing specific downtown properties within the TIF is an allowable use. The TIF plan

update will address the marketing of available sites and buildings in the Downtown.

Illinois launched a new "Rebuild Downtown and Main Street" grant program in 2021. Grants may be used for rehabilitation of historic buildings or public amenities such as streetscape, parking, plazas and pedestrian ways. Organizations and private businesses must provide a 50% match, and public entities score higher with local match funds. City- owned property or public funds, including TIF funds, are accepted as match.

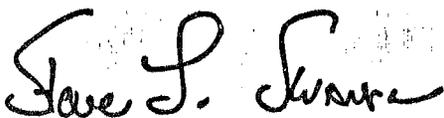
The first round of Rebuild Downtown grants in 2022 resulted in \$50 million in awards including a \$2.2 million grant to Rock Falls, \$3 million to Aledo, \$2.9 million to Kewanee, \$2 million to Galesburg, and \$3 million each to Moline and Rock Island.

Industrial Development

Since the inception of the TIF, Prophetstown lost more than 150 manufacturing jobs through closures and relocations. Fortunately, several small but growing manufacturers have emerged. TIF funds have assisted with expansion of one and may be requested for assistance to another. The **TIF** Plan will address how the city will assist local industries in evaluating and accessing local, state and federal incentives for qualified projects.

The city has purchased land outside the TIF for a light industrial park. Although not eligible for **TIF** funding, increased investment in industry often brings additional economic activity to the area which could be supported by TIF funds.

Thank you for your time and consideration,

A handwritten signature in black ink that reads "Steve J. Swanson". The signature is written in a cursive, flowing style.

Mayor Steve Swanson
City of Prophetstown Illinois

**A RESOLUTION OF SAUK VALLEY COMMUNITY COLLEGE DISTRICT 506
SUPPORTING AN EXTENSION OF THE COMPLETION DATE OF THE CITY OF
PROPHETSTOWN TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT
FOR REDEVELOPMENT PROJECT AREA NO. 1**

WHEREAS, the City of Prophetstown (the “City”) pursuant to the provisions of the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 *et seq.*), as amended (the “Act”), approved the Tax Increment Redevelopment Plan and Project (as amended from time to time, the “Redevelopment Plan and Project”), designated Redevelopment Project Area No. 1 (as amended from time to time, the “Area”) as a redevelopment project area and adopted tax increment allocation financing pursuant to Ordinances 081302, 081302A and 081302B, respectively, all adopted on August 13, 2002; and,

WHEREAS, the City has now requested support for its request to amend Section 11-74.4-3.5 of the Act to extend the completion date of the Redevelopment Plan and Project from December 31, 2026, to not later than December 31, 2038, which is the 35th year taxes would be levied after adoption of the ordinances approving the Redevelopment Plan and Project (the “Extension”); and,

WHEREAS, Sauk Valley Community College District 506 is a taxing district with authority to directly levy taxes on property within the Area; and,

WHEREAS, the City has advised that despite the best efforts of the City, a number of objectives set forth in the Redevelopment Plan have yet to be achieved and failure to achieve those objectives would be detrimental to the City and to all taxing districts that levy real estate taxes on property in the Area; and,

WHEREAS, the continuation of public improvements projects would complement private investment in the Area and continue to make the City more attractive to residential and commercial development; and

WHEREAS, an increase in private investment will provide for expanded employment opportunities that will strengthen the economic base of the City and enhance the real estate tax base for all taxing districts.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Sauk Valley Community College District 506, as follows:

Section 1. That the Preambles hereinabove set forth are hereby adopted as if fully restated in this Section 1.

Section 2. That Sauk Valley Community College District 506 supports the proposal to extend the completion date of the Redevelopment Plan and Project as stated herein until December 31, 2038.

Section 3. That a certified copy of this Resolution shall be forwarded to the Mayor of the City.

Section 4. That this Resolution shall be in full force and effect upon its passage and approval as provided by law.

Section 5. All resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, hereby repealed.

ADOPTED this ____ day of _____, 2023, pursuant to a roll call and vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

ABSTENTION: _____

Approved: _____

By: _____

Attest: _____

By: _____