



Memorandum

To: Planning & Development Committee
Alderman Janessa Wilkens, Chairman
Alderman Timothy Durkee, Vice-Chairman
Alderman Jaimie Salgado
Alderman Karen Hoffman
Alderman Gina Meeks

From: Todd Cagnoni, City Administrator *Todd Cagnoni*

Re: Request for proposed Development Agreement with Urban Equity Properties (News Tower LLC) for the redevelopment of 99 East State Street as News Tower Lofts (former Rockford Register Star) into market rate mixed uses historic adaptive reuse development with approximately 80 residential units, restaurant, and 12 commercial spaces.

Date: December 22, 2025



UEP has requested assistance from the City of Rockford (**City**) through the use of Redevelopment Funds, Tax Increment Financing (**TIF**) from the new TIF District (**DISTRICT**) recently created, and River Edge Redevelopment Zone Benefits (**RERZ**) to further the rehabilitation and establishment of an attractive mixed use residential and commercial (**Project**) located at 99 East State, the former Rockford Register Star building. The City has approved a redevelopment plan that calls for the long-term redevelopment into residential, commercial, and mixed-use land uses, determining that these land uses are the highest and best land uses for the area and in the best interests of the City of Rockford.

Originally constructed in 1929-1932 in phases and designed by Jesse Barloga representing the Art Deco style in which time frame the building was constructed. It is said to be one of Jesse Barloga's greatest work and at one time housed his architectural offices in the News Tower per historical records. The property consists of a nine-story tower and two-story building with printing press addition added in more recent history. The property is in a National Historic District (East Rockford Historic District) and the Developer will utilize historic tax credits to assist in the redevelopment of the property.

The redevelopment will feature eighty (80) new residential apartments, restaurant and retail spaces. The retail spaces will be proposed to fill a need between a typical brick and mortar space tenant and small businesses growing within the community typically found at market / special event locations. Parking will be on site with available municipal lots for tenants and customers in close proximity. Developer intends to start on the project in 2027 and have the building ready for the first residents in 2029.

Redevelopment costs are reported at \$45.6 million which includes differed Developer Fee State and Federal Historic Tax Credit Contribution, City Forgivable, TIF Advance and Construction loan.

Successful rehabilitation and occupancy of the Project will create new jobs and new full-time equivalent permanent jobs. In addition, the Developer's investment in the Project will generate increased property tax revenues post TIF, retail sales tax revenues and greatly add to the amenities of the area preserving one of the most significant buildings downtown.

The City and the Developer have negotiated a Development Agreement that defines the requirements and obligations of each party for the redevelopment of the Project and Property. The major requirements and obligations of each party are as follows:

CITY OF ROCKFORD:

A. **Public Financial Assistance.** The City agrees to provide public financial assistance to the Project as follows:

1. **Redevelopment Fund.** The City shall distribute to the Developer a Forgivable Loan in an amount not to exceed Two Million Six Hundred Thousand Dollars (\$2,600,000) for eligible Redevelopment Project Costs for the acquisition of the building at time of purchase. The City will hold a first mortgage and guarantee in the amount of One Million Three Hundred Thousand (\$1,300,000). The City will distribute additional funding in the amount of One Million Four Hundred Thousand (\$1,400,000) at the time the developer secures the full capital stack and through construction. One Million dollars (\$1,000,000) will be a TIF advance recaptured at \$50,000 over the life of the project and the remaining Four Hundred Thousand as (\$400,000) as an additional Forgivable Loan. Forgiveness of the loans shall be conditioned upon 75% residential occupancy and occupancy of the restaurant in the Property in the prior year, except for the first year.
2. **Tax Increment Financing (TIF).** The City agrees to provide to the Developer reimbursement of 100% of the annual incremental taxes generated by the improvement to the Property, on a pay-as-you-go bases from the proposed Madison and Oak TIF District, excluding the annual \$50,000 TIF Advance, through the life of the TIF for eligible Redevelopment Project Costs.

The Developer shall submit to the City documentation of all TIF eligible costs incurred and property taxes paid for verification by the City. Upon verification of the TIF eligible costs and property taxes paid, the City will reimburse to the Developer the annual TIF increment generated by the Project.

3. **River Edge Redevelopment Zone (RERZ).** The City will make available action to assist Developer in establishing eligibility for financial incentives for the Project through the River Edge Redevelopment Program administered by the State of Illinois. This would primarily be historic tax credits.

B. **Issuance of Permits and Fees.** The City shall promptly issue building permits for all construction related to the Project, provided such application shall be complete and in accordance with all applicable City codes and ordinances. All applicable building permit fees shall be paid.

Developer:

A. **Purchase of Property.** The Developer purchase 99 East State Street from the current owner in accordance with the development agreement.

