

APPENDIX A:

QUINCY DOWNTOWN II TAX INCREMENT FINANCING REDEVELOPMENT PLAN:

Eligibility Report

City of Quincy, Illinois

DRAFT – December 2009



TESKA ASSOCIATES

INTRODUCTION

When the City of Quincy recognized that a portion of its downtown was beginning to struggle with vacancies and reinvestment they acted. The establishment of the Downtown Redevelopment Project Area I helped facilitate reinvestment in a targeted portion of downtown. Buildings were rehabilitated, sites were redeveloped to meet the modern demands of the market and public improvements were made to vital infrastructure. The original Downtown Redevelopment Project Area I focused on a portion of the west side of downtown.

Recently, vacancies started to increase in the eastern portion of downtown. The City enlisted the services of Teska Associates, Inc. (TAI) to address the issue of evaluating a proposed study area, determining the eligibility of the parcels and structures within the study area, and assisting in the establishment of a new redevelopment project area for the downtown area.

With the recognized goals of preserving the taxable value of land and buildings and protecting the character and the stability of the commercial, industrial, recreational, and residential areas within Quincy, the City has decided to take action that will encourage redevelopment efforts within the Project Area. City officials have determined that, without direct municipal involvement and financial assistance, the City's goals and objectives for this area cannot be met. To encourage new investment in the western portion of downtown, the City of Quincy has decided to explore the feasibility of using tax increment financing (TIF) as a means to facilitate development.

Tax increment financing can be used to make the Project Area attractive for redevelopment by eliminating the conditions that are prohibitive to 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 Quincy Downtown II Redevelopment 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 referred to as the "Act"). This financing mechanism is only applicable in areas that meet certain specifications outlined in the Act.

The Act permits municipalities to improve eligible "conservation" or "blighted" areas in accordance with an adopted redevelopment plan over a period not to exceed 23 years. The municipal cost of such public improvements can be repaid with revenues generated by increased equalized assessed values of real estate within the designated project area. The key to this financing is that funding does not rely on the taxing power of the municipality alone. The

property taxing power of all taxing districts with jurisdiction over the land within the project area can be employed to pay for certain redevelopment costs and retire the necessary financial obligations, if required. This taxing power is only applied to the increase in equalized assessed valuation within the designated TIF project area.

The Act stipulates specific procedures that must be adhered to in designating a "Redevelopment Project Area." This report addresses the initial step -- the determination of the project area's eligibility. According to the Act, an area may be eligible if it meets the conditions for a "Redevelopment Project Area," defined as:

"... an area designated by the municipality, which is not less in the aggregate than 1½ 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 (Section 11-74.4-3)."

Section 11-74.4-3 defines a conservation area 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 is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area..."

Therefore, in order to qualify as a "conservation area," an improved area must demonstrate the presence of at least three (3) of the following factors named by the Act and each must be reasonably distributed throughout the designated redevelopment project area: 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; need for environmental clean-up; lack of community planning; and the lag in growth of the equalized assessed value ("EAV") for the Project Area in comparison to the remaining areas of the City.

Description of the Project Area

The Project Area is generally bounded by 9th Street on the east, Broadway Street on the north, 5th Street on the west and York Street on the south. The Project Area also includes the parcels on the south side of Maine Street from 5th Street to 4th Street. Consisting of 185 parcels with a total of 145 buildings, the Project Area supports a mixture of land use types including commercial, mixed use (ground floor commercial w/residential above), industrial, institutional, parking, and office uses. The Project Area occupies approximately 49.42 acres, exclusive of

right-of-way. Due to various factors, substantial private investment has not occurred in the Project Area. Map 1 illustrates the boundaries of the Project Area.

Statement of Designation

Determination of eligibility of the Quincy Downtown II Redevelopment Project Area for tax increment financing is based on a comparison of data gathered through field observation by Teska Associates, Inc. (TAI), document and archival research, and information provided by the City of Quincy, against the eligibility criteria set forth in the Act.

