Economic Impact of the River Edge Redevelopment Zone State Historic Tax Credit in Rockford, Illinois
Rockford is seeing a new wave of development within the River Edge Redevelopment Zone, largely because of the attractive State Historic Tax Credit that is offered to developers layered with the Federal Historic Tax Credit. The State Historic Tax Credit has made and continues to make projects happen that bring in new restaurants, a destination banquet and brewing facility, dozens of residential lofts, and premier office space that attracts the right talent to Rockford and to Illinois. This tax credit brings life to many historic buildings that otherwise would stay off the tax rolls, assists in boosting property values, and attracts young professionals with well-paying jobs to the area and to the state.

“The State Historic Tax Credit provided through the Illinois River Edge Redevelopment Zone has been a game-changing tool, helping us to spur economic growth in our downtown central city that would have not happened otherwise. At a time when property value declines have made traditional bank financing even more difficult in our already challenged central city, this incentive has eliminated urban blight and decay, preserved our cultural and architectural heritage, and spurred millions of new dollars in private capital investments. It has created many new jobs in underemployed areas and generated significant property and sales tax revenues into our city and State economy. Much more could be on the way if it is extended. It’s a great return on the State’s investment.”

- Mayor Larry Morrissey, City of Rockford

**INVESTMENT**

$104 MILLION total investment to downtown Rockford that would not have otherwise occurred

**PROJECTS**

2 projects complete

3 projects underway

3 projects in preliminary phase

**JOBS**

480 direct jobs

175 indirect/induced jobs

824 temporary/construction jobs

Assumptions:

- Sales tax figures based on report “Dollars & Cents of Shopping Centers: 2004” published by Urban Land Institute
- Brewhouse induced job numbers calculated using 1.25 multiplier on restaurant jobs per conversation with President of Rockford Area Economic Development Council
- Property tax projections based on assumption of $0.35 per dollar for improvements per local trends
- Jobs data gathered from business owners, developers, or public reports
- State tax credit assumed to be 25% of investment, Federal to be 20%
**JOBS**

**PERMANENT DIRECT**
- 140 new jobs
  - food prep & brewing, building & grounds, event planners, marketing, offices
- $161,000/yr in State income tax

**INDIRECT/INDUCED**
- 175 new jobs
  - food preparation & distribution
- $136,450/yr in State income tax

**TEMP./CONSTRUCTION**
- 235 jobs
  - 27% of construction workforce were residents of Rockford
- $169,597 in State income tax over 5 yr period

**SALES TAX**
- $400,000/yr average upon full buildout
- does not include City portion

**PROPERTY TAX**
- $142,000/yr additional
  - (pay-as-you-go TIF utilized for first 18 years)

**RETURN ON INVESTMENT**
- 14% ROI
- $3,725,000 NPV
  - State’s return after building is in operation 10 years

**ECONOMIC SPIN-OFF**
- Hosts new community event “Dinner on the Dock” where 700-1000 people come every Thursday in the summer
- Spurred new business, Rocktown Adventures, now open in a formerly vacant building

**PROJECT COMPLETE -- PART III of application**

**Address:** 200 Prairie St
**Type:** Brewery, restaurant, banquet center, office & loft apartments
**Investment:** $12+ million
**State HTC:** $4.2 million
**Federal HTC:** $3.36 million
**Other sources:** Private equity & financing
**Developer:** Prairie Street Brewhouse LLC
**STATUS:**
## JOBS

### PERMANENT DIRECT

- **281** net new permanent jobs to be created in Rockford over 30 years

### TEMP./CONSTRUCTION

- **589** temporary construction jobs to Illinois over 30 years

## PROJECTED STATE TAXES

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Year 30 (millions)</th>
<th>Capitalized Value after 5 years in operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales tax (6.25%)</td>
<td>$12.8</td>
<td></td>
</tr>
<tr>
<td>State motor fuel tax ($0.201/gal)</td>
<td>$  0.1</td>
<td></td>
</tr>
<tr>
<td>State hotel tax (6.17%)</td>
<td>$  2.3</td>
<td></td>
</tr>
<tr>
<td>State income tax (5.0%)</td>
<td>$  3.1</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$18.3</strong></td>
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</tbody>
</table>

## NET NEW SPENDING TO ILLINOIS

<table>
<thead>
<tr>
<th>Category</th>
<th>Year 30 (millions)</th>
<th>Future Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>$118.7</td>
<td>$55,192,731</td>
</tr>
<tr>
<td>Indirect</td>
<td>$40.5</td>
<td></td>
</tr>
<tr>
<td>Induced</td>
<td>$46.2</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$205.4</strong></td>
<td></td>
</tr>
</tbody>
</table>

## FUTURE VALUE

- **$55,192,731** capitalized value after 5 years in operation
- (pay-as-you-go TIF utilized for first 18 years)
- Property tax projection not yet available