- B. Development of the Project.** Consistent with the City's goals and objectives of the District, the Developer proposes to develop the Project into an attractive mixed-use development as described above at the sole cost and expense of the Developer.
- C. Permits.** Prior to commencing construction, the Developer shall apply to the City for all necessary building and construction permits for the improvements to be made by submitting all plans and specifications required pursuant to the City Code of Ordinances. The Developer shall be responsible for all building and construction permits.
- D. Construction of Project.** The Developer shall be substantially completed on or before twenty-four (24) months following the closing of the capital stack, subject to reasonable Force Majeure delays.
- E. Reporting and Justification of Expenditures.** As a condition of public financial assistance for the Project, all loan documentation, financing records, agreements and expenses demonstrating the financial viability of the Project shall be fully disclosed to the City, including an Annual Report on the first anniversary of the effective date of the Development Agreement and a Final Report upon completion of the Project.
- F. Restriction on Property Tax Protestation.** In recognition of the contribution of Tax Increment to the Project, the Developer shall accept the property tax assessment for the Subject Property without protest for any year in which reimbursement is due and paid and during the life of the Tax Increment Financing District until the Final Levy Date thereof.
- G. Inspection for Compliance.** The Developer agrees to allow inspections of the Property and agrees to have available, upon request, all documentation concerning this Agreement for inspection, audit and copying during normal business hours.
- H. Prevailing Wage.** The Agreement calls for the construction of a "public work," within the meaning of the Illinois Prevailing Wage Act, 820 ILCS 130/.01 et seq. ("the Act"). Pursuant to the Act, contractors and subcontractors shall pay laborers, workers, and mechanics performing services on public works projects no less than the "prevailing rate of wages" (hourly cash wages plus fringe benefits) in the county where the work is performed.

Staff requests the Planning and Development Committee review and recommend approval by the City Council of the attached Development Agreement with Urban Equity Properties (UEP Tower Lofts, LLC) for the rehabilitation of 99 East State Street for mixed use residential / commercial development.



TIF GUIDELINE POLICY STATEMENT

Review for

99 East State - News Tower

The project and development agreement has been reviewed in accordance with the TIF Policy Statement and found to be consistent with the Policy. The project meets many of the identified "Primary Project Priorities" by renovating an existing commercial building in disrepair (dangerous and unsafe) while offering commercial opportunities in established commercial district. The project preserves an existing building within a federal historic district satisfying "Secondary Project Priorities" of preserving a building in Downtown.

Staff has applied the "But For" test against the project and found that but for public assistance the project is not likely to advance forward. The project has demonstrated that there is the need for City financial assistance and that the priorities of the Policy are being satisfied.

Funding is being provided on a "pay as you go" basis and Redevelopment Fund. Although, the project is being provided funds beyond generated by TIF increment, no bonds are offered to support the project and the development agreement prohibits the protest of property taxes during the term of the agreement.

The relative sections of the TIF Point System are highlighted below:

TIF GUIDELINE POINT SYSTEM

TOTAL POINTS UNDER SCORING SYSTEM = 335

- a. Type of project
 - i. Industrial/Manufacturing—100 Points
 - 1. New
 - 2. Existing
 - ii. Commercial—**75 Points**
 - 1. New commercial
 - 2. **Renovation/improvement of existing commercial**
 - 3. Demolition of abandoned structures

iii. Professional/Office—75 Points

iv. Residential—50 Points

1. Address concentration of low-income residential

2. Dangerous and abandoned buildings

v. Advanced education and training—30 Points

vi. Arts—20 Points

vii. Public Improvements—10 Points

1. Note that this means the use of TIF funds for a public improvement standing alone, not that some part of the funding for a project in a different category would include a public improvement. For example, a new manufacturing plant might require an upgraded sewer line. That is a manufacturing project even though it includes a public improvement. The line between “stand alone” public improvements and those linked to a specific project is not an easy one to draw.

2. For “stand alone” public improvements, it is hard to see how the “but for” test is met since the funding of the improvement will often be a question of the allocation of tax revenues. It is also a practice that uses the taxing authority of another jurisdiction to pay for something that the City is unable or unwilling to fund out of its own possible revenue sources.

viii. Tourism—10 Points

1. Tourism is one of the few areas that has its own dedicated revenue source.

ix. Historic Preservation—10 Points

1. I admit to a strong bias against the concept that historic preservation is entitled to special significance. It is not considered in context—in terms of alternative development and in terms of the “opportunity cost”—the impact that abandoned structures which sit for decades have on the surrounding neighborhood.

x. Other

b. Location of the project—note that these areas all presumably will have to qualify as “blighted”

i. High Priority areas—100 Points

1. Central City (broadly defined)

a. The Central City would encompass most of the areas that were developed by the 1950s

2. Census tracts with high unemployment

3. Census tracts with low median income

4. Riverfront

ii. Mid-Priority areas—50 Points

1. I’ll know them when I see them

2. For example, the abandoned grocery store at the Charles/Alpine 5 Points area.

iii. Low Priority areas—10 Points

1. Typically “greenfield” locations which require the extension of public services
- c. Employment Factor—number and wage rate—50 Points each
 - i. High/High—100
 - ii. Low/High—50
 - iii. High/Low—50
 - iv. Low/Low--0
- d. Others—up to 100 points (**assigned 100**)
 - i. Indirect employment
 - ii. MBE/WBE/Veterans
 - iii. Targeted employment