TAI has determined that the Quincy Downtown II Redevelopment Project Area (“the Project Area”) is eligible for designation as a “conservation area” based on the predominance and extent of parcels exhibiting the following characteristics: age, deterioration of sites and buildings, excessive vacancies, and lag in growth of EAV. Each of these factors contributes significantly towards the decline of the Project Area as a whole.

ELIGIBILITY FINDINGS

Teska Associates, Inc. conducted a field survey of every property in the Project Area. Based on an inspection of the exteriors of buildings and grounds, field notes were taken to record the condition for each parcel. Photographs further documented the observed conditions. Field observations were further supplemented with information provided by City Staff.

For the purposes of this study, a factor is considered to be "major" if the factor occurred on a relatively large number of properties, buildings, or blocks. Alternatively, a factor which affects a relatively smaller proportion of properties may also be major, if the effects of the factor are highly visible, and exert a significant depressing or blighting effect upon neighboring properties and the entire Project Area. "Minor" factors, while affecting fewer properties than major factors, also exert a negative effect on the Project Area. Overall, the combination of major and minor blighting factors contributes to a blighted appearance and inhibits investment in the Project Area.

Eligibility Factor: Age of Buildings

In order to be designated as a conservation area, at least 50% of the structures must be 35 years old or older in age. The characteristics of age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures and exposure to the elements over a period of many years. As a rule, older buildings typically exhibit more problems than buildings constructed more recently because of longer periods of active usage and the impact of time, temperature and moisture. Additionally, older buildings tend to not be well suited for modern-day uses because of contemporary space and development standards.

Based on field analysis and historical records provided by the City of Quincy, 80 out of 145 (63%) of the buildings in the Project Area are 35 years old or older (see Map 2). This exceeds the statutory requirement that at least 50% of the buildings in a conservation area be 35 years of age or older.

Eligibility Factors: Existing Site and Building Conditions

In addition to the advanced age of buildings, a combination of at least three (3) or more of the following factors must be present to a meaningful extent and reasonably distributed throughout the Project Area.

1) 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 be 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 major repairs are required or, the defects are so serious and so extensive that the buildings must be removed.

A total of nine buildings in the Project Area display this extreme physical state. While the existence of such conditions can have a very detrimental effect on adjacent property, only 6.2% of Project Area buildings are actually affected. Since this factor is not predominate throughout the Project Area it is only a minor contributing factor to the conservation area designation of the Project Area.

2) Obsolescence

Per State Statute, obsolescence is "the condition or process of falling into disuse," and conditions in which "structures have become ill-suited for their original use."

Structures are typically built for certain uses or purposes with design, location, height and space arrangement each intended for a specific occupancy at a given time. Buildings are obsolete when they contain characteristics or deficiencies that limit the re-use and marketability of such buildings for their original intended purpose. These characteristics may include an inherent deficiency existing from poor or out-dated design or layout, improper orientation of building on site, inability to accommodate contemporary amenities or facilities, etc., which detracts from the overall usefulness or desirability of a property. Obsolescence in such buildings is typically difficult and expensive to correct.

Within the Project Area, 12 of the 145 buildings, or 8.3%, were observed to be functionally obsolete. These structures were found to not be able to no longer function effectively for their original intended use. While obsolescence is difficult to correct, the lack of predominance of this factor indicates it is not drastically impacting the entire project area. However, the existence of this factor and the potential for additional instances indicates it is a minor eligibility factor and does contribute towards the Project Area designation as a conservation area.

3) Deterioration

State statute defines deterioration for buildings as "defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. Deterioration of a site's surface improvements can also occur and contribute towards the designation of this eligibility factor. Site deterioration refers to site elements such as roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas where they exhibit conditions including, but not limited to, surface

cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.”

Deterioration of Buildings:

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, such as doors, windows, porches, gutters and down spouts, and fascia materials, or major defects in primary building components, such as foundations, frames, roofs, heating, ventilation, lighting and plumbing, respectively.

As defined by the Act, building deterioration was observed throughout a majority of the Project Area. A total of 55 out of 145 buildings, over 37%, exhibited some form of significant defect in its building components. These instances of building deterioration were found to be both predominate and distributed throughout the Project Area.