## LOCAL BENEFITS

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Year 30 (millions)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales tax from new spending (1%)</td>
<td>$  7.4</td>
<td></td>
</tr>
<tr>
<td>Sales tax from construction (1%)</td>
<td>$  0.2</td>
<td></td>
</tr>
<tr>
<td>Hotel operator’s/tourism tax (5%)</td>
<td>$   9.1</td>
<td></td>
</tr>
<tr>
<td>Redevelopment fund (metro) tax (1%)</td>
<td>$   7.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24.1</strong></td>
<td></td>
</tr>
</tbody>
</table>

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**ZIOCK/AMEROCK HOTEL**

- **Address:** 416 S Main St
- **Type:** 166-room hotel and conference center
- **Investment:** $56 million
- **State HTC:** $14 million
- **Federal HTC:** $11.2 million
- **Other sources:** EB-5, Private equity, publicly-funded improvements
- **Developer:** Gorman & Company
- **STATUS:** UNDERWAY -- PART II of application

Data from 2014 report by Hunden Strategic Partners
324-330 E. STATE ST. and 408-414 E. STATE ST.

JOBS (for both buildings)
59 permanent jobs created
90% construction jobs, 10% admin
98% of workers live in the Rockford area
60% live in Rockford proper
20% live within 30 min. of Rockford

These renovated buildings house:
- 2 new start-up businesses
- 1 expansion
- 1 second location
- 1 relocation
- 1 existing business

PROPERTY TAX (for both buildings)
$95,750/yr additional between both properties

SALES TAX (for both buildings)
$87,000/yr additional from new or expanded businesses in both properties

Type: Loft apartments + retail
Investment: $3.2 million
State HTC: $800,000
Federal HTC: $640,000
Other sources: Private equity & financing
Developer: Urban Equity Properties
STATUS: COMPLETE -- PART III of application

Type: Loft apartments + retail
Investment: $3 million
State HTC: $750,000
Federal HTC: $600,000
Other sources: Private equity & financing
Developer: Urban Equity Properties
STATUS: NEARING COMPLETION -- PART III of application
ROCKFORD TRUST BUILDING and 

**JOBS**
Project will bring temporary construction jobs, producing new State income tax over a 20-month period. This will also bring in new retail jobs and sales tax at the ground floor.

**PROPERTY TAX**
$150,000/yr additional

Rockford Trust Building will be one of the few new private investment apartment buildings in place on the West Side of Rockford in many years.

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304 N. MAIN ST.

**JOBS**
Local business owner plans to expand his business within the building, creating at least 2-3 more local jobs & new prime office space.

**PROPERTY TAX**
$72,000/yr additional

VACANT over 15 years

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**Address:** 206 W State St  
**Type:** 62-apartment renovation + retail  
**Investment:** $12 million  
**State HTC:** $3 million  
**Federal HTC:** $2.4 million  
**Other sources:** Private equity & financing  
**Developer:** Morgan Property Management  
**STATUS:** UNDERWAY -- PART II of application

**Type:** Commercial office  
**Investment:** $5.4 million  
**State HTC:** $1.35 million  
**Federal HTC:** $1.08 million  
**Other sources:** Private equity & financing  
**Developer:** Local business owner  
**STATUS:** PRELIMINARY -- PART I of application
These two projects together will be developed by Urban Equity Properties which has created 59 full-time positions to construct and administer its real estate portfolio.

**MIDTOWN LOFTS**

- **Address:** 401-411 7th St
- **Type:** Apartments + retail/office on first floor
- **Investment:** $3.5 million
- **State HTC:** $875,000
- **Federal HTC:** $700,000
- **Other sources:** Private equity & financing
- **Developer:** Urban Equity Properties
- **STATUS:** PRELIMINARY -- PRE-PART I of application

**HANLEY BUILDING**

- **Address:** 301 S Main St
- **Type:** Apartments + restaurant/retail on first floor
- **Investment:** $9 million
- **State HTC:** $2.25 million
- **Federal HTC:** $1.8 million
- **Other sources:** Private equity & financing
- **Developer:** Urban Equity Properties
- **STATUS:** PRELIMINARY -- PRE-PART I of application
“After leaving the area and living in multiple areas in the Country, I returned to Rockford after 25 years. I can honestly say I never thought I would see the day that we would see the transformation that we are creating for our City and our region. We continue to pick up momentum to become a tremendously vibrant mid-size city in the US. We don’t want to lose the momentum we have gained, and by keeping the historic tax credit it will allow us to continue the beautiful transformation of what was once a great and thriving place to work, shop, and play along the Rock River.”

- Stacy Bernardi, Winnebago County Economic Development Director

“The use of historic tax credits creates jobs and is one of the most cost effective programs for community revitalization. A significant feature of the State Historic Tax Credit, as it specifically relates to Rockford, is the creation of new housing and office space that may not have otherwise occurred by the private sector alone. It is making the impossible, possible! This broadens the property tax base which assists in lifting some of the tax burden from our residential homeowners.”

- Ken Crowley, Rockford Township Assessor