Deterioration of Surface Improvements:

The conditions of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas may also exhibit evidence of deterioration through surface cracking, crumbling, potholes, depressions, loose paving materials, and weeds protruding through the surface.

Deteriorated surface improvements were observed on approximately 12.97% (24 of 185) of the total parcels within the Project Area. Such noted instances include depressions in paved and gravel parking lots and access drives, potholes, unkempt vacant parcels with trash and litter, cracked asphalt, unkempt, unscreened, and scattered outdoor storage.

Due to such noted instances of deteriorated buildings and surface improvements, deterioration is a major contributing factor towards the designation of the Project Area as a conservation area. Maps 3 and 4 illustrates the presence and distribution of deterioration in the Project Area.

4) Presence of Structures Below Minimum Code Standards

Structures below minimum code standards include all structures that 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.

Correspondence with City Staff determined that there were 20 of the 145 (13.8%) structures currently in violation of minimum code standards of the City. Therefore, the presence of structure below minimum code standards is not a contributing factor in the designation of the Project Area as a conservation area.

5) Illegal Use of Individual Structures

This factor refers 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 occupation
- 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 conforming 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 explosive firearms.

Due to limited documentation and no observances of illegal land use within the Project Area, this is not a contributing factor in the conservation area designation of the Project Area.

6) Excessive Vacancies

Establishing the presence of this factor requires the identification and mapping of the presence of vacant buildings and vacant portion 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 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.

Out of the 145 buildings in the Project Area, a total of 60 (42%) are partially or entirely vacant. Vacancies are found throughout the Project Area and are found on 32.5% of the Project Area parcels. This distribution of vacancies exerts significant blighting affect throughout the Project Area to the point that it will begin to negatively impact adjacent properties and uses. The continued dispersal of vacancies could begin to indicate that a significant portion of the Project Area is underutilized, and the appearance of vacancies would exert a further drain upon the vitality of the community. Given the propensity of this characteristic and its potential to spread further throughout the Project Area, this characteristic is a major contributing factor to the conservation area designation of the

Project Area. Map 5 illustrates the parcels which contain a vacant or partially vacant building.

7) 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 criterion 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. Lack of ventilation, light, or sanitary facilities is presumed to adversely affect the health of building occupants (residents, employees, visitors, etc.).

Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in space/rooms without windows (i.e., bathrooms) and dust, odors, or smoke producing activity areas.
- Adequate natural light and ventilation by means of skylights or windows for interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios.
- Adequate sanitary facilities, which includes garbage/storage enclosure, bathroom facilities, hot water, and kitchens.
- Adequate ingress and egress to and from all rooms and units.

No structures within the Project Area exhibit such characteristics and therefore this factor does not contribute to the conservation area designation of the Project Area.

8) Inadequate Utilities

This factor relates to all 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.

While the age of the existing potable water infrastructure in some portions of the Project Area may soon necessitate their replacement, the area is adequately serviced. While no instances of flooding were observed, the ability of the existing system to handle a significant storm event is not known. The parcels in the Project Area are adequately serviced by electrical and communications (telephone, cellular phone, cable, etc) providers.

Given the above stated conditions, existing utilities are adequate and therefore are not a major contributing factor to the designation of the Project Area as a conservation area.

9) Excessive Land Coverage and Overcrowding of Structures

This factor relates to 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 exhibiting excessive land coverage are: 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 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 condition: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to 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.

Excessive land coverage and the overcrowding of structures and community facilities was not observed within the Project Area. Based on these observations, excessive land coverage and the overcrowding of structures and community facilities is not a contributing factor toward the designation of the Project Area as a conservation area.

10) 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.

Incompatible land-use relationships typically occur when the function of one land use negatively impacts the adjacent land uses. Characteristics such as hours of operation, vehicular traffic, noise, security lighting, truck delivery traffic, and utilizing the public ROW as part of a loading zone or parking lot can negatively impact the quality of life for adjacent land uses if there are not adequate buffers and site design considerations. Within the project area there are a small number of instances where industrial uses must utilize the right-of-way for extended turning movements of tractor trailers to turn into and access the buildings loading areas or docks. However, these instances exist in less than 4 locations throughout the Project Area. While an inconvenient impact on adjacent land uses, due to the fact that the uses are located along and utilizing streets with very low traffic volume, this factor is not significantly impacting the Project Area.

Due to the limited number of instances, deleterious land use or layout is not a contributing factor in the designation of the Project Area as a conservation area.

11) Environmental Remediation Costs Impeding Development

This factor may be documented by determining if any requirements by the Illinois Environmental Protection Agency, the United States Environmental Protection Agency, 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. Such remediation costs may be related to the need for the clean-up of hazardous waste, hazardous substances, or underground storage tanks as required by State or Federal law

While multiple instances of environmental remediation may be necessary in the Project Area, only one location has been verified by an independent study. For the other potential locations, no documentation currently exists which indicates the cost of environmental remediation would result in impeding the site's redevelopment. Without further documentation of necessary environmental remediation this factor does not contribute to the status of the Project Area as a conservation area.

12) Lack of Community Planning

This 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. This may be documented by establishing the date of adoption of the City's master plan or other plans which may be relevant to the Project Area 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 physical condition eligibility factors. This may include, but is not limited to, adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

The City of Quincy's first official Comprehensive Plan that addressed the downtown area was adopted in 1960. While the number of parcels developed prior to the adoption of the 1960 Plan is significant, due to the lack of other ancillary characteristics which would exist as a result of a lack of planning, this is not a contributing factor to the conservation area designation of the Project Area.

13) Lag in Growth of the Project Area's 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.

CITY OF QUINCY EAV DATA: YEARS 2002- 2007						
Year	2008	2007	2006	2005	2004	2003
Total Equalized Assessed Value of the Project Area	\$ 6,522,241	\$ 6,157,701	\$ 6,431,851	\$ 6,128,970	\$ 5,792,280	\$ 6,221,400
Percent Change in Project Area EAV from Prior Year	5.92 %	-4.26 %	4.94 %	5.81 %	-6.90 %	-%
<i>Project Area Declining EAV</i>	No	Yes	No	No	Yes	
Equalized Assessed Value of the City of Quincy (excluding Project Area)	\$ 511,227,194	\$ 479,519,081	\$ 447,827,804	\$ 420,039,999	\$ 388,126,191	\$ 380,932,067
Percent Change in City EAV from Prior Year	6.61 %	7.08 %	6.62 %	8.22 %	1.89 %	-%
<i>Project Area's EAV Growth Less than City?</i>	Yes	Yes	Yes	Yes	Yes	-

As indicated in the above table, the percent change in the EAV for the Project Area was less than the percent change for the City of Quincy in the years of 2004, 2004, 2006, 2007 and 2008. Relative to the immediate surroundings, the Project Area has not experienced appropriate growth to the tax base or shown evidence of private investment, which increases the value of properties. Based on this evidence, lag in growth of EAV is a major contributing factor toward the designation of the Project Area as a conservation area.

Conclusion

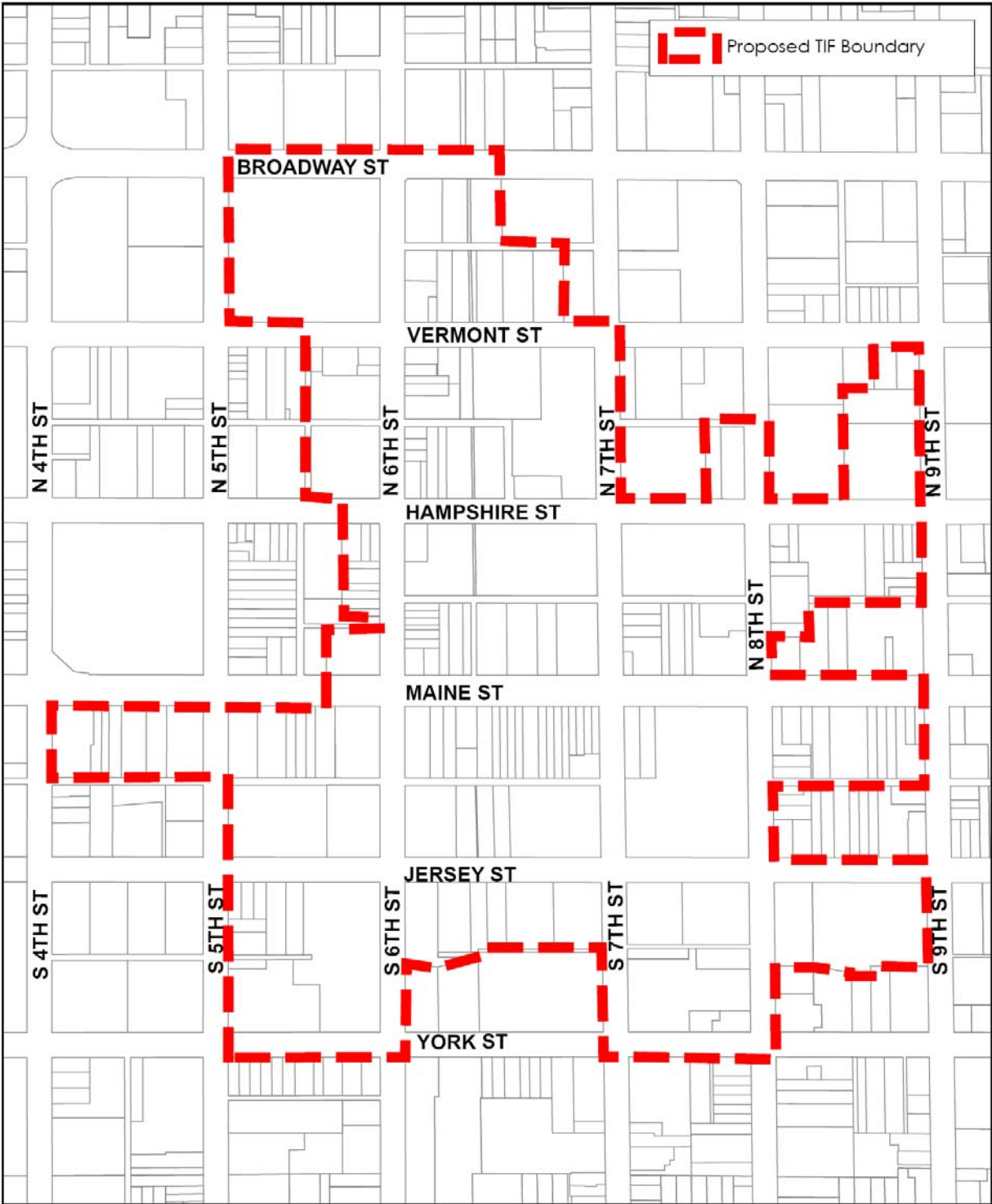
Based on the results of the field investigation by TAI and information provided by City of Quincy, it is the finding of TAI that the Project Area qualifies as a "conservation area," as described in the Act. The Redevelopment Project Area, as depicted in Map 1, meets the criteria to be eligible as a "conservation area" based on the predominance and extent of parcels and structures exhibiting the following characteristics:

- Deterioration of buildings;
- Deterioration of site improvements;
- Excessive vacancies; and
- Decline in Equalized Assessed Value as compared to the City

Each of these factors contributes significantly to the eligibility of the Project Area as a conservation area. In addition to these major factors, the existence of a small percentage of dilapidating and obsolete structures also contributes to the conservation area designation as minor eligibility factors. All of these characteristics point to the need for designation of the Project Area as a Tax Increment Financing district that will make possible public intervention in order that redevelopment might occur.

Maps

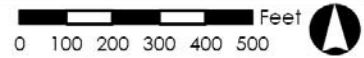
1. Proposed TIF Boundary
2. Current Land Use
2. Age of Buildings
3. Deterioration of Buildings
4. Deterioration of Sites
5. Vacancy Map



Proposed TIF Boundary

Quincy Downtown II TIF Redevelopment Plan
 City of Quincy, Illinois

November 2009

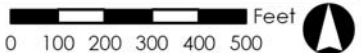




Existing Land Uses

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Quincy Downtown II TIF Redevelopment Plan
 City of Quincy, Illinois

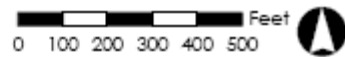


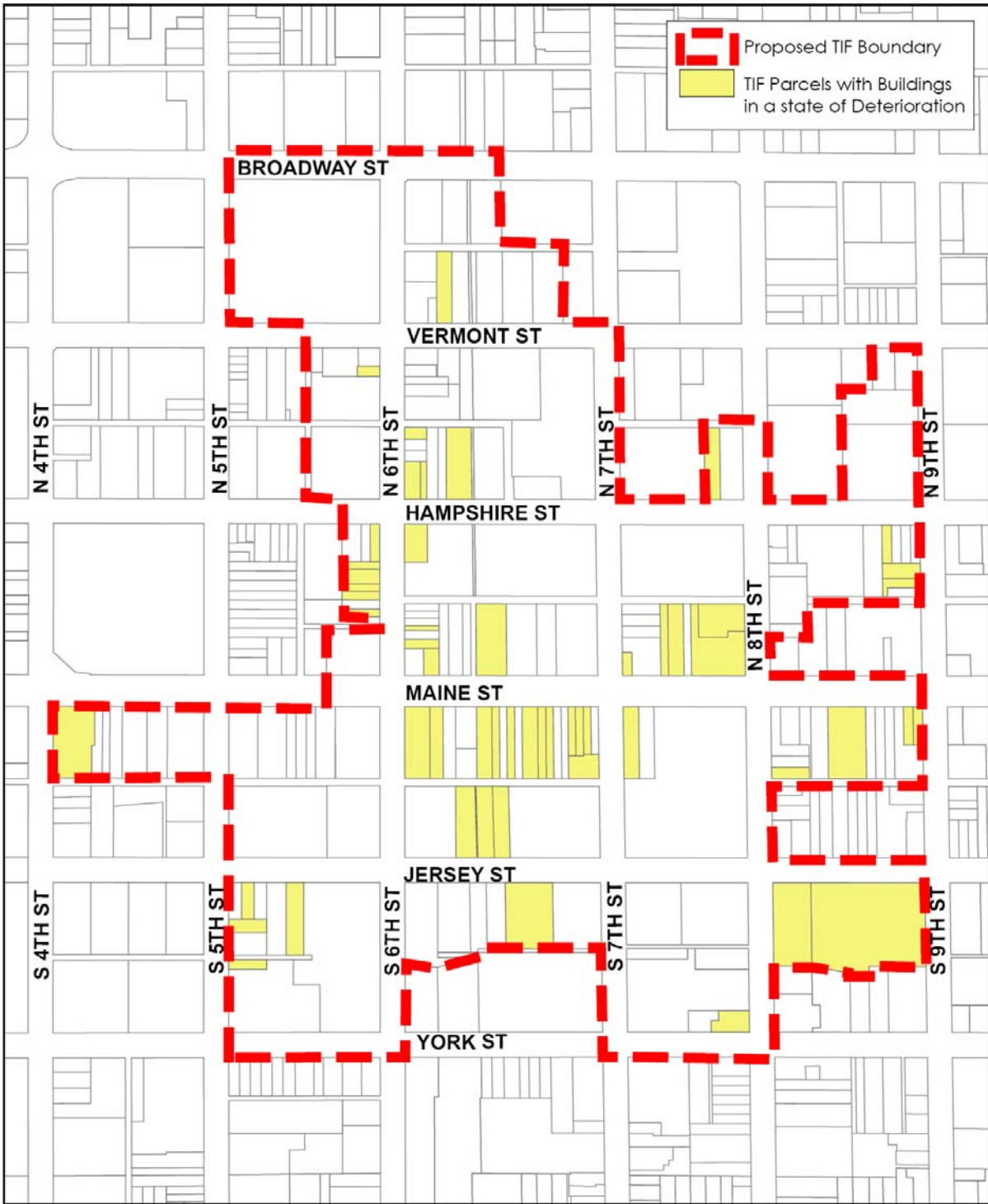


Age of Buildings

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 City of Quincy, Illinois

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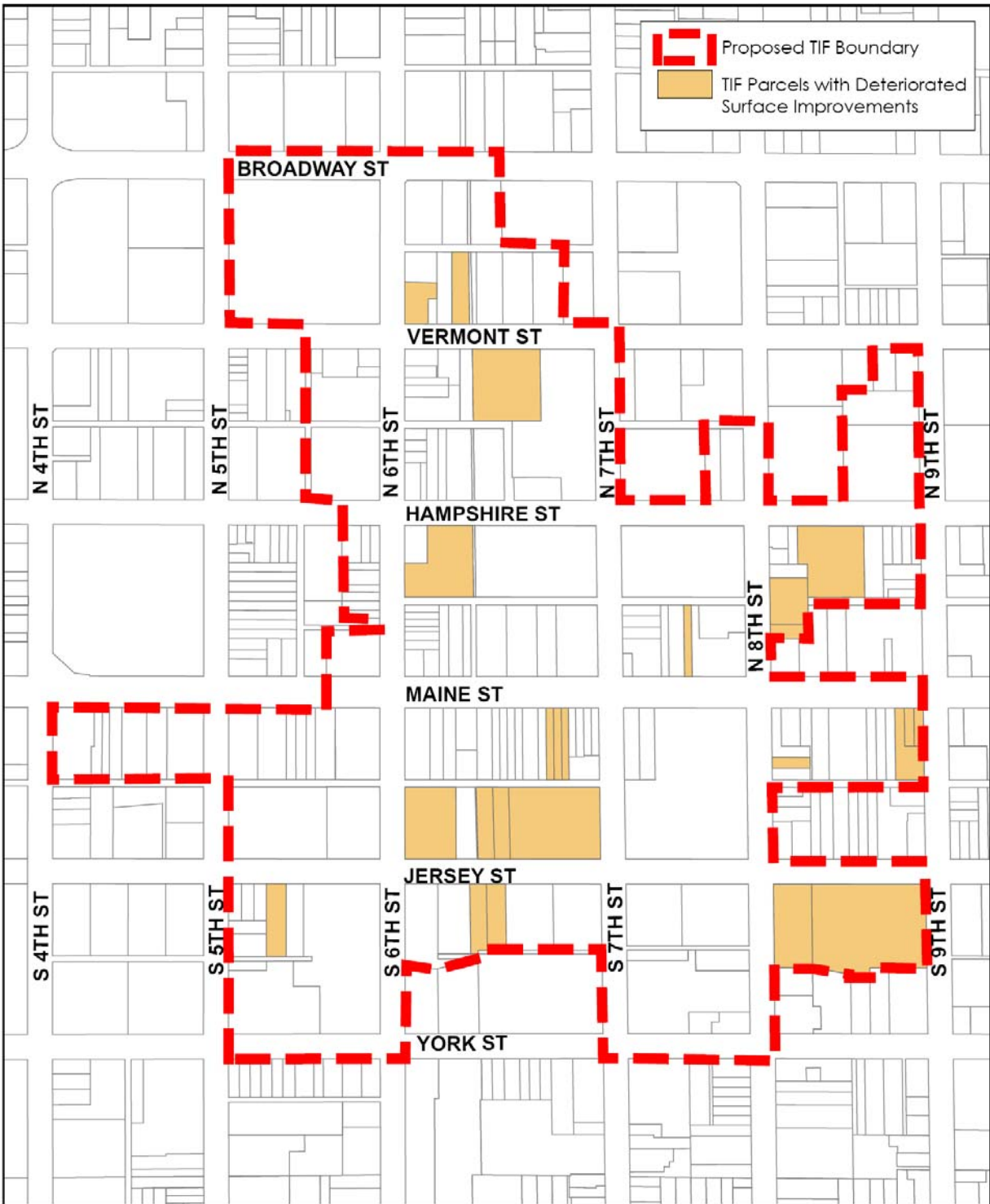


Deterioration of Buildings

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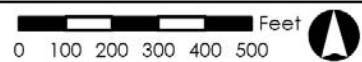


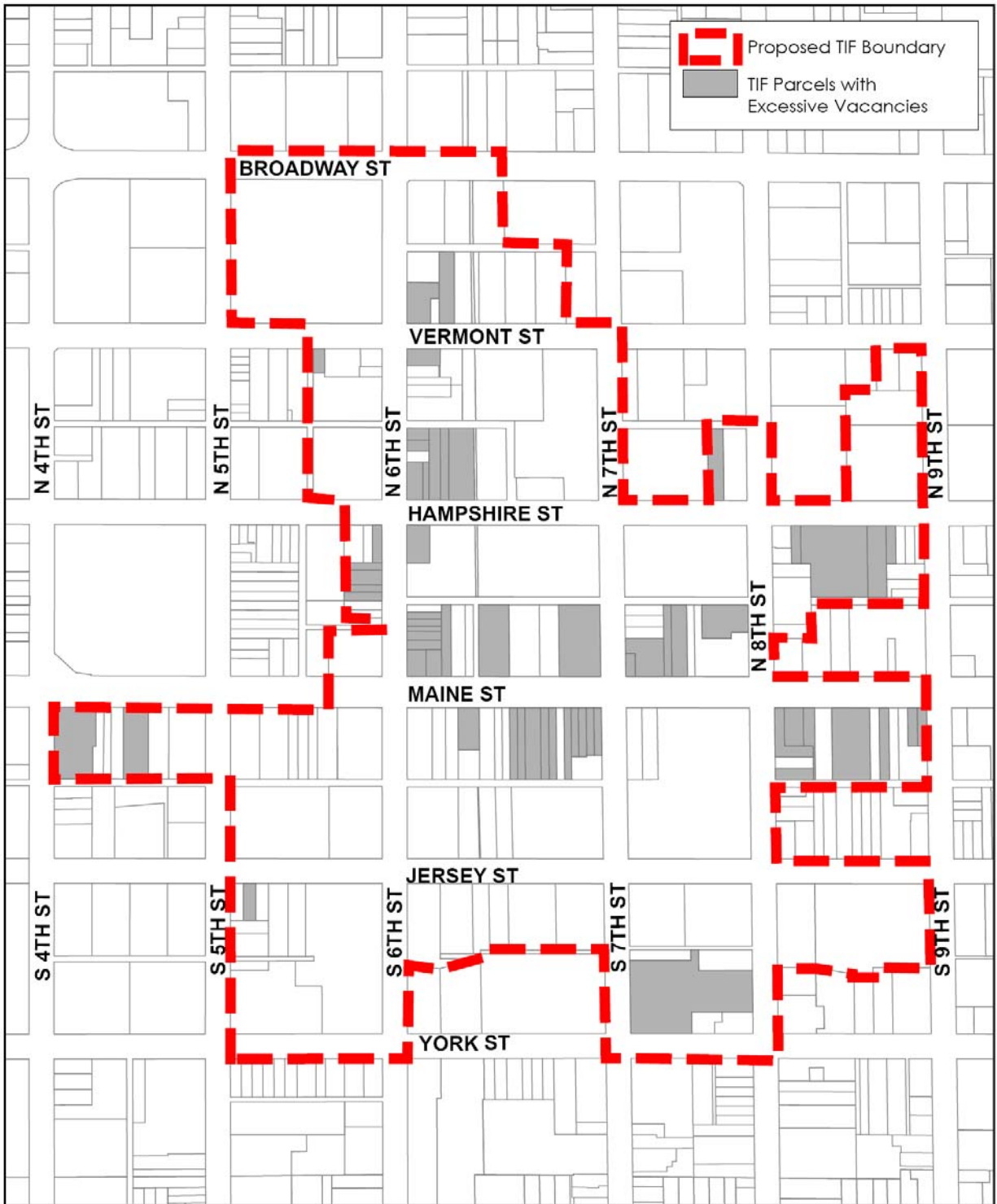


Deterioration of Surface Improvements

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Excessive Vacancies

November 2009

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